

**CERTIFICATE**

**S-H OpCo San Juan Capistrano, LLC DBA Brookdale San Juan Capistrano**

State of        Wisconsin)

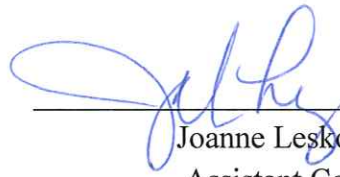
SS:

County of     Milwaukee)

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

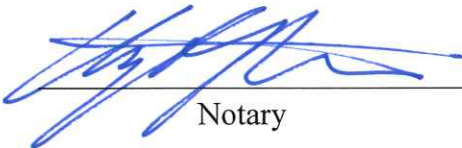
The continuing care contract form in use or offered to new residents at Brookdale San Juan Capistrano has been approved by the Department.

As of the date of this certification, S-H OpCo San Juan Capistrano, LLC is maintaining the required liquid reserve.



Joanne Leskiewicz  
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	101
[2]	Number at end of fiscal year	99
[3]	Total Lines 1 and 2	200
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x.50
[5]	Mean number of continuing care residents	100
<b>All Residents</b>		
[6]	Number at beginning of fiscal year	137
[7]	Number at end of fiscal year	134
[8]	Total Lines 6 and 7	271
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x.50
[10]	Mean number of all residents	136
[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).	73.53%

**FORM 1-2**  
**ANNUAL PROVIDER FEE**

Line		TOTAL
[1]	Total Operating Expenses (including depreciation and debt service- interest only)	\$ 14,925,000
[a]	Depreciation	\$ 252,000
[b]	Debt Service (Interest Only)	\$ -
[2]	Subtotal (add Line 1a and 1b)	\$ 252,000
[3]	Subtract Line 2 from Line 1 and enter result.	\$ 14,673,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	73.53%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$ 10,789,000
[6]	Total Amount Due (multiply Line 5 by .001)	x .001
		\$ 10,789

**PROVIDER:** S-H OpCo San Juan Capistrano, LLC

**COMMUNITY:** Brookdale San Juan Capistrano



# 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).

<b>PRODUCER</b> Willis Towers Watson Midwest, Inc. fka Willis of Illinois, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA		<b>CONTACT NAME:</b> Willis Towers Watson Certificate Center <b>PHONE (A/C, No, Ext):</b> 1-877-945-7378 <b>FAX (A/C, No):</b> 1-888-467-2378 <b>E-MAIL:</b> certificates@willis.com <b>ADDRESS:</b>	
<b>INSURED</b> Columbia Pacific Advisors, LLC c/o Brookdale Senior Living 6737 W. Washington Street, Suite 2300 Milwaukee, WI 53214 USA		<b>INSURER(S) AFFORDING COVERAGE</b> <b>INSURER A:</b> Underwriters at Lloyd's London <b>INSURER B:</b> Continental Insurance Company <b>INSURER C:</b> American Casualty Company of Reading Penns <b>INSURER D:</b> National Union Fire Insurance Company of P <b>INSURER E:</b> Evanston Insurance Company <b>INSURER F:</b>	
		<b>NAIC #</b> 15792 35289 20427 19445 35378	

**COVERAGES****CERTIFICATE NUMBER:** W15149444**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"/> PRO-JECT <input checked="" type="checkbox"/> LOC						GENERAL AGGREGATE \$ 3,000,000
	OTHER:						PRODUCTS - COMP/OP AGG \$ 1,000,000
B	<b>AUTOMOBILE LIABILITY</b>			BUA 4031698072	04/01/2019	04/01/2020	SIR \$ 250,000
	<input checked="" type="checkbox"/> ANY AUTO						COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000
	<input type="checkbox"/> OWNED AUTOS ONLY	<input type="checkbox"/> SCHEDULED AUTOS					BODILY INJURY (Per person) \$
	<input type="checkbox"/> HIRED AUTOS ONLY	<input type="checkbox"/> NON-OWNED AUTOS ONLY					BODILY INJURY (Per accident) \$
	<input checked="" type="checkbox"/> \$1,000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> Coll Ded \$1,000				PROPERTY DAMAGE (Per accident) \$
A	<b>UMBRELLA LIAB</b>			SB-LTCA-01583-19	12/31/2019	12/31/2020	\$
	<input checked="" type="checkbox"/> EXCESS LIAB	<input type="checkbox"/> OCCUR					EACH OCCURRENCE \$ 15,000,000
	<input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$	<input checked="" type="checkbox"/> CLAIMS-MADE					AGGREGATE \$ 15,000,000
C	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b>			5082521444	01/01/2020	01/01/2021	\$
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N <input type="checkbox"/> No	N/A				<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTHER
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT \$ 1,000,000
							E.L. DISEASE - EA EMPLOYEE \$ 1,000,000
D	<b>Crime</b>			03-981-91-79	12/31/2019	12/31/2020	E.L. DISEASE - POLICY LIMIT \$ 1,000,000
							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****CANCELLATION**

