

CERTIFICATE

S-H OpCo Rancho Mirage, LLC DBA Brookdale Rancho Mirage

State of Wisconsin)

SS:

County of Milwaukee)

The enclosed Annual Report for S-H OpCo Rancho Mirage, LLC DBA Brookdale Rancho Mirage and any amendments thereto are correct to the best of my knowledge and belief.

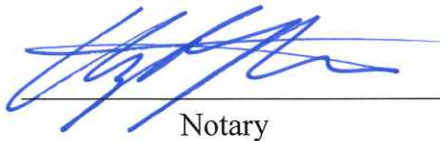
The continuing care contract form in use or offered to new residents at Brookdale Rancho Mirage has been approved by the Department.

As of the date of this certification, S-H OpCo Rancho Mirage, LLC is maintaining the required liquid reserve.



Joanne Leskowitz
Assistant Corporate Secretary

Sworn and subscribed to before me,
a Notary Public, this 4th day
of May, 2020



Notary



My commission expires: 2-27-22

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	99
[2]	Number at end of fiscal year	84
[3]	Total Lines 1 and 2	183
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x.50
[5]	Mean number of continuing care residents	92
All Residents		
[6]	Number at beginning of fiscal year	133
[7]	Number at end of fiscal year	118
[8]	Total Lines 6 and 7	251
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x.50
[10]	Mean number of all residents	126
[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).	73.02%

FORM 1-2
ANNUAL PROVIDER FEE

Line		TOTAL
[1]	Total Operating Expenses (including depreciation and debt service- interest only)	\$ 13,782,000
[a]	Depreciation	\$ 279,000
[b]	Debt Service (Interest Only)	\$ -
[2]	Subtotal (add Line 1a and 1b)	\$ 279,000
[3]	Subtract Line 2 from Line 1 and enter result.	\$ 13,503,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	73.02%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$ 9,859,000
[6]	Total Amount Due (multiply Line 5 by .001)	x .001
		\$ 9,859

PROVIDER: S-H OpCo Rancho Mirage, LLC
COMMUNITY: Brookdale Rancho Mirage



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 2

DATE (MM/DD/YYYY)
01/03/2020

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 Towers Watson Midwest, Inc. fka 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 ADDRESS: certificates@willis.com	
INSURED Columbia Pacific Advisors, LLC c/o Brookdale Senior Living 6737 W. Washington Street, Suite 2300 Milwaukee, WI 53214 USA	INSURER(S) AFFORDING COVERAGE	
	INSURER A: Underwriters at Lloyd's London	
	INSURER B: Continental Insurance 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:** W15149402**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-01817-19	12/31/2019	12/31/2020	EACH OCCURRENCE \$ 1,000,000
	<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 \$ 1,000,000				
	<input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC						GENERAL AGGREGATE \$ 3,000,000
	OTHER:						PRODUCTS - COMP/OP AGG \$ 1,000,000
							SIR \$ 250,000
B	AUTOMOBILE LIABILITY			BUA 4031698072	04/01/2019	04/01/2020	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 checked="" type="checkbox"/> Comp. Ded \$1,000	<input checked="" type="checkbox"/> Coll. Ded \$1,000					\$
A	UMBRELLA LIAB			SB-LTCA-01583-19	12/31/2019	12/31/2020	EACH OCCURRENCE \$ 15,000,000
	<input checked="" type="checkbox"/> EXCESS LIAB	<input checked="" type="checkbox"/> CLAIMS-MADE	AGGREGATE \$ 15,000,000				
	DED	RETENTION \$	\$				
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			5082521444	01/01/2020	01/01/2021	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N <input type="checkbox"/> No	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	Crime			03-981-91-79	12/31/2019	12/31/2020	Limit \$5,000,000
			Deductible \$50,000				

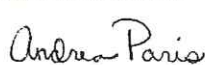
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Professional Liability is included in General Liability Insurance.

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

SEE ATTACHED

CERTIFICATE HOLDER

Brookdale Rancho Mirage 72201 Country Club Dr Rancho Mirage, CA 92270	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 

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ACORD 25 (2016/03)

The ACORD name and logo are registered marks of ACORD

SR ID: 19071968

BATCH: 1512512

AGENCY CUSTOMER ID: _____

LOC #: _____



ADDITIONAL REMARKS SCHEDULE

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AGENCY Willis Towers Watson Midwest, Inc. fka Willis of Illinois, Inc.		NAMED INSURED Columbia Pacific Advisors, LLC c/o Brookdale Senior Living 6737 W. Washington Street, Suite 2300 Milwaukee, WI 53214 USA	
POLICY NUMBER See Page 1		NAIC CODE See Page 1	
CARRIER See Page 1		EFFECTIVE DATE: See Page 1	

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

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

Insured Location(s): S-H OpCo Rancho Mirage, LLC dba Brookdale Rancho Mirage, 72201 Country Club Dr, Rancho Mirage, CA 92270

INSURER AFFORDING COVERAGE: Underwriters at Lloyd's London

NAIC#: 15792

POLICY NUMBER: SB-LTCA-01813-19 EFF DATE: 12/31/2019 EXP DATE: 12/31/2020

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

INSURER AFFORDING COVERAGE: Evanston Insurance Company

NAIC#: 35378

POLICY NUMBER: MKLV6XL30000198 EFF DATE: 01/01/2020 EXP DATE: 01/01/2021

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-01813-19

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

S-H OpCo Rancho Mirage, LLC

Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)



S-H OpCo Rancho Mirage, LLC

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INDEPENDENT AUDITORS' REPORT

To the Member of
S-H OpCo Rancho Mirage, LLC

We have audited the accompanying financial statements of S-H OpCo Rancho Mirage, LLC (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, changes in member's equity and cash flows for the year ended December 31, 2019 (Successor) and the periods from June 1, 2018 to December 31, 2018 (Successor) and January 1, 2018 to May 31, 2018 (Predecessor), 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 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 S-H OpCo Rancho Mirage, LLC as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the year ended December 31, 2019 (Successor) and the periods from June 1, 2018 to December 31, 2018 (Successor) and January 1, 2018 to May 31, 2018 (Predecessor) in accordance with accounting principles generally accepted in the United States of America.

