April 28, 2022

Allison Nakatomi, Manager
Continuing Care Contracts Branch
Department of Social Services
744 P Street
MS 9-14-91
Sacramento, CA 95814

Re: Oakmont Senior Living LLC / Segovia

Enclosed, please find the following, along with the annual Continuing Care Providers Fee Fund payment:

- 3 copies of:
  - Annual Report Checklist
  - Form 1-1 / Form 1-2
  - Certification of Managing Member
  - Evidence of Insurance
  - Annual Audited Financial Statement
  - Audited Reserve Reports
  - Form 7-1 and related attachments

- 4 copies of:
  - Disclosure Statement

As always, please do not hesitate to let me know if you have any questions or need further information.

Sincerely,

Keith Fitzsimons
Chief Financial Officer

9240 Old Redwood Hwy, Suite 200 • Windsor, CA 95492
Main 707-535-3200 • Fax 707-535-3299
oakmontseniorliving.com

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED: 12/31/2021

PROVIDER(S):

Oakmont Senior Living LLC / Segovia Operations LLC

CCRC(S):

Segovia at Palm Desert

PROVIDER CONTACT PERSON:

Keith Fitzsimons

TELEPHONE NUMBER:	E-MAIL ADDRESS:
707-535-3226	kfitzsimons@gallahercompanies.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: $4,856

- ☐ 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.

☑ 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.

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	99
[2]	Number at end of fiscal year	101
[3]	Total Lines 1 and 2	200
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	100
	All Residents	
[6]	Number at beginning of fiscal year	138
[7]	Number at end of fiscal year	139
[8]	Total Lines 6 and 7	277
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of *all* residents	138.5
[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).	0.72

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$6,963,700
[a]	Depreciation	$238,500	
[b]	Debt Service (Interest Only)	$0	
[2]	Subtotal (add Line 1a and 1b)		$238,500
[3]	Subtract Line 2 from Line 1 and enter result.		$6,725,200
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		72%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$4,855,740
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$4,856

PROVIDE Oakmont Senior Living LLC / Segovia Operations LLC
COMMUN Segovia at Palm Desert

Reconciliation of Form 1-2 for 2021

Segovia at Palm Desert

Note to Form 1-2 reconciling total Operating Expense

Total Operating Expenses Per Consolidated Statement	$	8,367,200
Less: Facility Lease		(1,403,500)
Form 1-2, Line 1	**$**	**6,963,700**

April 28, 2022

Continuing Care Contracts Branch
California Department of Social Services

To Whom It May Concern:

I, William P Gallaher, certify that the annual audit, reports and any amendments thereto submitted for December 31, 2021 for Oakmont Senior Living LLC / Segovia are true and correct to the best of my knowledge.

Oakmont Senior Living / Segovia continuing care contract form in use or offered to new residents has been approved by the Department of Social Services.

Oakmont Senior Living / Segovia are maintaining the required liquid reserve.

Oakmont Senior Living / Segovia do not offer refundable Contracts.

Sincerely,

William P Gallaher
Oakmont Senior Living / Segovia
Managing Member

9240 Old Redwood Hwy, Suite 200 • Windsor, CA 95492
Main 707-535-3200 • Fax 707-535-3299
oakmontseniorliving.com

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 05/06/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Willis Towers Watson Certificate Center	
Willis Towers Watson Midwest, Inc. c/o 26 Century Blvd P.O. Box 305191 Nashville, TN 372305191 USA	PHONE (A/C, No, Ext): 1-877-945-7378	FAX (A/C, No): 1-888-467-2378
	E-MAIL ADDRESS: certificates@willis.com	
	INSURER(S) AFFORDING COVERAGE	NAIC #
	INSURER A : Everest Indemnity Insurance Company	10851
INSURED Oakmont Management Group, LLC 3 Park Plaza Ste. 1920 Irvine, CA 92614	INSURER B :	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES **CERTIFICATE NUMBER:** W20889243 **REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	[X] COMMERCIAL GENERAL LIABILITY [X] CLAIMS-MADE [ ] OCCUR [X] SIR $500,000 GEN'L AGGREGATE LIMIT APPLIES PER: [ ] POLICY [ ] PRO-JECT [X] LOC [ ] OTHER:			SB00000006-211	04/30/2021	05/01/2022	EACH OCCURRENCE DAMAGE TO RENTED PREMISES (Ea occurrence) MED EXP (Any one person) PERSONAL & ADV INJURY GENERAL AGGREGATE PRODUCTS - COMP/OP AGG Policy Aggregate	$ 1,000,000 $ 100,000 $ Excluded $ 1,000,000 $ 3,000,000 $ 3,000,000 $ 10,000,000
	AUTOMOBILE LIABILITY [ ] ANY AUTO [ ] OWNED AUTOS ONLY [ ] SCHEDULED AUTOS [ ] HIRED AUTOS ONLY [ ] NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) BODILY INJURY (Per person) BODILY INJURY (Per accident) PROPERTY DAMAGE (Per accident)	$ $ $ $
A	[ ] UMBRELLA LIAB [ ] OCCUR [X] EXCESS LIAB [X] CLAIMS-MADE [ ] DED [ ] RETENTION $			SBEX000005-211	04/30/2021	05/01/2022	EACH OCCURRENCE AGGREGATE	$ 5,000,000 $ 5,000,000
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANYPROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? Y / N [ ] (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					[ ] PER STATUTE [ ] OTH-ER E.L. EACH ACCIDENT E.L. DISEASE - EA EMPLOYEE E.L. DISEASE - POLICY LIMIT	$ $ $
A	Professional Liability Claims Made Retention: $500,000			SB00000006-211	04/30/2021	05/01/2022	Each Claim Aggregate	$1,000,000 $3,000,000

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

Abuse - Primary Coverage: $1,000,000/$3,000,000; Excess Coverage $2,000,000/$2,000,000

Excess Liability coverage over General Liability, Professional Liability & Sexual Misconduct, coverage follows form for underlying.

Retro Date: 5/1/2015 or as specified as scheduled on the policy per location.

CERTIFICATE HOLDER

Evidence of Coverage

CANCELLATION

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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AGENCY CUSTOMER ID: _____

LOC #: _____

ADDITIONAL REMARKS SCHEDULE

AGENCY	NAMED INSURED
Willis Towers Watson Midwest, Inc.	Oakmont Management Group, LLC 3 Park Plaza Ste. 1920 Irvine, CA 92614
POLICY NUMBER See Page 1	
CARRIER: See Page 1 / NAIC CODE: See Page 1	EFFECTIVE DATE: See Page 1

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,

FORM NUMBER: 25 FORM TITLE: Certificate of Liability Insurance

Holder Details:
Oakmont Management Group, LLC
Segovia Operations, LLC

Segovia of Palm Desert, LLC

dba: Segovia of Palm Desert
39905 Via Scena, Palm Desert, Riverside, CA 92260.

Occupancy: Assisted Living

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SR ID: 21068422 BATCH: 2084887 CERT: W20889243

Report of Independent Auditors and Consolidated Financial Statements with Supplementary Information

Oakmont Senior Living LLC and Subsidiaries

December 31, 2021 and 2020

MOSSADAMS

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MOSSADAMS

Report of Independent Auditors

The Members
Oakmont Senior Living LLC and Subsidiaries

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated financial statements of Oakmont Senior Living LLC and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the related consolidated statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Oakmont Senior Living LLC and Subsidiaries as of December 31, 2021 and 2020, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Oakmont Senior Living LLC and Subsidiaries 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 the consolidated 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 Oakmont Senior Living LLC and Subsidiaries 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 consolidated 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 U.S. 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 consolidated 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 Oakmont Senior Living LLC and Subsidiaries' 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 Oakmont Senior Living LLC and Subsidiaries' 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of Oakmont Senior Living LLC and Subsidiaries taken as a whole. The 2021 consolidating information presented on pages 21 through 24 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Campbell, California
April 27, 2022

Consolidated Financial Statements

Oakmont Senior Living LLC and Subsidiaries
Consolidated Balance Sheets
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 32,991,000	$ 32,231,800
Restricted cash	6,583,200	6,110,100
Accounts receivable and other assets	2,267,600	2,555,800
Due from related parties	293,000	3,990,300
Total current assets	42,134,800	44,888,000
INVESTMENT IN REAL ESTATE		
Buildings and improvements	115,685,400	114,401,000
Land	8,108,400	8,108,400
Furniture, fixtures, and equipment	9,432,800	8,652,700
Land improvements	42,400	42,400
Construction in progress	85,300	284,900
Accumulated depreciation	(61,249,100)	(56,403,200)
Total investments in real estate, net	72,105,200	75,086,200
OTHER ASSETS		
Due from related parties, less current potion	20,343,500	20,626,300
Total assets	$ 134,583,500	$ 140,600,500
LIABILITIES AND MEMBERS' DEFICIT		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 13,880,900	$ 13,500,200
Deferred rent	1,765,200	1,118,500
Due to related parties	900	660,300
Current maturities of debt obligations	1,270,810	1,217,200
Total current liabilities	16,917,810	16,496,200
OTHER LIABILITIES		
Deferred revenue	713,700	818,300
Deferred rent, less current portion	6,141,100	7,936,700
Entrance fees subject to refund	194,391,200	190,757,300
Entrance fees nonrefundable, net	27,526,900	27,526,800
Debt obligations, less current maturities net of unamortized debt issuance costs	69,113,790	70,263,400
Total other liabilities	297,886,690	297,302,500
MEMBERS' DEFICIT		
Noncontrolling interest	(29,062,500)	(28,307,400)
Controlling interest	(151,158,500)	(144,890,800)
Total members' deficit	(180,221,000)	(173,198,200)
Total liabilities and members' deficit	$ 134,583,500	$ 140,600,500

See accompanying notes.

