

CERTIFICATE

SH NORTHRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC,

For the Facility Known As:

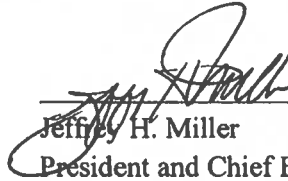
Brookdale Northridge

State of Ohio)
County of Lucas) SS:

The enclosed Annual Report for SH NORTHRIDGE CA OPCO, LLC AND HCP S-H LCS OPCO, LLC, and any amendments thereto are correct to the best of my knowledge and belief.

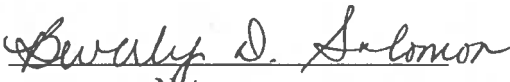
The continuing care contract form in use or offered to new residents at Brookdale Northridge has been approved by the Department.

As of the date of this certification, SH NORTHRIDGE CA OPCO, LLC AND HCP S-H LCS OPCO, LLC, maintain the required liquid reserve for Brookdale Northridge.



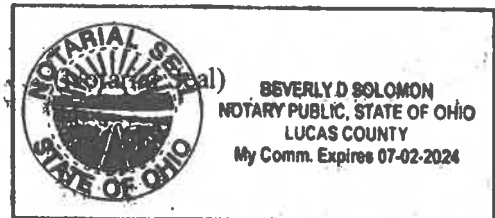
Jeffrey H. Miller
President and Chief Executive Officer

Sworn and subscribed to before me,
a Notary Public, this 5 day
of May, 2022



Notary

My commission expires: 7-2-2024



FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	82
[2]	Number at end of fiscal year	80
[3]	Total Lines 1 and 2	162
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x.50
[5]	Mean number of continuing care residents	81
All Residents		
[6]	Number at beginning of fiscal year	94
[7]	Number at end of fiscal year	108
[8]	Total Lines 6 and 7	202
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x.50
[10]	Mean number of all residents	101
[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).	80.20%

FORM 1-2
ANNUAL PROVIDER FEE

Line		TOTAL
[1]	Total Operating Expenses (including depreciation and debt service- interest only)	\$ 12,679,000
[a]	Depreciation	\$ -
[b]	Debt Service (Interest Only)	\$ -
[2]	Subtotal (add Line 1a and 1b)	\$ -
[3]	Subtract Line 2 from Line 1 and enter result.	\$ 12,679,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	80.20%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$ 10,168,000
[6]	Total Amount Due (multiply Line 5 by .001)	x .001
		10,168

PROVIDER: SH NORTHRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC AND HCP MA3 CALIFORNIA, LP
COMMUNITY: Brookdale Northridge



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
04/27/2022

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 Marsh Risk & Insurance Services CA License #0437153 633 W. Fifth Street, Suite 1200 Los Angeles, CA 90071	CONTACT NAME: PHONE (A/C, No, Ext): E-MAIL ADDRESS:	FAX (A/C, No):
CN102708931-STND-GXP-21-22z	INSURER(S) AFFORDING COVERAGE	
INSURED Healthpeak Properties, Inc. 5050 South Syracuse Street, Suite 800 Denver, CO 80237	INSURER A: Everest Indemnity Insurance Company	NAIC # 10851
	INSURER B:	
	INSURER C:	
	INSURER D:	
	INSURER E:	
	INSURER F:	

COVERAGES

CERTIFICATE NUMBER:

LOS-002590383-01

REVISION NUMBER: 2

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	ADDITIONAL INSURED	SUBROGATION	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> SIR \$500,000 Each Claim GEN'L AGGREGATE LIMIT APPLIES PER <input type="checkbox"/> POLICY <input type="checkbox"/> PROJECT <input checked="" type="checkbox"/> LOC <input type="checkbox"/> OTHER			SB00000026-211	09/01/2021	09/01/2022	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ Excluded PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 3,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000 POLICY AGGREGATE \$ 10,000,000
	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	<input type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> OCCUR <input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$			SBEX000016-211	09/01/2021	09/01/2022	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N <input checked="" type="checkbox"/> N	N/A				<input type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Professional Liability SIR: \$500,000 Each Claim			SB00000026-211	09/01/2021	09/01/2022	Each Claim/Each Loc Agg 1M/3M Policy Aggregate SEE GL ABOVE

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)
Brookdale Northridge, 17650 Devonshire St, Northridge, CA 91325

CERTIFICATE HOLDER

CANCELLATION

Brookdale Northridge 17650 Devonshire St Northridge, CA 91325	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>Marsh Risk & Insurance Services</i>

