

CERTIFICATE


BLC Glenwood-Gardens AL-LH, LLC DBA Brookdale Riverwalk

State of WISCONSIN)
SS:
County of MILWAUKEE)

The enclosed Annual Report for BLC Glenwood-Gardens AL-LH, LLC DBA Brookdale Riverwalk and any amendments thereto are correct to the best of my knowledge and belief.

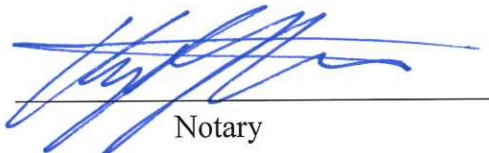
The continuing care contract form in use or offered to new residents at Brookdale Riverwalk has been approved by the Department.

As of the date of this certification, BLC Glenwood-Gardens AL-LH, LLC is maintaining the required liquid reserve.



Joanne Leskowitz
Senior Vice President

Sworn and subscribed to before me,
a Notary Public, this 29 day
of April, 2019



Notary



My commission expires: 2-27-22

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	229
[2]	Number at end of fiscal year	236
[3]	Total Lines 1 and 2	465
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x.50
[5]	Mean number of continuing care residents	233
All Residents		
[6]	Number at beginning of fiscal year	248
[7]	Number at end of fiscal year	263
[8]	Total Lines 6 and 7	511
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x.50
[10]	Mean number of all residents	256
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of all residents (Line 10) and enter the result (round to two decimal places).	91.02%

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>	<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service- interest only) \$ 12,612,000
[a]	Depreciation \$ 369,000
[b]	Debt Service (Interest Only) \$ 4,314,000
[2]	Subtotal (add Line 1a and 1b) \$ 4,683,000
[3]	Subtract Line 2 from Line 1 and enter result. \$ 7,929,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11) 91.02%
[5]	Total Operating Expense for Continuing Care Residents \$ 7,217,000
[6]	Total Amount Due (multiply Line 5 by .001) x .001
	\$ 7,217

PROVIDER: BLC Glenwood Gardens AL-LH, LLC dba Brookdale Riverwalk
COMMUNITY: Brookdale Riverwalk



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 2

DATE (MM/DD/YYYY)
12/28/2018

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Willis of Illinois, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	CONTACT NAME: Willis Towers Watson Certificate Center	
	PHONE (A/C, No, Ext): 1-877-945-7378	FAX (A/C, No): 1-888-467-2378
	E-MAIL: certificates@willis.com	
	ADDRESS:	
INSURED Brookdale Senior Living, Inc. 111 Westwood Place Suite 400 Brentwood, TN 37027	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Underwriters at Lloyd's London	
	INSURER B: Continental Casualty Company	
	INSURER C: American Casualty Company of Reading Penns	
	INSURER D: National Union Fire Insurance Company of P	
	INSURER E: Evanston Insurance Company	
	INSURER F:	

COVERAGES**CERTIFICATE NUMBER:** W9741559**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY			SB-LTCA-01736-18	12/31/2018	12/31/2019	EACH OCCURRENCE \$ 2,500,000
	<input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR		DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000				
	<input checked="" type="checkbox"/> Professional Liability		MED EXP (Any one person) \$				
	GEN'L AGGREGATE LIMIT APPLIES PER:		PERSONAL & ADV INJURY \$ 2,500,000				
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC						GENERAL AGGREGATE \$ 10,000,000
	OTHER:						PRODUCTS - COMP/OP AGG \$ 2,500,000
							SIR \$ Per Written Contract
B	<input checked="" type="checkbox"/> AUTOMOBILE LIABILITY			5082521525	01/01/2019	01/01/2020	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input checked="" type="checkbox"/> ANY AUTO		BODILY INJURY (Per person) \$				
	<input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS		BODILY INJURY (Per accident) \$				
	<input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY		PROPERTY DAMAGE (Per accident) \$				
							\$
	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB						EACH OCCURRENCE \$
	<input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$						AGGREGATE \$
							\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			5082521444	01/01/2019	01/01/2020	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N <input type="checkbox"/> No	N/A				E.L. EACH ACCIDENT \$ 1,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
							E.L. DISEASE - POLICY LIMIT \$ 1,000,000
D	Employment Practices Liability			06-162-29-56	12/31/2018	12/31/2019	Aggregate \$10,000,00
	Limit Includes Defense Cost						Retention \$250,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

RE: Policy Number 5082521444 - Policy only applies to the following state - CA

SEE ATTACHED

CERTIFICATE HOLDERBrookdale Riverwalk IL/AL/MC
350 Calloway Drive
Bakersfield, CA 93312**CANCELLATION**

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

Andrea Paris

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AGENCY CUSTOMER ID: _____

LOC #: _____



ADDITIONAL REMARKS SCHEDULE

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AGENCY Willis of Illinois, Inc.		NAMED INSURED Brookdale Senior Living, Inc. 111 Westwood Place Suite 400 Brentwood, TN 37027	
POLICY NUMBER See Page 1		EFFECTIVE DATE: See Page 1	
CARRIER See Page 1	NAIC CODE See Page 1		