Oakmont Senior Living LLC and Subsidiaries
Consolidated Statements of Operations
Years Ended December 31, 2021 and 2020

	2021	2020
REVENUE:		
Continuing care contracts	$ 36,877,400	$ 34,426,500
Noncontinuing care contracts	15,412,900	15,115,800
Amortization of entrance fees nonrefundable	4,826,500	4,433,500
Total revenue	57,116,800	53,975,800
OPERATING EXPENSES:		
Continuing care contract operating expenses	33,753,800	32,089,200
Noncontinuing care contract operating expenses	6,839,800	6,775,700
Management fees - related party	2,368,400	2,166,400
General and administrative	896,800	5,496,800
Depreciation	4,845,900	4,601,000
Facility lease	7,318,600	7,296,600
Total operating expenses	56,023,300	58,425,700
INCOME (LOSS) FROM CONTINUING OPERATIONS	1,093,500	(4,449,900)
OTHER INCOME (EXPENSE):		
Interest income	29,700	34,600
Amortization of debt issuance costs	(120,500)	(120,500)
Interest expense	(3,144,300)	(3,184,800)
Fire-related expenses	-	(208,000)
Fire-related insurance recovery proceeds	49,600	437,000
Miscellaneous	746,300	30,000
NET LOSS, BEFORE ALLOCATION TO NONCONTROLLING INTEREST	(1,345,700)	(7,461,600)
NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	202,200	1,015,000
NET LOSS ATTRIBUTABLE TO CONTROLLING INTEREST	$ (1,143,500)	$ (6,446,600)

See accompanying notes.

Oakmont Senior Living LLC and Subsidiaries
Consolidated Statements of Changes in Members' Deficit
Years Ended December 31, 2021 and 2020

	Noncontrolling Interest	Controlling Interest	Total
BALANCE, December 31, 2019	$ (26,779,600)	$ (125,984,200)	$ (152,763,800)
Member contributions	65,000	102,665,500	102,730,500
Member distributions	(577,800)	(115,125,500)	(115,703,300)
Net loss	(1,015,000)	(6,446,600)	(7,461,600)
BALANCE, December 31, 2020	(28,307,400)	(144,890,800)	(173,198,200)
Member contributions	30,000	30,686,300	30,716,300
Member distributions	(582,900)	(35,810,500)	(36,393,400)
Net loss	(202,200)	(1,143,500)	(1,345,700)
BALANCE, December 31, 2021	$ (29,062,500)	$ (151,158,500)	$ (180,221,000)

See accompanying notes.

Oakmont Senior Living LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from continuing care contracts	$ 36,653,900	$ 34,562,800
Cash received from entrance fees nonrefundable	4,809,900	3,747,200
Cash received from noncontinuing care contracts - Cardinal Point	235,200	283,100
Cash received from noncontinuing care contracts - Segovia	2,246,300	2,117,200
Cash received from noncontinuing care contracts - Capriana	4,184,500	4,326,100
Cash received from noncontinuing care contracts - Fountaingrove Lodge	2,659,200	2,941,000
Cash received from noncontinuing care contracts - all other	6,092,900	5,479,900
Cash received from affiliates, net	3,320,400	940,300
Cash received from fire-related insurance proceeds	49,600	437,000
Cash paid to employees and suppliers	(40,843,400)	(41,776,200)
Cash paid for management fees	(2,368,400)	(2,166,400)
Cash paid for facility lease	(8,331,900)	(8,565,000)
Cash paid for fire-related expense	-	(208,000)
Interest received	29,700	34,600
Interest paid	(3,144,300)	(3,184,800)
Miscellaneous receipts	746,300	30,000
Net cash from operating activities	6,339,900	(1,001,200)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investments in real estate	(1,864,600)	(1,600,500)
Net cash from investing activities	(1,864,600)	(1,600,500)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Refunds of entrance fees subject to refunds	(31,610,500)	(26,350,100)
Proceeds from entrance fees subject to refunds	35,261,100	30,276,600
Payments on debt obligations	(1,216,500)	(1,176,200)
Controlling interest distributions	(35,810,500)	(115,125,500)
Noncontrolling interest distributions	(582,900)	(577,800)
Controlling interest contributions	30,686,300	102,665,500
Noncontrolling interest contributions	30,000	65,000
Net cash from financing activities	(3,243,000)	(10,222,500)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	1,232,300	(12,824,200)
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	38,341,900	51,166,100
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 39,574,200	$ 38,341,900

See accompanying notes.

Oakmont Senior Living LLC and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Reconciliation of net loss to net cash from operating activities:		
Net loss	$ (1,345,700)	$ (7,461,600)
Adjustments to reconcile net loss to net cash from operating activities:		
Depreciation	4,845,900	4,601,000
Amortization of debt issuance costs	120,500	120,500
Amortization of entrance fees nonrefundable	(4,826,500)	(4,433,500)
Proceeds from entrance fees nonrefundable	4,809,900	3,747,200
Changes in operating assets and liabilities:		
Accounts receivable and other assets	152,500	(686,500)
Due from related parties	4,124,400	360,000
Accounts payable and accrued liabilities	380,700	3,187,400
Due to related parties	(668,300)	580,300
Deferred revenue	(104,600)	252,400
Deferred rent	(1,148,900)	(1,268,400)
Net cash from operating activities	$ 6,339,900	$ (1,001,200)

See accompanying notes.

NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of operations – Oakmont Senior Living LLC was formed on November 1, 2000, as a California limited liability company. Oakmont Senior Living LLC, purpose is to develop, construct, operate, lease, and own apartments, independent living, assisted living, and continuing care retirement communities. Oakmont Senior Living LLC operates retirement facilities it owns or leases, located in Alameda, Santa Rosa, Palm Desert, and Brea, California.

Basis of accounting and principles of consolidation – The consolidated financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP") and include the accounts of Oakmont Senior Living LLC and the following entities (the "Company"):

Oakmont SL of Alameda, LP	Varenna Assisted Living, LLC
Varenna at Fountaingrove, LLC	OSL Limited Partner of Alameda, LLC
Varenna, LLC	Segovia Operations, LLC
Varenna Apartments, LLC	Fountaingrove Lodge, LLC
Cardinal Point at Mariner Square, LLC	Capriana Operations, LLC
Cardinal Point Social Club, LLC	OSL of Alameda, LLC

All significant transactions between these entities have been eliminated.

The Company adopted accounting standards that address consolidation by business enterprises of variable interest entities ("VIEs"). The Company has considered its agreements and business activities with related parties in order to determine whether any of the relationships would qualify as VIEs and whether the Company would be deemed to be the primary beneficiary and be required to consolidate the activities of these VIEs in the Company's consolidated financial statements.

The Company has identified certain related entities with common ownership as VIEs and has concluded that it is not the primary beneficiary in accordance with GAAP, primarily due to the fact that the Company does not have a direct ownership and ultimately the members of such entities control and support the activities that most significantly impact operations. Each of these entities has been financed either through capital contributions or related party debt, some of which was provided by the Company (see Note 3). The Company has no contractual obligation to support the operations of these entities; however, it may voluntarily elect to provide additional direct or indirect support based on each business's objectives and cash-flow needs.

The power to direct the activities of these entities was evaluated in making this determination and the Company concluded that the members of the entities, and not the Company, hold this decision-making power. Further, it was concluded that the members of the entities have the obligation to absorb potential losses and the right to receive the benefits derived from the entities. The Company does not believe they are exposed to any future losses from the relationship with these entities.

The summarized financial information for unconsolidated VIEs is as follows at December 31:

	2021	2020
ASSETS		
Cash	$ 13,100	$ 1,451,700
Due from related parties	-	1,200
Investments in real estate		
Building and improvements	-	61,037,000
Construction in progress	18,056,000	16,457,300
Land	3,050,000	16,552,700
Furniture, fixtures, and equipment	-	4,558,600
Accumulated depreciation	-	(1,282,700)
Total investments in real estate, net	21,106,000	97,322,900
Other assets	2,000	673,400
Total assets	$ 21,121,100	$ 99,449,200
LIABILITIES AND MEMBERS' DEFICIT		
Due to related parties	$ -	$ 490,300
Debt obligations	22,481,700	104,428,000
Other liabilities	98,100	4,080,500
Total liabilities	22,579,800	108,998,800
Members' deficit	(1,458,700)	(9,549,600)
Total liabilities and members' deficit	$ 21,121,100	$ 99,449,200

Use of estimates – The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of risk – Financial instruments potentially subjecting the Company to concentrations of credit risk consist primarily of demand deposits and other cash accounts (including restricted amounts) that may be in excess of Federal Deposit Insurance Corporation insured limits, and accounts receivable.

