

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 12/31/22

PROVIDER(S):

ACSR, LLC dba Camarillo Senior Living

CCRC(S):

Camarillo Senior Living (Alta Camarillo Healthcare Center)

PROVIDER CONTACT PERSON:

Frank Jurado

TELEPHONE NUMBER:

949-347-7100

E-MAIL ADDRESS:

Accounting@aspenhealth.com

A complete annual report must consist of 3 copies of all of the following:

- ☒ Annual Report Checklist.
- ☒ Annual Provider Fee in the amount of: \$10,141
 - ☐ If applicable, late fee in the amount of: \$ _____
- ☒ Certification by the provider's **Chief Executive Officer** that:
 - ☒ The reports are correct to the best of his/her knowledge.
 - ☒ Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - ☒ The provider is maintaining the required liquid reserves and, when applicable, the required refund reserve.
- ☒ Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- ☒ Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ☒ Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- ☒ "Continuing Care Retirement Community Disclosure Statement" for **each** community.
- ☒ Form 7-1, "Report on CCRC Monthly Service Fees" for **each** community.
- ☒

N/A

 Form 9-1, "Calculation of Refund Reserve Amount", if applicable.
- ☒ Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.

Apr 27, 2023

189048

DATE

CHECK NO.

ASPEN SKILLED HEALTHCARE INC
 28202 CABOT ROAD, STE 412
 LAGUNA NIGUEL, CA 92677

Wells Fargo Bank, N.A.
 San Francisco, CA

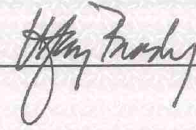
56-382/412

Pay Ten Thousand One Hundred Forty One Dollars and 00 Cents

\$10,141.00

to the Order of:

Continuing Care Provider Fee Fund
 Account #84130




SECURITY FEATURES INCLUDED. DETAILS ON BACK



⑈ 189048 ⑈ ⑆ 041203824 ⑆ 9683451778 ⑈

Vendor ID	Vendor	Vendor Account Number	Payment Number	Date	Check Number
127-0173	Continuing Care Provider Fee F	Camarillo Senior Liv	100-303278	04/27/2023	189048
Invoice Number	Date	Description	Amount	Discount	Paid Amount
	04/27/2023		\$0.00	\$0.00	\$10,141.00

RESOURCE CENTER

TOTALS: \$0.00 \$0.00 \$10,141.00

Vendor	Vendor ID	Payment Number	Date	Check Number
Continuing Care Provider Fee F	127-0173	100-303278	04/27/2023	189048

Invoice Number	Date	Description	Amount	Discount	Paid Amount
	04/27/2023		\$0.00	\$0.00	\$10,141.00

TOTALS: \$0.00 \$0.00 \$10,141.00

FORM 1-1

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	69
[2]	Number at end of fiscal year	45
[3]	Total Lines 1 and 2	114
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	57
All Residents		
[6]	Number at beginning of fiscal year	92
[7]	Number at end of fiscal year	89
[8]	Total Lines 6 and 7	181
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	90.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	62.98%

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>	<u>TOTAL</u>
[1] Total Operating Expenses (including depreciation and debt service - interest only)	\$16,146,595
[a] Depreciation	\$45,475
[b] Debt Service (Interest Only)	\$0
[2] Subtotal (add Line 1a and 1b)	\$45,475
[3] Subtract Line 2 from Line 1 and enter result.	\$16,101,120
[4] Percentage allocated to continuing care residents (Form 1-1, Line 11)	63%
[5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	10,141,036.91
	x .001
[6] Total Amount Due (multiply Line 5 by .001)	\$10,141

PROVIDER: ACSR, LLC
COMMUNITY: Camarillo Senior Living

CERTIFICATE

ACSR, LLC dba Camarillo Senior Living

April 26, 2023

Continuing Care Contracts Branch
California Department of Social Services
744 P Street, M.S. 9-14-91
Sacramento, CA 95814

Please accept the enclosed annual reports and attachments for ACSR, LLC dba Camarillo Senior Living for the period ending December 31, 2022.

I, Jeffrey Bradshaw, certify that:

- The annual report and any amendments thereto are correct to the best of my knowledge and belief.
- Each continuing care contract form in use or offered to new residents at have been approved by the Department.
- As of the date of this certification, ACSR, LLC is maintaining the required liquid reserve, and, if applicable, the required refund reserve.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Bradshaw", with a stylized, cursive script.

Jeffrey Bradshaw
CEO

SURETY BOND VERIFICATION

BOND NO.: 810009544
PREMIUM: \$100.00/PER ANNUMReply to: California Department of Public Health
Licensing and Certification Program
Centralized Applications Unit
P.O. Box 997377, MS 3207
Sacramento, CA 95899-7377

California Health and Safety Code, Section 1318, Chapter 2, Division 2, requires that licensed health facilities that handle money in excess of \$25 per patient or over \$500 for all patients in any month, be bonded for not less than \$1,000. This is to serve as a guarantee for the faithful and honest handling of the money of such patients.

INSTRUCTIONS: This form is to be completed by the bonding agency. In addition, attach an *original copy of the bond*. In the event of cancellation of the bond, please send notice to the above licensing office.

BE IT KNOWN THAT:

Facility name ACSR, LLC dba Alta Camarillo Healthcare CenterFacility address 6000 Santa Rosa Rd City Camarillo County Ventura ZIP code 930127101State of California, as *Principal*, andBonding agency Atlantic Specialty Insurance CompanyAgency address One State Street Plaza, 31st Floor City New York County New York ZIP code 10004

State of, New York as *Surety*, are held and firmly bound unto the STATE OF CALIFORNIA in the full and just sum of One Thousand and 00/100 DOLLARS (\$ 1,000.00), for the payment of which the said Principal and said Surety bind themselves, their respective heirs, successors, and assigns, jointly and severally, firmly by these presents.