Brookdale San Juan Capistrano 31741 Rancho Viejo Road San Juan Capistrano, CA 92675	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 <i>Andrea Paris</i>

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AGENCY CUSTOMER ID: \_\_\_\_\_

LOC #: \_\_\_\_\_



## ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

<b>AGENCY</b> Willis Towers Watson Midwest, Inc. fka Willis of Illinois, Inc.		<b>NAMED INSURED</b> Columbia Pacific Advisors, LLC c/o Brookdale Senior Living 6737 W. Washington Street, Suite 2300 Milwaukee, WI 53214 USA	
<b>POLICY NUMBER</b> See Page 1		<b>NAIC CODE</b> See Page 1	
<b>CARRIER</b> See Page 1		<b>EFFECTIVE DATE:</b> 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 San Juan Capistrano, LLC dba Brookdale San Juan Capistrano, 31741 Rancho Viejo Road, San Juan Capistrano, CA 92675

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 San Juan Capistrano, LLC**

**Financial Statements**

**December 31, 2019 and 2018**

**(With Independent Auditors' Report Thereon)**

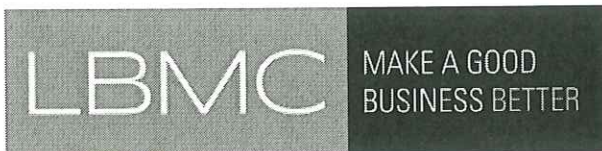


## S-H OpCo San Juan Capistrano, LLC

### Table Of Contents

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	<u>Page</u>
Independent Auditors' Report.....	1
Financial Statements.....	
Balance Sheets as of December 31, 2019 and 2018 .....	2
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) .....	3
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) .....	4
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) .....	5
Notes to Financial Statements .....	6 - 16



## INDEPENDENT AUDITORS' REPORT

To the Member of  
S-H OpCo San Juan Capistrano, LLC

We have audited the accompanying financial statements of S-H OpCo San Juan Capistrano, 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 San Juan Capistrano, 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 San Juan Capistrano, LLC**  
**Balance Sheets**  
**December 31, 2019 and 2018**  
**(In Thousands)**

**Assets**

	<b>2019</b>	<b>2018</b>
Current assets:		
Accounts receivable, net	\$ 1,165	\$ 1,236
Prepaid expenses and other current assets	98	131
Total current assets	1,263	1,367
Restricted cash	4,940	5,125
Property and equipment, net	715	1,342
Other assets	52	108
Total assets	<u>\$ 6,970</u>	<u>\$ 7,942</u>

**Liabilities and Member's Equity**

Current liabilities:		
Accounts payable	\$ 251	\$ 206
Accrued expenses	599	715
Tenant deposits	2	2
Deferred revenue	133	121
Total current liabilities	985	1,044
Deferred lease costs	47	13
Other long term liabilities	327	129
Total liabilities	1,359	1,186
Member's equity	5,611	6,756
Total liabilities and member's equity	<u>\$ 6,970</u>	<u>\$ 7,942</u>

See accompanying notes to financial statements.

**S-H OpCo San Juan Capistrano, 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	\$ 14,419	\$ 8,276	\$ 5,859
Investment income	83	19	-
	<u>14,502</u>	<u>8,295</u>	<u>5,859</u>
Expenses:			
Community operating expense	10,626	5,973	4,229
Facility lease expense	3,044	1,951	1,295
Depreciation	252	160	140
Real estate tax	286	170	113
Management fee expense	717	409	291
Transaction costs, including gain on the change in ownership transaction (Note 1)	<u>-</u>	<u>-</u>	<u>(83)</u>
Total expenses	<u>14,925</u>	<u>8,663</u>	<u>5,985</u>
Net Loss	<u>\$ (423)</u>	<u>\$ (368)</u>	<u>\$ (126)</u>

See accompanying notes to financial statements.