Cash and cash equivalents – The Company considers all highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Restricted cash – Restricted cash consists of collections for entrance fee deposits, operating expense impound accounts required by the Company's lenders, and restricted cash accounts used as collateral as required by one of the Company's lenders.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reporting within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows at December 31:

	2021	2020
Cash and cash equivalents	$ 32,991,000	$ 32,231,800
Restricted cash	6,583,200	6,110,100
Total cash and cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 39,574,200	$ 38,341,900

Accounts receivable and other assets – Accounts receivable and other assets consist of trade receivables, receivables from tenants, deposits, and prepaid expenses. Accounts receivable consists of payments owed from residents for services rendered, which does not represent concentrated credit risks to the Company. Management regularly monitors and adjusts its reserves and allowances related to these receivables. Accounts deemed to be uncollectible are written off only after all reasonable collection efforts are exhausted. At December 31, 2021 and 2020, no allowance for doubtful accounts was deemed necessary.

Investments in real estate – Investments in real estate are recorded at the lesser of cost or estimated fair-market value, if impaired, and include interest and property taxes capitalized on long-term construction projects during the construction period, as well as other costs directly related to the development and construction of facilities. Maintenance and repairs are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Buildings and improvements	30 to 40 years
Furniture, fixtures, and equipment	3 to 10 years

The Company reviews its investments in real estate for impairment whenever events or changes in circumstances indicate that the cost basis of such assets may not be recoverable. If the cost basis of an investment in real estate is greater than the projected future undiscounted net cash flows (before interest) from that property, an impairment loss is recognized. Impairment losses are calculated as the difference between the property's cost basis and its estimated fair value. No such impairment losses have been recognized to date. An investment in real estate held for sale is carried at the lower of its carrying amount or estimated fair value, less costs to sell. The Company considers an investment in real estate held for sale when the property is being actively marketed for sale and expects it to sell within one year. There were no properties held for sale at December 31, 2021 and 2020.

Debt issuance costs – Debt issuance costs are stated at cost and consist of fees incurred in connection with the debt obligations. These costs are amortized on a straight-line basis over the term of the associated indebtedness, which approximates the effective interest method. The unamortized costs are classified as a reduction to the debt obligations. The Company paid no loan costs for the years ended December 31, 2021 and 2020. The Company incurred amortization expense related to debt issuance costs of $120,500 for each of the years ended December 31, 2021 and 2020.

Entrance fees refundable – Residents pay an entrance fee to occupy a unit and pay monthly fees for housing, food, and services. The Company has residency agreements that require the resident to pay an upfront entrance fee prior to joining the community that is 100% refundable within 90 days of occupancy. Certain contracts require the refundable portion of the entrance fee to be refunded only upon resale of the unit (contingently refundable). Upon resale, the Company may receive re-occupancy proceeds in the form of additional contingently refundable fees, refundable fees, or nonrefundable fees. The refundable portion of a resident's entrance fee is recorded as a liability on the consolidated balance sheets. Entrance fees subject to refund totaled $194,391,200 and $190,757,300 at December 31, 2021 and 2020, respectively. It is management's expectation that future refunds will not have a significant effect on the consolidated financial statements.

Deferred rent – Deferred rent consists of the difference between the amount recognized as rent expense and the amount of rent paid due to step increases in the lease agreement.

Revenue recognition – On January 1, 2019, Oakmont Senior Living LLC and its subsidiaries adopted Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"), and its related amendments, collectively known as ASC 606.

Amortization of entrance fees nonrefundable - After the initial 90 days of occupancy, the entrance fees are a combination of refundable and nonrefundable in accordance with the terms of the contracts. The nonrefundable portion of the entrance fee is recorded as an entrance fee nonrefundable liability and amortized over the estimated life of the resident based on an actuarial valuation.

Entrances fees nonrefundable were $27,526,900 and $27,526,800 at December 31, 2021 and 2020, respectively. Revenue recognized from amortization of entrance fees nonrefundable totaled $4,826,500 and $4,433,500 for the years ended December 31, 2021 and 2020, respectively.

Rental revenue – The Company's operations include leasing apartment units. Rental income is recognized in revenue on a straight-line basis over the lives of the related leases when collectability is reasonably assured. The lease terms are generally for periods of one year or less. Differences between the rental revenue recognized and amounts due under the respective lease agreements with terms in excess of one year are recorded as deferred rent receivable, which was $0 as of December 31, 2021 and 2020. Ongoing credit evaluations are performed and an allowance for potential credit losses is provided against the portion of accounts receivable that is estimated to be uncollectible.

Resident fee revenue, presented as continuing care and noncontinuing care contracts, is recorded when services are rendered and consist of fees for basic housing, support services, and fees associated with additional services, such as personalized health and assisted living care. Residency agreements are generally for a term of 30 days to one year, with resident fees billed monthly in advance. Revenues for certain care services provided are also charged in advance. Additional ancillary charges are billed monthly in arrears. As of December 31, 2021 and 2020, approximately $713,700 and $818,300, respectively, has been recorded in deferred revenue related to fees paid by applicants prior to occupancy.

Advertising – The Company expenses its advertising costs as they are incurred. Advertising expenses amounted to $816,400 and $732,500 for the years ended December 31, 2021 and 2020, respectively.

Income taxes – The Company is taxed as a partnership for federal and state purposes. As a partnership, all federal and state income tax liability flows through to the Company's members. No provision for income taxes is included in the accompanying consolidated financial statements.

The Company follows the accounting standard related to accounting for uncertain tax positions. The standard prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters, such as derecognition, interest, penalties, and disclosures required. The Company does not have any entity-level uncertain tax positions. The Company files income tax returns in the U.S. federal jurisdiction and the State of California. The Company recognizes interest and penalties related to income tax matters in operating expenses. There are no interest and penalties recorded in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Obligation to provide future services – If the present value of estimated future cash outflows to provide services to residents exceeds the present value of estimated future cash inflows from residents, a liability is recognized. The Company has determined that no accrual for the obligation to provide future services and use of facilities to current residents was required at December 31, 2021 and 2020. The discount rate used to calculate the obligation to provide future services is 5%.

Statutory cash reserve requirements – The Company is subject to statutory cash reserve requirements. At December 31, 2021 and 2020, the Company's reserves were in excess of such requirements by $10,773,600 and $9,335,200, respectively, as calculated in accordance with the Continuing Care Contract Statutes of the California Health and Safety Code.

Recent accounting pronouncements – In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842),* which provides a new model for accounting by lessees, whereby the rights and obligations under substantially all leases, existing and new, would be capitalized and recorded on the consolidated balance sheet. For lessors, however, the accounting remains largely unchanged and the distinction between operating and finance leases is retained. ASU 2016-02 is effective for annual periods beginning on or after December 15, 2021. Early application is permitted for all entities. The Company is currently evaluating the impact of the new standard and has not yet determined if it will have a material impact on its consolidated financial statements.

Reclassifications – Certain 2021 and 2020 amounts have been reclassified to conform to correct-year presentation with no effect on the results of operations or members' deficit.

Subsequent events – Subsequent events are events or transactions that occur after the consolidated balance sheet date, but before the consolidated financial statements are issued. The Company recognizes, in the consolidated financial statements, the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. The Company's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before the consolidated financial statements were available to be issued. The Company has evaluated subsequent events through April 27, 2022, which is the date the consolidated financial statements were available to be issued, in accordance with the Company's policy related to disclosures of subsequent events.

NOTE 2 – DEBT OBLIGATIONS, NET

The following is a listing of debt obligations that were outstanding at December 31:

	2021	2020
The mortgage agreement is payable to Greystone Service Corporation, monthly payments of $286,998 at a fixed annual interest rate of 4.25%. Scheduled maturity date is August 1, 2025, guaranteed 100% by the majority member of OSL with payment of principal and interest secured in part by a pledge of Reserve Funds and the Mortgaged Property under the Indenture.	$ 51,577,900	$ 52,772,000
Loan payable to Summit State Bank; monthly payments for the first 60 months of $8,539 bearing interest at 4.24%. Monthly payments of $9,005 for the following 59 months bearing interest at the weekly average yield of U.S. Treasury Securities adjusted to a constant maturity of 5 years, as made available by the federal reserve board (1.27% and 1.24% at December 31, 2021 and 2020, respectively), plus a margin of 3%, and one final payment of outstanding principal and interest. 100% guaranteed by the majority member of OSL. This loan is subject to certain financial covenants. The company was in compliance at December 31, 2021 and 2020.	1,796,200	1,818,600
Loan payable to Greystone Service Corporation bearing a fixed annual interest rate of 4.55% payable monthly. Scheduled maturity date is May 1, 2027, guaranteed 100% by the majority member of OSL with payment of principal and interest secured in part by a pledge of Reserve Funds and the Mortgaged Property under the Indenture.	17,500,000	17,500,000
	70,874,100	72,090,600
Less: unamortized debt issuance costs	(489,500)	(610,000)
	$ 70,384,600	$ 71,480,600

All long-term debt obligations are secured by deeds of trust on the investment in real estate. The loan agreements contain general affirmative and negative covenants that include provisions for the upkeep of the properties, maintenance, insurance, compliance with laws, and financial reporting requirements. Many agreements include restrictions on certain transactions and changes in capital structure. Management believes the Company is in compliance with these covenants.