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SH Northridge CA OpCo, LLC

Financial Statements

December 31, 2021 and 2020

(With Independent Auditors' Report Thereon)

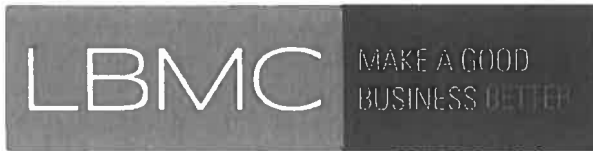
LBMC

**MAKE A GOOD
BUSINESS BETTER**

SH Northridge CA OpCo, LLC

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INDEPENDENT AUDITORS' REPORT

To the Member of
SH Northridge CA OpCo, LLC

Opinion

We have audited the accompanying financial statements of SH Northridge CA OpCo, LLC, which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in member's equity and cash flows for the year ended December 31, 2021 and the period from December 1, 2020 (date of inception) to December 31, 2020, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SH Northridge CA OpCo, LLC as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the year ended December 31, 2021 and the period from December 1, 2020 (date of inception) to December 31, 2020 in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SH Northridge CA OpCo, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SH Northridge CA OpCo, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SH Northridge CA OpCo, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about SH Northridge CA OpCo, LLC's ability to continue as a going concern for a reasonable period.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

LBMC, PC

Brentwood, Tennessee
April 27, 2022

SH Northridge CA OpCo, LLC
Balance Sheets
December 31, 2021 and 2020
(in thousands)

	<u>2021</u>	<u>2020</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,028	\$ 1,156
Accounts receivable, net	1,236	403
Prepaid expenses and other current assets	<u>246</u>	<u>118</u>
Total current assets	2,510	1,677
Restricted cash	3,612	3,477
Assets held for sale	<u>179</u>	<u>6</u>
Total assets	<u>\$ 6,301</u>	<u>\$ 5,160</u>
Liabilities and Member's Equity		
Current liabilities:		
Accounts payable	\$ 108	\$ 114
Accrued expenses	581	324
Deferred revenue	<u>46</u>	<u>100</u>
Total current liabilities	735	538
Deferred lease costs	1,375	158
Other long-term liabilities	<u>108</u>	<u>9</u>
Total liabilities	2,218	705
Member's equity	<u>4,083</u>	<u>4,455</u>
Total liabilities and member's equity	<u>\$ 6,301</u>	<u>\$ 5,160</u>

See accompanying notes to financial statements.

SH Northridge CA OpCo, LLC
Statements of Operations
For the year ended December 31, 2021 and the period from December 1, 2020 (date of inception) to
December 31, 2020
(in thousands)

	<u>2021</u>	<u>2020</u>
Resident services revenue, net	\$ 11,807	\$ 908
Expenses:		
Community operating expense	10,196	1,000
Facility lease expense	1,895	158
Management fee expense	588	45
Total expenses	<u>12,679</u>	<u>1,203</u>
Net loss	\$ <u>(872)</u>	\$ <u>(295)</u>

See accompanying notes to financial statements.

SH Northridge CA OpCo, LLC
Statements of Changes in Member's Equity
For the year ended December 31, 2021 and the period from December 1, 2020 (date of
inception) to December 31, 2020
(in thousands)

	<u>Member's Equity</u>
Balance at December 1, 2020	\$ -
Member contributions, net	4,750
Net loss	<u>(295)</u>
Balance at December 31, 2020	4,455
Member contributions	500
Net loss	<u>(872)</u>
Balance at December 31, 2021	\$ <u><u>4,083</u></u>

See accompanying notes to financial statements.

SH Northridge CA OpCo, LLC
Statements of Cash Flows
For the year ended December 31, 2021 and the period from December 1, 2020
(date of inception) to December 31, 2020
(in thousands)

	2021	2020
Cash flows from operating activities:		
Cash received from residents	\$ 10,919	\$ 605
Cash paid to suppliers and employees	(10,561)	(821)
Cash paid for facility lease	(678)	-
Net cash used in operating activities	<u>(320)</u>	<u>(216)</u>
Cash flows from investing activities:		
Cash received at formation of the Community (see Note 1)	-	105
Purchases of property and equipment	(173)	(6)
Net cash provided by (used in) investing activities	<u>(173)</u>	<u>99</u>
Cash flows from financing activities - member contributions, net	<u>500</u>	<u>4,750</u>
Net change in cash and restricted cash	7	4,633
Cash and restricted cash at beginning of period	<u>4,633</u>	<u>-</u>
Cash and restricted cash at end of period	<u><u>\$ 4,640</u></u>	<u><u>\$ 4,633</u></u>
Reconciliation of net loss to net cash used in operating activities:		
Net loss	(872)	(295)
Adjustments to reconcile net loss to net cash used in operating activities:		
Straight-line lease expense	1,217	158
Increase in, net of effects of contributed assets in 2020:		
Accounts receivable	(834)	(403)
Prepaid expenses and other current assets	(128)	(77)
Increase (decrease) in, net of effects of contributed liabilities in 2020:		
Accounts payable and accrued expenses	252	292
Deferred revenue	(54)	100
Other long-term liabilities	99	9
Net cash used in operating activities	<u><u>\$ (320)</u></u>	<u><u>\$ (216)</u></u>

