

CERTIFICATE


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

State of WISCONSIN)
County of MILWAUKEE) SS:

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

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

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


Joanne Leskovicz
Senior Vice President

Sworn and subscribed to before me,
a Notary Public, this 28 day
of April, 2021

Notary



My commission expires: 11-06-2024

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	224
[2]	Number at end of fiscal year	197
[3]	Total Lines 1 and 2	421
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x.50
[5]	Mean number of continuing care residents	210.5

All Residents

[6]	Number at beginning of fiscal year	250
[7]	Number at end of fiscal year	222
[8]	Total Lines 6 and 7	472
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x.50
[10]	Mean number of all residents	236
[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).	89.19%

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service- interest only)	\$ 12,275,000
[a]	Depreciation	\$ 484,000
[b]	Debt Service (Interest Only)	\$ -
[2]	Subtotal (add Line 1a and 1b)	\$ 484,000
[3]	Subtract Line 2 from Line 1 and enter result.	\$ 11,791,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	89.19%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$ 10,517,000
[6]	Total Amount Due (multiply Line 5 by .001)	x .001
		\$ 10,517

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



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 2

DATE (MM/DD/YYYY)
01/04/2021

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.
c/o 26 Century Blvd
P.O. Box 305191
Nashville, TN 372305191 USA

CONTACT NAME: Willis Towers Watson Certificate Center
PHONE (A/C, No, Ext): 1-877-945-7378 FAX (A/C, No): 1-888-467-2378
E-MAIL: certificates@willis.com
ADDRESS:

INSURED
Brookdale Senior Living, Inc.
111 Westwood Place
Suite 400
Brentwood, TN 37027

INSURER(S) AFFORDING COVERAGE	NAIC #
INSURER A: Admiral Insurance Company	24856
INSURER B: Continental Casualty Company	20443
INSURER C: American Casualty Company of Reading Penns	20427
INSURER D: National Union Fire Insurance Company of P	19445
INSURER E: Evanston Insurance Company	35378
INSURER F:	

COVERAGES

CERTIFICATE NUMBER: W19744910

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			257AL20A1125AN	12/31/2020	12/31/2021	EACH OCCURRENCE \$ 2,250,000
	<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) \$ 0
	GEN'L AGGREGATE LIMIT APPLIES PER:						PERSONAL & ADV INJURY \$ 2,250,000
	<input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input checked="" type="checkbox"/> LOC						GENERAL AGGREGATE \$ 10,000,000
	OTHER:						PRODUCTS - COMP/OP AGG \$ 2,250,000
							SIR \$ 750,000
B	AUTOMOBILE LIABILITY			5082521525	01/01/2021	01/01/2022	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) \$
							\$
	UMBRELLA LIAB	<input type="checkbox"/> OCCUR					EACH OCCURRENCE \$
	EXCESS LIAB	<input type="checkbox"/> CLAIMS-MADE					AGGREGATE \$
	DED	RETENTION \$					\$
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY			5082521444	01/01/2021	01/01/2022	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N					E.L. EACH ACCIDENT \$ 3,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below	No	N/A				E.L. DISEASE - EA EMPLOYEE \$ 3,000,000
							E.L. DISEASE - POLICY LIMIT \$ 3,000,000
D	Crime			02-842-46-97	12/31/2020	12/31/2021	Limit \$5,000,000
							Deductible \$75,000

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. Policy#257AL20A1125AN

The Limits of Liability are subject to an Inner Aggregate Retention of:

\$ 2,250,000 any one claim and \$ 8,000,000 in the aggregate

\$ 2,250,000 xs \$750,000 is funded into the named insured's Captive as determined by an independent actuarial firm at the 75% Confidence interval.

SEE ATTACHED

CERTIFICATE HOLDER**CANCELLATION**

Brookdale Riverwalk IL/AL/MC (CA)
350 Calloway Drive
Bakersfield, CA 93312

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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AGENCY CUSTOMER ID: _____

LOC #: _____



ADDITIONAL REMARKS SCHEDULE

Page 2 of 2

AGENCY Willis Towers Watson Midwest, Inc.		NAMED INSURED Brookdale Senior Living, Inc. 111 Westwood Place Suite 400 Brentwood, TN 37027	
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

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

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): BLC Glenwood-Gardens AL-LH, LLC dba Brookdale Riverwalk IL/AL/MC (CA), 350 Calloway Drive, Bakersfield, CA 93312

INSURER AFFORDING COVERAGE: Admiral Insurance Company

NAIC#: 24856

POLICY NUMBER: 257AL20A1125DN

EFF DATE: 12/31/2020

EXP DATE: 12/31/2021

TYPE OF INSURANCE:

LIMIT DESCRIPTION:

LIMIT AMOUNT:

Excess Auto Liability

\$2,000,000 excess of
Aggregate

\$1,000,000
\$4,000,000

INSURER AFFORDING COVERAGE: Evanston Insurance Company

NAIC#: 35378

POLICY NUMBER: MKLV6XL30000249

EFF DATE: 01/01/2021

EXP DATE: 01/01/2022

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 257AL20A1125DN

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



CERTIFICATE OF LIABILITY INSURANCE

Page 1 of 2

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PRODUCER Willis Towers Watson Midwest, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	CONTACT Willis Towers Watson Certificate Center NAME: PHONE (A/C, No, Ext): 1-877-945-7378 FAX (A/C, No): 1-888-467-2378 E-MAIL ADDRESS: certificates@willis.com	
	INSURER(S) AFFORDING COVERAGE INSURER A: Admiral Insurance Company INSURER B: American Casualty Company of Reading Penns INSURER C: National Union Fire Insurance Company of P INSURER D: INSURER E: INSURER F:	
INSURED Brookdale Senior Living, Inc. 111 Westwood Place Suite 400 Brentwood, TN 37027	NAIC # 24856 20427 19445	

COVERAGES

CERTIFICATE NUMBER: W19744911

REVISION NUMBER:

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							SIR \$ 750,000
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	<input type="checkbox"/> OWNED AUTOS ONLY						BODILY INJURY (Per accident) \$
	<input type="checkbox"/> HIRED AUTOS ONLY						PROPERTY DAMAGE (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS ONLY						\$
	UMBRELLA LIAB						EACH OCCURRENCE \$
	EXCESS LIAB						AGGREGATE \$
	<input type="checkbox"/> OCCUR						\$
	<input type="checkbox"/> CLAIMS-MADE						
	DED RETENTION \$						
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	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)	Y/N					E.L. EACH ACCIDENT \$ 3,000,000
	If yes, describe under DESCRIPTION OF OPERATIONS below	No	N/A				E.L. DISEASE - EA EMPLOYEE \$ 3,000,000
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SEE ATTACHED

CERTIFICATE HOLDER**CANCELLATION**

Brookdale Riverwalk SNF (CA) 350 Calloway Drive, Bldg. C Bakersfield, CA 93312-2974	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

AGENCY Willis Towers Watson Midwest, Inc.		NAMED INSURED Brookdale Senior Living, Inc. 111 Westwood Place Suite 400 Brentwood, TN 37027	
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Insured Location(s): BLC Glenwood Gardens SNF-LH, LLC dba Brookdale Riverwalk SNF (CA), 350 Calloway Drive, Bldg. C, Bakersfield, CA 93312-2974

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

Financial Statements

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)

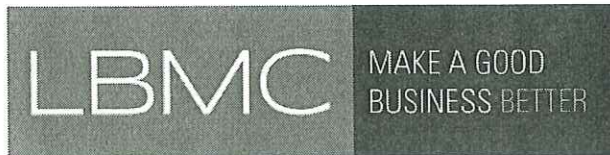
LBMC

MAKE A GOOD
BUSINESS BETTER

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

Index to Financial Statements

	Page
Independent Auditors' Report	1
Financial Statements:	
Balance Sheets as of December 31, 2020 and 2019	2
Statements of Operations for the years ended December 31, 2020 and 2019	3
Statements of Changes in Member's Equity for the years ended December 31, 2020 and 2019	4
Statements of Cash Flows for the years ended December 31, 2020 and 2019	5
Notes to Financial Statements	6



Independent Auditors' Report

The Member
BLC Glenwood Gardens AL-LH, LLC:

We have audited the accompanying financial statements of BLC Glenwood Gardens AL-LH, LLC d/b/a Brookdale Riverwalk (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in member's equity and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of BLC Glenwood Gardens AL-LH, LLC as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

LBMC, PC

Brentwood, Tennessee
March 24, 2021

BLC GLENWOOD-GARDENS AL-LH, LLC
d/b/a BROOKDALE RIVERWALK
Balance Sheets
December 31, 2020 and 2019
(In thousands)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Accounts receivable, net	\$ 96	\$ 87
Other current assets	<u>76</u>	<u>103</u>
Total current assets	172	190
Property and equipment, net	1,514	1,845
Deferred tax asset	<u>423</u>	<u>398</u>
Total assets	<u><u>\$ 2,109</u></u>	<u><u>\$ 2,433</u></u>
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	\$ 118	\$ 190
Accrued expenses	488	382
Deferred revenue	93	186
Tenant security deposits	<u>6</u>	<u>8</u>
Total current liabilities	705	766
Member's equity	<u>1,404</u>	<u>1,667</u>
Total liabilities and member's equity	<u><u>\$ 2,109</u></u>	<u><u>\$ 2,433</u></u>

See accompanying notes to financial statements.