**S-H OpCo San Juan Capistrano, 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	\$ 5,993
Member contributions, net	931
Net loss from January 1, 2018 to May 31, 2018	<u>(126)</u>

**Successor**

Balance at June 1, 2018 (see Note 1)	6,798
Member contributions, net	326
Net loss from June 1, 2018 to December 31, 2018	<u>(368)</u>
Balance at December 31, 2018	6,756
Member distributions, net	(88)
Property and equipment distribution to Member (Note 3)	(634)
Net loss	<u>(423)</u>
Balance as of December 31, 2019	<u><u>\$ 5,611</u></u>

See accompanying notes to financial statements.



**S-H OpCo San Juan Capistrano, 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	\$ 14,610	\$ 8,149	\$ 5,455
Cash paid to suppliers and employees	(11,439)	(6,423)	(4,893)
Cash paid for facility lease	(3,010)	(1,938)	(1,362)
Net cash provided by (used in) operating activities	161	(212)	(800)
Cash flows from investing activities - purchase of property and equipment	(258)	(160)	(131)
Cash flows from financing activities - member contributions (distributions), net	(88)	326	931
Net change in cash and restricted cash	(185)	(46)	-
Cash and restricted cash at beginning of period	5,125	5,171	5,171
Cash and restricted cash at end of period	<u>\$ 4,940</u>	<u>\$ 5,125</u>	<u>\$ 5,171</u>
Reconciliation of net loss to net cash provided by (used in) operating activities:			
Net Loss	\$ (423)	\$ (368)	\$ (126)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation	252	160	140
Straight-line lease expense (income)	34	13	(67)
Provision for credit losses	78	-	-
Provision for doubtful accounts	-	99	38
Gain on change in ownership transaction (see Note 1)	-	-	(161)
(Increase) decrease in, net effects of change in ownership transaction:			
Accounts receivable	(8)	(201)	(352)
Prepaid expenses and other current assets	33	(42)	(23)
Other assets	56	(108)	36
Increase (decrease) in, net of effects of change in ownership transaction:			
Accounts payable and accrued expenses	(70)	103	12
Deferred revenue	12	9	(48)
Tenant deposits	-	-	2
Other long-term liabilities	197	123	(251)
Net cash provided by (used in) operating activities	<u>\$ 161</u>	<u>\$ (212)</u>	<u>\$ (800)</u>
Supplemental non-cash disclosure of cash flow information-			
distribution of property and equipment to the Member (Note 3)	<u>\$ 634</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to financial statements.

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

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**(1) Organization**

S-H OpCo San Juan Capistrano, LLC (the "Company") is an operator of a senior living community (the "Community") in San Juan Capistrano, 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 25 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	\$ <u>1,134</u>
Prepaid expenses and other assets	\$ <u>89</u>
Restricted cash	\$ <u>5,171</u>
Property and equipment	\$ <u>1,343</u>
Accounts payable	\$ <u>(163)</u>
Accrued expenses	\$ <u>(655)</u>
Tenant deposits	\$ <u>(2)</u>
Deferred revenue	\$ <u>(112)</u>
Other long term liabilities	\$ <u>(7)</u>
Member's equity	\$ <u>(6,798)</u>

Due to the change in ownership mentioned above, the Predecessor entity incurred certain transaction costs of \$78 as well as wrote off the following assets and liabilities on May 31, 2018 which resulted in a gain of \$161.

Deferred move-in incentives	\$ (42)
Deferred move-in costs	(214)
Property and equipment	(343)
Deferred lessor reimbursements	468
Deferred lease liability	245
Deferred community fees	<u>47</u>
Net gain on change in ownership transaction	161
Transaction costs	<u>(78)</u>
Transaction costs, including gain on change in ownership transaction	\$ <u><u>83</u></u>

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

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**(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, 2019, and the changes required by ASU 2016-18 were applied retrospectively to all periods



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

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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 \$46 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").