See accompanying notes to financial statements.

SH Northridge CA OpCo, LLC
Notes to Financial Statements
December 31, 2021 and 2020
(dollars in thousands except as where otherwise stated)

(1) Organization

On December 1, 2020, Healthpeak Properties, Inc. ("PEAK") formed SH Northridge CA OpCo, LLC ("OpCo") and HCP MA3 California, LP ("PropCo") (collectively, the "Company"), as an operator and owner, respectively, of a senior living community (the "Community") in Northridge, 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 multiple levels of physical ability and health. The Community has 24 memory care units, 90 assisted living units, and 45 skilled nursing beds.

On August 25, 2021, PropCo sold the real property of the Community to Pacifica Devonshire, LLC ("New Community Operator"). New Community Operator then leased the Community to the PropCo, and the existing lease between PropCo and the OpCo was automatically converted into a sublease. In conjunction with the sale of the real property, OpCo, HBC (as defined in Note 6), New RPO, ASND, LLC ("New SNF Operator") and Pacifica Senior Living Management LLC ("New Manager") entered into an operations transfer agreement that will execute upon New Community Operator and New SNF Operator obtaining license approval. Upon license approval, the personal property of the OpCo will convey and the current management agreement with HBC will be terminated.

The Community allows for residents to pay a monthly fee directly or through private insurance and are somewhat reliant on government reimbursement programs such as Medicare. The services are provided by our third party manager-operator, which entitles them to the use of certain amenities and services.

PEAK contributed assets and liabilities to the Community upon formation. The Community allocated the fair values of the assets and obligations as follows:

Receivable	\$ 116
Prepaid expenses and other current assets	30
Accrued expenses	<u>(146)</u>
Net	<u>\$ -</u>

Of the \$116 receivable, \$105 was paid in cash during December 2020, and the remaining \$11 was settled in January 2021. The \$11 receivable as of December 31, 2020 was included in other current assets on the balance sheet.

(2) Summary of Significant Accounting Policies

New Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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 Community anticipates that the adoption of ASU 2016-02 will

SH Northridge CA OpCo, LLC
Notes to Financial Statements
December 31, 2021 and 2020
(dollars in thousands except as where otherwise stated)

result in the recognition of a material lease liability and right-of-use asset on the balance sheet for its operating lease. The Community is unable to reasonably estimate such amounts at this time. Additionally, ASU 2016-02 makes targeted changes to lessor accounting, including changes to align certain aspects with the revenue recognition model, and requires enhanced disclosure of lease arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, and early adoption is permitted. The Company is evaluating the impact of the adoption of ASU 2016-02 on January 1, 2022 to its consolidated financial position and results of operations.

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 Community to provide financial statements, which include cash flows presented using the direct method. In accordance with this requirement, the Community has presented cash flows and related reconciliations of net loss to cash flows used in operating activities using the direct method for the year ended December 31, 2021 and the period from December 1, 2020 (date of inception) to December 31, 2020.

Use of Estimates

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 Community may undertake in the future, actual results may be different from the estimates.

Revenue Recognition

Resident services revenue is reported at the amount that reflects the consideration the Community 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 services revenue is recognized as performance obligations are satisfied.

Under the Community's senior living residency agreements, which are generally for a contractual term of 30 days to one year, the Community provides senior living services to residents for a stated daily or monthly fee. The Community 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 Community receives revenue for services under various third-party payor programs, which include Medicare 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

SH Northridge CA OpCo, LLC
Notes to Financial Statements
December 31, 2021 and 2020
(dollars in thousands except as where otherwise stated)

estimated transaction price for providing services. The Community 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.

Cash and Cash Equivalents

The Community defines cash and cash equivalents as cash and investments with maturities of 90 days or less when purchased.

Restricted Cash

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

Accounts Receivable

Accounts receivable are reported net of an allowance for credit losses to represent the Community's estimate of inherent losses at the balance sheet date. As of December 31, 2021 and 2020, the allowance for credit losses was \$30 and \$5, respectively. The adequacy of the Community'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.