BLC GLENWOOD-GARDENS AL-LH, LLC
d/b/a BROOKDALE RIVERWALK
Statements of Operations
For the years ended December 31, 2020 and 2019
(In thousands)

	<u>2020</u>	<u>2019</u>
Revenue:		
Resident services	\$ 11,658	\$ 12,388
Ancillary services	257	408
Other operating income	360	—
Total revenue	<u>12,275</u>	<u>12,796</u>
Expenses:		
Community operating expense	7,289	6,494
General and administrative	1,276	1,288
Facility lease expense	2,631	3,954
Depreciation	484	420
Management fee expense	596	640
Income tax benefit	(1)	—
Total expenses	<u>12,275</u>	<u>12,796</u>
Net income	<u>\$ —</u>	<u>\$ —</u>

See accompanying notes to financial statements.

BLC GLENWOOD-GARDENS AL-LH, LLC
d/b/a BROOKDALE RIVERWALK
Statements of Changes in Member's Equity
For the years ended December 31, 2020 and 2019
(In thousands)

	<u>Member's Equity</u>
Balance at December 31, 2018	\$ 1,567
Member contributions	<u>100</u>
Balance at December 31, 2019	1,667
Member distributions	<u>(263)</u>
Balance at December 31, 2020	\$ <u><u>1,404</u></u>

See accompanying notes to financial statements.

BLC GLENWOOD-GARDENS AL-LH, LLC
d/b/a BROOKDALE RIVERWALK
Statements of Cash Flows
For the years ended December 31, 2020 and 2019
(In thousands)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash received from residents	\$ 11,811	\$ 12,724
Cash received from government grants	360	—
Cash paid to suppliers and employees	(9,114)	(8,441)
Cash paid for facility lease	(2,631)	(3,954)
Cash (paid) received for current income taxes	(10)	23
Net cash provided by operating activities	<u>416</u>	<u>352</u>
Cash flows used by investing activities-		
Purchases of property and equipment	<u>(153)</u>	<u>(452)</u>
Cash flows (used) provided by financing activities-		
Member (distributions) contributions	<u>(263)</u>	<u>100</u>
Net change in cash	—	—
Cash at beginning of year	<u>—</u>	<u>—</u>
Cash at end of year	\$ <u><u>—</u></u>	\$ <u><u>—</u></u>
Reconciliation of net income to net cash provided by operating activities:		
Net income	\$ —	\$ —
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	484	420
Deferred income tax benefit	(25)	(10)
Provision for credit losses	30	24
(Increase) decrease in:		
Accounts receivable	(39)	(91)
Other current assets	27	(16)
Increase (decrease) in:		
Accounts payable and accrued expenses	34	29
Deferred revenue	(93)	(5)
Tenant security deposits	(2)	1
Net cash provided by operating activities	\$ <u><u>416</u></u>	\$ <u><u>352</u></u>

See accompanying notes to financial statements.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2020 and 2019
(amounts in thousands except as where otherwise stated)

1. Organization

BLC Glenwood-Gardens AL-LH, LLC d/b/a Brookdale Riverwalk (the "Company"), a wholly-owned subsidiary of Brookdale Senior Living Inc. ("Brookdale") is an operator of a senior living community (the "Community") in Bakersfield, California. The Company is committed to providing senior living solutions through a property that is designed, purpose-built and operated to provide the highest quality service, care and living accommodations for residents. The Community offers a variety of living arrangements and services to accommodate many levels of physical ability and health. The Community has 18 retirement center units, 229 assisted living units, and 27 memory care units on one campus.

2. Summary of Significant Accounting Policies

Basis of Presentation

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

The State of California (the "State"), under Health and Safety Code Chapter 10, requires the Company to provide financial statements, which include cash flows presented using the direct method. In accordance with this requirement, the Company has presented cash flows and related reconciliations of net income to cash flows provided by operating activities using the direct method for the years ended December 31, 2020 and 2019.

Use of Estimates

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

Revenue Recognition

Resident Fees

Resident fee revenue is reported at the amount that reflects the consideration the Company expects to receive in exchange for the services provided. Performance obligations are determined based on the nature of the services provided. Resident fee revenue is recognized as performance obligations are satisfied.