The CONDITION of this obligation is such that

WHEREAS, the Principal has applied for or has been issued a license by the California Department of Public Health to maintain or conduct a health facility pursuant to Chapter 2, Division 2, of the Health and Safety Code of the State of California; and

WHEREAS, by the terms of Section 1318 of said code, the Principal is required to file with the California Department of Public Health, Licensing and Certification, the bond running to the State of California.

NOW, THEREFORE, if the above bounden Principal shall faithfully and honestly handle money of patients in the care of said Principal, then this obligation shall be null and void; otherwise to remain in full force and effect.

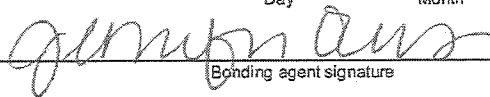
Every patient injured as a result of any improper or unlawful handling of the money of a patient of a health facility may bring an action in a proper court on the bond required to be posted by the licensee pursuant to this section for the amount of damage he/she suffered as a result thereof to the extent covered by the bond.

This bond may be canceled by the Surety in accordance with the provisions of Section 996.310 et seq. of the Code of Civil Procedure. This bond is effective August 11, 2021 and continuous.

Date

IN WITNESS WHEREOF, we have subscribed our names and impressed our seal this 11th August, 2021
Day Month Year

Jennifer Ochs, Attorney-In-Fact
Bonding agent name (please print)


Bonding agent signature

BONDING AGENCY SEAL

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT

CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

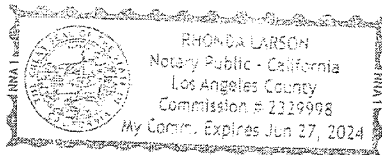
State of California)
County of LOS ANGELES)

On AUG 11 2021 before me, RHONDA LARSON, NOTARY PUBLIC
Date Here Insert Name and Title of the Officer
personally appeared JENNIFER OCHS
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are~~
subscribed to the within instrument and acknowledged to me that ~~he~~/she/~~they~~ executed the same in
~~his~~/her/~~their~~ authorized capacity(~~ies~~), and that by ~~his~~/her/~~their~~ signature(~~s~~) on the instrument the person(~~s~~),
or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws
of the State of California that the foregoing paragraph
is true and correct.

WITNESS my hand and official seal.



Signature [Signature]
Signature of Notary Public
RHONDA LARSON, NOTARY PUBLIC

Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or
fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____ Document Date: _____
Number of Pages: _____ Signer(s) Other Than Named Above: _____

Capacity(ies) Claimed by Signer(s)

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____

Signer's Name: _____
☐ Corporate Officer — Title(s): _____
☐ Partner — ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian or Conservator
☐ Other: _____
Signer Is Representing: _____



Power of Attorney

KNOW ALL MEN BY THESE PRESENTS, that ATLANTIC SPECIALTY INSURANCE COMPANY, a New York corporation with its principal office in Plymouth, Minnesota, does hereby constitute and appoint: Timothy J. Noonan, Janina Monroe, Paul Boucher, Dennis Langer, Michelle Haase, Jennifer Ochs, Adriana Valenzuela, each individually if there be more than one named, its true and lawful Attorney-in-Fact, to make, execute, seal and deliver, for and on its behalf as surety, any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof; provided that no bond or undertaking executed under this authority shall exceed in amount the sum of: **unlimited** and the execution of such bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof in pursuance of these presents, shall be as binding upon said Company as if they had been fully signed by an authorized officer of the Company and sealed with the Company seal. This Power of Attorney is made and executed by authority of the following resolutions adopted by the Board of Directors of ATLANTIC SPECIALTY INSURANCE COMPANY on the twenty-fifth day of September, 2012:

Resolved: That the President, any Senior Vice President or Vice-President (each an "Authorized Officer") may execute for and in behalf of the Company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and affix the seal of the Company thereto; and that the Authorized Officer may appoint and authorize an Attorney-in-Fact to execute on behalf of the Company any and all such instruments and to affix the Company seal thereto; and that the Authorized Officer may at any time remove any such Attorney-in-Fact and revoke all power and authority given to any such Attorney-in-Fact.

Resolved: That the Attorney-in-Fact may be given full power and authority to execute for and in the name and on behalf of the Company any and all bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof, and any such instrument executed by any such Attorney-in-Fact shall be as binding upon the Company as if signed and sealed by an Authorized Officer and, further, the Attorney-in-Fact is hereby authorized to verify any affidavit required to be attached to bonds, recognizances, contracts of indemnity, and all other writings obligatory in the nature thereof.

This power of attorney is signed and sealed by facsimile under the authority of the following Resolution adopted by the Board of Directors of ATLANTIC SPECIALTY INSURANCE COMPANY on the twenty-fifth day of September, 2012:

Resolved: That the signature of an Authorized Officer, the signature of the Secretary or the Assistant Secretary, and the Company seal may be affixed by facsimile to any power of attorney or to any certificate relating thereto appointing an Attorney-in-Fact for purposes only of executing and sealing any bond, undertaking, recognizance or other written obligation in the nature thereof, and any such signature and seal where so used, being hereby adopted by the Company as the original signature of such officer and the original seal of the Company, to be valid and binding upon the Company with the same force and effect as though manually affixed.

IN WITNESS WHEREOF, ATLANTIC SPECIALTY INSURANCE COMPANY has caused these presents to be signed by an Authorized Officer and the seal of the Company to be affixed this twenty-seventh day of April, 2020.