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 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, 2021 and 2020, approximately 57% and 97% of the Community's accounts receivable was covered by various third-party payor programs, including Medicare. Approximately 44% and 42% of the Community's resident services revenue for the year ended December 31, 2021 and the period ended December 31, 2020, respectively, was attributable to various third-party payor programs, including Medicare programs.

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 \$50 and \$0 as of December 31, 2021 and 2020, respectively.

Deferred Lease Costs

Rent expense is recorded on a straight-line basis over the term of 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 net amount of straight-line lease expense recognized as

SH Northridge CA OpCo, LLC
Notes to Financial Statements
December 31, 2021 and 2020
(dollars in thousands except as where otherwise stated)

a result of the amortization of these liabilities totaled \$1,217 and \$158 for the year ended December 31, 2021 and the period ended December 31, 2020, respectively, and is included in facility lease expense on the accompanying statements of operations. The Community had a deferred lease liability of \$1,375 and \$158 as of December 31, 2021 and 2020.

Income Taxes

The Community 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.

Assets Held for Sale

Disposal groups comprising assets and liabilities are classified as held for sale when the asset or disposal group is available for sale in its present condition and the sale is probable. For this purpose, a sale is probable if management is committed to a plan to achieve the sale, there is an active program to dispose of the assets of the disposal group, the asset or disposal group is being actively marketed at a reasonable price, the sale is anticipated to be completed within one year from the date of classification, and it is unlikely that there will be significant changes to the plan. Immediately before classification as held for sale, the assets, or components of the disposal group, are remeasured at the lower of their carrying amount and fair value less costs to sell. The long-lived assets are not depreciated while classified as held for sale, but are subject to impairment evaluation.

Subsequent Events

The Community has evaluated events subsequent to December 31, 2021 through the date the financial statements were available to be issued, April 27, 2022, and determined that no events have occurred which would require additional disclosure.

(3) COVID-19 Pandemic

The coronavirus ("Covid") pandemic has caused significant disruption to individuals, governments, financial markets, and businesses, including the Community. The Community has experienced significant cost increases as a result of increased health and safety measures, staffing shortages, increased governmental regulation and compliance, vaccine mandates, and other operational changes necessitated either directly or indirectly by the Covid pandemic. The Company evaluated the impacts of Covid on its business thus far and incorporated information concerning the impact of Covid into its assessment of liquidity, impairments, and collectability from residents as of December 31, 2021. The Community will continue to monitor such impacts and will adjust its estimates and assumptions based on the best available information.

(4) Assets Held for Sale

In 2020 the Company entered into an agreement to sell its property, as defined in the agreement, to an unrelated third party. Accordingly, as of December 31, 2021 and 2020, the Community classified the property and equipment of \$179 and \$6, respectively, as held for sale.

SH Northridge CA OpCo, LLC
Notes to Financial Statements
December 31, 2021 and 2020
(dollars in thousands except as where otherwise stated)

(5) Accrued Expenses

Accrued expenses as of December 31, 2021 and 2020 consisted of the following components:

	<u>2021</u>	<u>2020</u>
Accrued salaries and wages	\$ 138	\$ 77
Accrued vacation	148	179
Accrued insurance reserves	25	2
Accrued utilities	65	56
Other accrued expenses	205	10
Total	<u>\$ 581</u>	<u>\$ 324</u>

(6) Related-Party Transactions

Management Agreement

On December 1, 2020, the Community entered into a long-term management agreement with HBC Manager, LLC. ("HBC"). Subject to the terms of the agreement, HBC will receive a management fee equal to 5% of gross revenues as defined in the agreement. Furthermore, out-of-pocket costs and expenses incurred on behalf of the Community by HBC are subject to reimbursement to HBC. The management contract extends indefinitely until operations transfer as described in Note 1. The amount incurred for management fees were \$588 and \$45 for the year ended December 31, 2021 and the period ended December 31, 2020, respectively.