BLG Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2020 and 2019
(amounts in thousands except as where otherwise stated)

Under the Company's senior living residency agreements the Company provides senior living services to residents for a stated monthly fee. The Company has elected the lessor practical expedient within Accounting Standards Codification ("ASC") 842, *Leases* ("ASC 842") and recognizes, measures, presents, and discloses the revenue for services under the Company's senior living residency agreements based upon the predominant component, either the lease or nonlease component, of the contracts. The Company has determined that the services included under the Company's assisted living and memory care residency agreements have the same timing and pattern of transfer and are performance obligations that are satisfied over time. The Company recognizes revenue under Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* ("ASU 2014-09" or "ASC 606") for its assisted living and memory care residency agreements for which it has estimated that the nonlease components of such residency agreements are the predominant component of the contract.

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

Government Grants

The Company recognizes income for government grants on a systematic and rational basis over the periods in which the Company recognizes the related expenses or loss of revenue for which the grants are intended to compensate when there is reasonable assurance that the Company will comply with the applicable terms and conditions of the grant and there is reasonable assurance that the grant will be received.

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, 2020 and 2019, the allowance for credit losses was \$68 and \$82, 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.

Property and Equipment

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

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2020 and 2019
(amounts in thousands except as where otherwise stated)

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

Income Taxes

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

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

As of December 31, 2020 and 2019, the Company has accrued no interest and no penalties related to uncertain tax positions. It is the Company's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Company will file a consolidated U.S. Federal and State of California income tax return with Brookdale for the 2020 tax year. There are currently no Federal or California income tax returns subject to examination. The tax returns for years 2015 through 2019 are subject to future examination by tax authorities.

Subsequent Events

The Company has evaluated events subsequent to December 31, 2020 through the date that the financial statements were available to be issued, March 24, 2021, and determined that no events have occurred which would require additional disclosure.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2020 and 2019
(amounts in thousands except as where otherwise stated)

3. COVID-19 Pandemic

The COVID-19 pandemic has adversely impacted, and likely will continue to adversely impact the senior living industry and the Company's business. Due to the average age and prevalence of chronic medical conditions among the Company's residents and patients, they generally are at disproportionately higher risk of hospitalization and adverse outcomes if they contract COVID-19. The Company continues to serve and care for seniors at its community through the pandemic.

The pandemic, including the related restrictions at the Community, has significantly disrupted demand for senior living care and the sales process, which typically includes in-person prospective resident visits within the Community. The pandemic began to adversely impact the Company's occupancy and resident fee revenue during March 2020, as new resident leads, visits (including virtual visits), and move-in activity declined significantly compared to typical levels. Further deterioration of the Company's resident fee revenue will result from lower move-in activity and the resident attrition inherent in its business, which may increase due to the impacts of COVID-19.

Facility operating expense for the year ended December 31, 2020 includes \$459 of incremental direct costs to prepare for and respond to the pandemic, including costs for: acquisition of additional personal protective equipment ("PPE"), medical equipment, and cleaning and disposable food service supplies; enhanced cleaning and environmental sanitation; increased employee-related costs, including labor, workers compensation, and health plan expense; increased expense for general liability claims; and COVID-19 testing of residents and associates where not otherwise covered by government payor or third-party insurance sources. The Company is not able to reasonably predict the total amount of costs it will incur related to the pandemic, and such costs may continue to be substantial.

During the year ended December 31, 2020, the Company received and recognized \$360 as other operating income from grants received related to the pandemic based upon its estimates of its satisfaction of the conditions of the grants during such period and the cash received for grants has been presented within net cash provided by operating activities within the Company's statement of cash flows.

The Company cannot predict with reasonable certainty the impacts that COVID-19 ultimately will have on its business, results of operations, cash flow, and liquidity. The ultimate impacts of COVID-19 will depend on many factors, some of which cannot be foreseen, including: the duration, severity, and breadth of the pandemic and any resurgence of the disease; the impact of COVID-19 on the nation's economy and debt and equity markets and the local economies in its market; the development, availability, utilization, and efficacy of COVID-19 testing, therapeutic agents, and vaccines and the prioritization of such resources among businesses and demographic groups, government financial and regulatory relief efforts that may become available to business and individuals, including its ability to qualify for and satisfy the terms and conditions of financial relief; perceptions regarding the safety of senior living communities during and after the pandemic; changes in demand for senior living communities and the Company's ability to adapt its sales and marketing efforts to meet that demand; the impact of COVID19 on its residents' and their families' ability to afford its resident fees, including due to changes in unemployment rates, consumer

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2020 and 2019
(amounts in thousands except as where otherwise stated)

confidence, housing markets, and equity markets caused by COVID-19; changes in the acuity levels of its residents; the disproportionate impact COVID-19 has on seniors generally and those residing in its community, the duration and costs of its response efforts, including increased equipment, supplies, labor, litigation, testing, vaccination clinic, and other expenses; the impact of COVID-19 on its ability to complete financings, refinancings, or other transactions; increased regulatory requirements, including unfunded, mandatory testing; increased enforcement actions resulting from COVID-19; government action that may limit its collection or discharge efforts for delinquent accounts; and the frequency and magnitude of legal actions and liability claims that may arise due to COVID-19 or its response efforts.