LBMC, PC

Brentwood, Tennessee
April 22, 2020

S-H OpCo Rancho Mirage, LLC
Balance Sheets
December 31, 2019 and 2018
(In Thousands)

Assets

	<u>2019</u>	<u>2018</u>
Current assets:		
Accounts receivable, net	\$ 612	\$ 631
Prepaid expenses and other current assets	136	127
Total current assets	<u>748</u>	<u>758</u>
Restricted cash	3,563	3,471
Property and equipment, net	1,061	1,894
Other assets	43	77
Total assets	<u>\$ 5,415</u>	<u>\$ 6,200</u>

Liabilities and Member's Equity

Current liabilities:		
Accounts payable	\$ 258	\$ 252
Accrued expenses	589	649
Tenant deposits	1	1
Deferred revenue	155	103
Total current liabilities	<u>1,003</u>	<u>1,005</u>
Deferred lease costs	22	7
Other long term liabilities	289	127
Total liabilities	<u>1,314</u>	<u>1,139</u>
Member's equity	4,101	5,061
Total liabilities and member's equity	<u>\$ 5,415</u>	<u>\$ 6,200</u>

See accompanying notes to financial statements.

S-H OpCo Rancho Mirage, LLC
Statements of Operations
For the year ended December 31, 2019 (Successor) and
For the periods from June 1, 2018 to December 31, 2018 (Successor)
and January 1, 2018 to May 31, 2018 (Predecessor)
(In Thousands)

		(Successor) Year ended December 31, 2019	(Successor) June 1, 2018 to December 31, 2018	(Predecessor) January 1, 2018 to May 31, 2018
Revenue:				
	Resident services, net	\$ 11,415	\$ 7,111	\$ 4,780
	Investment income	58	13	-
		<u>11,473</u>	<u>7,124</u>	<u>4,780</u>
Expenses:				
	Community operating expense	11,045	5,729	3,997
	Facility lease expense	1,654	1,117	740
	Depreciation	279	177	145
	Real estate tax	245	147	94
	Management fee expense	559	345	235
	Transaction costs, including gain on the change in ownership transaction (Note 1)	<u>-</u>	<u>-</u>	<u>(32)</u>
	Total expenses	<u>13,782</u>	<u>7,515</u>	<u>5,179</u>
Net loss		<u><u>\$ (2,309)</u></u>	<u><u>\$ (391)</u></u>	<u><u>\$ (399)</u></u>

See accompanying notes to financial statements.

S-H OpCo Rancho Mirage, LLC
Statements of Changes in Member's Equity
For the year ended December 31, 2019 (Successor) and
For the periods from June 1, 2018 to December 31, 2018 (Successor)
and January 1, 2018 to May 31, 2018 (Predecessor)
(In Thousands)

Predecessor

Balance at January 1, 2018	\$ 5,225
Member contributions, net	813
Net loss from January 1, 2018 to May 31, 2018	<u>(399)</u>

Successor

Balance at June 1, 2018 (see Note 1)	5,639
Member distributions, net	(187)
Net loss from June 1, 2018 to December 31, 2018	<u>(391)</u>
Balance at December 31, 2018	5,061
Member contributions, net	2,462
Property and equipment distribution to Member (Note 3)	(1,113)
Net loss	<u>(2,309)</u>
Balance as of December 31, 2019	<u><u>\$ 4,101</u></u>

See accompanying notes to financial statements.

S-H OpCo Rancho Mirage, LLC
Statements of Cash Flows
For the year ended December 31, 2019 (Successor) and
For the periods from June 1, 2018 to December 31, 2018 (Successor)
and January 1, 2018 to May 31, 2018 (Predecessor)
(In Thousands)

	(Successor) Year ended December 31, 2019	(Successor) June 1, 2018 to December 31, 2018	(Predecessor) January 1, 2018 to May 31, 2018
Cash flows from operating activities:			
Cash received from residents	\$ 11,547	\$ 7,399	\$ 4,505
Cash paid to suppliers and employees	(11,719)	(6,024)	(4,485)
Cash paid for facility lease	(1,639)	(1,110)	(779)
Net cash provided by (used in) operating activities	(1,811)	265	(759)
Cash flows from investing activities - purchase of property and equipment	(559)	(239)	(54)
Cash flows from financing activities - member contributions (distributions), net	2,462	(187)	813
Net change in cash and restricted cash	92	(161)	-
Cash and restricted cash at beginning of period	3,471	3,632	3,632
Cash and restricted cash at end of period	<u>\$ 3,563</u>	<u>\$ 3,471</u>	<u>\$ 3,632</u>
Reconciliation of net loss to net cash provided by (used in) operating activities:			
Net loss	\$ (2,309)	\$ (391)	\$ (399)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation	279	177	145
Straight-line lease expense (income)	15	7	(39)
Provision for credit losses	228	-	-
Provision for doubtful accounts	-	211	75
Gain on change in ownership transaction (see Note 1)	-	-	(103)
(Increase) decrease in, net of effects of change in ownership transaction:			
Accounts receivable	(209)	2	(228)
Prepaid expenses and other current assets	(10)	8	(35)
Other assets	35	(77)	27
Increase (decrease) in, net of effects of change in ownership transaction:			
Accounts payable and accrued expenses	(54)	193	13
Deferred revenue	51	17	19
Other long-term liabilities	163	118	(234)
Net cash provided by (used in) operating activities	<u>\$ (1,811)</u>	<u>\$ 265</u>	<u>\$ (759)</u>
Supplemental non-cash disclosure of cash flow information-			
distribution of property and equipment to Member (Note 3)	<u>\$ 1,113</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

S-H OpCo Rancho Mirage, LLC
Notes to Financial Statements
December 31, 2019 and 2018
(dollars in thousands except as where otherwise stated)

(1) Organization

S-H OpCo Rancho Mirage, LLC (the "Company") is an operator of a senior living community (the "Community") in Rancho Mirage, California and is wholly owned by S-H Forty-Nine OpCo Ventures, LLC (the "Member"). 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 all levels of physical ability and health. The Community has 24 memory care units, 90 assisted living units, and 45 skilled nursing beds on one campus.