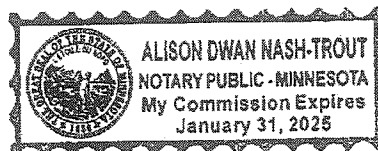
STATE OF MINNESOTA
HENNEPIN COUNTY



By

Paul J. Brehm, Senior Vice President

On this twenty-seventh day of April, 2020, before me personally came Paul J. Brehm, Senior Vice President of ATLANTIC SPECIALTY INSURANCE COMPANY, to me personally known to be the individual and officer described in and who executed the preceding instrument, and he acknowledged the execution of the same, and being by me duly sworn, that he is the said officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the seal of said Company and that the said seal and the signature as such officer was duly affixed and subscribed to the said instrument by the authority and at the direction of the Company.



Notary Public

I, the undersigned, Secretary of ATLANTIC SPECIALTY INSURANCE COMPANY, a New York Corporation, do hereby certify that the foregoing power of attorney is in full force and has not been revoked, and the resolutions set forth above are now in force.

Signed and sealed. Dated _____ day of AUG 11 2021.

This Power of Attorney expires
January 31, 2025



Kara Barrow, Secretary



Report of Independent Auditors and Financial Statements
ACSR, LLC dba Alta Camarillo Healthcare Center
December 31, 2022

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Report of Independent Auditors

The Member
ACSR, LLC dba Alta Camarillo Healthcare Center

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ACSR, LLC dba Alta Camarillo Healthcare Center, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, changes in member's deficit, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of ACSR, LLC dba Alta Camarillo Healthcare Center as of December 31, 2022, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 ACSR, LLC dba Alta Camarillo Healthcare Center 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 ACSR, LLC dba Alta Camarillo Healthcare Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- ⊗ Exercise professional judgment 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 ACSR, LLC dba Alta Camarillo Healthcare Center'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACSR, LLC dba Alta Camarillo Healthcare Center'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.

Emphasis of Matter – Adoption of Accounting Standards Codification Topic 842, Leases

As discussed in Note 2 to the financial statements, on January 1, 2022, ACSR, LLC dba Alta Camarillo Healthcare Center adopted Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*, using the modified retrospective method. Our opinion is not modified with respect to this matter.



Irvine, California
April 20, 2023

Financial Statements

ACSR, LLC dba Alta Camarillo Healthcare Center
Balance Sheet
December 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 5,505,501
Accounts receivable, net	1,255,819
Prepaid expenses and other current assets	<u>1,370,932</u>

Total current assets 8,132,252

PROPERTY AND EQUIPMENT, net	140,389
RIGHT-OF-USE OPERATING LEASE ASSET	69,491,404
DEPOSITS	<u>721,164</u>

Total assets \$ 78,485,209

LIABILITIES AND MEMBER'S DEFICIT

CURRENT LIABILITIES

Accounts payable	\$ 462,911
Accrued payroll and related expenses	334,362
Resident refunds	187,261
Accrued expenses	40,000
Current portion of operating lease liabilities	1,486,053
Current portion of finance lease liabilities	8,965
Due to member	<u>9,086,880</u>

Total current liabilities 11,606,432

OPERATING LEASE LIABILITIES, net of current portion	69,704,374
FINANCE LEASE LIABILITIES, net of current portion	23,735
DEFERRED REVENUE	<u>37,985</u>

Total liabilities 81,372,526

MEMBER'S DEFICIT (2,887,317)

Total liabilities and member's deficit \$ 78,485,209

See accompanying notes.

ACSR, LLC dba Alta Camarillo Healthcare Center
Statement of Operations
Year Ended December 31, 2022

REVENUES	
Resident services, net	\$ 12,282,941
Nursing center and other revenue	<u>1,353,536</u>
Total revenues	<u>13,636,477</u>
OPERATING EXPENSES	
Wages	5,895,924
Rent	3,862,935
Purchased services	2,525,595
Supplies	993,384
Benefits	867,714
Management fees	820,859
General and administrative	778,429
Utilities	485,256
Food and supplements	423,306
Property taxes	350,150
Equipment rental	83,840
Depreciation and amortization	<u>31,535</u>
Total operating expenses	<u>17,118,927</u>
LOSS FROM OPERATIONS	(3,482,450)
OTHER INCOME	<u>1,888,904</u>
NET LOSS	<u><u>\$ (1,593,546)</u></u>

See accompanying notes.

ACSR, LLC dba Alta Camarillo Healthcare Center
Statement of Changes in Member's Deficit
Year Ended December 31, 2022

	Common Stock		Accumulated	
	Shares	Amount	Deficit	Total
BALANCE, January 1, 2022	-	\$ -	\$ (1,293,771)	\$ (1,293,771)
Net loss	-	-	(1,593,546)	(1,593,546)
BALANCE, December 31, 2022	-	\$ -	\$ (2,887,317)	\$ (2,887,317)

See accompanying notes.