4. Property and Equipment

Net property and equipment as of December 31, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Leasehold improvements	\$ 3,256	\$ 3,199
Furniture and equipment	4,065	3,907
Construction in progress	-	62
	<u>7,321</u>	<u>7,168</u>
Accumulated depreciation	<u>(5,807)</u>	<u>(5,323)</u>
Property and equipment, net	<u>\$ 1,514</u>	<u>\$ 1,845</u>

During the years ended December 31, 2020 and 2019, the Company evaluated property and equipment for impairment. There was no impairment charge recorded in 2020 or 2019.

5. Income Taxes

Total income tax expense (benefit) for the years ended December 31, 2020 and 2019 was comprised of:

	<u>2020</u>	<u>2019</u>
U.S. Federal:		
Current	\$ 16	\$ 7
Deferred	<u>(25)</u>	<u>(10)</u>
Total U.S. Federal	<u>(9)</u>	<u>(3)</u>
State:		
Current	<u>8</u>	<u>3</u>
Total State	<u>8</u>	<u>3</u>
Total income tax benefit	<u>\$ (1)</u>	<u>\$ -</u>

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2020 and 2019
(amounts in thousands except as where otherwise stated)

The tax effect of temporary differences that give rise to the net deferred tax asset at December 31, 2020 and 2019 consisted of:

	2020	2019
Deferred tax asset – property and equipment, allowance for credit losses and accrued expenses	\$ 423	\$ 398

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets related to deductible temporary differences is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. As of December 31, 2020 and 2019 the Company did not carry a valuation allowance against deferred tax assets.

6. Related Party Transactions

Community Lease

On April 28, 2006, the Company entered into a lease agreement (the “Lease”) for use of the Community from BLC Glenwood Gardens AL, L.P. (the “Lessor”), a wholly-owned subsidiary of Brookdale. The term of the Lease was 10 years. In 2016, an amendment to the Lease was issued, extending the term of the Lease to December 31, 2030. The Lease requires the Company to pay rent to the Lessor in an amount equal to annual net income of the operations of the Community. As there are no required future minimum lease payments, no right-of-use asset or lease liability was recorded on the balance sheet at January 1, 2019 in conjunction with the adoption of ASC 842 or as of December 31, 2020 and 2019.

Management Agreement

On August 26, 2010, the Company entered into a management agreement with Brookdale Living Communities, Inc. (the “Manager”), a wholly owned subsidiary of Brookdale. Under the terms of the agreement, the Manager receives a management fee of 5.0% of gross revenues (as defined by the terms of the agreement). Out-of-pocket expenses (as defined under the agreement) incurred on behalf of the Company by the Manager are subject to reimbursement to the Manager. The management agreement was amended per the Second Amendment to the Management Agreement dated December 20, 2016, extending the agreement. The management agreement expires on December 31, 2030. The amount incurred for management fees was \$596 and \$640 for the years ended December 31, 2020 and 2019, respectively.

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2020 and 2019
(amounts in thousands except as where otherwise stated)

7. Commitments and Contingencies

Minimum Liquid Reserve

The State under Health and Safety Code Chapter 10, requires a minimum liquid reserve ("MLR") balance be maintained based upon certain financial calculations. In May 2017, the Company received a Certificate of Authority issued by the State for BLC Glenwood-Gardens AL-LH, LLC and Brookdale Senior Living Inc. ("Providers") d/b/a Brookdale Riverwalk. In accordance with the Code, the Company has computed its liquid reserve requirement as of December 31, 2020, and the reserve is based on Brookdale Senior Living Inc.'s consolidated audited financial statements. As of December 31, 2020 and 2019, the MLR funded by cash was approximately \$4.1 million and \$5.3 million, respectively. The MLR as of December 31, 2020 included \$2.6 million for Debt Service Reserve and \$1.5 million for Operating Reserve, to cover operating expenses, and were included in the financial statements of Brookdale.

Litigation

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

Insurance

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

Health Care Regulations

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

BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2020 and 2019
(amounts in thousands except as where otherwise stated)

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.