On June 1, 2018 Columbia Pacific Advisors became the sole equity holder of the Member. The Member elected to apply pushdown accounting to the Company as of the date of the change in ownership. This transaction was accounted for as a business combination, and accordingly, the assets and liabilities have been recorded at fair value on June 1, 2018. The financial statements reflect the activity prior to the change in ownership transaction for the period from January 1, 2018 through May 31, 2018 (Predecessor) and the activity subsequent to the change in ownership transaction for the period from June 1, 2018 through December 31, 2018 (Successor). The transaction was allocated as follows on June 1, 2018:

Accounts receivable	\$ 844
Prepaid expenses and other assets	\$ 134
Restricted cash	\$ 3,632
Property and equipment	\$ 1,832
Accounts payable	\$ (281)
Accrued expenses	\$ (427)
Tenant deposits	\$ (1)
Deferred revenue	\$ (86)
Other long term liabilities	\$ (8)
Member's equity	\$ (5,639)

Due to the change in ownership mentioned above, the Predecessor entity incurred certain transaction costs of \$71 as well as wrote off the following assets and liabilities on May 31, 2018 which resulted in a gain of \$103.

Deferred move-in incentives	\$ (20)
Deferred move-in costs	(206)
Property and equipment	(171)
Deferred lessor reimbursements	290
Deferred lease liability	140
Deferred community fees	70
Net gain on change in ownership transaction	103
Transaction costs	(71)
Transaction costs, including gain on change in ownership transaction	\$ 32

S-H OpCo Rancho Mirage, LLC
Notes to Financial Statements
December 31, 2019 and 2018
(dollars in thousands except as where otherwise stated)

(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 loss to cash flows provided by (used in) operating activities using the direct method for the year ended December 31, 2019 (Successor) and for the periods from June 1, 2018 to December 31, 2018 (Successor) and January 1, 2018 to May 31, 2018 (Predecessor).

Adoption of New Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09" or Accounting Standards Codification 606 "ASC 606"), which 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. The five step model defined by ASU 2014-09 requires the Company to (i) identify the contracts with the customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when each performance obligation is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services. Additionally, ASU 2014-09 requires enhanced disclosure of revenue arrangements. ASU 2014-09 may be applied retrospectively to each prior period (full retrospective) or retrospectively with the cumulative effect recognized as of the date of initial application (modified retrospective). Under the modified retrospective approach, the guidance of ASC 606 is applied to the most current period presented, recognizing the cumulative effect of the adoption change as an adjustment to beginning member's equity. ASU 2014-09, as amended, was effective for the Company's fiscal year beginning January 1, 2019, and the Company adopted the new standard under the modified retrospective approach.

There was no cumulative effect adjustment to the opening balance of member's equity as of January 1, 2019, as the adoption did not result in a material adjustment to the Company's revenue recognition. Prior periods have not been adjusted and are presented in accordance with ASC 605, *Revenue Recognition*.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows: Restricted Cash, a consensus of the FASB Emerging Issues Task Force* ("ASU 2016-18"), which intends to address the diversity in practice that exists in the classification and presentation of changes in restricted cash on the statement of cash flows. The amendments require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The Company adopted ASU 2016-18 on January 1,

S-H OpCo Rancho Mirage, LLC
Notes to Financial Statements
December 31, 2019 and 2018
(dollars in thousands except as where otherwise stated)

2019, and the changes required by ASU 2016-18 were applied retrospectively to all periods presented. The Company has identified that the inclusion of the change in restricted cash within the retrospective presentation of the statements of cash flows resulted in a \$161 increase to the amount of net cash used in investing activities for the period from June 1, 2018 to December 31, 2018 (Successor) and no change to the amounts provided by or used in operating, investing or financing activities for the period from January 1, 2018 to May 31, 2018 (Predecessor).

Use of Estimates and Assumptions

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect 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 be different from the estimates.

Revenue Recognition

Resident fee revenue is reported at the amount that reflects the consideration the Company expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident fee revenue is recognized as performance obligations are satisfied.

Under the Company's senior living residency agreements, which are generally for a contractual term of 30 days to one year, the Company provides senior living services to residents for a stated daily or monthly fee. The Company has determined that the senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time.

The Company receives revenue for services under various third-party payor programs which include Medicare, Medicaid, and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Company estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends, and retroactive adjustments are recognized in future periods as final settlements are determined.

Restricted Cash

Restricted cash consists principally of deposits required by the California Department of Social Services ("CDSS").

S-H OpCo Rancho Mirage, LLC
Notes to Financial Statements
December 31, 2019 and 2018
(dollars in thousands except as where otherwise stated)

Cash Management

The Company does not maintain operating cash accounts as all operating cash activities are transacted by the Member and settled to the Company through net Member contributions (distributions) on the statements of changes in member's equity.

Given the Company's cash management and the Member's organizational structure including S-H Forty-Nine PropCo – California Pack, LP (the "Lessor"), which is operated under common control, the Member intends to continue to fund Member contributions to the Company as needed.

Accounts Receivable

Accounts receivable are reported net of an allowance for credit losses to represent the Company's estimate of inherent losses at the balance sheet date. As of December 31, 2019 and 2018, the allowance for credit losses was \$188 and \$136, respectively. The adequacy of the Company's allowance for credit losses 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. Additionally, upon adoption of ASC 606, the allowance for doubtful accounts of approximately \$120 as of January 1, 2019 was reclassified as a component of accounts receivable as it is now considered an implicit price concession.