ACSR, LLC dba Alta Camarillo Healthcare Center
Statement of Cash Flows
Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from residents	\$ 13,204,126
Cash paid to vendors and employees	(13,606,634)
Cash paid for facility lease	<u>(2,877,673)</u>
Net cash used in operating activities	<u>(3,280,181)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(68,339)</u>
Net cash used in investing activities	<u>(68,339)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from loan issued by Member	3,393,591
Principal repayments on finance lease liabilities	<u>(8,880)</u>
Net cash provided by financing activities	<u>3,384,711</u>
NET CHANGE IN CASH	36,191
CASH, beginning of period	<u>5,469,310</u>
CASH, end of period	<u><u>\$ 5,505,501</u></u>
RECONCILIATION OF NET LOSS TO NET CASH USED IN OPERATING ACTIVITIES	
Net loss	\$ (1,593,546)
Adjustment to reconcile net loss to net cash used in operating activities	
Depreciation and amortization	31,535
Changes in operating assets and liabilities	
Accounts receivable, net	(432,351)
Prepaid expenses and other current assets	(694,890)
Operating lease right-of-use assets and lease liabilities, net	985,262
Deposits	(310,746)
Accounts payable	84,489
Accrued payroll and related expenses	14,153
Resident refunds	153,805
Accrued expenses	40,000
Deferred revenue	<u>(1,557,892)</u>
Net cash used in operating activities	<u><u>\$ (3,280,181)</u></u>

See accompanying notes.

ACSR, LLC dba Alta Camarillo Healthcare Center

Notes to Financial Statements

Note 1 – Organization

ACSR, LLC dba Alta Camarillo Healthcare Center (the “Company”) is an operator of a senior living community (the “Community”) in Camarillo, California, and is operated by Aspen Skilled Healthcare, Inc. (the “Member”). The Company is committed to providing senior living solutions through a property that is designed, purpose-built, and operated to provide the highest quality service, care, and living accommodations for residents. The Community offers a variety of living arrangements and services to accommodate all levels of physical ability and health. The Community has 24 memory care units, 90 assisted living units, and 45 skilled nursing beds on one campus.

Note 2 – Summary of Significant Accounting Policies

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

The State of California (the “State”), under Health and Safety Code Chapter 10, requires the Company to provide financial statements, which include cash flows presented using the direct method. In accordance with this requirement, the Company has presented cash flows and related reconciliations of net loss to cash flows used in operating activities using the direct method for the year ended December 31, 2022.

Use of estimates – The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant items subject to such estimates and assumptions include the useful lives of fixed assets and explicit and implicit price concessions on accounts receivable.

Accounts receivable, net – The Company has agreements with third-party payors that provide for payments at amounts different from the Company’s established rates. The Company determines the transaction price based on established billing rates reduced by explicit price concessions provided to third-party payors. The Company determines its estimates of contractual adjustments and discounts based on contractual agreements, discount policies, and historical experience. The Company considers the patient’s ability and intent to pay the amount of consideration upon admission. The Company determines its estimate of implicit price concessions based on its historical collection experience with this class of patients.

Concentrations – Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash and cash equivalents. As of December 31, 2022, the Company’s cash and cash equivalents accounts were maintained with one financial institution. While the amount of cash and cash equivalents may exceed the federally insured deposit amount, management does not anticipate the nonperformance by the financial institution and reviews the financial viability of this institution on a periodic basis.

ACSR, LLC dba Alta Camarillo Healthcare Center

Notes to Financial Statements

The Company has significant patient accounts receivable whose collectability is dependent on governmental programs, primarily Medicare. Medicare accounted for approximately 63% of the patient accounts receivable as of December 31, 2022. The Company does not believe there are significant credit risks associated with these governmental programs and believes that an adequate provision has been made for the possibility of these receivables proving uncollectible, and the Company continually monitors and adjusts expected amounts receivable as necessary.

Property and equipment – Property and equipment are recorded at cost and are depreciated over the estimated useful lives of the associated assets. Depreciation is computed over the estimated useful life of each class of depreciable asset, ranging from three to ten years, using the straight-line method. Total depreciation expense recognized for the year ended December 31, 2022, was \$31,535.

Long-lived assets – The Company evaluates the carrying value of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset, or related group of assets, may not be recoverable. When such circumstances arise, the Company records impairment losses on long-lived assets to the extent that undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. No impairment was identified or recorded for the year ended December 31, 2022.

Rent and utilities deposits – In accordance with the terms of various leases, and agreements with the various utility companies, each facility is required to deposit amounts for repairs and utilities. These deposits totaled \$721,164 as of December 31, 2022.

Leases – The Company adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, as of January 1, 2022, using the modified retrospective transition approach. The adoption of this standard did not have a significant impact on previously recognized rent expense. The Company has elected the package of practical expedients permitted in Topic 842. Accordingly, the Company accounted for its existing leases as operating or finance leases under the new guidance, as applicable, without reassessing (a) whether the contract contains a lease under Topic 842, (b) whether classification of the lease would be different in accordance with Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments (as of December 31, 2022) would have met the definition of initial direct costs in Topic 842 at lease commencement. In addition, the Company elected the practical expedient to use hindsight. Management reviews contracts in order to identify leases and properly classify leases as either operating or financing.

Operating and finance lease liabilities are recognized based on the net present value of lease payments over the lease term at the commencement date of the lease and are reduced by payments made on each lease on a straight-line basis. Generally, the Company cannot determine the interest rate implicit in the lease because it does not have access to the lessor's estimated residual value or the amount of the lessor's deferred initial direct costs. Therefore, the Company has elected to use the practical expedient to use a risk-free rate as the discount rate for all leases for a period comparable to the lease term. Leases with an initial term of 12 months or less are not recorded on the balance sheet; rather, rent expense for these leases is recognized on a straight-line basis over the lease term, or when incurred if a month-to-month lease.

ACSR, LLC dba Alta Camarillo Healthcare Center

Notes to Financial Statements

If a lease contains a renewal option at the commencement date and it is considered reasonably certain that the renewal option will be exercised by management to renew the lease, the renewal option payments are included in the Company's net minimum lease payments used to determine the lease liabilities and related lease assets. All other renewal options are included in lease liabilities and related lease assets when they are reasonably certain to be exercised.