Health Care Reform

The healthcare industry in the United States is subject to fundamental changes due to ongoing healthcare reform efforts and related political, economic, and regulatory influences. Notably, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, the "Affordable Care Act") resulted in expanded health care coverage to millions of previously uninsured people beginning in 2014 and has resulted in significant changes to the United States healthcare system. To help fund this expansion, the Affordable Care Act outlines certain reductions for Medicare reimbursed services, including skilled nursing, home health, hospice, and outpatient therapy services, as well as certain other changes to Medicare payment methodologies. This comprehensive healthcare 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 our inability to foresee how CMS and other participants in the healthcare industry will respond to the choices available to them under the law. The provisions of the legislation and other regulations implementing the provisions of the Affordable Care Act or any amended or replacement legislation may increase our costs, adversely affect our revenues, expose us to expanded liability, or require us to revise the ways in which we conduct our business.

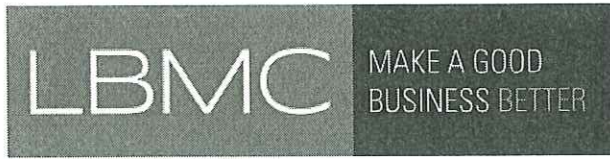
BLC Glenwood-Gardens AL-LH, LLC
d/b/a Brookdale Riverwalk
Notes to Financial Statements
December 31, 2020 and 2019
(amounts in thousands except as where otherwise stated)

In addition to its impact on the delivery and payment for healthcare, the Affordable Care Act and the implementing regulations have resulted and may continue to result in increases to our costs to provide healthcare benefits to our employees. We also may be required to make additional employee-related changes to our 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 our results of operations and cash flow.

**CONTINUING CARE
RESERVE REPORT
PART 5**

LBMC

MAKE A GOOD
BUSINESS BETTER



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying continuing care reserve report Forms 5-1 through 5-5 (the "Reports") of BLC Glenwood-Gardens AL-LH, LLC d/b/a Brookdale Riverwalk (the "Company"), as of December 31, 2020. 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, 2020, 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.

LBM, PC

Brentwood, Tennessee
April 28, 2021

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

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

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

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

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

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

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

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

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

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

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$ -
2	Total from Form 5-2 bottom of Column (e)	\$ -
3	Facility leasehold or rental payment paid by provider during fiscal year. (including related payments such as lease insurance)	\$ 2,631,000
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	<u><u>\$ 2,631,000</u></u>

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

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 12,275,000
2	Deductions		
a	Interest paid on long-term debt (see instructions)	\$ -	
b	Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
c	Depreciation	\$ 484,000	
d	Amortization	\$ -	
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 1,286,000	
f	Extraordinary expenses approved by the Department	\$ 2,631,000	
3	Total Deductions		\$ 4,401,000
4	Net Operating Expenses		\$ 7,874,000
5	Divide Line 4 by 365 and enter the result.		\$ 21,573
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve		\$ 1,618,000

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

COMMUNITY: Brookdale Riverwalk

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

Brookdale Riverwalk

Ratio of continuing care residents to total residents per Form 1-1

89.19%

Revenues received during the fiscal year for services to persons who did not have a continuing care contract (**Line 2E**)

\$ 1,286,000

Revenues received from continuing care residents

10,620,000

Cash received for "Resident Revenue"

\$ 11,906,000

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

Total Revenue, per Income Statement

\$ 12,275,000

Less: other operating income, per Income Statement

(360,000)

Total Resident Revenue

11,915,000

Less: Accounts Receivable at 12/31/20

(96,000)

Plus: Accounts Receivable at 12/31/19

87,000

Total Resident Revenue, cash basis

\$ 11,906,000

FORM 5-5
ANNUAL RESERVE CERTIFICATION

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

Fiscal Year Ended: December 31, 2020

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/20 and are in compliance with those requirements.

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

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$ 2,631,000
[2] Operating Expense Reserve Amount	\$ 1,618,000
[3] Total Liquid Reserve Amount:	\$ 4,249,000

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

<u>Qualifying Asset Description</u>	<u>Amount</u> (market value at end of quarter)	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ 2,631,000	\$ 1,618,000
[5] Investment Securities		
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[10] Other: _____		

(describe qualifying asset)
See attached statement

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

[11]	\$ 2,631,000	[12]	\$ 1,618,000
[13]	\$ 2,631,000	[14]	\$ 1,618,000
[15]	\$ -	[16]	\$ -

Signature:

(Authorized Representative)

(Title)

Date:

4/22/21

Senior Vice President

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

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

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

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

In accordance with the Code, the Company has computed its liquid reserve requirement as of December 31, 2020, its most recent fiscal year end, and the reserve is based on Brookdale Senior Living, Inc.'s consolidated audited financial statements for that period.