Community Lease

On December 1, 2020, the Community entered into a lease agreement (the "Lease") with PropCo, a related party, for the use of the Community. The Lease term ends on June 30, 2032. The Lease requires the payment of base rent which escalates in accordance with the terms of the Lease through June 30, 2024. Effective July 1, 2024, the base rent will be reset to fair market value rental every three years in accordance with the Lease. A summary of lease expense and the impact of straight-line adjustment for the year ended December 31, 2021 and the for the period ended December 31, 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Cash basis lease payment	\$ 678	\$ -
Straight-line lease expense	1,217	158
Facility lease expense	<u>\$ 1,895</u>	<u>\$ 158</u>

SH Northridge CA OpCo, LLC
Notes to Financial Statements
December 31, 2021 and 2020
(dollars in thousands except as where otherwise stated)

The aggregate amounts of future minimum lease payments under the agreement as of December 31, 2021, are as follows:

2022	\$	1,812
2023		2,718
2024 (Through June 2024)		1,583
Total (Through June 2024)	\$	<u>6,113</u>

As described above, the future lease payments under the Lease are subject to an adjustment to the fair market value rental beginning in July 2024. The future lease payments presented in the table above do not include an estimate of base rent payments subsequent to the fair market rent adjustment in 2024 as they are not known at this time.

(7) Credit Risk

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

(8) Commitments and Contingencies

Minimum Liquid Reserve

The CDSS, under Health and Safety code section 1789, requires the Community to maintain minimum debt service and operating reserves for continuing care service providers based on certain financial calculations. The Community holds a reserve balance of \$3,612 as of December 31, 2021. The reserve balance expected to be required by the CDSS as of December 31, 2021 is approximately \$3,045.

Litigation

The Community 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 PEAK, the Community currently maintains general and professional medical malpractice insurance policies under a master insurance program. In response to these conditions, the Community has increased the staff and resources involved in quality assurance, compliance, and risk management.

The Community currently maintains single incident and aggregate liability protection in the amount of \$1,000 and \$3,000, respectively, with self-insured retentions of \$500 per claim and \$10,000 in annualized aggregate for general liability and professional liability. Through HBC, the Community participates in a self-insured workers' compensation program, with excess of loss coverage provided by third party carriers. The Community's coverage for workers' compensation and related programs included a shared loss workers' compensation program through HBC. HBC maintains workers

SH Northridge CA OpCo, LLC
Notes to Financial Statements
December 31, 2021 and 2020
(dollars in thousands except as where otherwise stated)

compensation coverage through a large deductible policy with a current deductible of \$1,000. Through the shared workers' 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 HBC, the Community participates in a self-insurance program for employee medical coverage. Loss reserves for employee medical coverage are recorded as liabilities by HBC with no allocation made to the Community. The resulting loss expenses incurred by HBC are allocated to the Community 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 Community 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 Community's results of operations and financial position in such period. Accrued insurance reserves were \$133 (\$25 in accrued expenses and \$108 in other long term liabilities) and \$11 (\$2 in accrued expenses and \$9 in other long term liabilities) as of December 31, 2021 and 2020, respectively.

Health Care Regulations

The health care industry is subject to numerous laws and regulations of Federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare, 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 Community 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 Community's participation in the Medicare programs, the Community is subject to various government reviews, audits and investigations to verify the Community's compliance with these programs and applicable laws and regulations. Centers for Medicare and Medicaid Services ("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

SH Northridge CA OpCo, LLC
Notes to Financial Statements
December 31, 2021 and 2020
(dollars in thousands except as where otherwise stated)

participation in Medicare and Medicaid programs. The Community'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 Community'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

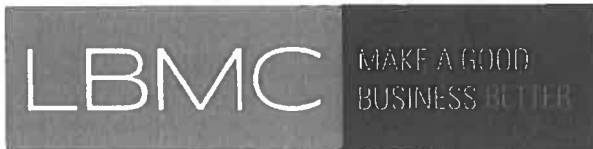
The health care industry in the United States is subject to fundamental changes due to ongoing health care reform efforts and related political, economic and regulatory influences. Notably, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, 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 Community'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 Community also cannot accurately predict whether any new or pending legislative proposals will be adopted or, if adopted, what effect, if any, these proposals would have on the Community's business. Similarly, while the Community can anticipate that some of the rulemaking that will be promulgated by regulatory authorities will affect the Community's business and the manner in which the Community is reimbursed by the federal health care programs, the Community cannot accurately predict today the impact of those regulations on the Community'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 Community to expanded liability or require the Community 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 Community's costs to provide health care benefits to its employees. The Community 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 Community's results of operations and cash flow.

**CONTINUING CARE
RESERVE REPORT
PART 5**

LBMC

MAKE A GOOD
BUSINESS BETTER



INDEPENDENT AUDITORS' REPORT

SH Northridge CA OpCo, LLC, HCP S-H LCS OpCo, LLC and HCP MA3 California, LP:

Opinion

We have audited the accompanying continuing care reserve report Forms 5-1 through 5-5 (the "Reports") of SH Northridge CA OpCo, LLC, HCP S-H LCS OpCo, LLC and HCP MA3 California, LP (the "Company"), as of December 31, 2021. The Reports have been prepared by management using the report preparation provisions of California Health and Safety Code Section 1792.