Variable lease cost also includes escalating rent payments that are not fixed at commencement but are based on an index that is determined in future periods over the lease term based on changes in the Consumer Price Index or other measure of cost inflation.

Variable lease payments associated with the Company's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease payments are presented in maintenance, utilities, and rental expenses in the statement of operations.

The Company has elected the practical expedient to not separate lease components from non-lease components related to its real estate leases.

Management revenue – The Member entered into a Post-Closing Escrow Agreement with the former operator under a management agreement with San Juan Hills Healthcare Center ("Capistrano"), a sister company, and the Company. If the gross revenue for these facilities, as defined in the agreement, is less than the set threshold in the periods between June 2021 and May 2023, the shortfall from the set threshold is earned by the Member but not to exceed the deposited escrow funds. However, if there is an excess in gross revenue from the set threshold, the Member will owe the funds to the former operator. The agreed gross revenue threshold attributable to both the Company and Capistrano is \$64,936,112 and the maximum recognizable escrow fund is \$3,540,000. During the year ended December 31, 2022, the gross revenue for both facilities is tracking at a shortfall compared to the set threshold. Due to the shortfall for the period from June 2021 to December 2022, the Company considered the likelihood of meeting the set threshold by May 2023, noting the probability was low. Therefore, the Company recorded \$1,928,206 as revenue for the year ended December 31, 2022, which is included in other income in the statement of operations. The calculation is subject to final reconciliation between the Company and former operator no later than 45 days after May 31, 2023.

Due to Member – The Company receives administrative and operational support from the Member in the form of an unsecured loan. The Company pays the Member back for such support on a monthly basis with collections on accounts receivable. Member intends to continue to provide administrative and operational support to the Company as needed. \$9,086,880 was due to the Member as of December 31, 2022.

Revenue recognition – The Company's revenue streams are as follows:

Residential services revenue – Residential services revenue is reported at the amount that reflects the consideration to which the Company expects to be entitled to in exchange for the services provided. Under the Company's resident services agreement, the Company provides senior living services to residents for a stated monthly fee. The Company recognizes revenue for senior living services under the residential services agreement for independent living and assisted living in accordance with the provision Topic 842.

ACSR, LLC dba Alta Camarillo Healthcare Center

Notes to Financial Statements

Nursing center revenue – Nursing center revenue is derived from services rendered to patients for skilled nursing and rehabilitation therapy. Nursing center revenue is reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing patient services. These amounts are due from patients, governmental programs, and other third-party payors and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations.

The Company recognizes revenue as its performance obligations are completed. Routine services are treated as a single performance obligation satisfied over time as services are rendered. These routine services represent a bundle of services that are not capable of being distinct. The performance obligations are satisfied over time as the patient simultaneously receives and consumes the benefits of the health care services provided. Additionally, there may be ancillary services which are not included in the daily rates for routine services but instead are treated as separate performance obligations satisfied at a point in time when those services are rendered.

The Company determines the transaction price based on established billing rates reduced by explicit price concessions provided to third-party payors. Explicit price concessions are based on contractual agreements and historical experience. The Company considers the patient's ability and intent to pay the amount of consideration upon admission. Subsequent changes resulting from a patient's ability to pay are recorded as bad debt expense, which is included as a component of other operating expenses in the statement of operations.

Agreements with third-party payors provide for payments at amounts less than established charges. A summary of the payment arrangements with major third-party payors follows:

Medicare – Medicare pays for inpatient skilled nursing facility services under the prospective payment system. The prospective payment for each beneficiary is based upon the medical condition of and care needed by the patient.

Other – Payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations provide for payment using prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare program are complex and subject to varying interpretation as well as significant regulatory action, and in the normal course of business, the Company is subject to contractual reviews and audits. The Company believes it is in compliance with applicable laws and regulations governing the Medicare program and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, 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. In addition, the contracts that the Company has with its commercial payors also provide for retroactive audit and review of claims.

ACSR, LLC dba Alta Camarillo Healthcare Center

Notes to Financial Statements

The beginning and ending contract balances were as follows:

	December 31, 2022	December 31, 2021
Accounts receivable, net	\$ 1,255,819	\$ 823,468
Deferred revenue	\$ 37,985	\$ 1,595,877

Revenue recognized for the year ended December 31, 2022, that was included in the deferred revenue balance at the beginning of the year was \$1,595,877.

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

Liquidity – For the year ended December 31, 2022, the Company incurred a net loss from operations of \$1,593,546. As of December 31, 2022, the Company had negative working capital of \$3,474,180. The Member intends to continue to support the operations of the Company until such time the Company can support its own operations.

Going concern – In connection with the preparation of the financial statements for the year ended December 31, 2022, management conducted an evaluation as to whether there were conditions or events, considered in the aggregate, which raised substantial doubt as to the Company's ability to continue as a going concern within one year after the date the financial statements are available to be issued, noting there did not appear to be evidence of substantial doubt of the entity's ability to continue as a going concern.

Fair value of financial instruments – The Company determines fair value of its assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. The carrying amount of financial assets and liabilities approximates fair value due to the short maturity of those instruments.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing the financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

Subsequent events have been evaluated through April 20, 2023, which is the date the financial statements were available to be issued.

ACSR, LLC dba Alta Camarillo Healthcare Center
Notes to Financial Statements

Note 3 – Property and Equipment

Net property and equipment as of December 31, 2022, consisted of the following:

Leasehold improvements	\$ 6,871
Furniture and equipment	<u>191,581</u>
	198,452
Less: accumulated depreciation	<u>(58,063)</u>
Property and equipment, net	<u><u>\$ 140,389</u></u>

Note 4 – Contingencies

Worker's compensation and employers' liability insurance – The Company participates in the Member's insurance programs. The Member maintains insurance on an occurrence basis, which covers claims incurred during the policy period regardless of when they are reported. Under the current primary policy, the Member is covered for statutory limits (\$1,000,000 per accident, per incident). This policy is Guaranteed Cost and not subject to any deductible.