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

Other Named Insured: Brookdale Senior Living, Inc. Insured location: Brookdale Riverwalk IL/AL/MC, 350 Calloway Drive, Bakersfield, CA 93312

INSURER AFFORDING COVERAGE: National Union Fire Insurance Company of Pittsburgh
POLICY NUMBER: 06-162-29-59 EFF DATE: 12/31/2018 EXP DATE: 12/31/2019

NAIC#: 19445

TYPE OF INSURANCE:	LIMIT DESCRIPTION:	LIMIT AMOUNT:
Crime	Limit	\$5,000,000
	Deductible	\$50,000

ADDITIONAL REMARKS:

Crime Coverage Includes: Inside/Outside Premises; Money Orders and Counterfeit Paper Currency; Depositors Forgery Coverage and Computer Coverage; Loss of Client Assets.

INSURER AFFORDING COVERAGE: Evanston Insurance Company
POLICY NUMBER: MKLV6XL30000159 EFF DATE: 01/01/2019 EXP DATE: 01/01/2020

NAIC#: 35378

TYPE OF INSURANCE:	LIMIT DESCRIPTION:	LIMIT AMOUNT:
Excess Business Auto	See Below	

ADDITIONAL REMARKS:

Excess Business Auto applies to vehicles in the state of CA only.

Limit: \$2,000,000

Underlying Limit 1: \$2,000,000 - Policy Number SB-LTCA-01736-18

Underlying Limit 2: \$1,000,000 - Policy Number 5082521525

INSURER AFFORDING COVERAGE: Underwriters at Lloyd's London
POLICY NUMBER: SB-LTCA-01736-18 EFF DATE: 12/31/2018 EXP DATE: 12/31/2019

NAIC#: 15792

TYPE OF INSURANCE:	LIMIT DESCRIPTION:	LIMIT AMOUNT:
Ex. Auto Liab. & Employer Liab.	Each Claim	\$2,000,000
	Aggregate	\$10,000,000

BLC GLENWOOD-GARDENS AL-LH, LLC
d/b/a BROOKDALE RIVERWALK

Financial Statements

December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)



**BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk**

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Independent Auditors' Report

The Member
BLC Glenwood Gardens AL-LH, LLC:

We have audited the accompanying financial statements of BLC Glenwood Gardens AL-LH, LLC d/b/a Brookdale Riverwalk (the "Company"), which comprise the balance sheets as of December 31, 2018 and 2017, and the related statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BLC Glenwood Gardens AL-LH, LLC as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

LBMC, PC

Brentwood, Tennessee
March 20, 2019

BLC GLENWOOD-GARDENS AL-LH, LLC
d/b/a BROOKDALE RIVERWALK
Balance Sheets
December 31, 2018 and 2017
(In thousands)

	<u>2018</u>	<u>2017</u>
Assets		
Current assets:		
Cash	\$ —	\$ 1
Accounts receivable, net	20	92
Other current assets	<u>87</u>	<u>211</u>
Total current assets	107	304
Property and equipment, net	1,813	1,981
Deferred tax asset	<u>388</u>	<u>411</u>
Total assets	<u>\$ 2,308</u>	<u>\$ 2,696</u>
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	\$ 160	\$ 535
Accrued expenses	383	393
Deferred revenue	191	102
Tenant security deposits	<u>7</u>	<u>9</u>
Total current liabilities	741	1,039
Member's equity	<u>1,567</u>	<u>1,657</u>
Total liabilities and member's equity	<u>\$ 2,308</u>	<u>\$ 2,696</u>

See accompanying notes to financial statements.

BLC GLENWOOD-GARDENS AL-LH, LLC
d/b/a BROOKDALE RIVERWALK
Statements of Operations
For the years ended December 31, 2018 and 2017
(In thousands)

	<u>2018</u>	<u>2017</u>
Revenue:		
Resident services	\$ 12,202	\$ 11,054
Ancillary services	410	384
Interest income	—	3
Total revenue	<u>12,612</u>	<u>11,441</u>
Expenses:		
Community operating expense	6,088	5,710
General and administrative	1,209	1,294
Facility lease expense	4,314	3,369
Depreciation	369	259
Management fee expense	631	572
Income tax expense	1	237
Total expenses	<u>12,612</u>	<u>11,441</u>
Net income	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to financial statements.

BLC GLENWOOD-GARDENS AL-LH, LLC
d/b/a BROOKDALE RIVERWALK
Statements of Changes in Member's Equity
For the years ended December 31, 2018 and 2017
(In thousands)

	Member's Equity
Balance at December 31, 2016	\$ 7,228
Member distributions	<u>(5,571)</u>
Balance at December 31, 2017	1,657
Member distributions	<u>(90)</u>
Balance at December 31, 2018	<u><u>\$ 1,567</u></u>

See accompanying notes to financial statements.