**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.

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

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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 \$34 and \$39, 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 \$70 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 64% and 68%, respectively, of the Company's accounts receivable was covered by various third-party payor programs, including Medicare and Medicaid. Approximately 51% and 52% 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

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



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

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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 \$52 and \$108 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 \$34 for the year ended December 31, 2019 (Successor) and \$13 and (\$67) 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 \$47 and \$13 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.

**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



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

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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	\$ 504	\$ 999
Furniture and equipment	581	457
Construction in progress	14	46
	<u>1,099</u>	<u>1,502</u>
Accumulated depreciation	(384)	(160)
Property and equipment, net	<u>\$ 715</u>	<u>\$ 1,342</u>

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), 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 \$634 to the Member.

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

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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	\$ 208	\$ 263
Accrued vacation	189	179
Accrued insurance reserves	78	32
Other accrued expenses	124	241
Total	\$ <u>599</u>	\$ <u>715</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 \$717 for the year ended December 31, 2019 (Successor) and \$409 and \$291 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 \$600 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. 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 \$3,044 for the year ended December 31, 2019 (Successor) and \$1,951 and \$1,295 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 San Juan Capistrano, LLC****Notes to Financial Statements****December 31, 2019 and 2018****(dollars in thousands except as where otherwise stated)**

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	\$ 3,010	\$ 1,938	\$ 1,362
Straight-line change for deferred lease	34	13	(50)
Straight-line change for lessor reimbursements	-	-	(17)
Facility lease expense	<u>\$ 3,044</u>	<u>\$ 1,951</u>	<u>\$ 1,295</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	\$ 2,320
2021	2,389
2022	2,461
2023	2,535
2024	2,611
Thereafter	13,248
Total (through August 2029)	<u>\$ 25,564</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.

**(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 \$4,940 as of December 31, 2019. In January 2020 the Company submitted an amended 2018 reserve certification which reduced the required reserve to \$4,040 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 \$3,847. As such, no additional funding estimated to be required in 2020.



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

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**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 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 \$375 (\$78 in accrued expenses and \$297 in other long term liabilities) and \$133 (\$32 in accrued expenses and \$101 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,



**S-H OpCo San Juan Capistrano, LLC**

**Notes to Financial Statements**

**December 31, 2019 and 2018**

***(dollars in thousands except as where otherwise stated)***

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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 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

**S-H OpCo San Juan Capistrano, LLC**

**Notes to Financial Statements**

**December 31, 2019 and 2018**

***(dollars in thousands except as where otherwise stated)***

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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.

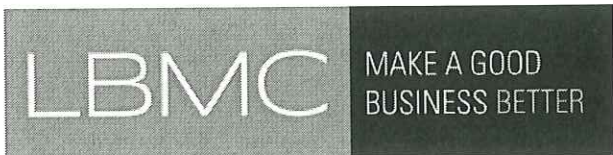
In addition to its impact on the delivery and payment for health care, the Affordable Care Act and the implementing regulations have resulted and may continue to result in increases to the Company's costs to provide health care benefits to its employees. The Company also may be required to make additional 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, are 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**





## **INDEPENDENT AUDITORS' REPORT**

The Member  
S-H OpCo San Juan Capistrano, LLC:

We have audited the accompanying continuing care reserve report Forms 5-1 through 5-5 (the "Reports") of S-H OpCo San Juan Capistrano, 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					
<b>TOTAL:</b>			\$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 San Juan Capistrano, 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					
<b>TOTAL:</b>		\$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 San Juan Capistrano, LLC

**FORM 5-3**

**CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT**

<b>Line</b>		<b>TOTAL</b>
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)	\$ 3,044,000
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	\$ 3,044,000

**PROVIDER:** S-H OpCo San Juan Capistrano, LLC



**FORM 5-4**  
**CALCULATION OF NET OPERATING EXPENSES**

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$ 14,925,000
2	Deductions	
a	Interest paid on long-term debt (see instructions)	\$ 3,044,000
b	Credit enhancement premiums paid for long-term debt (see instructions)	\$ -
c	Depreciation	\$ 252,000
d	Amortization	\$ -
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 7,722,000
f	Extraordinary expenses approved by the Department	\$ -
3	Total Deductions	\$ 11,018,000
4	Net Operating Expenses	\$ 3,907,000
5	Divide Line 4 by 365 and enter the result.	\$ 10,704
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve	\$ 803,000