General and professional liability insurance – The Company participates in the Member's insurance programs. The Member maintains insurance on a claims-made basis, which covers claims made and reported during the policy period. Under the current primary policy, the Member is covered up to \$1,000,000 each claim. This policy is subject to a \$100,000 self-insured retention for each claim.

Legal and compliance – The Company is subject to various claims and legal proceedings covering a wide range of matters that arise in the ordinary course of its business activities.

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity has continued with respect to investigations and allegations concerning possible violations of regulations by health care providers that could result in the imposition of significant fines and penalties, as well as significant repayment of previously billed and collected revenue for patient services.

ACSR, LLC dba Alta Camarillo Healthcare Center
Notes to Financial Statements

Note 5 – Leases

The Company has entered into various leases for the use of the facilities which expire between 2026 and 2046. The components of lease cost and other information related to leases as of and for the year ended December 31, 2022, was as follows:

Finance lease cost	
Amortization of right-of-use asset	\$ 9,064
Interest on lease liabilities	503
Operating lease expense	<u>3,853,368</u>
 Total lease cost	 <u><u>\$ 3,862,935</u></u>

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from finance leases (i.e. interest)	\$ 466
Financing cash flows from finance leases (i.e. principal portion)	\$ 8,880
Operating cash flows from operating leases	\$ 2,855,342
Weighted-average remaining lease term in years for finance leases	3.58
Weighted-average remaining lease term in years for operating leases	23.42
Weighted-average discount rate for finance leases	1.37%
Weighted-average discount rate for operating leases	2.05%

Maturities of lease liabilities under noncancelable leases are as follows:

	<u>Finance Leases</u>	<u>Operating Leases</u>
Years Ended,		
2023	\$ 9,346	\$ 2,926,725
2024	9,346	2,999,894
2025	9,346	3,074,891
2026	5,452	3,151,763
2027	-	3,230,557
Thereafter	<u>-</u>	<u>76,249,348</u>
 Total undiscounted cash flows	 33,490	 91,633,178
Less: present value discount	(790)	(20,442,751)
Less: current portion	<u>(8,965)</u>	<u>(1,486,053)</u>
 Total	 <u><u>\$ 23,735</u></u>	 <u><u>\$ 69,704,374</u></u>

Note 6 – Defined Contribution Plan

The employees of the Company are allowed to participate in the Aspen Skilled Healthcare, Inc. 401(k) Plan (the “DC Plan”) after they meet the minimum service requirements. Under the DC Plan, employees can make annual voluntary contributions not to exceed limits established by the Internal Revenue Code. The Company matches participant contributions at the discretion of the Board, subject to specified limits for the period. For the year ended December 31, 2022, the Company contributed \$7,089 to the DC Plan.



Report of Independent Auditors and Continuing Care Liquid Reserve
Schedules with Supplementary Schedules

ACSR, LLC dba Alta Camarillo Healthcare Center

December 31, 2022

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Report of Independent Auditors

To the Member
ACSR, LLC dba Alta Camarillo Healthcare Center

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ACSR, LLC dba Alta Camarillo Healthcare Center, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, for the year ended December 31, 2022.

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care liquid reserve of ACSR, LLC dba Alta Camarillo Healthcare Center as of December 31, 2022, in conformity with the liquid reserve requirements 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 (GAAS). 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 ACSR, LLC dba Alta Camarillo Healthcare Center 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

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by ACSR, LLC dba Alta Camarillo Healthcare Center on the basis of the liquid reserve requirements 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, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may include 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- ⊗ Exercise professional judgment 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 ACSR, LLC dba Alta Camarillo Healthcare Center'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about ACSR, LLC dba Alta Camarillo Healthcare Center'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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying supplementary schedules of Supplementary Form 5-4, Reconciliation to Audit Report, and of Supplementary Form 5-5, Reconciliation to Audit Report, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements, taken as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Member and management of ACSR, LLC dba Alta Camarillo Healthcare Center and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Moss Adams LLP

Irvine, California

April 20, 2023

Continuing Care Liquid Reserve Schedules

ACSR, LLC dba Alta Camarillo Healthcare Center
Form 5-1, Long-Term Debt Incurred in a Prior Fiscal Year (Including Balloon Debt)
For the Year Ended December 31, 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
1				(e) Total Paid (columns (b) + (c) + (d))
2				\$0
3				\$0
4				\$0
5				\$0
6				\$0
7				\$0
8				\$0
TOTAL:		\$0	\$0	\$0

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

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

PROVIDER: ACSR, LLC dba Alta Camarillo Healthcare Center

COMMUNITY: Camarillo Senior Living

See accompanying note.

ACSR, LLC dba Alta Camarillo Healthcare Center
Form 5-2, Long-Term Debt Incurred During Fiscal Year (Including Balloon Debt)
For the Year Ended December 31, 2022

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					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:		\$0	\$0		\$0

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

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

PROVIDER: ACSR, LLC dba Alta Camarillo Healthcare Center

COMMUNITY: Camarillo Senior Living

See accompanying note.