Future minimum principal payments due under the debt obligations subsequent to December 31, 2021, are as follows:

Year Ending December 31,	
2022	$ 1,270,800
2023	1,326,800
2024	3,092,000
2025	47,684,500
2026	-
Thereafter	17,500,000
	$ 70,874,100

NOTE 3 – RELATED-PARTY TRANSACTIONS

As of December 31, 2021 and 2020, the Company had amounts due from related parties of $20,636,500 and $24,616,600, respectively. Included in due from related parties is a note receivable agreement with an affiliated company with an interest rate of 4.31%. The note is payable on demand. The note receivable balance was $0 and $160,900 as of December 31, 2021 and 2020, respectively. During the years ended December 31, 2021 and 2020, the Company recorded interest income of $5,100 and $16,200, respectively, on this note, which is included in interest income in the consolidated statements of operations. There was no interest income receivable at December 31, 2021 and 2020.

As of December 31, 2021 and 2020, the Company had amounts due to related parties of $900 and $660,300, respectively. These balances are noninterest-bearing and are due on demand.

The Company's majority member has a controlling financial interest in a financial institution. As of December 31, 2021 and 2020, the Company had cash deposits with this financial institution of $30,746,900 and $30,458,400, respectively.

Pursuant to asset and property management agreements between the Company and an unconsolidated affiliate, the Company is obligated to pay monthly management fees. Management fees of $2,368,400 and $2,166,400 were paid to the unconsolidated affiliate during the years ended December 31, 2021 and 2020, respectively.

NOTE 4 – MEMBERS' DEFICIT

The liability of each member of Oakmont Senior Living LLC is limited to the amount of his or her required capital contribution. The Company will cease to exist on January 30, 2051, unless it is dissolved at an earlier date in accordance with the operating agreement.

NOTE 5 – EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) defined contribution retirement plan for all full-time employees with at least 12 months of continuous service and who have reached the age of 21 years. The plan is qualified under Section 401(k) of the Internal Revenue Code, so that contributions to the plan by the Company are not taxable until distributed to employees. The Company matches up to 3% of each participating employee's annual salary at its discretion, and such employer contributions are vested immediately. There were employer contributions of $88,900 and $80,900 to the plan for the years ended December 31, 2021 and 2020, respectively.

NOTE 6 – COMMITMENTS

The Company operates assisted living facilities under long-term noncancelable operating leases with initial lease terms of 15 years, renewal options of 15 to 30 years, and expiration dates through October 2035. Operating lease rent expense is recorded on the straight-line basis and amounted to $7,318,500 and $7,296,600 for the years ended December 31, 2021 and 2020, respectively. The adjustment to the straight-line lease expense resulted in deferred rent liability of $7,906,300 and $9,055,200 as of December 31, 2021 and 2020, respectively.

Future minimum lease payments under these operating lease agreements in effect as of December 31, 2021, are as follows:

Year Ending December 31,	
2022	$ 6,587,200
2023	8,228,000
2024	8,310,300
2025	8,393,400
2026	7,395,600
Thereafter	21,349,100
	$ 60,263,600

NOTE 7 – EXTRAORDINARY EVENT

During October 2017, Sonoma and Napa Counties, experienced wildfires that impacted or destroyed many homes and structures. As a result of the wildfires, Varenna Assisted Living, LLC, was completely destroyed, while Varenna, LLC, and Fountaingrove Lodge experienced fire damage that required repair. Varenna Assisted Living LLC reopened in August 2019. During October 2019, Varenna Assisted Living, LLC, Varenna, LLC, and Fountaingrove Lodge, LLC, had to evacuate during the Kincade fire. The Company and its related properties are fully insured against fire-related events and coordinates with the insurance providers to recover the costs related to fire damage. Fire-related expenses include business interruption expenses, temporary relocation costs, employee reimbursements, evacuation costs, and remediation costs, which are accounted for as other expenses as incurred. Fire-related loss includes loss due to destroyed property and equipment and is recorded upon the complete destruction of the property. As such, the loss is recorded as other expense in the consolidated statements of operations. Insurance recovery proceeds include payments from the insurance providers to recover the costs relating to fire-related expenses or fire-related loss. Insurance proceeds in excess of recognized losses are recorded as gains. There were no gains recorded relating to fire-related events during the years ended December 31, 2021 and 2020. During the years ended December 31, 2021 and 2020, the Company has recognized the following fire-related expenses, loses, and insurance recoveries:

	2021	2020
FIRE-RELATED EXPENSES:		
Varenna Assisted Living, LLC	$ -	$ (183,700)
Varenna, LLC	-	(14,700)
Fountaingrove Lodge, LLC	-	(9,600)
	$ -	$ (208,000)
INSURANCE RECOVERY PROCEEDS:		
Varenna Assisted Living, LLC	$ 49,600	$ 8,100
Varenna, LLC	-	217,400
Fountaingrove Lodge, LLC	-	211,500
	$ 49,600	$ 437,000

As of December 31, 2021 and 2020, there were no fire-related expenses included in accounts payables and accrued liabilities.

NOTE 8 – CONTINGENCIES

Environmental matters – The Company is not aware of any environmental liability with respect to the properties that would have a material adverse effect on the Company's business, consolidated assets, or consolidated results of operations. There can be no assurance that such a material environmental liability does not exist. The existence of any such material environmental liability could have an adverse effect on the Company's consolidated results of operations.

Litigation – The Company may be involved, from time-to-time, in legal actions relating to the ownership and operations of its properties. In management's opinion, the liabilities, if any, that may ultimately result from such legal actions are not expected to have a material adverse effect on the consolidated financial position, results of operations, or cash flows of the Company.

COVID-19 – During the year ended December 31, 2020, the World Health Organization declared the novel coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Public health crises, pandemics, and epidemics, such as those caused by COVID-19, could have a material adverse effect on global, national, and local economics, as well as on the Company's business by disrupting supply chains and delaying transactional activities. Any spread of an infectious illness, public health threat, or similar issue could reduce consumer demand or economic output, result in market closures, cause travel restrictions or quarantines, and generally have a significant impact on the economy. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, customers, economies, and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many businesses and organizations, including the Company's. The potential impact of a pandemic, epidemic, or outbreak of a contagious disease on business is difficult to predict and could have a material adverse effect on the Company's results of operations and financial condition. The Company will continue to monitor the situation closely, but given the uncertainty and volatility about the situation, an estimate of the impact to the consolidated financial statements cannot be made at this time.

NOTE 9 – LEGAL SETTLEMENT

During the year ended December 31, 2020, the Company was involved in a class-action lawsuit involving community fees that was settled during the year. The settlement resulted in a financial loss to the Company in the amount of $1,340,321 and was accrued for in the financial statements as of December 31, 2020. The settlement was paid by the Company during the year ended December 31, 2021.

Consolidating Information

Oakmont Senior Living LLC and Subsidiaries
Consolidating Balance Sheets
December 31, 2021