In our opinion, the Reports referred to above present fairly, in all material respects, the liquid reserve requirements of the Company as of December 31, 2021, in accordance with the financial reporting provisions of California Health and Safety Code Section 1792.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Information section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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. As a result, the Reports may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Information

Management is responsible for the preparation and fair presentation of the Reports in accordance with the financial reporting provisions of California Health and Safety Code Section 1792, and for 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' Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the Reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the Reports.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Reports, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Reports.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate 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.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

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 27, 2022

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: SH NORTHRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC AND HCP MA3 CALIFORNIA, LP

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: SH NORTHRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC AND HCP MA3 CALIFORNIA, LP

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$ -
2	Total from Form 5-2 bottom of Column (e)	\$ -
3	Facility leasehold or rental payment paid by provider during fiscal year. (including related payments such as lease insurance)	\$ 1,895,000
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$ 1,895,000

PROVIDER: SH NORTHRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC AND HCP MA3 CALIFORNIA, LP

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 12,679,000
2	Deductions		
a	Interest paid on long-term debt (see instructions)	\$ -	
b	Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
c	Depreciation	\$ -	
d	Amortization	\$ -	
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 5,187,000	
f	Extraordinary expenses approved by the Department	\$ 1,895,000	
3	Total Deductions		\$ 7,082,000
4	Net Operating Expenses		\$ 5,597,000
5	Divide Line 4 by 365 and enter the result.		\$ 15,334
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve		\$ 1,150,000

PROVIDER: SH NORTHRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC AND HCP MA3 CALIFORNIA, LP

COMMUNITY: Brookdale Northridge

SH NORTHRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC AND HCP MA3 CALIFORNIA, LP
FORM 5-4 CALCULATION OF NET OPERATING EXPENSES RECONCILIATION OF LINE 2E
Reconciliation of Revenue from the Statement of Cash Flows to Form 5-4 (line 2e)

Total Resident Revenue for 2021, per Income Statement	\$ 11,807,000
Less: Accounts Receivable at 12/31/21	(1,236,000)
Plus: Accounts Receivable at 12/31/20	403,000
Total Resident Revenue, cash basis	<u>\$ 10,974,000</u>
Cash received for Resident Revenue is allocated between total revenues received from residents and revenues received from persons who did not have a continuing care contract based (direct admittance into the SNF).	
Total Resident Revenue, cash basis	\$ 10,974,000
Less: Revenues received from residents with continuing care contracts	<u>4,676,000</u>
Revenues received from continuing care services (total skilled revenue)	<u>\$ 6,298,000</u>
Non-Continuing Care resident population	<u>82.35%</u>
Revenues received during the fiscal year for services to persons who did not have a continuing care contract (Line 2E)	<u>\$ 5,187,000</u>

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: SH NORTHBRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC AND HCP MA3 CALIFORNIA, LP

Fiscal Year Ended: December 31, 2021

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/21 and are in compliance with those requirements.

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

- (1) Debt Service Reserve Amount
(2) Operating Expense Reserve Amount

Amount	
\$	1,895,000
\$	1,150,000

- (3) Total Liquid Reserve Amount:

\$	3,045,000
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Qualifying assets sufficient to fulfill the above requirements are held as follows:

Qualifying Asset Description

- (4) Cash and Cash Equivalents
(5) Investment Securities
(6) Equity Securities
(7) Unused/Available Lines of Credit
(8) Unused/Available Letters of Credit
(9) Debt Service Reserve
(10) Other: _____

Amount (market value at end of quarter)	
Debt Service Reserve	Operating Reserve
\$ 1,895,000	\$ 2,827,000
_____	_____
_____	_____
_____	(not applicable)
_____	_____

(describe qualifying asset)

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

(11) \$	1,895,000	(12) \$	2,827,000
(13) \$	1,895,000	(14) \$	1,150,000
(15) \$	-	(16) \$	1,677,000

Signature:

(Authorized Representative)

Date: 5-5-22

(Title) President and Chief Executive Officer

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

	RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	N/A	\$5,009	\$5,812	\$9,556
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	N/A	7%	2%	-13%

☐ 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: 1/1/21
(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: 10/21/20 Method of Notice: mailed 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: 10/29/20

☒ 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 distributed the documents to all residents by [check all that apply]:

☐ Emailed the documents to those residents for whom the provider had email addresses on file

☐ Placed hard copies in resident cubby

☒ Placed hard copies at designated locations

☒ Provided hard copies to residents upon request, and/or

☒ Other: [please describe] passed out during meeting

☐ Date of Notice: N/A

- ☒ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

Date of Notice: 10/14/20

- ☒ 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: 10/14/20 Location of Posting: Resident mailboxes

- ☒ Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.