ACSR, LLC dba Alta Camarillo Healthcare Center
Form 5-3, Calculation of Long-Term Debt Reserve Amount
For the Year Ended December 31, 2022

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)	\$ 2,877,673
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$ 2,877,673

PROVIDER: ACSR, LLC dba Alta Camarillo Healthcare Center

COMMUNITY: Camarillo Senior Living

ACSR, LLC dba Alta Camarillo Healthcare Center
Form 5-4, Calculation of Net Operating Expenses
For the Year Ended December 31, 2022

FORM 5-4

Line		Amounts	TOTAL
1	Total operating expenses from financial statements	\$	17,118,927
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$ -	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
	c. Depreciation	\$ 31,535	
	d. Amortization	\$ -	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 7,497,740	
	f. Extraordinary expenses approved by the Department	\$ -	
3	Total deductions	\$ 7,529,275	
4	Net operating expenses	\$ 9,589,652	
5	Divide line 4 by 365 and enter the result.	\$ 26,273	
6	Multiply line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$ 1,970,476	
PROVIDER:	ACSR, LLC dba Alta Camarillo Healthcare Center		
COMMUNITY:	Camarillo Senior Living		

See accompanying note.

ACSR, LLC dba Alta Camarillo Healthcare Center
Form 5-5, Annual Reserve Certification
For the Year Ended December 31, 2022

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: ACSR, LLC dba Alta Camarillo Healthcare Center
Community: Camarillo Senior Living
Fiscal Year Ended: 12/31/2022

We have reviewed our debt service reserve and operating expense reserve requirements as of and for the period ended 12/31/2022 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	\$ <u>2,877,673</u>
[2] Operating Expense Reserve Amount	\$ <u>1,970,476</u>
[3] Total Liquid Reserve Amount:	<u>\$ 4,848,149</u>

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

<u>Qualifying Asset Description</u>	<u>Amount</u> <u>(market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ <u>3,535,025</u>	\$ <u>1,970,476</u>
[5] Investment Securities	\$ <u>-</u>	\$ <u>-</u>
[6] Equity Securities	\$ <u>-</u>	
[7] Unused/Available Lines of Credit	\$ <u>-</u>	\$ <u>-</u>
[8] Unused/Available Letters of Credit	\$ <u>-</u>	\$ <u>-</u>
[9] Debt Service Reserve		(not applicable)
[10] Other:	\$ <u>-</u>	
<u>CD as short term investments</u>		
(describe qualifying asset)		

Listed for Reserve Obligation:	[11] \$ <u>3,535,025</u>	[12] \$ <u>1,970,476</u>
Reserve Obligation Amount:	[13] \$ <u>2,877,673</u>	[14] \$ <u>1,970,476</u>
Surplus/(Deficiency):	[15] \$ <u>657,352</u>	[16] \$ <u>-</u>

Signature:


(Authorized Representative)

Date: 4/26/23

Chief Executive Officer
(Title)

See accompanying note.

ACSR, LLC dba Alta Camarillo Healthcare Center
Note to Continuing Care Liquid Reserve Schedules

Note 1 – Basis of Accounting

The accompanying schedules have been prepared in accordance with the provisions of Health and Safety Code Section 1792 administered by the State of California Department of Social Services and are not intended to be a complete presentation of ACSR, LLC dba Alta Camarillo Healthcare Center's assets, liabilities, revenues, and expenses.

Supplementary Schedules

ACSR, LLC dba Alta Camarillo Healthcare Center
Supplementary Form 5-4, Reconciliation to Audit Report
For the Year Ended December 31, 2022

Revenues received during the fiscal year for services to persons who did not have a continuing care contract	
Revenues per audited statement of operations	\$ 13,636,477
Change in accounts receivable, net per audited statement of cash flows	(432,351)
Revenues received during the fiscal year for services to persons who had a continuing care contract	<u>(5,706,386)</u>
Total per Form 5-4	<u><u>\$ 7,497,740</u></u>

See accompanying note.

ACSR, LLC dba Alta Camarillo Healthcare Center
Supplementary Form 5-5, Reconciliation to Audit Report
For the Year Ended December 31, 2022

Total cash and cash equivalents per audited balance sheet

Cash per audited balance sheet	\$ 5,505,501
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Total cash and cash equivalents per Form 5-5	<u>\$ 5,505,501</u>
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Qualifying Assets per Form 5-5

Operating reserve	\$ 1,970,476
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Debt service reserve	<u>3,535,025</u>
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Total qualifying assets	<u>\$ 5,505,501</u>
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See accompanying note.

**CONTINUING CARE RETIREMENT COMMUNITY
DISCLOSURE STATEMENT**

Date Prepared: 04/26/2023

Facility Name: Camarillo Senior Living

Address: 6000 Santa Rosa Road

Zip Code: 93012

Phone: 805-388-8086

Provider Name:

ACSR, LLC

Facility Operator: ACSR, LLC

Religious Affiliation:

Year Opened: 2021

of Acres: 4.3

Miles to Shopping Center: 6

Miles to Hospital: 6

☐ Single Story☒ Multi-Story☐ Other:**Number of Units:** 154 beds in total**Residential Living****Number of Units****Health Care****Number of Units**

Apartments – Studio: 0

Assisted Living: 90 Beds

Apartments – 1 Bdrm: 0

Skilled Nursing: 40 Beds

Apartments – 2 Bdrm: 0

Special Care: 24 Beds

Cottages/Houses: 0

Description:

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:**Resident Representative(s) to, and Resident Members on, the Board:**