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$5,044</u>	<u>\$3,787</u>	<u>N/A</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>7.5%</u>	<u>4.0%</u>	<u>N/A</u>

- ☐ Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: 1/1/20
(If more than one (1) increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- ☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- ☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation. **Date of Notice:** 11/1/2019 **Method of Notice:** Mailed letter and hand delivered to residents
- ☒ At least 30 days prior to the increase in fees, the designated representative of the provider convened a meeting that all residents were invited to attend. **Date of Meeting:** 10/31/2019
- ☒ 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.
- ☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases. **Date of Notice:** 10/16/2019
- ☒ 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. **Date of Posting:** 10/16/2019 **Location of Posting:** Mail Room and Front Desk

[5] On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code. See **PART 7 REPORT ON CCRC MONTHLY CARE FEE** in the **Annual Report Instruction** booklet for further instructions.

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

Form 7-1 Note

[5] Monthly service fees increased due to rate changes from annual increases from both billing and market rate adjustments of 4.0-7.5%. Additional factors affecting average for the year include new or burning off incentives, resident turnover, and market evaluations.

FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)
ANNUAL REPORTING FISCAL YEAR (F/Y) 2020
BKD Riverwalk

Line	Fiscal Years	2018	2019	2020
1	F/Y 2018 Operating Expenses ¹	(\$12,612)		
2	F/Y 2019 Operating Expenses ² (Adjustments if any, Explained Below)		(\$12,796)	
3	Projected F/Y 2020 Results of Operations (Adjustments ³ Explained Below)			(\$13,385)
4	F/Y 2020 Anticipated MCF Revenue ² Based on Current and Projected Occupancy and Other ⁴ without a MCFI			\$12,675
5	Projected F/Y 2020 (Net) Operating Results ² without a MCFI (Line 3 plus Line 4)			(\$710)
6	Projected F/Y 2020 Anticipated Revenue Based on Current and Projected Occupancy and Other ⁴ with MCFI 6.0%			\$13,435
7	Grand Total - Projected FY 2020 Net Operating Activity After 6.0% MCFI (Line 3 plus Line 6)			\$51
Monthly Care Fee Increase:				6.0%

Adjustments Explained:

- 1 Enter to the total operating expenses from the independent audit of the Statement of Operations
- 2 Internal Accounting and Budget Records does not include entrance fees
- 3 "Adjustments" can include but not limited to reserves
- 4 "Other: can include but not limited to Contributions and Ancillary

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

Form 1-2 1. Total Operating Expense	<u>\$12,275,000</u>
Form 1-1 7. Number at end of year	222

Total costs per resident	\$55,293
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- ii The construction in progress was funded through BLC Glenwood Gardens AL-LH, LLC own funds, no new financing were made in FY 2020 for construction. In addition, there were no funds set aside for future projects nor for any contingency amounts for BLC Glenwood Gardens AL-LH, LLC.

In accordance with the Code, BLC Glenwood-Gardens AL-LH, LLC, has computed its liquid reserve requirement as of December 31, 2020, its most recent fiscal year end, and the reserve is based on Brookdale Senior Living, Inc.'s consolidated audited financial statements for that period.

The restricted cash consists of reserve funds required by regulatory agencies for licensed continuing care retirement communities. As of December 31, 2020, the minimum liquid reserve ("MLR") funded by restricted cash was \$4.2 million. Of the \$4.2 million, \$2.6 million was for Debt Service Reserve, to service debt and \$1.6 million was for Operating Reserve, to cover operating expenses.

**Continuing Care Retirement Community
Disclosure Statement
General Information**

Date Prepared: 4/29/21

FACILITY NAME: Brookdale Riverwalk
ADDRESS: 350 Calloway Drive, Bakersfield, CA ZIP CODE: 93312 PHONE: (661) 587-0221
PROVIDER NAME: BLC Glenwood-Gardens AL-LH, LLC FACILITY OPERATOR: BLC Glenwood-Gardens AL-LH, LLC
RELATED FACILITIES: N/A RELIGIOUS AFFILIATION: None
YEAR # OF ☐ SINGLE ☐ MULTI- MILES TO SHOPPING CTR: 2
OPENED: 1998 ACRES: 21 STORY STORY ☒ OTHER: Both MILES TO HOSPITAL: 1

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: 0
APARTMENTS — 1 BDRM: 0
APARTMENTS — 2 BDRM: 0
COTTAGES/HOUSES: 19