	All Other Entities	Varenna at Fountaingrove LLC	Varenna Assisted Living LLC	Varenna Apartments LLC	Varenna LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
ASSETS												
CURRENT ASSETS												
Cash and cash equivalents	$ 23,497,900	$ 5,700	$ 400,800	$ 71,300	$ 3,568,500	$ 4,118,500	$ 631,500	$ 646,700	$ 50,100	$ 32,991,000	$ -	$ 32,991,000
Restricted cash	3,599,800	-	-	-	2,948,300	-	-	35,100	-	6,583,200	-	6,583,200
Accounts receivable and other assets	178,900	-	147,100	9,600	635,800	359,200	634,100	282,700	155,800	2,403,200	(135,600)	2,267,600
Due from related parties	282,700	-	-	-	1,600	-	-	8,700	-	293,000	-	293,000
Total current assets	27,559,300	5,700	547,900	80,900	7,154,200	4,477,700	1,265,600	973,200	205,900	42,270,400	(135,600)	42,134,800
INVESTMENTS IN REAL ESTATE												
Buildings and improvements	17,529,200	-	3,300	5,292,900	88,630,000	1,445,000	1,291,300	537,400	690,500	115,419,600	265,800	115,685,400
Land	4,272,400	-	-	71,000	3,765,000	-	-	-	-	8,108,400	-	8,108,400
Furniture, fixtures, and equipment	1,241,500	-	182,700	51,500	5,584,100	774,300	599,800	590,800	408,100	9,432,800	-	9,432,800
Land improvements	-	-	-	-	42,400	-	-	-	-	42,400	-	42,400
Construction in progress	-	-	-	-	85,300	-	-	-	-	85,300	-	85,300
Accumulated depreciation	(9,869,500)	-	(85,400)	(2,616,900)	(45,108,400)	(1,230,200)	(1,200,800)	(620,200)	(517,700)	(61,249,100)	-	(61,249,100)
Total investments in real estate, net	13,173,600	-	100,600	2,798,500	52,998,400	989,100	690,300	508,000	580,900	71,839,400	265,800	72,105,200
OTHER ASSETS												
Due from related parties, less current portion	20,343,500	-	-	-	-	-	-	-	-	20,343,500	-	20,343,500
Investments in subsidiaries	(73,627,800)	(37,983,800)	-	-	-	-	-	-	-	(111,611,600)	111,611,600	-
Total assets	$ (12,551,400)	$ (37,978,100)	$ 648,500	$ 2,879,400	$ 60,152,600	$ 5,466,800	$ 1,955,900	$ 1,481,200	$ 786,800	$ 22,841,700	$ 111,741,800	$ 134,583,500
LIABILITIES AND MEMBERS' (DEFICIT) EQUITY												
CURRENT LIABILITIES												
Accounts payable and accrued liabilities	$ 531,450	$ 2,000	$ 4,147,400	$ 13,150	$ 4,135,100	$ 1,518,400	$ 682,500	$ 1,286,700	$ 1,564,200	$ 13,880,900	$ -	$ 13,880,900
Deferred rent	-	-	750,000	-	-	358,000	-	627,000	30,200	1,765,200	-	1,765,200
Due to related parties	(350)	-	-	1,250	-	-	-	-	-	900	-	900
Current maturities of debt obligations	-	-	-	25,770	1,245,040	-	-	-	-	1,270,810	-	1,270,810
Total current liabilities	531,100	2,000	4,897,400	40,170	5,380,140	1,876,400	682,500	1,913,700	1,594,400	16,917,810	-	16,917,810
OTHER LIABILITIES												
Deferred revenue	-	-	-	24,700	79,800	307,800	48,600	243,200	9,600	713,700	-	713,700
Deferred rent, less current portion	-	-	2,493,000	-	-	1,105,400	-	674,400	1,868,300	6,141,100	-	6,141,100
Entrance fees subject to refund	-	-	-	-	95,177,600	26,629,400	18,356,100	36,988,100	17,240,000	194,391,200	-	194,391,200
Entrance fees nonrefundable, net	-	-	-	-	8,571,700	3,017,400	5,523,500	1,243,300	9,171,000	27,526,900	-	27,526,900
Debt obligations, less current maturities and net of unamortized debt issuance costs	17,318,100	-	-	1,770,530	50,025,160	-	-	-	-	69,113,790	-	69,113,790
Total other liabilities	17,318,100	-	2,493,000	1,795,230	153,854,260	31,060,000	23,928,200	39,149,000	28,288,900	297,886,690	-	297,886,690
MEMBERS' (DEFICIT) EQUITY												
Noncontrolling interest	(2,488,200)	(4,827,000)	(1,631,300)	(265,700)	(6,170,200)	(1,600,200)	-	(5,927,300)	(6,152,600)	(29,062,500)	-	(29,062,500)
Controlling interest	(27,912,400)	(33,153,100)	(5,110,600)	1,309,700	(92,911,600)	(25,869,400)	(22,654,800)	(33,654,200)	(22,943,900)	(262,900,300)	111,741,800	(151,158,500)
Total members' (deficit) equity	(30,400,600)	(37,980,100)	(6,741,900)	1,044,000	(99,081,800)	(27,469,600)	(22,654,800)	(39,581,500)	(29,096,500)	(291,962,800)	111,741,800	(180,221,000)
Total liabilities and members' (deficit) equity	$ (12,551,400)	$ (37,978,100)	$ 648,500	$ 2,879,400	$ 60,152,600	$ 5,466,800	$ 1,955,900	$ 1,481,200	$ 786,800	$ 22,841,700	$ 111,741,800	$ 134,583,500

Oakmont Senior Living LLC and Subsidiaries
Consolidating Statements of Operations
Year Ended December 31, 2021

	All Other Entities	Varenna at Fountaingrove LLC	Varenna Assisted Living LLC	Varenna Apartments LLC	Varenna LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
REVENUE:												
Continuing care contracts	$ -	$ -	$ -	$ -	$ 13,297,800	$ 6,542,900	$ 6,031,700	$ 6,037,900	$ 4,967,100	$ 36,877,400	$ -	$ 36,877,400
Noncontinuing care contracts	-	-	5,762,600	325,100	-	2,246,300	235,200	4,184,500	2,659,200	15,412,900	-	15,412,900
Amortization of entrance fees nonrefundable	-	-	-	-	1,841,800	607,900	666,000	370,600	1,340,200	4,826,500	-	4,826,500
Rent revenue	1,757,000	-	-	-	-	-	-	-	-	1,757,000	(1,757,000)	-
Total revenue	1,757,000	-	5,762,600	325,100	15,139,600	9,397,100	6,932,900	10,593,000	8,966,500	58,873,800	(1,757,000)	57,116,800
OPERATING EXPENSES:												
Continuing care contract operating expenses	-	-	-	-	10,002,400	6,280,500	4,599,800	6,194,200	6,676,900	33,753,800	-	33,753,800
Noncontinuing care contract operating expenses	-	-	4,293,600	2,700	-	-	-	1,667,800	875,700	6,839,800	-	6,839,800
Management fees - related party	138,000	30,000	230,500	10,600	573,900	371,900	283,500	416,900	313,100	2,368,400	-	2,368,400
General and administrative	238,000	8,400	60,800	144,700	173,500	72,800	55,200	45,700	97,700	896,800	-	896,800
Depreciation	631,600	-	36,800	176,700	3,335,900	238,500	185,200	130,400	110,800	4,845,900	-	4,845,900
Facility lease	-	-	1,497,100	-	-	1,403,500	1,621,400	2,801,100	1,616,900	8,940,000	(1,621,400)	7,318,600
Total operating expenses	1,007,600	38,400	6,118,800	334,700	14,085,700	8,367,200	6,745,100	11,256,100	9,691,100	57,644,700	(1,621,400)	56,023,300
INCOME (LOSS) FROM CONTINUING OPERATIONS	749,400	(38,400)	(356,200)	(9,600)	1,053,900	1,029,900	187,800	(663,100)	(724,600)	1,229,100	(135,600)	1,093,500
OTHER INCOME (EXPENSE):												
Interest income	29,600	-	-	-	100	-	-	-	-	29,700	-	29,700
Amortization of debt issuance costs	(34,600)	-	-	-	(85,900)	-	-	-	-	(120,500)	-	(120,500)
Interest expense	(807,300)	-	-	(87,200)	(2,249,800)	-	-	-	-	(3,144,300)	-	(3,144,300)
Fire-related insurance recovery proceeds	-	-	49,600	-	-	-	-	-	-	49,600	-	49,600
Miscellaneous	30,000	-	-	-	-	312,200	-	203,900	200,200	746,300	-	746,300
NET (LOSS) INCOME, BEFORE ALLOCATION TO NONCONTROLLING INTEREST	(32,900)	(38,400)	(306,600)	(96,800)	(1,281,700)	1,342,100	187,800	(459,200)	(524,400)	(1,210,100)	(135,600)	(1,345,700)
NET LOSS (INCOME) ATTRIBUTABLE TO NONCONTROLLING INTEREST	(90,500)	4,900	39,200	12,400	169,700	(191,000)	-	89,300	168,200	202,200	-	202,200
NET (LOSS) INCOME ATTRIBUTABLE TO CONTROLLING INTEREST	$ (123,400)	$ (33,500)	$ (267,400)	$ (84,400)	$ (1,112,000)	$ 1,151,100	$ 187,800	$ (369,900)	$ (356,200)	$ (1,007,900)	$ (135,600)	$ (1,143,500)

Oakmont Senior Living LLC and Subsidiaries
Consolidating Statements of Cash Flows
Year Ended December 31, 2021