Billings for services under third-party payor programs are recorded net of estimated retroactive adjustments, if any, under reimbursement programs. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods or as final settlements are determined. Contractual or cost related adjustments from Medicare or Medicaid are accrued when assessed (without regard to when the assessment is paid or withheld). Subsequent positive or negative adjustments to these accrued amounts are recorded in net revenues when known. At December 31, 2019 and 2018, approximately 68% and 59%, respectively, of the Company's accounts receivable was covered by various third-party payor programs, including Medicare and Medicaid. Approximately 53% and 49% of the Company's resident services revenue for the years ended December 31, 2019 and 2018, respectively, was attributable to various third-party payor programs, including Medicare and Medicaid programs.

Property and Equipment

Property and equipment are recorded at cost, or fair value resulting from business combinations (Note 1). Renovations and improvements which improve and/or extend the useful life of the asset are capitalized and depreciated over their estimated useful life or remaining lease term. Maintenance and repair expenditures that do not improve or extend the life of assets are expensed as incurred. Depreciation is computed using the straight-line method using the following estimated useful lives:

Leasehold improvements	Shorter of the lease term or asset useful life
Furniture and equipment	3 – 7 years

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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.

Deferred Move-in Costs

Direct resident lease origination costs are initially deferred and amortized as community operating expenses over the estimated length of the resident's stay. The deferred direct lease origination costs included in other assets amounted to \$43 and \$77 as of December 31, 2019 and 2018, respectively.

Deferred Lease Costs

Rent expense is recorded on a straight-line basis over the term of the lease. One or more option periods may be included in the lease term if the Company would incur a significant economic penalty by not renewing the lease. Lease escalations during the term of the lease create a deferred lease liability which represents the excess of rent expense to date over the actual rent paid to date. The Company's lease allows for reimbursements for normal tenant improvements paid by the Company up to a specified threshold. These reimbursements are accounted for as lease incentives as defined by ASC 840, *Leases*, and are initially recorded as deferred liabilities upon receipt. The incentives are recorded on a straight-line basis as a reduction to lease expense over the term of the lease. As a result of the pushdown accounting described in Note 1, the deferred lease liability was reset to \$0 as of June 1, 2018. The net amount of straight-line lease expense (income) recognized as a result of the amortization of these liabilities totaled \$15 for the year ended December 31, 2019 (Successor) and \$7 and (\$39) for the periods from June 1, 2018 to December 31, 2018 (Successor) and January 1, 2018 through May 31, 2018 (Predecessor), respectively, and is included in facility lease expense on the accompanying statements of operations. The Company had a deferred lease liability of \$22 and \$7 as of December 31, 2019 and 2018, respectively.

Income Taxes

The Company is treated as a limited liability company for tax purposes. Generally, no provision for federal and state income taxes has been recorded as payment for income taxes is the responsibility of the individual member.

S-H OpCo Rancho Mirage, LLC
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New Accounting Standard

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. The Company anticipates that the adoption of ASU 2016-02 will result in the recognition of a material lease liability and right-of-use asset on the balance sheet for its Community operating lease. The Company is unable to reasonably estimate such amounts at this time. 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, 2020, and early adoption is permitted. Management of the Company is currently evaluating the impact adoption will have on its financial statements and disclosures.

Reclassifications

Certain reclassifications have been made to the 2018 financial statements in order for them to conform to the 2019 presentation. These reclassifications had no effect on net loss or member's equity as previously reported.

Subsequent Events

The Company has evaluated events subsequent to December 31, 2019 through the date the financial statements were available to be issued, April 22, 2020, and determined that no events have occurred which would require additional disclosure, except the matter discussed at Note 8.

(3) Property and Equipment

Net property and equipment as of December 31, 2019 and 2018, consisted of the following:

	2019	2018
Leasehold improvements	\$ 409	\$ 1,389
Furniture and equipment	978	663
Construction in progress	23	19
	1,410	2,071
Accumulated depreciation	(349)	(177)
Property and equipment, net	<u>\$ 1,061</u>	<u>\$ 1,894</u>

For the years ended December 31, 2019 (Successor) and for the periods from June 1, 2018 to December 31, 2018 (Successor) and January 1, 2018 through May 31, 2018 (Predecessor), the Company evaluated property and equipment for impairment and no charge was recorded.

During 2019, the Company distributed property and equipment with a net value of \$1,113 to the Member.

S-H OpCo Rancho Mirage, LLC
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(4) Accrued Expenses

Accrued expenses as of December 31, 2019 and 2018 consisted of the following components:

	2019	2018
Accrued salaries and wages	\$ 302	\$ 325
Accrued vacation	136	138
Accrued insurance reserves	70	30
Other accrued expenses	82	156
Total	\$ <u>590</u>	\$ <u>649</u>

(5) Related-Party Transactions

Management Agreement

On August 29, 2014, the Company entered into a long-term management agreement with BKD Twenty-one Management Company, Inc. ("BKD"), a related party. Subject to the terms of the agreement, BKD will receive a management fee equal to 5% of gross revenues plus incentives fees as defined in the agreement. Furthermore, out-of-pocket costs and expenses incurred on behalf of the Company by BKD are subject to reimbursement to BKD. The management contract extends through 2029, and has three five-year renewal options. The amount incurred for management fees was \$559 for the year ended December 31, 2019 (Successor) and \$345 and \$235 for the periods from June 1, 2018 to December 31, 2018 (Successor) and January 1, 2018 through May 31, 2018 (Predecessor), respectively.