**PROVIDER:** S-H OpCo San Juan Capistrano, LLC

**COMMUNITY:** Brookdale San Juan Capistrano

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

Total Resident Revenue, per Income Statement	\$ 14,419,000
Less: Accounts Receivable at 12/31/19	(1,165,000)
Plus Accounts Receivable at 12/31/18	<u>1,236,000</u>
Total Resident Revenue, cash basis	<u><u>\$ 14,490,000</u></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	\$ 14,490,000
Less: Revenues received from residents with continuing care contracts	<u>6,327,000</u>
Revenues received from continue care services (total skilled revenue)	<u>\$ 8,163,000</u>
Non Continuing Care resident population	<u>94.59%</u>
Revenues received during the fiscal year for services to persons who did not have a continuing care contract (Line 2E)	<u><u>\$ 7,722,000</u></u>

FORM 5-5  
ANNUAL RESERVE CERTIFICATION

Provider Name: S-H OpCo San Juan Capistrano, 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	\$ 3,044,000
[2] Operating Expense Reserve Amount	\$ 803,000
[3] Total Liquid Reserve Amount:	\$ 3,847,000

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	\$ 3,044,000	\$ 1,002,000
[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]	\$ 3,044,000	[12]	\$ 1,002,000
[13]	\$ 3,044,000	[14]	\$ 803,000
[15]	\$ -	[16]	\$ 199,000

Signature:



Date:

5/4/20

(Authorized Representative)

SV Assistant Corporate Secretary

(Title)



**FORM 7-1**  
**REPORT ON CCRC MONTHLY SERVICE FEES**

	<b><u>RESIDENTIAL LIVING</u></b>	<b><u>ASSISTED LIVING</u></b>	<b><u>SKILLED NURSING</u></b>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable) _____	N/A	\$4,626	\$10,129
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) _____	N/A	6.9%	2.7%
<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>1/1/2019</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: S-H OpCo San Juan Capistrano, LLC

COMMUNITY: Brookdale San Juan Capistrano

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 2.7%-6.9%. 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 San Juan Capistrano

ADDRESS: 31741 Rancho Viejo Road, San Juan Capistrano, CA

ZIP CODE: 92675

PHONE: (949) 248-8855

PROVIDER NAME: S-H OpCo San Juan Capistrano, LLC

FACILITY OPERATOR: S-H OpCo San Juan Capistrano, LLC

RELATED FACILITIES: Please see below for other CCRCs

RELIGIOUS AFFILIATION: None

YEAR # OF ☐ SINGLE ☒ MULTI-

MILES TO SHOPPING CTR: 0.1

OPENED: 1999 ACRES: 4.63 STORY STORY ☐ OTHER: \_\_\_\_\_

MILES TO HOSPITAL: 5

**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: 90 beds

SKILLED NURSING: 45 beds

SPECIAL CARE: 25 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 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 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 type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input 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 checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input 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 _____	<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 San Juan Capistrano, 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 San Juan Capistrano, 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)

2017 CCAC Medians 50<sup>th</sup>  
Percentile

**DEBT TO ASSET RATIO**

**OPERATING RATIO**

**DEBT SERVICE COVERAGE RATIO**

**DAYS CASH ON HAND RATIO**

	2017	2018	2019
(optional)	0.10	-	-
	0.97	1.01	1.01
	(0.20)	(0.05)	(0.04)

\*\*\*\*\*

**HISTORICAL MONTHLY SERVICE FEES** (Average Fee and Change Percentage)

	2016	%	2017	%	2018	%	2019
STUDIO							
ONE BEDROOM							
TWO BEDROOM							
COTTAGE/HOUSE							
ASSISTED LIVING	3,960	5.5%	4,178	3.6%	4,328	6.9%	4,626
SKILLED NURSING	9,190	3.5%	9,509	3.7%	9,864	2.7%	10,129
SPECIAL CARE	4,511	6.2%	4,789	5.2%	5,038	12.1%	5,646

\*\*\*\*\*

**COMMENTS FROM PROVIDER: >**

>

>

PROVIDER NAME: S-H OpCo San Juan Capistrano, 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 SAN JUAN CAPISTRANO 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](http://www.cibc.com/US)