	All Other Entities	Varenna at Fountaingrove LLC	Varenna Assisted Living LLC	Varenna Apartments LLC	Varenna LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES:												
Cash received from continuing care contracts	$ -	$ -	$ -	$ -	$ 13,117,500	$ 6,400,600	$ 6,245,700	$ 5,922,700	$ 4,967,400	$ 36,653,900	$ -	$ 36,653,900
Cash received from entrance fees nonrefundable	-	-	-	-	1,841,800	591,300	666,100	370,500	1,340,200	4,809,900	-	4,809,900
Cash received from noncontinuing care contracts - Cardinal Point	-	-	-	-	-	-	235,200	-	-	235,200	-	235,200
Cash received from noncontinuing care contracts - Segovia	-	-	-	-	-	2,246,300	-	-	-	2,246,300	-	2,246,300
Cash received from noncontinuing care contracts - Capriana	-	-	-	-	-	-	-	4,184,500	-	4,184,500	-	4,184,500
Cash received from noncontinuing care contracts - Fountaingrove Lodge	-	-	-	-	-	-	-	-	2,659,200	2,659,200	-	2,659,200
Cash received from noncontinuing care contracts - all other	-	-	5,757,900	335,000	-	-	-	-	-	6,092,900	-	6,092,900
Cash received from rent revenue	1,757,000	-	-	-	-	-	-	-	-	1,757,000	(1,757,000)	-
Cash received from affiliates, net	2,535,650	402,100	(660,000)	850	598,400	300,000	-	(8,700)	-	3,168,300	152,100	3,320,400
Cash received fire-related insurance proceeds	-	-	49,600	-	-	-	-	-	-	49,600	-	49,600
Cash paid to employees and suppliers	26,550	(308,700)	(3,449,200)	(157,350)	(7,779,900)	(7,195,800)	(6,977,000)	(8,116,300)	(6,885,700)	(40,843,400)	-	(40,843,400)
Cash paid for management fees	(138,000)	(30,000)	(230,500)	(10,600)	(573,900)	(371,900)	(283,500)	(416,900)	(313,100)	(2,368,400)	-	(2,368,400)
Cash paid for facility lease	-	-	(1,821,100)	-	-	(1,746,300)	(1,621,400)	(3,262,100)	(1,638,000)	(10,088,900)	1,757,000	(8,331,900)
Cash paid for fire-related expense	-	-	-	-	-	-	-	-	-	-	-	-
Interest received	29,600	-	-	-	100	-	-	-	-	29,700	-	29,700
Interest paid	(807,300)	-	-	(87,200)	(2,249,800)	-	-	-	-	(3,144,300)	-	(3,144,300)
Miscellaneous receipts	30,000	-	-	-	-	312,200	-	203,900	200,200	746,300	-	746,300
Net cash from operating activities	3,433,500	63,400	(353,300)	80,700	4,954,200	536,400	(1,734,900)	(1,122,400)	330,200	6,187,800	152,100	6,339,900
CASH FLOWS FROM INVESTING ACTIVITIES:												
Investments in real estate	-	-	(14,400)	-	(1,003,800)	(265,400)	(168,000)	(227,100)	(185,900)	(1,864,600)	-	(1,864,600)
Receipts (payments) from/to investment in subsidiary	(1,365,400)	377,200	-	-	-	-	-	-	-	(988,200)	988,200	-
Net cash from investing activities	(1,365,400)	377,200	(14,400)	-	(1,003,800)	(265,400)	(168,000)	(227,100)	(185,900)	(2,852,800)	988,200	(1,864,600)
CASH FLOWS FROM FINANCING ACTIVITIES:												
Refunds of entrance fees subject to refunds	-	-	-	-	(17,404,500)	(3,465,100)	(2,517,000)	(4,219,300)	(4,004,600)	(31,610,500)	-	(31,610,500)
Proceeds from entrance fees subject to refunds	-	-	-	-	17,673,600	5,822,700	3,460,200	4,946,200	3,358,400	35,261,100	-	35,261,100
Payments on debt obligations	-	-	-	(22,300)	(1,194,200)	-	-	-	-	(1,216,500)	-	(1,216,500)
Controlling interest distributions	(35,810,500)	(434,900)	-	(9,900)	(700,000)	-	-	-	-	(36,955,300)	1,144,800	(35,810,500)
Noncontrolling interest distributions	(582,900)	-	-	-	-	-	-	-	-	(582,900)	-	(582,900)
Controlling interest contributions	30,686,300	-	485,000	-	-	-	1,000,000	250,100	550,000	32,971,400	(2,285,100)	30,686,300
Noncontrolling interest contributions	30,000	-	-	-	-	-	-	-	-	30,000	-	30,000
Net cash from financing activities	(5,677,100)	(434,900)	485,000	(32,200)	(1,625,100)	2,357,600	1,943,200	977,000	(96,200)	(2,102,700)	(1,140,300)	(3,243,000)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(3,609,000)	5,700	117,300	48,500	2,325,300	2,628,600	40,300	(372,500)	48,100	1,232,300	-	1,232,300
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year	30,706,700	-	283,500	22,800	4,191,500	1,489,900	591,200	1,054,300	2,000	38,341,900	-	38,341,900
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year	$ 27,097,700	$ 5,700	$ 400,800	$ 71,300	$ 6,516,800	$ 4,118,500	$ 631,500	$ 681,800	$ 50,100	$ 39,574,200	$ -	$ 39,574,200

Oakmont Senior Living LLC and Subsidiaries
Consolidating Statements of Cash Flows (Continued)
Year Ended December 31, 2021

Reconciliation of net (loss) income to net cash from operating activities:	All Other Entities	Varenna at Fountaingrove LLC	Varenna Assisted Living LLC and Subsidiary	Varenna Apartments LLC	Varenna LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
Net (loss) income	$ (32,900)	$ (38,400)	$ (306,600)	$ (96,800)	$ (1,281,700)	$ 1,342,100	$ 187,800	$ (459,200)	$ (524,400)	$ (1,210,100)	$ (135,600)	$ (1,345,700)
Adjustments to reconcile net (loss) income to net cash from operating activities:												
Depreciation	631,600	-	36,800	176,600	3,335,900	238,500	185,200	130,500	110,800	4,845,900	-	4,845,900
Amortization of debt issuance costs	34,600	-	-	-	85,900	-	-	-	-	120,500	-	120,500
Amortization of entrance fees nonrefundable	-	-	-	-	(1,841,800)	(607,900)	(666,000)	(370,600)	(1,340,200)	(4,826,500)	-	(4,826,500)
Proceeds from entrance fees nonrefundable	-	-	-	-	1,841,800	591,300	666,100	370,500	1,340,200	4,809,900	-	4,809,900
Changes in operating assets and liabilities:												
Accounts receivable and other assets	36,300	-	23,400	-	(297,200)	(85,200)	75,000	181,100	219,100	152,500	-	152,500
Due from related parties	2,536,200	402,100	-	-	598,400	300,000	-	-	-	3,836,700	287,700	4,124,400
Accounts payable and accrued liabilities	228,250	(300,300)	877,100	(6,350)	2,546,900	(827,200)	(2,211,300)	(473,500)	547,100	380,700	-	380,700
Due to related parties	(550)	-	(660,000)	950	-	-	-	(8,700)	-	(668,300)	-	(668,300)
Deferred revenue	-	-	-	6,300	(34,000)	(72,400)	28,300	(31,500)	(1,300)	(104,600)	-	(104,600)
Deferred rent	-	-	(324,000)	-	-	(342,800)	-	(461,000)	(21,100)	(1,148,900)	-	(1,148,900)
Net cash from operating activities	$ 3,433,500	$ 63,400	$ (353,300)	$ 80,700	$ 4,954,200	$ 536,400	$ (1,734,900)	$ (1,122,400)	$ 330,200	$ 6,187,800	$ 152,100	$ 6,339,900

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Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules

Segovia Operations LLC

As of and for the Year Ended December 31, 2021

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Report of Independent Auditors

The Members
Segovia Operations LLC

Report on the Financial Statements

Opinion

We have audited the financial statements of Segovia Operations LLC (the "Company"), which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 for the year ended December 31, 2021, and the related note to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the continuing care reserve of the Company as of and for the year ended December 31, 2021, 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 Segovia Operations LLC 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 the Company 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 the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility 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 purpose of expressing an opinion on the effectiveness of Segovia Operations 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Segovia Operations LLC'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, the Reconciliation of Form 5-3 and Form 5-4 for 2021 and the DSS – Reserve Report – Part of Form 5-5 Description of Reserves under SB 1212 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 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 members, management of the Company, 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

Campbell, California
April 27, 2022

Continuing Care Liquid Reserve Schedules

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	06/23/14	$22,300	$87,200	$0	$109,500
2	07/20/15	$1,194,200	$2,249,800	$0	$3,444,000
3	04/13/17	$0	$807,300	$0	$807,300
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:		$3,144,300	$0	$4,360,800

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

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

PROVIDER: Oakmont Senior Living LLC / Segovia Operations LLC

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1					$0
2					$0
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:	$0	$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: Oakmont Senior Living LLC / Segovia Operations LLC

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$4,360,800
2	Total from Form 5-2 bottom of Column (e)	$0
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	$5,821,500
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$10,182,300

PROVIDER: Oakmont Senior Living LLC / Segovia Operations LLC

See accompanying note.

Segovia Operations LLC
Form 5-4
Calculation of Net Operating Expenses
December 31, 2021

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$6,963,700
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$0	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$0	
	c.	Depreciation	$238,500	
	d.	Amortization	$0	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$2,246,300	
	f.	Extraordinary expenses approved by the Department	$0	
3		Total Deductions		$2,484,800
4		Net Operating Expenses		$4,478,900
5		Divide Line 4 by 365 and enter the result.		$12,271
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$920,322

PROVIDER: Oakmont Senior Living LLC / Segovia Operations LLC
COMMUNITY: Segovia at Palm Desert

See accompanying note.

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Oakmont Senior Living LLC / Segovia Operations LLC
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 December 31, 2021 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year December 31, 2021 are as follows:

		Amount
[1]	Debt Service Reserve Amount	$10,182,300
[2]	Operating Expense Reserve Amount	$920,322
[3]	**Total Liquid Reserve Amount:**	$11,102,622

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

	Qualifying Asset Description	Amount (market value at end of quarter) Debt Service Reserve	Operating Reserve
[4]	Cash and Cash Equivalents	$12,000,000	$3,000,000
[5]	Investment Securities		
[6]	Equity Securities		
[7]	Unused/Available Lines of Credit		
[8]	Unused/Available Letters of Credit		
[9]	Debt Service Reserve		(not applicable)
[10]	Other: (describe qualifying asset)		
	Total Amount of Qualifying Assets Listed for Reserve Obligation: [11] / [12]	$12,000,000	$3,000,000
	Reserve Obligation Amount: [13] / [14]	$10,182,300	$920,322
	Surplus/(Deficiency): [15] / [16]	$1,817,700	$2,079,678

Signature: _____ Date: 4/27/2022
(Authorized Representative)

William P Gallagher, Manager
(Title)

NOTE 1 – BASIS OF ACCOUNTING

The accompanying continuing care liquid reserve 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 Segovia Operations LLC's (the "Company"), assets, liabilities, revenues, and expenses.