RLU OCCUPANCY (%) AT YEAR END: 0

HEALTH CARE

ASSISTED LIVING: 227 beds
SKILLED NURSING: 120 beds
SPECIAL CARE: 27 beds
DESCRIPTION: > Dementia Care

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) ☐ 90% ☐ 75% ☐ 50% ☐ FULLY AMORTIZED ☐ 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' role): >

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

FACILITY SERVICES AND AMENITIES

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

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

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

OTHER CCRCs

Brookdale Northridge

LOCATION (City, State)

17650 Devonshire St, Northridge, CA 91325

PHONE (with area code)

(818) 886-1616

MULTI-LEVEL RETIREMENT COMMUNITIES

N/A

LOCATION (City, State)

PHONE (with area code)

FREE-STANDING SKILLED NURSING

N/A

LOCATION (City, State)

PHONE (with area code)

SUBSIDIZED SENIOR HOUSING

N/A

LOCATION (City, State)

PHONE (with area code)

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

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

	2017	2018	2019	2020
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(Excluding amortization of entrance fee income)	11,438,000	12,612,000	12,796,000	12,275,000
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)	7,813,000	7,929,000	8,422,000	11,791,000
NET INCOME FROM OPERATIONS	3,625,000	4,683,000	4,374,000	484,000
LESS INTEREST EXPENSE	3,369,000	4,314,000	3,954,000	-
PLUS CONTRIBUTIONS	(5,571,000)	(89,000)	100,000	(263,000)
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)	-	-	-	-
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	(5,315,000)	280,000	520,000	221,000
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	-	-	-	-

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGATION	DATE OF MATURITY	AMORTIZATION PERIOD

FINANCIAL RATIOS (see next page for ratio formulas)

	2017 CCAC Medians 50 th Percentile (optional)	2018	2019	2020
DEBT TO ASSET RATIO		-	-	-
OPERATING RATIO		0.97	0.97	0.96
DEBT SERVICE COVERAGE RATIO		1.09	1.11	0.18
DAYS CASH ON HAND RATIO		-	-	-

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2017	%	2018	%	2019	%	2020	%
STUDIO								
ONE BEDROOM								
TWO BEDROOM								
COTTAGE/HOUSE	4,326	3.8%	4,460	7.9%	4,693	5.2%	5,044	7.5%
ASSISTED LIVING	3,565	2.2%	3,510	2.9%	3,642	3.8%	3,787	4.0%
SKILLED NURSING								
SPECIAL CARE	8,078	6.8%	8,488	15.3%	9,245	8.9%	9,410	1.8%

COMMENTS FROM PROVIDER: >

>
 >

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.

KEY INDICATORS REPORT

BLC Glenwood-Gardens AL-LH, LLC

Senior Vice President

signature required

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

						Projected	Forecast				Preferred Trend Indicator
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
OPERATIONAL STATISTICS											
1. Average Annual Occupancy by Site (%)	78.2%	76.5%	82.7%	80.6%	74.3%	69.0%	69.0%	69.0%	69.0%	69.0%	↓
MARGIN (PROFITABILITY) INDICATORS											
2. Net Operating Margin (%)	30%	29%	37%	30%	-16%	28%	28%	28%	28%	28%	↓
3. Net Operating Margin-Adjusted (%)	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	N/A
LIQUIDITY INDICATORS											
4. Unrestricted Cash and Investments (\$000)	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	N/A
5. Days Cash on Hand (Unrestricted)	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	N/A
CAPITAL STRUCTURE INDICATORS											
6. Deferred Revenue from Entrance Fees (\$000)	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	N/A
7. Net Annual E/F proceeds (\$000)	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	N/A
8. Unrestricted Net Assets (\$000)	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	N/A
9. Annual Capital Asset Expenditure (\$000)	\$579	\$575	\$200	\$453	\$152	\$152	\$152	\$152	\$152	\$152	↓
10. Annual Debt Service Coverage Revenue Basis (x)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	N/A
11. Annual Debt Service Coverage (x)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	N/A
12. Annual Debt Service/Revenue (%)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	N/A
13. Average Annual Effective Interest Rate (%)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	N/A
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	N/A
15. Average Age of Facility (years)	4.926267281	17.5	10.9	12.2	13.3	14.3	15.3	16.3	17.3	18.3	↑

NA1 Community does not charge Entrance Fees.

NA2 The community does not hold any debt.

NA3 BLC Glenwood-Gardens AL-LH, LLC d/b/a Brookdale Riverwalk, a wholly-owned subsidiary of Brookdale Senior Living Inc. is an operator of a senior living community. Therefore Brookdale Senior Living, Inc. holds all cash.