BLC GLENWOOD-GARDENS AL-LH, LLC
d/b/a BROOKDALE RIVERWALK
Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(In thousands)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash received from residents	\$ 12,771	\$ 11,396
Interest income	—	3
Cash paid to suppliers and employees	(8,281)	(6,939)
Cash paid for facility lease	(4,314)	(3,369)
Cash received (paid) for current income taxes	114	(117)
Net cash provided by operating activities	<u>290</u>	<u>974</u>
Cash flows from investing activities:		
Purchases of property and equipment	(201)	(575)
Decrease in restricted cash	—	5,172
Net cash provided by (used in) investing activities	<u>(201)</u>	<u>4,597</u>
Cash flows from financing activities - Member distributions	<u>(90)</u>	<u>(5,571)</u>
Net change in cash	(1)	—
Cash at beginning of year	<u>1</u>	<u>1</u>
Cash at end of year	\$ <u><u>—</u></u>	\$ <u><u>1</u></u>
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ —	\$ —
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	369	259
Deferred income tax benefit	23	352
Provision for doubtful accounts	59	127
(Increase) decrease in:		
Accounts receivable	13	(147)
Other current assets	124	(53)
Increase (decrease) in:		
Accounts payable and accrued expenses	(385)	458
Deferred revenue	89	(24)
Tenant security deposits	(2)	2
Net cash provided by operating activities	\$ <u><u>290</u></u>	\$ <u><u>974</u></u>

See accompanying notes to financial statements.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2018 and 2017
(amounts in thousands except as where otherwise stated)

1. Organization

BLC Glenwood-Gardens AL-LH, LLC d/b/a Brookdale Riverwalk (the "Company"), a wholly-owned subsidiary of Brookdale Senior Living Inc. ("Brookdale") is an operator of a senior living community (the "Community") in Bakersfield, California. The Company is committed to providing senior living solutions through a property that is designed, purpose-built and operated to provide the highest quality service, care and living accommodations for residents. The Community offers a variety of living arrangements and services to accommodate many levels of physical ability and health. The Community has 19 retirement center units, 227 assisted living units, and 27 memory care units on one campus.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The significant accounting policies have been summarized below.

The State of California (the "State"), under Health and Safety Code Chapter 10, requires the Company to provide financial statements, which include cash flows presented using the direct method. In accordance with this requirement, the Company has presented cash flows and related reconciliations of net income to cash flows provided by operating activities using the direct method for the years ended December 31, 2018 and 2017.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported and disclosures of contingent assets and liabilities in the financial statements and accompanying notes. Although these estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future, actual results may differ from those estimates.

Revenue Recognition

Resident fee revenue is recorded when services are rendered and consists of fees for basic housing, support services and fees associated with additional services such as personalized health. Residency agreements are generally for a term of 30 days to one year, with resident fees billed monthly in advance. Revenue for certain ancillary charges is recognized as services are provided, and such fees are billed monthly in arrears.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2018 and 2017
(amounts in thousands except as where otherwise stated)

Accounts Receivable

Accounts receivable are reported net of an allowance for doubtful accounts to represent the Company's estimate of the amount that will ultimately be realized in cash. As of December 31, 2018 and 2017, the allowance for doubtful accounts was \$60 and \$45, respectively. The adequacy of the Company's allowance for doubtful accounts is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, as well as a review of specific accounts, and adjustments are made to the allowance as necessary. Late or interest charges on delinquent accounts are not recorded until collected.

Property and Equipment

Property and equipment are recorded at cost. Renovations and improvements, which improve and/or extend the useful life of the asset, are capitalized and depreciated over their estimated useful life or the remaining lease term. Leasehold improvements are depreciated over the shorter of the estimated useful life of the assets or the remaining lease term. Furniture and equipment are depreciated between three to seven years. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the remaining lease term. Maintenance and repair expenditures that do not improve or extend the life of assets are expensed as incurred.

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of long-lived assets held for use are assessed by a comparison of the carrying amount of the asset to the estimated future undiscounted net cash flows expected to be generated by the asset. If estimated future undiscounted net cash flows are less than the carrying amount of the asset then the fair value of the asset is estimated. The impairment expense is determined by comparing the estimated fair value of the asset to its carrying value, with any amount in excess of fair value recognized as an expense in the current period. Undiscounted cash flow projections and estimates of fair value amounts are based on a number of assumptions such as revenue and expense growth rates, estimated holding periods and estimated capitalization rates.

Income Taxes

In 2011, the Company elected to be taxed as a corporation and file a consolidated federal income tax return with Brookdale. Prior to 2011, this entity was a single member LLC and income taxes were not provided in the financial statements. For the financial statement presentation, the separate-return method is used to allocate current and deferred tax expense (benefit) to the Company as if it were a separate taxpayer. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are recorded using enacted tax rates expected to apply to taxable income in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2018 and 2017
(amounts in thousands except as where otherwise stated)

The Company accounts for its uncertainty in income taxes under Accounting Standards Codification ("ASC") 740. Under ASC 740 a tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur.