Supplementary Schedules

Segovia Operations LLC
Reconciliation of Form 5-3 and Form 5-4 for 2021
December 31, 2021

Reconciliation of Form 5-3 for 2021

Segovia at Palm Desert

Note to Form 5-3 reconciling total Facility leasehold or rental payment paid by provider during fiscal year

Total Facility Lease Per Consolidated Financial Statements	$	7,318,600
Less: Facility Lease on Varenna Assisted Living LLC - Excluded entity		1,497,100
Less: Facility Lease on Varenna Apartments LLC - Excluded entity		0
Form 5-3, Line 3	**$**	**5,821,500**

Reconciliation of Form 5-4 for 2021

Segovia at Palm Desert

Note to Form 5-4 reconciling total operating expense

Total Operating Expenses Per Consolidated Financial Statements	$	8,367,200
Less: Facility Lease		(1,403,500)
Form 5-4, Line 1	**$**	**6,963,700**

DSS - Reserve Report - Part of Form 5-5
Description of Reserves under SB 1212
Oakmont Senior Living

Audited Cash and Cash Equivalents	$ 32,991,000	All Cash and Equivalents. No Investments or equities or lines of credit listed.
Less: Qualifying assets to satisfy Oakmont Debt Service Reserve	(12,000,000)	
Available Qualifying Assets after Oakmont Debt Service Deduction	20,991,000	
Less: Qualifying assets for Capriana Operating Reserve	(3,000,000)	
Less: Qualifying assets for Fountaingrove Lodge Operating Reserve	(3,000,000)	
Less: Qualifying assets for Segovia Operating Reserve	(3,000,000)	
Less: Qualifying assets for Cardinal Point Operating Reserve	(3,000,000)	
Less: Qualifying assets for Varenna at Fountaingrove Operating Reserve	(3,000,000)	
Total Excess Qualifying Assets	$ 5,991,000	

Please note that there is no restricted cash or equivalents included in the $32,991,000, listed for the liquid reserve requirement.

Per Capita Cost of Operations (Capriana)

Operating Expenses per Form 5-4 #1	$	8,455,000
Mean # of all Residents from Form 1-1 #10		142.5
Per Capita Costs of Operations	$	59,333

Per Capita Cost of Operations (Fountaingrove Lodge)

Operating Expenses per Form 5-4 #1	$	8,074,200
Mean # of all Residents from Form 1-1 #10		113.5
Per Capita Costs of Operations	$	71,138

Per Capita Cost of Operations (Cardinal Point)

Operating Expenses per Form 5-4 #1	$	5,123,700
Mean # of all Residents from Form 1-1 #10		93.5
Per Capita Costs of Operations	$	54,799

Per Capita Cost of Operations (Varenna)

Operating Expenses per Form 5-4 #1	$	16,459,800
Mean # of all Residents from Form 1-1 #10		231
Per Capita Costs of Operations	$	71,255

Per Capita Cost of Operations (Segovia)

Operating Expenses per Form 5-4 #1	$	6,963,700
Mean # of all Residents from Form 1-1 #10		138.5
Per Capita Costs of Operations	$	50,279

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FORM 7-1 REPORT ON CCRC MONTHLY CARE FEES

Complete **Form 7-1** to report the monthly care fee increase (MCFI) for **each** community operated by the Provider. If no adjustments were made during the reporting period for a community, indicate by checking the box below **Line [2].** Providers must complete a separate Form 7-1 for each of their continuing care retirement communities.

1. On **Line 1**, enter the amount of monthly care fees for each level of care at the *beginning* of the reporting period.

2. On **Line 2**, indicate the percentage(s) of increase in fees implemented during the *reporting* period.

3. On **Line 3**, indicate the date the fee increase was implemented. If more than one (1) increase was implemented, indicate the date(s) for each increase.

4. Check *each* of the appropriate boxes.

5. Provide a detailed explanation for the increase in monthly care fees including the total dollar amount for the community overall and corresponding percentage increase for each level of care in compliance with the Health and Safety Code. The explanation shall set forth the reasons, by department cost centers, for any increase in monthly care fee. It must include if the change in monthly care fees is due to any actual or projected costs related to any other CCRC community or enterprise affiliated with the provider or parent company.

The methodology used to budget future costs should align with one or more of the following factors: “projected costs, prior year per capita costs and economic indicators.” Describe the methodology used for single or multiple communities. If there are multiple MCFI percentages, i.e., by level of care, a separate explanation for each MCFI will be required.

Also, if there is a positive result of operations, the provider will need to explain how the funds will be used and/or distributed consistent with disclosures made in the applicable sections of the Continuing Care Contract.

This attachment should include the data used in the Monthly Care Fee Increase meeting presentation provided to residents, which will also include actual results and an explanation of any variances.

NOTE: Providers shall retain all documents related to the development of adjusted fees at their respective communities for a period of at least three years, i.e., budgets, statements of operations, cost reports, used near the end of the prior fiscal year to develop adjustments implemented in the current reporting period. These documents must be available for review upon request by the Department.

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)	$3,470-6,867	$4,625-9,667	N/A	N/A
2.	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5%	5%	N/A	N/A

☐ 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: 5/1/2021
(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: 3/1/2021 **Method of Notice:** 60-day notice 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:** 12/18/2020

☑ 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] _____
- ☑ **Date of Notice:** 12/03/2020

☑ The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
Date of Notice: 12/03/2020

☑ 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: 12/03/2020 **Location of Posting:** Main Lobby

☑ 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: 12/18/2020 **Location of Posting:** Main Lobby

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: Oakmont Senior Living LLC / Segovia Operat **COMMUNITY:** Segovia of Palm Desert LLC

FORM 7-1 ATTACHMENT

Segovia

Line	Fiscal Years	2019	2020	Projected 2021
1	FY 2019 operating expenses **1**	(7,600,900)		
2	FY 2020 operating expenses **1**		(7,953,400)	
3	Projected FY 2021 operating expenses (excluding depreciation)			(8,293,171)
4	FY 2021 anticipated MCF revenue based on current and projected occupancy without a MCFI **2**			8,422,100
5	Projected FY 2021 (net) operating results without a MCFI			128,929
6	Projected FY 2021 anticipated revenue based on current and projected occupancy and other with a MCFI of 5% **2**			8,843,205
7	Grand total - projected FY 2021 net operating activity after 5% MCFI (line 3 plus line 6)			550,034

Adjustments explained

1 Operating expenses per audited financials. Amounts exclude depreciation.

2 FY 2021 anticipated MCF revenue excludes amortization from entrance fees

Montly Care Fee Increase 5.00%

FY 2021 projected increases

Wage pressure and low unemployment has caused labor costs to increase. Labor costs expected to increase 5% from FY 2020 actual.
Business Insurance is expected to increase 33.6% in FY2021 as insurance companies increase rates.
Employee Benefits costs are expected to rise 5.6% from FY 2020 actual.

SEGOVIA

FORM 7-1 [5] Requirement:

Explanation of Increases in Monthly Care Fees, Fiscal YE December 31, 2021

Segovia's continuing care contract allows for monthly fees to be increased annually based on financial indicators. The Provider is responsible for reviewing financial indicators and determining the amount of increases. Increase amounts are scheduled to take place on the anniversary date of each individual contract being executed, beginning May 1, 2021.

For fiscal YE December 31, 2021, the increase in service fees for residents entering into Continuing Care Contracts was 5*%.* The total dollar amount of the increase for the community is reflected on Form 7-1 Attachment, Lines 6 & 7.

The methodology for calculating the 2021 service and fee increase included review of 2020 per capita costs, then projecting 2021 costs in consideration of the following economic indicators:

Wage pressure and low unemployment has caused labor costs to increase. Labor costs expected to increase 5.0% from FY 2020 actual.

Employee Benefits costs are expected to rise 5.6% from FY 2020 actual.

Business Insurance is expected to increase 33.6% in FY2021 as insurance companies increase rates.

Any positive result of operations will be retained and applied towards future capital needs.