Community Lease

On August 29, 2014, the Company entered into a lease agreement (the "Lease") for the use of the Community from the Lessor, a related party. The term of the Lease is 15 years and is subject to three extension terms of five years each. The Lease contains a \$573 capital refurbishment project allowance for the Community. Under the terms of the Lease, approved capital refurbishment projects will be reimbursed by the Lessor up to the allowance amount. The monthly minimum rent will be increased from time to time for funding provided to the Company by the Lessor for any portion of the capital funding allowance. The Lease requires the payment of base rent which escalates annually through August 2029. Effective September 1, 2019, the base rents were reset to the fair market value rental and will escalate under the terms of the lease through August 2024. Beginning September 1, 2024, the base rents will be reset to the fair market value rental and will escalate under the terms of the lease through the remainder of the term agreement ending in August 2029. Under the terms of the Lease, the fair market value rental is subject to agreement of the Company and the Lessor or will be determined by an appraiser if the parties do not reach an agreement. Additionally, the Lessor may issue notice to the Company requiring it to establish and maintain a repair and maintenance reserve. No such notice has been issued through the date the financial statements were available to be issued. The Company incurred rent expense of \$1,654 for the year ended December 31, 2019 (Successor) and \$1,117 and \$740 for the periods from June 1, 2018 to December 31, 2018 (Successor) and January 1, 2018 to May 31, 2018 (Predecessor), respectively.

S-H OpCo Rancho Mirage, LLC
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A summary of the lease expense and impact of straight-line adjustment for the year ended December 31, 2019 (Successor) and for the periods from June 1, 2018 to December 31, 2018 (Successor) and January 1, 2018 through May 31, 2018 (Predecessor) are as follows:

	Year ended December 31, 2019 (Successor)	June 1, 2018 through December 31, 2018 (Successor)	January 1, 2018 through May 31, 2018 (Predecessor)
Cash basis payment	\$ 1,639	\$ 1,110	\$ 779
Straight-line change for deferred lease	15	7	(28)
Straight-line change for lessor reimbursements	-	-	(11)
Facility lease expense	<u>\$ 1,654</u>	<u>\$ 1,117</u>	<u>\$ 740</u>

The aggregate amounts of future minimum lease payments, estimated for fair market value reassessment, under the agreement as of December 31, 2019, are as follows:

2020	\$ 1,075
2021	\$ 1,108
2022	\$ 1,141
2023	\$ 1,175
2024	\$ 1,210
Thereafter	\$ 6,172
Total (Through August 2029)	<u>\$ 11,881</u>

As described above, the future lease payments under the Lease are subject to an adjustment to the fair market value rental beginning in September 2024. The future lease payments presented in the table above include an estimate of additional rent payments subsequent to the rent adjustment in 2024.

(6) Credit Risk

The Company generally maintains cash on deposit at banks in excess of federally insured amounts. The Company has not experienced any losses in such accounts and management believes the Company is not exposed to any significant credit risk related to cash.

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(7) Commitments and Contingencies

Minimum Liquid Reserve

The CDSS, under Health and Safety code section 1789, requires the Company to maintain minimum debt service and operating reserves for continuing care service providers based on certain financial calculations. The Company holds a reserve balance of \$3,563 as of December 31, 2019. In January 2020 the Company submitted an amended 2018 reserve certification which reduced the required reserve to \$2,767 and excess funds were distributed at that time. The reserve balance expected to be required by the CDSS as of December 31, 2019 is approximately \$2,757. No additional funding is expected to be required in 2020.

Litigation

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

Insurance

The delivery of personal and health care services entails an inherent risk of liability. Participants in the senior living and health care services industry have become subject to an increasing number of lawsuits alleging negligence or related legal theories, many of which involve large claims and result in the incurrence of significant exposure and defense costs. Through Brookdale Senior Living, Inc ("Brookdale"), a related party, the Company currently maintains general and professional medical malpractice insurance policies under a master insurance program. In response to these conditions, Brookdale and the Company have increased the staff and resources involved in quality assurance, compliance, and risk management.

Through Brookdale, the Company currently maintains single incident and aggregate liability protection in the amount of \$1,000 and \$3,000, respectively, with self-insured retentions of \$250 per claim and \$4,136 in annualized aggregate for general liability and professional liability. Through Brookdale, the Company participates in a self-insured workers' compensation program, with excess of loss coverage provided by third party carriers. The Company's coverage for workers' compensation and related programs included a shared loss worker compensation program through Brookdale. Brookdale maintains workers compensation coverage through a large deductible policy with a current deductible of \$1,000. Through the shared worker compensation program claims costs are allocated between all participants based on community type. Each participant is assigned a loss factor that is applied to budgeted payroll to accrue claims expense under the program to each participant. Through Brookdale, the Company participates in a self-insurance program for employee medical coverage. Loss reserves for employee medical coverage are recorded as liabilities by Brookdale with no allocation made to the Company. The resulting loss expenses incurred by Brookdale are allocated to the Company during the year.

Estimated claims reserves related to this self-insurance program are accrued for the ultimate cost of unpaid reported and unreported claims incurred. The reserves are adjusted regularly based on experience. The Company performs a continuing review of its claims and claim adjustment expense reserves, including its reserving techniques, through the engagement of an external actuarial firm. Since the reserves are based on estimates, the ultimate liability may be more or less than such reserves. The effects of changes in such estimated reserves are included in the results of operations

S-H OpCo Rancho Mirage, LLC
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in the period in which the estimates are changed. Such changes in estimates could occur in a future period and may be material to the Company's results of operations and financial position in such period. Accrued insurance reserves were \$332 (\$70 in accrued expenses and \$262 in other long term liabilities) and \$120 (\$30 in accrued expenses and \$90 in other long term liabilities) as of December 31, 2019 and 2018, respectively.

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 programs, 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.

Healthcare 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

S-H OpCo Rancho Mirage, LLC

Notes to Financial Statements

December 31, 2019 and 2018

(dollars in thousands except as where otherwise stated)

of previously uninsured people beginning in 2014 and has resulted in significant changes to the U.S. health care system. To help fund this expansion, the Affordable Care Act outlines certain reductions in Medicare reimbursements for various health care providers, including skilled nursing facilities, 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 as 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 health care 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 flow.