As of December 31, 2018 and 2017, the Company has accrued no interest and no penalties related to uncertain tax positions. It is the entity's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Company will file a consolidated U.S. Federal and State of California income tax return with Brookdale for the 2018 tax year. There are currently no Federal or California income tax returns subject to examination. The tax returns for years 2013 through 2017 are subject to future examination by tax authorities.

Total income tax expense (benefit) for the years ended December 31, 2018 and 2017 was comprised of:

	<u>2018</u>	<u>2017</u>
U.S. Federal:		
Current	\$ (16)	\$ (79)
Deferred	<u>24</u>	<u>352</u>
Total U.S. Federal	<u>8</u>	<u>273</u>
State:		
Current	<u>(7)</u>	<u>(36)</u>
Total State	<u>(7)</u>	<u>(36)</u>
Total income tax expense	\$ <u><u>1</u></u>	\$ <u><u>237</u></u>

The tax effect of temporary differences that give rise to the net deferred tax asset at December 31, 2018 and 2017 consisted of:

	<u>2018</u>	<u>2017</u>
Deferred tax asset – property and equipment, allowance for doubtful accounts, and accrued expenses	\$ <u><u>388</u></u>	\$ <u><u>411</u></u>

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2018 and 2017
(amounts in thousands except as where otherwise stated)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets related to deductible temporary differences is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. As of December 31, 2018 and 2017 the Company did not carry a valuation allowance against deferred tax assets.

The Tax Cuts and Jobs Act was signed into law on December 22, 2017 and contains a provision that reduced the corporate tax rate from 35% to 21%, effective January 1, 2018. The Company's statement of operations for the tax year ended December 31, 2017 reflected a benefit of \$181 related to the impact of the Tax Act.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09 "Revenue from Contracts with Customers (Topic 606)," which will eliminate the transaction and industry-specific revenue recognition guidance under current generally accepted accounting principles and replace it with a principles-based approach. ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards. The core principle of the guidance in ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The five step model defined by ASU 2014-09 requires the entity to: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contracts, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation. The FASB has also issued several ASUs to provide entities further clarity on the application of ASU 2014-09. ASU 2014-09 additionally enhances the required disclosures surrounding the nature, amount, timing and uncertainty of revenues and the associated cash flows. ASU 2014-09 may be applied retrospectively to each period (full retrospective) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective). ASU 2014-09, as amended, is effective beginning January 1, 2019, and management of the Company is currently evaluating the impact adoption will have on its financial statements and disclosures.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2018 and 2017
(amounts in thousands except as where otherwise stated)

In February 2016, the FASB issued ASU 2016-02, Leases ("ASU 2016-02"). ASU 2016-02 amends the existing accounting principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. ASU 2016-02 requires a lessee to recognize a right-of-use asset and a lease liability on the balance sheet for most leases. Additionally, ASU 2016-02 makes targeted changes to lessor accounting, including changes to align certain aspects with the revenue recognition model, and requires enhanced disclosure of lease arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and early adoption is permitted. Management of the Company is currently evaluating the impact adoption will have on its financial statements and disclosures.

Subsequent Events

The Company has evaluated events subsequent to December 31, 2018 through the date that the financial statements were available to be issued, March 20, 2019, and determined that no events have occurred which would require additional disclosure.

3. Property and Equipment

Net property and equipment as of December 31, 2018 and 2017 consisted of the following:

	2018	2017
Leasehold improvements	\$ 3,021	\$ 2,525
Furniture and equipment	3,666	3,557
Construction in progress	29	433
	6,716	6,515
Accumulated depreciation	(4,903)	(4,534)
Property and equipment, net	\$ 1,813	\$ 1,981

During the years ended December 31, 2018 and 2017, the Company evaluated property and equipment for impairment. There was no impairment charge recorded in 2018 or 2017.

4. Related Party Transactions

Community Lease

On April 28, 2006, the Company entered into a lease agreement (the "Lease") for use of the Community from BLC Glenwood Gardens AL, L.P. (the "Lessor"), a wholly-owned subsidiary of Brookdale. The term of the Lease was 10 years. In 2016, an amendment to the Lease was issued, extending the term of the Lease to December 31, 2030. The Lease requires the Company to pay rent to the Lessor in an amount equal to annual net income of the operations of the Community.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2018 and 2017
(amounts in thousands except as where otherwise stated)

Management Agreement

On August 26, 2010, the Company entered into a management agreement with Brookdale Living Communities, Inc. (the "Manager"), a wholly owned subsidiary of Brookdale. Under the terms of the agreement, the Manager receives a management fee of 5.0% of gross revenues (as defined by the terms of the agreement). Out-of-pocket expenses (as defined under the agreement) incurred on behalf of the Company by the Manager are subject to reimbursement to the Manager. The management agreement expires on August 26, 2020. The amount incurred for management fees was \$631 and \$572 for the years ended December 31, 2018 and 2017, respectively.

