UNIVERSITY VILLAGE
THOUSAND OAKS CCRC, LLC

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2020 AND 2019

WITH INDEPENDENT AUDITORS' REPORT

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AUDIT, TAX, AND CONSULTING

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
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INDEPENDENT AUDITORS' REPORT

Members
University Village Thousand Oaks CCRC, LLC
Thousand Oaks, California

We have audited the accompanying financial statements of University Village Thousand Oaks CCRC, LLC (a Delaware limited liability company) (the Company), which comprise the balance sheet as of December 31, 2020, and the related statements of operations, changes in members' deficit, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

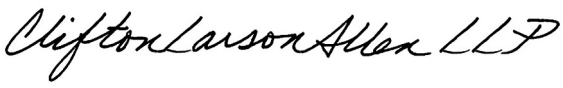
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of University Village Thousand Oaks CCRC, LLC as of December 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

The financial statements as of and for the year ended December 31, 2019, were audited by White Nelson Diehl Evans LLP, whose partners and professional staff joined CliftonLarsonAllen LLP as of November 1, 2020, and has subsequently ceased operations. White Nelson Diehl Evans LLP's report dated April 7, 2020, expressed an unmodified opinion on those statements.



CliftonLarsonAllen LLP

Irvine, California
April 16, 2021

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Current Assets:		
Cash and cash equivalents	$ 1,554,786	$ 2,541,171
Marketable securities	5,086,115	5,561,491
Accounts receivable	301,799	335,135
Inventories	62,966	53,335
Prepaid expenses and other current assets	555,595	398,392
Total Current Assets	7,561,261	8,889,524
Property and Equipment:		
Land	10,508,648	10,508,648
Land improvements	34,094,724	33,945,477
Buildings and improvements	103,013,971	103,012,457
Furniture, fixtures, and equipment	25,882,955	21,694,398
Computer equipment and systems	2,731,670	2,171,946
Construction in progress	1,061,009	1,210,421
Total Property and Equipment, at Cost	177,292,977	172,543,347
Less: Accumulated depreciation	(76,805,883)	(71,167,773)
Property and Equipment, at Net Book Value	100,487,094	101,375,574
Other Assets:		
Accounts receivable, long term	1,351,533	1,156,668
Costs of acquiring contracts, net	583,937	600,716
Deferred entrance fees receivable	21,881,161	22,113,338
Total Other Assets	23,816,631	23,870,722
Total Assets	$ 131,864,986	$ 134,135,820

The accompanying notes are an integral part of these financial statements.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2020 AND 2019

LIABILITIES AND MEMBERS' DEFICIT

	2020	2019
Current Liabilities:		
Accounts payable	$ 846,742	$ 901,123
Accrued expenses	677,534	760,216
Deposits on future occupancy	3,414,417	4,074,856
Current portion of note payable to Master Trust	5,926,720	5,725,482
Total Current Liabilities	10,865,413	11,461,677
Long-Term Liabilities:		
Note payable to Master Trust, net of current portion	231,632,073	224,293,793
Deferred revenue from unamortized deferred entrance fees, net	23,443,556	22,883,920
Total Long-Term Liabilities	255,075,629	247,177,713
Total Liabilities	265,941,042	258,639,390
Members' Deficit	(134,076,056)	(124,503,570)
Total Liabilities and Members' Deficit	$ 131,864,986	$ 134,135,820

The accompanying notes are an integral part of these financial statements.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Revenues:		
Resident services	$ 29,338,014	$ 28,025,394
Amortization of deferred entrance fees	4,668,360	4,218,291
Deferred entrance fees on terminated contracts	1,480,143	1,763,789
Nonresident services	46,418	213,135
Total Revenues	35,532,935	34,220,609
Operating Expenses:		
Resident care	10,099,049	9,224,433
Food and beverage services	4,537,436	4,495,049
Environmental services	1,451,227	1,262,084
Plant facility operating costs	4,469,591	4,429,491
General and administrative expenses	6,558,554	7,039,317
Depreciation and amortization	5,759,984	5,289,517
Total Operating Expenses	32,875,841	31,739,891
Income from Operations	2,657,094	2,480,718
Other Income (Loss):		
Net realized gain on sale of marketable securities	6,926	201,136
Net unrealized gain (loss) on marketable securities	(388,327)	767,552
Interest and dividend income	151,821	154,351
Total Other Income (Loss)	(229,580)	1,123,039
Net Income	$ 2,427,514	$ 3,603,757