(8) Subsequent Event – COVID-19 Pandemic

As of the date of this report, the United States, as well as many other countries around the world, is experiencing a pandemic caused by coronavirus disease of 2019 ("COVID-19"), which has caused, and likely will continue to cause, significant disruption and risks to individuals, governments, businesses and financial markets. The amounts and types of revenue, expense and cash flow impacts to the Company resulting from continued COVID-19 spread will be dependent on numerous factors, including the speed, depth, geographic reach and duration of the spread of the virus; the legal, regulatory and administrative developments that occur at the federal, state and local levels; the Company's infectious disease prevention and control efforts; and the demand for the Community and its services. As of the date of this report, the Company has restricted or limited access to the Community, including limitations on in-person prospective resident tours and new resident admissions. These restrictions could be expanded and extended for a period of time. The Company has also incurred and will continue to incur costs to address the virus, which to date have included incremental supply costs and are expected to include additional labor costs. Significant disruptions to key business drivers, such as customer demand, the supply chain, workforce, and production, are possible. As of the date of this report, management is unable to predict the expected impact of the pandemic on the Company's financial condition and results of operations.

**CONTINUING CARE
RESERVE REPORT
PART 5**

LBMC

MAKE A GOOD
BUSINESS BETTER



INDEPENDENT AUDITORS' REPORT

The Member
S-H OpCo Rancho Mirage, LLC:

We have audited the accompanying continuing care reserve report Forms 5-1 through 5-5 (the "Reports") of S-H OpCo Rancho Mirage, LLC (the "Company"), as of December 31, 2019. 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, 2019, 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 29, 2020

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: S-H OpCo Rancho Mirage, LLC

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: S-H OpCo Rancho Mirage, LLC

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)	\$ 1,654,000
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$ 1,654,000

PROVIDER: S-H OpCo Rancho Mirage, LLC

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$ 13,782,000
2	Deductions	
a	Interest paid on long-term debt (see instructions)	\$ 1,654,000
b	Credit enhancement premiums paid for long-term debt (see instructions)	\$ -
c	Depreciation	\$ 279,000
d	Amortization	\$ -
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 6,482,000
f	Extraordinary expenses approved by the Department	\$ -
3	Total Deductions	\$ 8,415,000
4	Net Operating Expenses	\$ 5,367,000
5	Divide Line 4 by 365 and enter the result.	\$ 14,704
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve	\$ 1,103,000

PROVIDER: S-H OpCo Rancho Mirage, LLC

COMMUNITY: Brookdale Rancho Mirage

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

Total Resident Revenue, per Income Statement	\$ 11,415,000
Less: Accounts Receivable at 12/31/19	(612,000)
Plus Accounts Receivable at 12/31/18	631,000
Total Resident Revenue, cash basis	<u>\$ 11,434,000</u>

Cash received for Resident Revenue is allocated between total revenues received from residents and revenues received from persons who did not have a continuing care contract (based on direct admittance into the SNF).

Total Resident Revenue, cash basis	\$ 11,434,000
Less: Revenues received from residents with continuing care contracts	<u>4,571,000</u>
Revenues received from continue care services (total skilled revenue)	\$ 6,863,000

Non Continuing Care resident population	<u>94.44%</u>
Revenues received during the fiscal year for services to persons who did not have a continuing care contract (Line 2E)	<u>\$ 6,482,000</u>

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: S-H OpCo Rancho Mirage, LLC

Fiscal Year Ended: December 31, 2019

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/19 and are in compliance with those requirements.

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

	Amount
[1] Debt Service Reserve Amount	\$ 1,654,000
[2] Operating Expense Reserve Amount	\$ 1,103,000
[3] Total Liquid Reserve Amount:	\$ 2,757,000

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

Qualifying Asset Description	Amount (market value at end of quarter)	
	Debt Service Reserve	Operating Reserve
[4] Cash and Cash Equivalents	\$ 1,654,000	\$ 1,117,000
[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)

Cash reserve account held at bank at 1/9/2020. See attached statement.

Total Amount of Qualifying Assets

Listed for Liquid Reserve:

Total Amount Required:

Surplus/(Deficiency):

[11]	\$ 1,654,000	[12]	\$ 1,117,000
[13]	\$ 1,654,000	[14]	\$ 1,103,000
[15]	\$ -	[16]	\$ 14,000

Signature:

(Authorized Representative)

Date:

(Title)

SV Assistant Corporate Secretary

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) _____	N/A	\$3,494	\$10,288
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) _____	N/A	0.9%	3.3%
<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: <u>1/1/19</u> (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: <u>S-H OpCo Rancho Mirage, LLC</u>			
COMMUNITY: <u>Brookdale Rancho Mirage</u>			

Form 7-1 Note

[5] Monthly service fees increased overall due to rate changes from annual increases from both billing and market rate adjustments of 0.9%-3.3%. Additional factors affecting average for the year include new or burning off incentives, resident turnover, and market evaluations.

**Continuing Care Retirement Community
Disclosure Statement**

Date Prepared: 5/4/20

FACILITY NAME: Brookdale Rancho Mirage

ADDRESS: 72201 Country Club Dr, Rancho Mirage, CA

ZIP CODE: 92270 PHONE: (760) 340-5999

PROVIDER NAME: S-H OpCo Rancho Mirage, LLC

FACILITY OPERATOR: S-H OpCo Rancho Mirage, LLC

RELATED FACILITIES: Please see below for other CCRCs

RELIGIOUS AFFILIATION: None

YEAR # OF ☐ SINGLE ☒ MULTI-

MILES TO SHOPPING CTR: 1.5

OPENED: 2000 ACRES: 6.22 STORY STORY ☐ OTHER: _____

MILES TO HOSPITAL: .25

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 0

APARTMENTS — 1 BDRM: 0

APARTMENTS — 2 BDRM: 0

COTTAGES/HOUSES: 0

RLU OCCUPANCY (%) AT YEAR END: 0

HEALTH CARE

ASSISTED LIVING: 109 beds

SKILLED NURSING: 45 beds

SPECIAL CARE: 26 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 checked="" type="checkbox"/>	<input 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 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 type="checkbox"/>	<input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input checked="" 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 _____	<input 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: S-H OpCo Rancho Mirage, LLC

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

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

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

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

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

PROVIDER: S-H OpCo Rancho Mirage, LLC**NOTE:** PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.**INCOME FROM ONGOING OPERATIONS OPERATING INCOME**