5. Commitments and Contingencies

Minimum Liquid Reserve

The State of California (the "State"), under Health and Safety Code Chapter 10, requires a minimum liquid reserve ("MLR") balance be maintained based upon certain financial calculations. In May 2017, the Company received a Certificate of Authority issued by the State for BLC Glenwood-Gardens AL-LH, LLC and Brookdale Senior Living Inc. ("Providers") d/b/a Brookdale Riverwalk. In accordance with the Code, the Company has computed its liquid reserve requirement as of December 31, 2018 and the reserve is based on Brookdale Senior Living Inc.'s consolidated audited financial statements. As of December 31, 2018 and 2017, the MLR funded by cash was approximately \$5.6 million and \$4.6 million, respectively. The MLR as of December 31, 2018 included \$4.3 million for Debt Service Reserve and \$1.3 million for Operating Reserve, to cover operating expenses, and were included in the financial statements of Brookdale.

Litigation

The Company is subject to legal proceedings and claims that arise in the ordinary course of business.

Insurance

Through Brookdale, the Company currently maintains professional and general liability insurance. Brookdale's current policies provide for deductibles for each and every claim and as a result they are, in effect, self-insured for claims that are less than the deductible amounts. In addition, the Company participates in Brookdale's large-deductible workers compensation program and a self-insured employee medical program. Estimated costs related to the self-insurance program are accrued at Brookdale based on known claims and projected settlement of unasserted claims incurred but not reported to the Company. The Company records an allocated monthly fee for insurance costs. Subsequent changes in actual experience (including claim costs, claim frequency, and other factors) could result in additional costs to the Company.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2018 and 2017
(amounts in thousands except as where otherwise stated)

Health Care Regulations

The health care industry is subject to numerous laws and regulations of Federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid, or other state program, fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Company is in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

As a result of the Company's participation in the Medicare and Medicaid programs, the Company is subject to various government reviews, audits and investigations to verify the Company's compliance with these programs and applicable laws and regulations. CMS has engaged a number of third party firms, including Recovery Audit Contractors ("RAC"), Zone Program Integrity Contractors ("ZPIC"), and Unified Program Integrity Contractors ("UPIC") to conduct extensive reviews of claims data to evaluate the appropriateness of billings submitted for payment. Audit contractors may identify overpayments based on coverage requirements, billing and coding rules or other risk areas. In addition to identifying overpayments, audit contractors can refer suspected violations of law to government enforcement authorities. An adverse determination of government reviews, audits and investigations may result in citations, sanctions and other criminal or civil fines and penalties, the refund of overpayments, payment suspensions, or termination of participation in Medicare and Medicaid programs. The Company's costs to respond to and defend any such audits, reviews and investigations may be significant and are likely to increase in the current enforcement environment, and any resulting sanctions or criminal, civil or regulatory penalties could have a material adverse effect on the Company's business, financial condition, results of operations and cash flow. While management believes all billings are proper and support is maintained, certain aspects of billing, coding and support are subject to interpretation and may be viewed differently by audit contractors. As amount of any recovery is unknown, management has not recorded any reserves related to audits and investigations at this time.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2018 and 2017
(amounts in thousands except as where otherwise stated)

Health Care Reform

The health care industry in the United States is subject to fundamental changes due to ongoing health care reform efforts and related political, economic and regulatory influences. Notably, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act") resulted in expanded health care coverage to millions of previously uninsured people beginning in 2014 and has resulted in significant changes to the United States health care system. To help fund this expansion, the Affordable Care Act outlines certain reductions for Medicare reimbursed services, including skilled nursing, home health, hospice and outpatient therapy services, as well as certain other changes to Medicare payment methodologies. This comprehensive health care legislation has resulted and will continue to result in extensive rulemaking by regulatory authorities, and also may be altered, amended, repealed, or replaced. It is difficult to predict the full impact of the Affordable Care Act due to the complexity of the law and implementing regulations, as well the Company's inability to foresee how CMS and other participants in the health care industry will respond to the choices available to them under the law. The Company also cannot accurately predict whether any new or pending legislative proposals will be adopted or, if adopted, what effect, if any, these proposals would have on the Company's business. Similarly, while the Company can anticipate that some of the rulemaking that will be promulgated by regulatory authorities will affect the Company's business and the manner in which the Company is reimbursed by the federal reimbursements programs, the Company cannot accurately predict today the impact of those regulations on the Company's business. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act or any amended or replacement legislation may increase costs, decrease revenues, expose the Company to expanded liability or require the Company to revise the ways in which it conducts business.

In addition to its impact on the delivery and payment for health care, the Affordable Care Act and the implementing regulations have resulted and may continue to result in increases to the Company's costs to provide health care benefits to its employees. The Company also may be required to make additional employee-related changes to its business as a result of provisions in the Affordable Care Act or any amended or replacement legislation impacting the provision of health insurance by employers, which could result in additional expense and adversely affect the Company's results of operations and cash flows.