The accompanying notes are an integral part of these financial statements.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT
YEARS ENDED DECEMBER 31, 2020 AND 2019

	Capital		Accumulated Equity	Accumulated Other Comprehensive Income	Total Members' Deficit
	Class A	Class B			
Balance, December 31, 2018	$ (115,878,493)	$ (20,585,086)	$ 16,175,086	$ 1,891,694	$ (118,396,799)
Reclassification of other comprehensive income (Note 2)	-	-	1,891,694	(1,891,694)	-
Capitalization of costs of acquiring contracts (Note 2)	-	-	589,472	-	589,472
Contributions	560,000	140,000	-	-	700,000
Distributions	(8,800,000)	(2,200,000)	-	-	(11,000,000)
Net income	-	-	3,603,757	-	3,603,757
Balance, December 31, 2019	(124,118,493)	(22,645,086)	22,260,009	-	(124,503,570)
Distributions	(9,600,000)	(2,400,000)	-	-	(12,000,000)
Net income	-	-	2,427,514	-	2,427,514
Balance, December 31, 2020	$ (133,718,493)	$ (25,045,086)	$ 24,687,523	$ -	$ (134,076,056)

The accompanying notes are an integral part of these financial statements.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities:		
Cash received from residents	$ 35,456,362	$ 35,177,486
Interest and dividend income	151,821	154,351
Reimbursements for services to nonresidents	46,418	213,135
Cash paid to suppliers and employees	(27,522,548)	(26,504,011)
Net Cash and Cash Equivalents Provided by Operating Activities	8,132,053	9,040,961
Cash Flows from Investing Activities:		
Payments made on purchases of property and equipment	(4,749,630)	(4,199,527)
Purchases of marketable securities	(903,269)	(1,197,402)
Proceeds from redemption of marketable securities	994,943	1,096,743
Net Cash and Cash Equivalents Used in Investing Activities	(4,657,956)	(4,300,186)
Cash Flows from Financing Activities:		
Proceeds from note payable to Master Trust	13,265,000	10,600,000
Payments on note payable to Master Trust	(5,725,482)	(5,626,135)
Contributions from members	-	700,000
Distributions to members	(12,000,000)	(11,000,000)
Net Cash and Cash Equivalents Used in Financing Activities	(4,460,482)	(5,326,135)
Net Decrease in Cash and Cash Equivalents	(986,385)	(585,360)
Cash and Cash Equivalents, Beginning of Year	2,541,171	3,126,531
Cash and Cash Equivalents, End of Year	$ 1,554,786	$ 2,541,171

The accompanying notes are an integral part of these financial statements.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Reconciliation of Net Income to Net Cash and Cash Equivalents Provided by Operating Activities:		
Net Income	$ 2,427,514	$ 3,603,757
Noncash Items Included in Net Income:		
Depreciation	5,638,110	5,121,059
Amortization of costs of acquiring contracts	121,874	168,458
Amortization of deferred entrance fees	(4,668,360)	(4,218,291)
Deferred entrance fees on terminated contracts	(1,480,143)	(1,763,789)
Net realized gain on sale of marketable securities	(6,926)	(201,136)
Net unrealized gain (loss) on marketable securities	388,327	(767,552)
Changes in:		
Accounts receivable	(161,529)	(116,763)
Inventories	(9,631)	10,757
Prepaid expenses and other current assets	(154,902)	(87,244)
Costs of acquiring contracts	(105,095)	(97,827)
Deferred entrance fees receivable	6,940,316	7,069,274
Accounts payable	(54,381)	2,510
Accrued expenses	(82,682)	118,167
Deposits on future occupancy	(660,439)	199,581
Net Cash and Cash Equivalents Provided by Operating Activities	$ 8,132,053	$ 9,040,961
Supplemental Disclosure of Noncash Investing and Financing Activities:		
Deferred entrance fees receivable and deferred revenue from unamortized deferred entrance fees recorded to reflect additional amounts due from resident contributions	$ 6,708,139	$ 6,060,934

The accompanying notes are an integral part of these financial statements.