Date of Posting: 10/14/20 Location of Posting: Resident Mailboxes

5. On an attached page, provide a detailed explanation for the increase in monthly care fees including the amount of the increase and compliance with the Health and Safety Code.

PROVIDER: SH NORTHRIDGE CA OPCO, LLC, HCP S- COMMUNITY: Brookdale Northridge

FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)
ANNUAL REPORTING FISCAL YEAR (F/Y) 2021
Brookdale Northridge

Line	Fiscal Years	2019	2020	2021
	1 F/Y 2019 Operating Expenses ¹	\$0		
	2 F/Y 2020 Operating Expenses ² (Adjustments if any, Explained Below)		\$1,203	
	3 Projected F/Y 2021 Results of Operations (Adjustments ³ Explained Below)			\$6,376
	4 F/Y 2021 Anticipated MCF Revenue ² Based on Current and Projected Occupancy and Other ⁴ without a MCFI			\$11,995
	5 Projected F/Y 2021 (Net) Operating Results ² without a MCFI (Line 3 plus Line 4)			\$18,371
	6 Projected F/Y 2021 Anticipated Revenue Based on Current and Projected Occupancy and Other ⁴ with MCFI 4.3%			\$12,510
	7 Grand Total - Projected FY 2021 Net Operating Activity After 4.3% MCFI (Line 3 plus Line 6)			\$18,886
	Monthly Care Fee Increase:			4.3%

Adjustments Explained:

- Enter to the total operating expenses from the independent audit of the Statement of Operations. There is no PY figure to present with a 12/1 inception date for the community.
- Internal Accounting and Budget Records does not include entrance fees. The PY figure presents with a 12/1/20 inception date for the community.
- 2 "Adjustments" can include but not limited to reserves
- 3 "Other" can include but not limited to Contributions and Ancillary

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: _____

Facility Name: Brookdale Northridge

Address: 17650 Devonshire Street, No

Zip Code: 91325

Phone (818) 886-1616

Provider Name:

SH NORTHRIDGE CA OPCO, LLC and HCP S-H LCS OPCO, LLC

Facility Operator: SH NORTHRIDGE CA OPCO, LLC and HCP S-H LCS OPCO, LLC

Religious Affiliation: None

Year Opened: 2001

of Acres: 6.08

Miles to Shopping Center: 1

Miles to Hospital: 4

☐ Single Story☒ Multi-Story☐ Other: _____**Number of Units:**

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:	0	Assisted Living:	95 beds
Apartments – 1 Bdrm:	0	Skilled Nursing:	45 beds
Apartments – 2 Bdrm:	0	Special Care:	25 beds
Cottages/Houses:	0	Description:	Dementia Care

RLU Occupancy (%) at Year End: 0

Type of Ownership: ☐ Not for Profit
☒ For Profit

Accredited? ☐ Yes By: _____
☒ No

Form of Contact: ☒ Continuing Care ☐ Life Care ☐ Entrance Fee ☐ Fee for Service
 (Check all that apply) ☐ Assignment of Assets ☐ Equity ☐ Membership ☐ Rental

Refund Provisions: ☐ Refundable ☐ 90% ☐ 50%
 (Check all that apply) ☐ Repayable ☐ 75% ☐ 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 Members on, the Board:

(briefly describe provider's compliance and residents' roles):

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

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.

Facility Services and Amenities

Common Area Amenities	Available	Fee for Service	Services Available	Included in Fee	For Extra Charge
Beauty/Barber Shop	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Housekeeping (___Times/	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Billiard Room	<input type="checkbox"/>	<input type="checkbox"/>	Month at \$_____each)		
Bowling Green	<input type="checkbox"/>	<input type="checkbox"/>	Meals (___/Day)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Card Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Special Diets Available	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Chapel	<input type="checkbox"/>	<input type="checkbox"/>			
Coffee Shop	<input type="checkbox"/>	<input type="checkbox"/>	24-Hour Emergency Response	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Craft Rooms	<input type="checkbox"/>	<input type="checkbox"/>	Activities Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Exercise Room	<input type="checkbox"/>	<input type="checkbox"/>	All Utilities Except Phone	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Golf Course Access	<input type="checkbox"/>	<input type="checkbox"/>	Apartment Maintenance	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Library	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cable TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Putting Green	<input type="checkbox"/>	<input type="checkbox"/>	Linens Furnished	<input type="checkbox"/>	<input type="checkbox"/>
Shuffleboard	<input type="checkbox"/>	<input type="checkbox"/>	Linens Laundered	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Spa	<input type="checkbox"/>	<input type="checkbox"/>	Medication Management	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Swimming Pool –	<input type="checkbox"/>	<input type="checkbox"/>	Nursing/Wellness Clinic	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Indoor			Personal Home Care	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Swimming Pool –	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Personal	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Outdoor			Transportation – Prearranged	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tennis Court	<input 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"/>			