Continuing Care Retirement Community
Disclosure Statement
General Information

Date Prepared: 04/21/2022

FACILITY NAME: Segovia of Palm Desert

ADDRESS: 39905 Via Scena, Palm Desert, CA ZIP CODE: 92260 PHONE: 760-610-0349

PROVIDER NAME: Oakmont Senior Living / Segovia FACILITY OPERATOR: Segovia Operations, LLC

RELATED FACILITIES: N/A RELIGIOUS AFFILIATION: N/A

YEAR OPENED: 2010 # OF ACRES: 8 ❑ SINGLE STORY ❑ MULTI-STORY ☑ OTHER: Both MILES TO SHOPPING CTR: <1 MILES TO HOSPITAL: <1

NUMBER OF UNITS:

RESIDENTIAL LIVING		HEALTH CARE	
APARTMENTS – STUDIO:		ASSISTED LIVING:	35
APARTMENTS – 1 BDRM:	9	SKILLED NURSING:	
APARTMENTS – 2 BDRM:	73	SPECIAL CARE:	
COTTAGES/HOUSES:	4	DESCRIPTION: >	
RLU OCCUPANCY (%) AT YEAR END:	96.21	>	

TYPE OF OWNERSHIP: ❑ NOT-FOR-PROFIT ☑ FOR- PROFIT ACCREDITED?: ❑ YES ☑ NO BY:

FORM OF CONTRACT: *(Check all that apply)* ☑ CONTINUING CARE ❑ LIFE CARE ☑ ENTRANCE FEE ☑ FEE FOR SERVICE ❑ ASSIGNMENT OF ASSETS ❑ EQUITY ❑ MEMBERSHIP ☑ RENTAL

REFUND PROVISIONS: *(Check all that apply)* ☑ 90% ☑ 75% ☑ 50% ☐ FULLY AMORTIZED ☑ OTHER: 0%/100%

RANGE OF ENTRANCE FEES: $ 137,000 - $ 619,500 **LONG-TERM CARE INSURANCE REQUIRED?** ❑ YES ■ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: N/A

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: Physician's Report

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD (briefly describe provider's compliance and residents' role): > The Governing Body Member meets with residents and/or the resident

> association at least semi-annually. Residents can convey any concerns and provide input during those meetings or at any time to the community management team.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE
BEAUTY/BARBER SHOP	☑	☑
BILLIARD ROOM	☑	☐
BOWLING GREEN	☐	☐
CARD ROOMS	☑	☐
CHAPEL	☐	☐
COFFEE SHOP	☑	☐
CRAFT ROOMS	☑	☐
EXERCISE ROOM	☑	☐
GOLF COURSE ACCESS	☐	☐
LIBRARY	☑	☐
PUTTING GREEN	☑	☐
SHUFFLEBOARD	☐	☐
SPA	☑	☐
SWIMMING POOL-INDOOR	☐	☐
SWIMMING POOL-OUTDOOR	☑	☐
TENNIS COURT	☐	☐
WORKSHOP	☐	☐
OTHER Theater/Ballroom	☑	☐

SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
HOUSEKEEPING (4-5 TIMES/MONTH)	☑	☐
MEALS (1-3 /DAY)	☑	☐
SPECIAL DIETS AVAILABLE	☑	☐
24-HOUR EMERGENCY RESPONSE	☑	☐
ACTIVITIES PROGRAM	☑	☐
ALL UTILITIES EXCEPT PHONE	☑	☐
APARTMENT MAINTENANCE	☑	☐
CABLE TV	☑	☐
LINENS FURNISHED	☑	☑
LINENS LAUNDERED	☑	☐
MEDICATION MANAGEMENT	☑	☑
NURSING/WELLNESS CLINIC	☑	☐
PERSONAL HOME CARE	☑	☑
TRANSPORTATION-PERSONAL	☑	☐
TRANSPORTATION-PREARRANGED	☑	☐
OTHER	☐	☐

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

PROVIDER NAME: Oakmont Senior Living / Segovia

OTHER CCRCs	LOCATION (City, State)	PHONE (with area code)
Cardinal Point at Mariner Square	Alameda, CA	510-337-1033
Varenna at Fountaingrove	Santa Rosa, CA	707-526-1226
Segovia of Palm Desert	Palm Desert, CA	760-610-0349
Capriana	Brea, CA	714-312-3783
Fountaingrove Lodge	Santa Rosa, CA	707-576-1101

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: Oakmont Senior Living / Segovia

	2018	2019	2020	2021
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	$40,557,900	$44,170,200	$49,542,300	$46,202,600
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	$41,649,800	$45,726,500	$53,824,700	$44,937,400
NET INCOME FROM OPERATIONS	$(1,091,900)	$(1,556,300)	$(4,282,400)	$1,265,200
LESS INTEREST EXPENSE	$(3,283,300)	$(3,241,100)	$(3,184,800)	$(3,057,100)
PLUS CONTRIBUTIONS	$195,149,300	$165,406,400	$102,730,500	$30,231,300
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$139,800	$107,800	$64,600	$655,500
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	$190,913,900	$160,716,800	$95,327,900	$29,094,900
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$180,900	$7,604,600	$7,673,700	$8,460,500

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
See Attached					

FINANCIAL RATIOS (see next page for ratio formulas)

	2017 CCAC Medians 50th Percentile *(optional)*	2019	2020	2021
DEBT TO ASSET RATIO		.469	.500	.514
OPERATING RATIO		1.035	1.084	0.970
DEBT SERVICE COVERAGE RATIO		10.47	1.04	2.47
DAYS CASH ON HAND RATIO		344	219	264

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2018	%	2019	%	2020	%	2021	%
STUDIO								
ONE BEDROOM	$3,823	3.0	$4,014	5.0	$4,154	3.5	$4,362	5.0
TWO BEDROOM	$5,065	3.0	$5,318	5.0	$5,504	3.5	$5,779	5.0
COTTAGE/HOUSE	$6,134	3.0	$6,441	5.0	$6,666	3.5	$6,999	5.0
ASSISTED LIVING	$4,976	3.0	$5,225	5.0	$5,408	3.5	$5,678	5.0
SKILLED NURSING								
SPECIAL CARE								

COMMENTS FROM PROVIDER: > Assisted Living Apartments consist of 7 studios, 5 one bedroom apartments, and 23 two bedroom apartments and
> historically were reported as such. These units are revised to be reflected as Assisted Living for historical monthly service fees reporting.
>

PROVIDER NAME: Oakmont Senior Living / Segovia

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

OPERATING RATIO

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

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

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

NOTE: These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

DESCRIPTION OF PROVIDERS CONSOLIDATED SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

12/31/2021

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Freddie Mac / Greystone Servicing Corp	$ 51,599,200	4.25	Aug-15	Aug-25	10 Years
Summit State Bank	$ 1,796,300	4.76	Jul-14	Jul-24	10 Years
Greystone Servicing Corp	$ 17,500,000	4.55	Apr-17	May-27	10 years

SUMMIT STATE BANK

Corporate Office 500 Bicentennial Way, P.O. Box 6188, Santa Rosa, CA 95406 707-568-6000
Bicentennial 500 Bicentennial Way, Santa Rosa, CA 95403 707-568-6100
Healdsburg 1001 Vine Street, Healdsburg, CA 95448 707-433-5959
Montgomery Village 2300 Midway Drive, Santa Rosa, CA 95405 707-568-4975
Petaluma 100 Petaluma Blvd. South, Suite A, Petaluma, CA 94952 707-283-1120
Rohnert Park 10 Raley's Towne Centre, Rohnert Park, CA 94928 707-568-4955

218 OAKMONT SENIOR LIVING LLC
ESCROW ACCOUNT
9240 OLD REDWOOD HWY STE 200
WINDSOR CA 95492

Account Number: *****3342
Date 12/31/21

Privacy Policy:

Federal Law requires us to tell you how we collect, share, and protect your personal information. Our privacy policy has not changed, and you may review our policy and practices with respect to your personal information at summitstatebank.com/privacy_policies.php, or we will mail you a free copy upon request if you call us at (707) 568-6000.

MONEY MARKET CHECKING — OAKMONT SENIOR LIVING LLC ESCROW ACCOUNT — Acct: *****3342

Beginning Balance	12/01/21	2,957,720.95	
Deposits / Misc Credits	1	251.21	
Withdrawals / Misc Debits	0	.00	
** Ending Balance	12/31/21	2,957,972.16	**
Service Charge		.00	
Interest Paid Thru 12/31/21		251.21	
Interest Paid Year To Date		2,956.48	
Annual Percentage Yield Earned		.10%	
Number of Days for A.P.Y.E.		31	
Average Balance for A.P.Y.E.		2,957,720.95	
Minimum Balance		2,957,720	

Deposits and Other Credits

Date	Deposits	Activity Description
12/31	251.21	INTEREST EARNED

Daily Balance Summary

Date	Balance	Date	Balance	Date	Balance
12/31	2,957,972.16				

RECEIVED JAN 14 2022

MEMBER FDIC

CHECKS OUTSTANDING –
(CHECKS WRITTEN BUT NOT SHOWN)

CHECK NO.	AMOUNT		CHECK NO.	AMOUNT	
	TOTAL	$			

BANK BALANCE SHOWN ON THIS STATEMENT $_____

ADD +
DEPOSITS AND OTHER AMOUNTS NOT CREDITED ON THIS STATEMENT *(IF ANY)* $_____

TOTAL $_____

SUBTRACT – $_____

CHECKS OUTSTANDING $_____

BALANCE ★ $_____

★ SHOULD AGREE WITH YOUR CHECKBOOK BALANCE AFTER DEDUCTING SERVICE CHARGE (IF ANY) ON THIS STATEMENT.

DEPOSIT ACCOUNT INFORMATION

(Disregard if you have a Commercial Account)

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC TRANSFERS

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

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

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