Note 1: Nature of Business and Summary of Significant Accounting Policies

Nature of Business

University Village Thousand Oaks CCRC, LLC (the Company) owns and operates a multiuse continuing care retirement community (CCRC) located in Thousand Oaks, California. The Company operates under the continuing care concept whereby residents enter into agreements that require payment of a onetime entrance fee and a monthly charge. Generally, these payments will entitle residents to the use and privileges of the facility for life.

Limited Liability Operating Agreement

The rights and obligations of the members of the Company are governed by the Second Amended and Restated Limited Liability Company Agreement (the Operating Agreement) of the Company dated October 3, 2013. The following represents a summary of significant financial terms of the Operating Agreement.

The Company has two types of members – Class A and Class B – and one appointed manager who is responsible for the management of the day-to-day business and affairs of the Company. The manager is granted the authority to act on behalf of the Company, except for those actions requiring a Class A majority interest vote or the unanimous approval of the Class A members, as designated in the Company's Operating Agreement. Class A members also have the authority to remove or replace the manager.

One of the Class A members is designated as the financing member. No member other than the financing member is required to contribute capital to the Company at any time. As of December 31, 2020 and 2019, 80% of the Company is owned by Class A members and 20% of the Company is owned by Class B members.

The members' liability to general creditors is limited to their investments in the Company. The Company will continue until dissolved pursuant to the terms of the Operating Agreement.

Profits and losses for financial statement purposes, distributable cash from operations, and profits and losses for tax purposes are allocated and distributed to the members in accordance with the Operating Agreement. The Operating Agreement also provides for priority distributions, plus an allowance for interest.

Basis of Presentation

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). References to the ASC hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative U.S. GAAP.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash and cash equivalents include the operating cash account of the Company, money market accounts, time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Marketable Securities

The Company accounts for its investments in equity securities in accordance with FASB ASC 321-10, *Investments - Equity Securities*. Marketable securities held by the Company have readily determinable fair values and are reported at fair value, with realized and unrealized gains and losses included in earnings. Any dividends received are recorded in interest income.

Accounts Receivable

Accounts receivable consist of amounts due from residents for which the Company has an unconditional right to receive payment and are primarily composed of receivables for monthly service fees and other ancillary services, as well as amounts due from residents for obligations related to independent unit renovations and deferred entrance fees on canceled contracts. Receivables for monthly service fees are primarily due upon receipt of invoice, and they are reviewed weekly and are considered past due 14 days after the issuance of monthly statements. Accounts for which no payments have been received for 30 days are considered delinquent, and customary collection efforts are initiated. Uncollectible accounts are written off at the advice of a collection attorney and with the approval of ownership. Receivables for resident obligations are generally collected upon cancellation of contracts, which is estimated to occur long term.

The Company provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. No allowance was necessary at December 31, 2020 and 2019.

Inventories

Inventories consist of food and supplies used in operations and are valued at the lower of cost or net realizable value on a first-in, first-out basis.

Property and Equipment

Property and equipment are stated at cost. Major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. Property and equipment are depreciated over the estimated useful lives of the respective assets. Depreciation for property and equipment is computed on the straight-line method for book purposes.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Property and Equipment (Continued)

The estimated useful lives of the related assets are as follows:

Land improvements	15-20 years
Buildings and improvements	10-40 years
Furniture, fixtures, and equipment	5-10 years
Computer equipment and systems	5 years

Depreciation expense for the years ended December 31, 2020 and 2019, totaled $5,638,110 and $5,121,059, respectively. At December 31, 2020 and 2019, fully depreciated property and equipment still in use totaled $17,679,860 and $17,074,329, respectively.

Long-Lived Assets

The Company accounts for impairment and disposition of long-lived assets in accordance with FASB ASC 360-10, *Property, Plant, and Equipment*. FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amounts. There was no impairment of value of such assets for the years ended December 31, 2020 and 2019.