(Excluding amortization of entrance fee income)

LESS OPERATING EXPENSES

(Excluding depreciation, amortization, and interest)

NET INCOME FROM OPERATIONS**LESS INTEREST EXPENSE****PLUS CONTRIBUTIONS****PLUS NON-OPERATING INCOME (EXPENSES)**

(excluding extraordinary items)

**NET INCOME (LOSS) BEFORE ENTRANCE
FEES, DEPRECIATION AND AMORTIZATION****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)

	2018 CCAC Medians	2017	2018	2019
DEBT TO ASSET RATIO	(optional)	0.07	-	-
OPERATING RATIO		1.08	1.04	1.18
DEBT SERVICE COVERAGE RATIO		(0.44)	(0.24)	(1.20)
DAYS CASH ON HAND RATIO				-

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2016	%	2017	%	2018	%	2019
STUDIO							
ONE BEDROOM							
TWO BEDROOM							
COTTAGE/HOUSE							
ASSISTED LIVING	3,518	-3.0%	3,414	1.4%	3,462	0.9%	3,494
SKILLED NURSING	9,188	3.0%	9,464	5.3%	9,962	3.3%	10,288
SPECIAL CARE	4,098	-1.8%	4,024	-1.4%	3,967	0.9%	4,001

COMMENTS FROM PROVIDER: >

PROVIDER NAME: S-H OpCo Rancho Mirage, 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.



120 South LaSalle Street, Chicago, IL 60603
ADDRESS SERVICE REQUESTED

MEMBER
FDIC | EQUAL HOUSING
LENDER

Last Statement: December 31, 2019
Statement Ending: January 31, 2020
Total Days in Statement Period: 31
Page 1 of 1

S-H OPCO RANCHO MIRAGE, LLC
ATTN: TREASURY DEPT.
6737 W WASHINGTON ST SUITE 2300
MILWAUKEE WI 53214-5650

Customer Service Information

For Personal Assistance, Call:
312-564-2000
TIMOTHY WURPTS

Visit Us Online:
www.cibc.com/US

Written Inquiries:
CIBC Bank USA
120 South LaSalle Street
Chicago, IL 60603

BUSINESS MONEY MARKET

Account Number: 0003182225

Balance Summary

Earnings Summary

Beginning Balance as of 12/31/19	\$ 3,562,772.59	Interest Paid Year to Date	\$ 4,165.35
+ Deposits and Credits (1)	4,165.35		
- Withdrawals and Debits (2)	795,802.59		
Ending Balance as of 01/31/20	\$ 2,771,135.35		
Average Balance	\$ 2,972,338.41		
Low Balance	\$ 2,766,970.00		

Debits

Date	Description	Subtractions
01/09	Outgoing Wire-dom BNF S-H FORTY NINEPROPCO VENTURES LLC OBI	795,772.59
01/09	Direct S/C DOMESTIC WT OUT	30.00

Credits

Date	Description	Additions
01/31	Interest Credit	4,165.35

Daily Balances

Date	Balance	Date	Balance	Date	Balance
12/31	3,562,772.59	01/09	2,766,970.00	01/31	2,771,135.35

Overdraft/Return Item Summary

Description	Total For This Period	Total Year to Date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Items	\$0.00	\$0.00

Thank you for banking with CIBC

00044046 00218724 0001 0001 WCFR000992020107 12

Keeping Good Records

To keep your financial records in good order, it is important to balance each of your checking accounts as soon as you receive a statement. We suggest you use this easy balancing method to detect errors early so they can be resolved as soon as possible in accordance with the Account Agreement.

If you find an error, immediately call or write us at the phone number and address on this statement.

THIS FORM WILL HELP YOU BALANCE YOUR CHECKBOOK

CHECKS OUTSTANDING NOT CHARGED TO YOUR ACCOUNT					
Check No.		Amount			
TOTAL	\$			TOTAL	\$

ENDING BALANCE \$ _____
Shown on this statement

ADD (+)
Deposits and other credits made but
not shown on this statement \$ _____

TOTAL \$_____

SUBTRACT (-) \$ _____
Total of checks outstanding

BALANCE \$ _____

Current Checkbook Balance \$ _____

ADD (+) \$ _____
Interest earned from this statement

SUBTRACT (-)

Miscellaneous charges from this statement

\$ _____

NEW CHECKBOOK BALANCE \$_____

Should agree with **BALANCE** line

DEPOSIT ACCOUNT INFORMATION
IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS
(FOR CONSUMER ACCOUNTS ONLY)

Please call or write us at the phone number or address on this statement as soon as you can if you think your statement or receipt is wrong or if you need more information about a transfer on the statement or receipt. We must hear from you no later than sixty (60) days after we sent the FIRST statement on which the problem or error appeared.

1. Provide your name and account number.
2. Describe the error or transfer you are unsure about and explain, as clearly as you can, why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will re-credit your account for the amount you think is in error, so that you have use of the money during the time it takes to complete our investigation.

To Report Lost or Stolen ATM / Debit Cards, Please Call The Emergency Help Desk (24 Hours) 800 236-2442



GENERAL CONTACT INFORMATION

By Phone:
Client Support Center
 877 448-6500
CIBC Telephone Banking (24 Hours)
 877 825-5554

CIBC NetBanking Help Desk (24 Hours)
877 327-7375
CIBC Business NetBanking Help Desk
Monday – Friday: 7:00 am – 8:00 pm CST
800 733-9970

By Mail:
Client Support Center
CIBC Bank USA
120 South LaSalle Street
Chicago, IL 60603

By Email:
cibcusadmin@cibc.com



120 South LaSalle Street, Chicago, IL 60603
ADDRESS SERVICE REQUESTED

MEMBER
FDIC | EQUAL HOUSING
LENDER

Last Statement: November 30, 2019
Statement Ending: December 31, 2019
Total Days in Statement Period: 31
Page 1 of 1