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

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 checked="" type="checkbox"/>	Housekeeping (___Times/	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Billiard Room	<input checked="" 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 checked="" 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 checked="" type="checkbox"/>	<input 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 checked="" type="checkbox"/>	<input checked="" 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 type="checkbox"/>	<input checked="" type="checkbox"/>
Outdoor			Transportation – Prearranged	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Tennis Court	<input type="checkbox"/>	<input type="checkbox"/>	Other: _____	<input type="checkbox"/>	<input type="checkbox"/>
Workshop	<input type="checkbox"/>	<input type="checkbox"/>			
Other: _____	<input type="checkbox"/>	<input type="checkbox"/>			

Provider Name: ACSR, LLC

Affiliated CCRCs	Location (city, state)	Phone (with area code)
ASRV, LLC dba San Juan Hills	San Juan Capistrano, CA	949-248-8855

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

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

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

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

Provider Name: ACSR, LLC

Income and Expenses [Year]	2019	2020	2021	2022
Income from Ongoing Operations				
Operating Income (Excluding amortization of entrance fee income)			8,118,532	13,636,477
Less Operating Expenses (Excluding depreciation, amortization, and interest)			9,392,320	17,087,392
Net Income From Operations			(1,273,968)	(3,450,915)
Less Interest Expense			0	0
Plus Contributions			0	0
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)			6,724	1,888,904
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization			(1,267,244)	(1,562,011)
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)			0	0

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)	2020	2021	2022
Debt to Asset Ratio			0	0
Operating Ratio			1.2	1.3
Debt Service Coverage Ratio			0	0
Days Cash On Hand Ratio			212.5	117.6

Provider Name: ACSR, LLC

Historical Monthly Service Fees *(Average Fee and Change Percentage)*

Residence/Service [Year]	2019	%	2020	%	2021	%	2022	%
Studio								
One Bedroom								
Cottage/House								
Assisted Living					6,442	0%	6,262	-3%
Skilled Living					22,374	15%	23,342	4%
Special Care								

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.

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED LIVING</u>
[1] Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>N/A</u>	<u>6,563</u>	<u>22,584</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>N/A</u>	<u>0%</u>	<u>16%</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: 2/1/2022
(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:** 12/29/2021 **Method of Notice:** Email/Letter
- ☒ 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:** 12/15/2021
- ☒ 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:** 12/15/2021
- ☒ 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:** 12/15/2021
Location of Posting: Front Desk/Elevators

[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: ACSR, LLC
COMMUNITY: Camarillo Senior Living

ACSR, LLC DBA CAMARILLO SENIOR LIVING
FORM 7-1 ATTACHMENT
MONTHLY CARE FEE INCREASE

Line	Fiscal Years	2021	2022
1	F/Y 2021 Operating Expenses A-1	(16,101,120)	
2	Projected F/Y 2022 Operating Expenses A-2		(17,115,481)
3	F/Y 2022 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI		15,751,920
4	Projected F/Y 2022 (Net) Operating Results without a MCFI (Line 2 plus Line 3)		(1,363,561)
5	Projected F/Y 2022 Anticipated Revenue Based on Current and Projected Occupancy with MCFI 1.0%-16.0%		17,479,826
6	Grand Total - Projected F/Y 2022 Net Operating Activity after 1.0%-16.0% MCFI (Line 2 plus Line 5)		364,345

Monthly Care Fee Increase 16.0%

Adjustments Explained:

- A-1** Annualized 2021 Operating expenses per audited financials (operations began June 1, 2021). Amounts exclude depreciation and amortization
- A-2** Amounts exclude depreciation and amortization

Form 7-1 Note

[5] Monthly service fees increased overall due to rate changes from annual increases from both billing and market rate adjustments of 16%. The annual budget process drives the decision for any rate increases needed. The budget methodology utilizes historical rates and costs on a per patient basis to project expected performance.

KEY INDICATORS REPORTDate Prepared: 04/28/2023Provider Name: ACSR, LLC*Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.*


 Chief Executive Officer Signature
 Chief Financial Officer

	2018*	2019*	2020*	2021	2022	Projected 2023	Forecast			Preferred Trend Indicator
				63.3	57.54%	76.12%	76.12%	76.12%	76.12%	N/A
				-28.8	-25.3%	.4%	2.3%	2.3%	2.3%	↑
				N/A	N/A	N/A	N/A	N/A	N/A	↓
				5,469	5,505	5,500	5,500	5,500	5,500	↑
				212.55	117.6	122.43	118.86	115.40	112.04	↑
				N/A	N/A	N/A	N/A	N/A	N/A	N/A
				N/A	N/A	N/A	N/A	N/A	N/A	N/A
				7,441	78,485	78,485	78,485	78,485	78,485	N/A
				100	100	100	100	100	100	N/A
				N/A	N/A	N/A	N/A	N/A	N/A	↑
				N/A	N/A	N/A	N/A	N/A	N/A	↑
				N/A	N/A	N/A	N/A	N/A	N/A	↓
				N/A	N/A	N/A	N/A	N/A	N/A	↓
				N/A	N/A	N/A	N/A	N/A	N/A	↑
				.58	1.58	2.58	3.58	4.58	5.58	↓

OPERATIONAL STATISTICS

1. Average Annual Occupancy by Site (%)

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)

3. Net Operating Margin - Adjusted (%)

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)

5. Days Cash on Hand (Unrestricted)

CAPITAL STRUCTURE INDICATORS

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

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

8. Unrestricted Net Assets (\$000)

9. Annual Capital Asset Expenditure (\$000)

10. Annual Debt Service Coverage
Revenue Basis (x)

11. Annual Debt Service Coverage (x)

12. Annual Debt Service/Revenue (%)

13. Average Annual Effective Interest Rate (%)

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

15. Average Age of Facility (years)

*The Community was acquired 6/1/2021

N/A: Please note the Community does not charge or collect entrance fee. The Community also does not hold debt.