Revenue Recognition from Contracts with Customers

The Company recognizes revenue for residency in accordance with the provisions of FASB ASC 606, *Revenue from Contracts with Customers (Topic 606)*. The Company enters into continuing care residency contracts with its customers. The form of the agreement is in conformity with the statutes of the State of California Department of Social Services Continuing Care Contracts Branch. Prior to actual occupancy by the resident, a contribution is required to be deposited with the Master Trust (as defined in Note 5) pursuant to a Residence and Care Agreement (the Residence Agreement). The provisions of the Residence Agreement include, but are not limited to, such items as the unit to be occupied, initial monthly fee, amount of contribution to the Master Trust, and methods of cancellation and refunds or contingent repayments subject to resale of the units. Generally, the Company is deemed to have Type A life care contracts that are all-inclusive continuing care contracts that include residential facilities, other amenities, and access to health-care services, primarily assisted living and nursing care. Type A contracts are deemed to have one performance obligation – to provide each resident the ability to live in the CCRC and access the appropriate level of care based on his or her needs. A Type A contract also allows a resident the ability to cancel the Residence Agreement at any time, and thus, because of this provision, the resident agreement for a Type A life care CCRC resident is generally deemed to be a monthly contract with the option to renew.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Revenue Recognition from Contracts with Customers (Continued)

Contract Revenues

The following is a description of the services provided and the accounting policies related to the contracted services.

Entrance Fees - The contract provides a material right to occupy an appropriate-level living unit for life and to receive certain services for which residents are required to pay an entrance fee. Generally, the entrance fee is payable on or before occupancy by the resident. Residents may cancel their Residence Agreement at any time, and, upon cancellation, the contribution received will be repayable under the following terms and conditions:

(1) Cancellation During the Trial Residence Period - Under California law, there is a probationary period of 90 days after the date of the signed agreement during which either the Company or the resident may cancel the agreement with or without cause. Death of the resident during the period will cancel the agreement. In the event of cancellation, the resident shall be entitled to a refund in accordance with California law, which states that the Company may deduct from the contribution amount a reasonable fee to cover costs and any charges incurred but not paid.

(2) Cancellation After 90 Days - A resident may cancel his or her agreement at any time after the trial residence period for any reason by giving the Company 90 days' written notice. Death of the resident will cancel the agreement. However, if an agreement applies to more than one resident, it will remain in effect after the death of one of the residents and be adjusted as described in the agreement. The Company may cancel the agreement at any time after the trial residence period for good cause upon 90 days' written notice to the resident. Examples of good cause are defined in the Residence Agreement.

Further, upon termination of the Residence Agreement, the resident or his or her estate will be entitled to a repayment of the contribution less a predetermined percentage and any charges incurred but not paid, as determined by the terms and conditions of the individual agreements. In addition, upon termination of the Residence Agreement after the probationary period of 90 days, the Company may be entitled to a Deferred Entrance Fee (a percentage of the resident's contribution amount), as defined in each resident's Residence Agreement.

Resident Fees - Resident living service fees, which are for basic support services, are paid on a monthly basis. Monthly fees are established at the inception of occupancy and may be increased by the Company with appropriate notice as specified in the individual agreements, generally based on increases in operating costs or inflationary increases. Revenue for resident fees is recognized as the Company satisfies the performance obligation, which is monthly.

Nonresident Services - Nonresident services are revenues recognized at a point in time primarily for nonresident guest meals and short-term guest accommodations.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Revenue Recognition from Contracts with Customers (Continued)

Contract Assets and Contract Liabilities

The following are assets and liabilities resulting from contracts with customers:

Deferred Entrance Fees Receivable - Deferred entrance fees receivable represent that portion of the entrance fees that would be payable to the Company upon termination of the existing Residence Agreements, based on the specific terms of each resident contract, which are due from the Master Trust (see Note 5).

Deposits on Future Occupancy - Deposits on future occupancy represent deposits on future contracts from prospective residents that are fully refundable upon demand.

Deferred Revenue from Unamortized Entrance Fees - Deferred revenue from unamortized entrance fees represents the total amount of the entrance fees that have become nonrepayable to the residents, based on the specific terms of each resident contract, which are recorded as deferred revenue from entrance fees and are amortized to income over time using the straight-line method over the remaining life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit.