S-H OPCO RANCHO MIRAGE, LLC
ATTN: TREASURY DEPT.
6737 W WASHINGTON ST SUITE 2300
MILWAUKEE WI 53214-5650

Customer Service Information

For Personal Assistance, Call:
312-564-2000
TIMOTHY WURPTS

Visit Us Online:
www.cibc.com/US

Written Inquiries:
CIBC Bank USA
120 South LaSalle Street
Chicago, IL 60603

BUSINESS MONEY MARKET

Account Number: 0003182225

Balance Summary

Earnings Summary

Beginning Balance as of 11/30/19	\$	3,557,786.81	Interest Paid Year to Date	\$	58,055.46
+ Deposits and Credits (1)		4,985.78			
- Withdrawals and Debits (0)		0.00			
Ending Balance as of 12/31/19	\$	3,562,772.59			
Average Balance	\$	3,557,786.81			
Low Balance	\$	3,557,786.81			

Credits

Date	Description	Additions
12/31	Interest Credit	4,985.78

Daily Balances

Date	Balance	Date	Balance
11/30	3,557,786.81	12/31	3,562,772.59

Overdraft/Return Item Summary

Description	Total For This Period	Total Year to Date
Total Overdraft Fees	\$0.00	\$0.00
Total Returned Items	\$0.00	\$0.00

Thank you for banking with CIBC

00044232 00224246 0001 0001 WCFR000992010110 12

Keeping Good Records

To keep your financial records in good order, it is important to balance each of your checking accounts as soon as you receive a statement. We suggest you use this easy balancing method to detect errors early so they can be resolved as soon as possible in accordance with the Account Agreement.

If you find an error, immediately call or write us at the phone number and address on this statement.

THIS FORM WILL HELP YOU BALANCE YOUR CHECKBOOK

CHECKS OUTSTANDING NOT CHARGED TO YOUR ACCOUNT					
Check No.	Amount		Check No.	Amount	
TOTAL	\$		TOTAL	\$	

ENDING BALANCE \$ _____
Shown on this statement

ADD (+)
Deposits and other credits made but
not shown on this statement \$ _____

TOTAL \$_____

SUBTRACT (-) \$ _____
Total of checks outstanding

BALANCE \$ _____

Current Checkbook Balance \$ _____

ADD (+) \$ _____
Interest earned from this statement

SUBTRACT (-)

Miscellaneous charges from this statement

\$ _____

NEW CHECKBOOK BALANCE \$_____

Should agree with **BALANCE** line

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IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS
(FOR CONSUMER ACCOUNTS ONLY)

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2. Describe the error or transfer you are unsure about and explain, as clearly as you can, why you believe it is an error or why you need more information.
3. Tell us the dollar amount of the suspected error.

We will investigate your complaint and will correct any error promptly. If we take more than ten (10) business days to do this, we will re-credit your account for the amount you think is in error, so that you have use of the money during the time it takes to complete our investigation.

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By Mail:
Client Support Center
CIBC Bank USA
120 South LaSalle Street
Chicago, IL 60603

By Email:
cibcusadmin@cibc.com

KEY INDICATORS REPORT

S-H OpCo Rancho Mirage, LLC

EVP, Chief Accounting Officer

signature required

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

		Projected	Forecast							Preferred Trend Indicator
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024

OPERATIONAL STATISTICS

1. Average Annual Occupancy by Site (%)

86.0%	83.9%	79.3%	81.7%	73.0%	76.7%	76.7%	76.7%	76.7%	76.7%	76.7%	↓
-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	---

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)

0.3%	-5.7%	-7.8%	-4.0%	-18.3%	-20.1%	-20.1%	-20.1%	-20.1%	-20.1%	-20.1%	↓
------	-------	-------	-------	--------	--------	--------	--------	--------	--------	--------	---

3. Net Operating Margin-Adjusted (%)

NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	N/A
------	------	------	------	------	------	------	------	------	------	------	-----

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)

\$1,851	\$1,711	\$3,631	\$3,471	\$3,563	\$3,563	\$3,563	\$3,563	\$3,563	\$3,563	\$3,563	↑
---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---

5. Days Cash on Hand (Unrestricted)

97	92	113	102	96	88	88	88	88	88	88	↓
----	----	-----	-----	----	----	----	----	----	----	----	---

CAPITAL STRUCTURE INDICATORS

6. Deferred Revenue from Entrance Fees (\$000)

NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	N/A
------	------	------	------	------	------	------	------	------	------	------	-----

7. Net Annual E/F proceeds (\$000)

NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	N/A
------	------	------	------	------	------	------	------	------	------	------	-----

8. Unrestricted Net Assets (\$000)

\$2,864	\$3,958	\$5,225	\$5,061	\$4,101	\$1,638	\$1,638	\$1,638	\$1,638	\$1,638	\$1,638	↓
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9. Annual Capital Asset Expenditure (\$000)

\$215	\$1,952	\$298	\$293	-\$718	-\$718	-\$718	-\$718	-\$718	-\$718	-\$718	↓
-------	---------	-------	-------	--------	--------	--------	--------	--------	--------	--------	---

10. Annual Debt Service Coverage Revenue Basis (x)

NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	N/A
------	------	------	------	------	------	------	------	------	------	------	-----

11. Annual Debt Service Coverage (x)

NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	N/A
------	------	------	------	------	------	------	------	------	------	------	-----

12. Annual Debt Service/Revenue (%)

NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	N/A
------	------	------	------	------	------	------	------	------	------	------	-----

13. Average Annual Effective Interest Rate (%)

NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	N/A
------	------	------	------	------	------	------	------	------	------	------	-----

14. Unrestricted Cash & Investments/ Long-Term Debt (%)

NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	NA 2	N/A
------	------	------	------	------	------	------	------	------	------	------	-----

15. Average Age of Facility (years)

1.0	1.3	4.5	1.6	5.0	6.0	7.0	8.0	9.0	10.0	10.0	↑
-----	-----	-----	-----	-----	-----	-----	-----	-----	------	------	---

NA 1 Community does not charge/collect entrance fees
NA 2 Community holds no debt