**CONTINUING CARE
RESERVE REPORT
PART 5**

LBMC

**MAKE A GOOD
BUSINESS BETTER**



INDEPENDENT AUDITORS' REPORT

The Member
BLC Glenwood-Gardens AL-LH, LLC:

We have audited the accompanying continuing care reserve report Forms 5-1 through 5-5 (the "Reports") of BLC Glenwood-Gardens AL-LH, LLC d/b/a Brookdale Riverwalk (the "Company"), as of December 31, 2018. The Reports have been prepared by management using the report preparation provisions of California Health and Safety Code Section 1792.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the Reports in accordance with the requirements of California Health and Safety Code Section 1792; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of Reports that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Reports based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Reports are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Reports. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Reports in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Reports.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Reports present fairly, in all material respects, the liquid reserve requirements of the Company as of December 31, 2018, in conformity with the report preparation provisions of California Health and Safety Code Section 1792.

Basis of Accounting

The accompanying Reports were prepared in accordance with the report preparation provisions of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The Reports are not intended to be a complete presentation of the Company's assets, liabilities, revenues and expenses. Our opinion is not modified with respect to this matter.

Restriction on Use

Our report is intended solely for the information and use of the Company and for filing with the California Department of Social Services and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

LBMC, PC

Brentwood, Tennessee
April 26, 2019

FORM 5-1
LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b)+ (c)+ (d))
1					
2					
3					
4					
5					
6					
7					
8					
TOTAL:			\$0.00	\$0.00	\$0.00

*(Transfer this amount to
Form 5-3, Line 1)*

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: BLC Glenwood Gardens AL-LH, LLC dba Brookdale Riverwalk

FORM 5-2
LONG-TERM DEBT INCURRED DURING FISCAL YEAR
(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1					
2					
3					
4					
5					
6					
7					
8					
TOTAL:		\$0.00	\$0.00	\$0.00	\$0.00

*(Transfer this amount to
Form 5-3, Line 2)*

NOTE: For column (b), do not include voluntary payments made to pay down principal.

PROVIDER: BLC Glenwood Gardens AL-LH, LLC dba Brookdale Riverwalk

FORM 5-3
CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$ -
2	Total from Form 5-2 bottom of Column (e)	\$ -
3	Facility leasehold or rental payment paid by provider during fiscal year. (including related payments such as lease insurance)	\$ 4,314,000
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$ 4,314,000

PROVIDER: BLC Glenwood Gardens AL-LH, LLC dba Brookdale Riverwalk

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1 Total operating expenses from financial statements		\$ 12,612,000
2 Deductions		
a Interest paid on long-term debt (see instructions)	\$ 4,314,000	
b Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
c Depreciation	\$ 369,000	
d Amortization	\$ -	
e Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 1,139,000	
f Extraordinary expenses approved by the Department	\$ -	
3 Total Deductions		\$ 5,822,000
4 Net Operating Expenses		\$ 6,790,000
5 Divide Line 4 by 365 and enter the result.		\$ 18,603
6 Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve		\$ 1,395,000

PROVIDER: BLC Glenwood Gardens AL-LH, LLC dba Brookdale Riverwalk

COMMUNITY: Brookdale Riverwalk

FORM 5-4 CALCULATION OF NET OPERATING EXPENSES RECONCILIATION OF LINE 2E

	<u>Brookdale Riverwalk</u>
	<u>91.02%</u>
Revenues received during the fiscal year for services to persons who did not have a continuing care contract (Line 2E)	\$ 1,139,000
Revenues received from continuing care residents	<u>11,545,000</u>
Cash received for "Resident Revenue"*	<u><u>\$ 12,684,000</u></u>

Cash received for Resident Revenue is allocated between revenues received from residents and revenues received from persons who did not have a continuing care contract based on the weighted average determined on line 11 of Form 1-1.

* Conversion of GAAP Resident Revenue to Cash Basis Resident Revenue

Revenue from Resident Services and Ancillary Services, per Statement of Operations	\$ 12,612,000
Less: Accounts Receivable at 12/31/18	20,000
Plus: Accounts Receivable at 12/31/17	<u>92,000</u>
Revenue from Resident Services, cash basis	<u><u>\$ 12,684,000</u></u>

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: BLC Glenwood Gardens AL-LH, LLC dba Brookdale Riverwalk

Fiscal Year Ended: December 31, 2018

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/18 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$ 4,314,000
[2] Operating Expense Reserve Amount	\$ 1,395,000
[3] Total Liquid Reserve Amount:	\$ 5,709,000

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ 4,314,000	\$ 1,395,000
[5] Investment Securities		
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[10] Other: _____		

(describe qualifying asset)
See attached statement

Total Amount of Qualifying Assets
Listed for Liquid Reserve:
Total Amount Required:
Surplus/(Deficiency):

[11]	\$ 4,314,000	[12]	\$ 1,395,000
[13]	\$ 4,314,000	[14]	\$ 1,395,000
[15]	\$ -	[16]	\$ -

Signature:

(Authorized Representative)

Joanne Leskowitz, Senior Vice President
(Title)

Date:

7/29/19

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Disclosures per H&SC section 1790(a)
December 31, 2018

- i The per capita costs of operation for BLC Glenwood Gardens AL-LH, LLC continuing care retirement community:

Form 1-2 1. Total Operating Expense	<u>\$12,612,000</u>
Form 1-1 7. Number at end of year	263

Total costs per resident	\$47,954
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- ii The construction in progress was funded through BLC Glenwood Gardens AL-LH, LLC own funds, no new financing were made in FY 2018 for construction. In addition, there were no funds set aside for future projects nor for any contingency amounts for BLC Glenwood Gardens AL-LH, LLC.