Costs of Acquiring Contracts

Costs of Acquiring Contracts - Costs of acquiring contracts are the unamortized incremental costs of acquiring contracts, which primarily consist of commissions paid to salespeople. These assets are amortized on a straight-line basis over the duration of the contract. During the years ended December 31, 2020 and 2019, the Company recognized amortization expense of these assets totaling $121,874 and $168,458, respectively.

Comprehensive Income

Comprehensive income is a more inclusive financial reporting methodology that includes disclosure of certain financial information that historically has not been recognized in the calculation of net income. An analysis of changes in components of accumulated other comprehensive income is presented in the statements of changes in members' deficit.

Income Taxes

The Company is taxed as a partnership for federal tax purposes and, accordingly, pays no federal taxes. For California purposes, the Company pays an $800 limited liability company tax plus a fee based on its total revenue. The taxable income or loss is recognized on the individual income tax returns of the members.

Note 1: Nature of Business and Summary of Significant Accounting Policies (Continued)

Advertising and Promotional Costs

Advertising and promotional costs are charged to operations when incurred. For the years ended December 31, 2020 and 2019, advertising and promotional costs totaled $593,481 and $554,014, respectively, and are included in general and administrative expenses in the accompanying statements of operations.

Use of Estimates

The process of preparing financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Note 2: Adoption of New Accounting Standards

On January 1, 2019, the Company adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as well as FASB ASU 2016-01, *Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*. A summary of the impact resulting from the implementation of ASU 2014-09, as well as members' deficit reclassifications driven by the adoption of ASU 2016-01 as of January 1, 2019, is stated below.

Members' Deficit - December 31, 2018	
Accumulated other comprehensive income:	
Accumulated other comprehensive income, as reported	$ 1,891,694
Adjusted for the effect of ASU 2016-01	(1,891,694)
Accumulated other comprehensive income, adjusted as of January 1, 2019	$ -
Members' deficit:	
Members' deficit, as reported	$ (120,288,493)
Adjusted for the effect of ASU 2016-01	1,891,694
Members' deficit, subtotal	(118,396,799)
Members' deficit, impact of ASU 2014-09	589,472
Members' deficit, adjusted as of January 1, 2019	(117,807,327)
Total Members' Deficit - As of January 1, 2019	$ (117,807,327)

Note 3: Revenue from Contracts with Customers

The following table presents the Company's revenue disaggregated by service for the years ended December 31, 2020 and 2019:

	2020	2019
Revenue from Contracts with Customers:		
Entrance fees, amortized and on terminated contracts (over time)	$ 6,148,503	$ 5,982,080
Monthly resident fees and ancillary charges (over time)	29,338,014	28,025,394
Nonresident services (point in time)	46,418	213,135
Total Revenue from Contracts with Customers	$ 35,532,935	$ 34,220,609

The beginning and end of year balances of the Company's various contract-related balances were as follows:

	January 1, 2020	December 31, 2020
Accounts Receivable	$ 1,491,803	$ 1,653,332
Costs of Acquiring Contracts	$ 600,716	$ 583,937
Deferred Entrance Fees Receivable	$ 22,113,338	$ 21,881,161
Deposits on Future Occupancy	$ 4,074,856	$ 3,414,417
Deferred Revenue from Unamortized Entrance Fees	$ 22,883,920	$ 23,443,556

Note 4: Concentrations, Risks, and Uncertainties

The Company maintains cash balances with one financial institution. At December 31, 2020 and 2019, accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) for up to $250,000. The Company's deposits in these financial institutions at times exceeded the amount insured by the FDIC. The risk is managed by maintaining deposits in high-quality financial institutions.

At December 31, 2020 and 2019, the Company also maintains its money market funds and investments in equity securities at brokerage firms that are not FDIC insured. The firms are insured by the Securities Investor Protection Corporation for up to $500,000.

During 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the Company is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events continue to have impacts on the global economy.

Note 5: Note Payable to Master Trust and Trust Agreement

The University Village Thousand Oaks Master Trust (the Master Trust) was established to provide protection to the residents of the community by providing them with a vehicle through which they obtain a secured interest in the real property of the Company. New residents join in and become grantors under the trust agreement. At December 31, 2020 and 2019, the balance outstanding on the Master Trust note payable was $237,558,793 and $230,019,275, respectively.