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

#### BUSINESS MONEY MARKET

Account Number: 0003182233

#### Balance Summary

Beginning Balance as of 12/31/19	\$	4,940,111.76
+ Deposits and Credits (1)		5,987.03
- Withdrawals and Debits (2)		900,141.76
<b>Ending Balance as of 01/31/20</b>	<b>\$</b>	<b>4,045,957.03</b>
Average Balance	\$	4,272,264.65
Low Balance	\$	4,039,970.00

#### Earnings Summary

Interest Paid Year to Date	\$	5,987.03
----------------------------	----	----------

#### Debits

Date	Description	Subtractions
01/09	Outgoing Wire-dom BNF S-H FORTY NINE PROPCO VENTURES LLC OBI	900,111.76
01/09	Direct S/C DOMESTIC WT OUT	30.00

#### Credits

Date	Description	Additions
01/31	Interest Credit	5,987.03

#### Daily Balances

Date	Balance	Date	Balance	Date	Balance
12/31	4,940,111.76	01/09	4,039,970.00	01/31	4,045,957.03

#### 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

## 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

**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 Email:  
cibcusadmin@cibc.com

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



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 SAN JUAN CAPISTRANO LLC  
ATTN: TREASURY DEPT  
6737 W WASHINGTON ST SUITE 2300  
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**Written Inquiries:**  
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120 South LaSalle Street  
Chicago, IL 60603

#### BUSINESS MONEY MARKET

Account Number: 0003182233

#### Balance Summary

#### Earnings Summary

Beginning Balance as of 11/30/19	\$	4,933,198.52	Interest Paid Year to Date	\$	82,423.45
+ Deposits and Credits (1)		6,913.24			
- Withdrawals and Debits (0)		0.00			
Ending Balance as of 12/31/19	\$	4,940,111.76			
Average Balance	\$	4,933,198.52			
Low Balance	\$	4,933,198.52			

#### Credits

Date	Description	Additions
12/31	Interest Credit	6,913.24

#### Daily Balances

Date	Balance	Date	Balance
11/30	4,933,198.52	12/31	4,940,111.76

#### 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

00044233 00224248 0001 0001 WCFR000992010110 12



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

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

Shown on this statement

Deposits and other credits made but not shown on this statement

Total of checks outstanding

Current Checkbook Balance \$

Interest earned from this statement

Miscellaneous charges from this statement

Should agree with **BALANCE** line

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.

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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



## KEY INDICATORS REPORT

S-H OpCo San Juan Capistrano, LLC

EVP, Chief Accounting Officer

signature required

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

Assistant Corporate Secretary

Forecast

	2015	2016	2017	2018	2019	Projected 2020	2021	2022	2023	2024	Preferred Trend Indicator
<b>OPERATIONAL STATISTICS</b>											
1. Average Annual Occupancy by Site (%)	80.2%	89.2%	87.6%	81.2%	80.4%	83.5%	83.5%	83.5%	83.5%	83.5%	↓
<b>MARGIN (PROFITABILITY) INDICATORS</b>											
2. Net Operating Margin (%)	-11.8%	-5.4%	-4.7%	-1.5%	-1.8%	11.2%	11.2%	11.2%	11.2%	11.2%	↓
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	N/A
<b>LIQUIDITY INDICATORS</b>											
4. Unrestricted Cash and Investments (\$000)	\$3,654	\$4,118	\$5,171	\$5,125	\$4,940	\$4,940	\$4,940	\$4,940	\$4,940	\$4,940	↓
5. Days Cash on Hand (Unrestricted)	107	117	132	130	123	136	136	136	136	136	↓
<b>CAPITAL STRUCTURE INDICATORS</b>											
6. Deferred Revenue from Entrance Fees (\$000)	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	0.0%	0.0%	0.0%	0.0%	N/A
7. Net Annual E/F proceeds (\$000)	NA 1	NA 1	NA 1	NA 1	NA 1	NA 1	0.0%	0.0%	0.0%	0.0%	N/A
8. Unrestricted Net Assets (\$000)	\$4,344	\$5,461	\$5,993	\$6,756	\$5,611	\$7,280	\$7,280	\$7,280	\$7,280	\$7,280	↓
9. Annual Capital Asset Expenditure (\$000)	\$1,256	\$633	\$417	\$291	-\$483	-\$483	-\$483	-\$483	-\$483	-\$483	↓
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	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	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	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	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	N/A
15. Average Age of Facility (years)	1	1	2	1.9	2.9	3.9	4.9	5.9	6.9	7.9	↑

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