In accordance with the Code, BLC Glenwood-Gardens AL-LH, LLC, has computed its liquid reserve requirement as of December 31, 2018, its most recent fiscal year end, and the reserve is based on Brookdale Senior Living, Inc.'s consolidated audited financial statements for that period.

The restricted cash consists of reserve funds required by regulatory agencies for licensed continuing care retirement communities. As of December 31, 2018, the minimum liquid reserve ("MLR") funded by restricted cash was \$5.7 million. Of the \$5.7 million, \$4.3 million was for Debt Service Reserve, to service debt and \$1.4 million was for Operating Reserve, to cover operating expenses.

Note 1 to the Continuing Care Reserve Report (Part 5)

The continuing care reserve report included in Part 5 has been prepared in accordance with the report preparation provisions of the California Health and Welfare Code (the Code), Section 1792.

Section 1792 of the Code indicates that the Company should maintain at all times qualifying assets as a liquid reserve in an amount that equals or exceeds the sum of the following:

- The amount the provider is required to hold as a debt service reserve under Section 1792.3.
- The amount the provider must hold as an operating expense reserve under Section 1792.4.

In accordance with the Code, the Company has computed its liquid reserve requirement as of December 31, 2018, its most recent fiscal year end, and the reserve is based on Brookdale Senior Living, Inc.'s consolidated audited financial statements for that period.

Note 1 to the Continuing Care Reserve Report (Part 5)

The continuing care reserve report included in Part 5 has been prepared in accordance with the report preparation provisions of the California Health and Welfare Code (the Code), Section 1792.

Section 1792 of the Code indicates that the Company should maintain at all times qualifying assets as a liquid reserve in an amount that equals the sum of the following:

- The amount the provider is required to hold as a debt service reserve under Section 1792.3.
- The amount the provider is required to hold as an operating expense reserve under Section 1792.4.

In accordance with the Code, the Company has computed its liquid reserve requirement as of December 31, 2018, its most recent fiscal year end, and the reserve is based on Brookdale Senior Living, Inc.'s consolidated audited financial statements for that period.

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable) _____	\$ 4,460	\$ 3,510	_____
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) _____	3.0%	-1.6%	_____
<input type="checkbox"/> Check here if monthly service fees at this community were <u>not</u> increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)			
[3] Indicate the date the fee increase was implemented: 1/1/2018 (If more than 1 increase was implemented, indicate the dates for each increase.)			
[4] Check each of the appropriate boxes:			
<input checked="" type="checkbox"/> Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.			
<input checked="" type="checkbox"/> All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.			
<input checked="" type="checkbox"/> At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.			
<input checked="" type="checkbox"/> At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.			
<input checked="" type="checkbox"/> The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.			
<input checked="" type="checkbox"/> The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.			
[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.			

PROVIDER: BLC Glenwood Gardens AL-LH, LLC dba Brookdale Riverwalk

COMMUNITY: Brookdale Riverwalk

Form 7-1 Note

[5] Monthly service fees for AL decreased by -1.6% due to residents with higher rates and less discounts moving out. Residents were replaced with residents with higher rates but more discounts. Skilled rates increased by 3.0% due to market adjustments.

**Continuing Care Retirement Community
Disclosure Statement**

Date Prepared: 4/25/19

FACILITY NAME: Brookdale Riverwalk

ADDRESS: 350 Calloway Drive, Bakersfield, CA

ZIP CODE: 93312

PHONE: (661) 587-0221

PROVIDER NAME: BLC Glenwood-Gardens AL-LH, LLC

FACILITY OPERATOR: BLC Glenwood-Gardens AL-LH, LLC

RELATED FACILITIES: Please see below for other CCRCs

RELIGIOUS AFFILIATION: None

YEAR # OF ☐ SINGLE ☐ MULTI-

MILES TO SHOPPING CTR: 2

OPENED: 1998 ACRES: 21 STORY STORY ☒ OTHER: Both

MILES TO HOSPITAL: 1

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 0

APARTMENTS — 1 BDRM: 0

APARTMENTS — 2 BDRM: 0

COTTAGES/HOUSES: 19

RLU OCCUPANCY (%) AT YEAR END: 0

HEALTH CARE

ASSISTED LIVING: 227 beds

SKILLED NURSING: 120 beds

SPECIAL CARE: 27 beds

DESCRIPTION: > Dementia Care

OVERALL CCRC OCCUPANCY (%) AT YEAR END: _____

TYPE OF OWNERSHIP:

☐ NOT-FOR-PROFIT

☒ FOR-PROFIT

ACCREDITED?: ☐ YES ☒ NO BY: _____

FORM OF CONTRACT:

☒ CONTINUING CARE

☐ LIFE CARE

☐ ENTRANCE FEE

☐ FEE FOR SERVICE

(Check all that apply)

☐ ASSIGNMENT OF ASSETS

☐ EQUITY

☐ MEMBERSHIP

☐ RENTAL

REFUND PROVISIONS: (Check all that apply)

☐ Refundable

☐ Repayable

☐ 90%

☐ 75%

☐ 50%

☐ OTHER: _____

RANGE OF ENTRANCE FEES: \$ 0 - \$ 0

LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: None

ENTRY REQUIREMENTS: MIN. AGE: 60

PRIOR PROFESSION: N/A

OTHER: N/A

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD:

(briefly describe provider's compliance and residents' roles) > _____

> A resident representative meets with a representative of the governing body periodically to discuss budgeting and other resident matters.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (____ TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	MEALS (____/DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER Lounge, Movie Room (Universal)	<input checked="" type="checkbox"/>	<input type="checkbox"/>			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME: BLC Glenwood-Gardens AL-LH, LLC

<u>OTHER CCRCs</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
Brookdale Camarillo	Camarillo, CA	(805) 388-8086
Brookdale Carlsbad	Carlsbad, CA	(760) 720-9898
Brookdale Carmel Valley	San Diego, CA	(858) 259-2222
Brookdale Fountaingrove	Santa Rosa, CA	(707) 566-8600
Brookdale Northridge	Northridge, CA	(818) 886-1616
Brookdale Rancho Mirage	Rancho Mirage, CA	(760) 340-5999
Brookdale Riverwalk	Bakersfield, CA	(661) 587-0221
Brookdale San Dimas	San Dimas, CA	(909) 394-0304
Brookdale San Juan Capistrano	San Juan Capistrano, CA	(949) 248-8855
Brookdale Yorba Linda	Yorba Linda, CA	(714) 777-9666

<u>MULTI-LEVEL RETIREMENT COMMUNITIES</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
N/A		

<u>FREE-STANDING SKILLED NURSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
N/A		

<u>SUBSIDIZED SENIOR HOUSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>
N/A		

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

Provider Name: BLC Glenwood Gardens AL-LH, LLC dba Brookdale Riverwalk

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

	2015	2016	2017	2018
INCOME FROM ONGOING OPERATIONS OPERATING INCOME (Excluding amortization of entrance fee income)	10,900,000	10,854,000	11,438,000	12,612,000
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	7,123,000	8,597,000	7,813,000	7,929,000
NET INCOME FROM OPERATIONS	3,777,000	2,257,000	3,625,000	4,683,000
LESS INTEREST EXPENSE	2,522,000	3,112,000	3,369,000	4,314,000
PLUS CONTRIBUTIONS	1,064,000	157,000	(5,571,000)	(89,000)
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	-	-	-	-
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	1,255,000	(698,000)	(5,315,000)	280,000
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	-	-	-	-

DESCRIPTION OF SECURED DEBT (as of most recent fiscal year end)

LENDER	OUTSTANDING	INTEREST	DATE OF	DATE OF	AMORTIZATION

FINANCIAL RATIOS (see next page for ratio formulas)

	2016 CCAC Medians				
	50 th Percentile	2016	2017	2018	
DEBT TO ASSET RATIO	(optional)	-	-	-	
OPERATING RATIO		0.96	0.90	0.97	
DEBT SERVICE COVERAGE RATIO		0.75	1.08	1.09	
DAYS CASH ON HAND RATIO					

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2015	%	2016	%	2017	%	2018
STUDIO							
ONE BEDROOM							
TWO BEDROOM							
COTTAGE/HOUSE	4,139	0.7%	4,167	3.8%	4,326	3.1%	4,460
ASSISTED LIVING	3,235	7.9	3,489	2.2	3,565	-1.6%	3,510
SKILLED NURSING	-	-	-	-	-	-	-
SPECIAL CARE	7,648	-1.1	7,567	6.8	8,078	5.1%	8,488

COMMENTS FROM PROVIDER: >

>

>

PROVIDER NAME: BLC Glenwood-Gardens AL-LH, LLC

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ - \text{Depreciation Expense} \\ - \text{Amortization Expense} \end{array}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

$$\frac{\begin{array}{l} \text{Total Excess of Revenues over Expenses} \\ + \text{Interest, Depreciation, and Amortization Expenses} \\ \text{Amortization of Deferred Revenue} + \text{Net Proceeds from Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash \& Investments} \\ + \text{Unrestricted Non-Current Cash \& Investments} \end{array}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.