Provider Name: SH NORTHRIDGE CA OPCO, LLC and HCP S-H LCS OPCO, LLC

Affiliated CCRCs	Location (city, state)	Phone (with area code)
Brookdale Riverwalk	Bakersfield, CA	(661) 587-0221

Multi-Level Retirement Communities	Location (city, state)	Phone (with area code)
N/A		

Free-Standing Skilled Nursing	Location (city, state)	Phone (with area code)
N/A		

Subsidized Senior Housing	Location (city, state)	Phone (with area code)
N/A		

NOTE: Please indicate if the facility is a life care facility.

Provider Name: SH NORTHRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC AND HCP MA3 CA

Income and Expenses [Year]	2018	2019	2020	2021
Income from Ongoing Operations Operating Income (Excluding amortization of entrance fee income)			908,000	11,807,000
Less Operating Expenses (Excluding depreciation, amortization, and interest)			1,203,000	12,679,000
Net Income From Operations			(295,000)	(872,000)
Less Interest Expense				
Plus Contributions			4,750,000	500,000
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)				
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization			4,455,000	(372,000)
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 Origination	Date of Maturity	Amortization Period

Financial Ratios (see last page for ratio formulas)

Financial Ratios [Year]	CCAC Medians 50th Percentile (optional)	2019	2020	2021
Debt to Asset Ratio				
Operating Ratio			1.32	1.07
Debt Service Coverage Ratio				
Days Cash On Hand Ratio				

Provider Name: SH NORTHRIDGE CA OPCO, LLC, HCP S-H LCS OPCO, LLC AND HCP MA3 CA

Historical Monthly Service Fees (Average Fee and Change Percentage)

Residence/Service [Year]	2018	%	2019	%	2020	%	2021	%
Studio								
One Bedroom								
Cottage/House								
Assisted Living					4,674	0%	4,674	0%
Skilled Living					10,953	0%	10,953	0%
Special Care					5,713	0%	5,713	0%

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

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

Debt Service Coverage Ratio

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

Days Cash On Hand Ratio

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

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 REPORTDate Prepared: 12/31/21Provider Name: Brookdale NorthridgePresident and Chief Executive Officer Signature *Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.*

	2017	2018	2019	2020	2021	Projected 2022	Forecast				Preferred Trend Indicator
							2023	2024	2025	2026	
OPERATIONAL STATISTICS											
1. Average Annual Occupancy by Site (%)	0.0%	0.0%	0.0%	61.0%	62.8%	72.8%	72.8%	72.8%	72.8%	72.8%	N/A
MARGIN (PROFITABILITY) INDICATORS											
2. Net Operating Margin (%)	0.0%	0.0%	0.0%	-32%	-7%	-4%	-4%	-4%	-4%	-4%	↑
3. Net Operating Margin - Adjusted (%)	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	NA1	↓
LIQUIDITY INDICATORS											
4. Unrestricted Cash and Investments (\$000)	\$0	\$0	\$0	\$1,156	\$1,028	\$1,028	\$1,028	\$1,028	\$1,028	\$1,028	↑
5. Days Cash on Hand (Unrestricted)	\$0	\$0	\$0	29.79	29.59	29.59	29.59	29.59	29.59	29.59	↑
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)	\$0	\$0	\$0	\$978	\$471	\$471	\$471	\$471	\$471	\$471	N/A
9. Annual Capital Asset Expenditure (\$000)	\$0	\$0	\$0	\$6	\$179	\$117	\$117	\$117	\$117	\$117	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	↑
11. Annual Debt Service Coverage (x)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	↑
12. Annual Debt Service/Revenue (%)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	↓
13. Average Annual Effective Interest Rate (%)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	↓
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	NA2	↑
15. Average Age of Facility (years)	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	NA3	↓

NA1	Community does not charge Entrance Fees.
NA2	The community does not hold any debt.
NA3	Community classified as Assets Held for Sale cannot be calculated as defined