A contribution amount, as specified in the Residence Agreement, is made to the Master Trust by the grantor (see Note 1). The trustee of the Master Trust is directed to invest virtually all the funds in the form of an interest-free loan to the Company. The loan, which currently may not exceed $270,000,000, is secured by the following:

(1) A first priority deed of trust on the Company's real property and improvements thereon.

(2) Security agreement creating a first security interest in the Company's current and hereafter acquired equity in all of the improvements, fixtures, personal property, and intangible property associated and used in connection with the real property described in the deed of trust.

(3) First priority assignment of contracts including, but not limited to, any residence and care agreement and any management agreement entered into in conjunction with the operation of University Village Thousand Oaks.

The security also includes any income generated from and any insurance proceeds recovered from the loss of any property serving as collateral for this loan.

Repayments of principal will be made in annual amounts for a period of 40 years with a final payment due December 31, 2050. Each annual payment or series of payments made during the year shall be equal to or greater than the amount of principal advanced on December 15 next preceding the payment due date divided by 40 years. The next scheduled principal payment of $5,926,720 was paid in January 2021.

Principal payments of the current outstanding Master Trust loan are estimated to mature as follows:

2021	$ 5,926,720
2022	5,790,802
2023	5,646,032
2024	5,504,881
2025	5,367,258
Thereafter	209,323,100
Total	$ 237,558,793

In addition to the annual principal payment, the Company provides the Master Trust with temporary loans to fund grantor distributions when necessary. These temporary loans are refunded to the Company upon subsequent sale of a unit or when the Master Trust has excess liquidity.

Note 6: Commitments and Contingencies

Obligation to Provide Future Services

The Company annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the present value of monthly service fees and the unamortized deferred revenue from deferred entrance fees. If the present value of the net cost of future services and use of facilities exceeds the monthly service fees and deferred revenue from deferred entrance fees, a liability is recorded. Using a discount rate of 5.5% at December 31, 2020, and a rate of 2.25% at December 31, 2019, the anticipated revenues are estimated to exceed the cost of future services for both years and therefore, no liability was accrued.

Reservations and Designations

At December 31, 2020 and 2019, the Company maintains cash reserves in the amount of $5,562,214 and $5,391,213, respectively, for operating expense contingencies in accordance with the requirements of the California Health and Safety Code under the State of California Department of Social Services. These reserves are included in cash and cash equivalents and marketable securities in the accompanying balance sheets.

Litigation

The Company experiences routine litigation in the normal course of its business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its financial statements.

Note 7: Related-Party Transactions

Pursuant to the provisions of FASB ASU 2018-17, *Consolidation (Topic 810)*, the Company has elected to not apply variable interest entity guidance to legal entities under common control. The Company is not aware of any exposure to loss as a result of its involvement with these entities.

At December 31, 2020 and 2019, the Company has a formal service agreement with a related company concerning the provision of administrative and operational oversight services, including use of brand, transaction processing, and benefit and insurance administration, among others. The service agreement calls for annual service fees payable in equal monthly installments, and the agreement renews annually unless canceled. For the years ended December 31, 2020 and 2019, service fees paid under this agreement totaled $455,472 and $345,840, respectively.

Note 7: Related-Party Transactions (Continued)

The service agreement also provides for additional fees for supplemental services and out-of-pocket expenses, as needed. For the years ended December 31, 2020 and 2019, the additional fees paid under this agreement totaled $271,914 and $214,879, respectively. Furthermore, the service agreement also provides for insurance premiums to be paid to a related company. Insurance premiums paid under this agreement for the years ended December 31, 2020 and 2019, totaled $536,448 and $434,728, respectively.

During both years ended December 31, 2020 and 2019, the Company paid $25,000 for management services provided by an affiliated entity owned by the financing member. These expenses are included in general and administrative expenses in the accompanying statements of operations.

During the years ended December 31, 2020 and 2019, the Company paid $90,000 each year for consulting services provided by an affiliated entity owned by a member. These expenses are included in general and administrative expenses in the accompanying statements of operations.

The Company has an agreement for purchased health-care costs with Oakview HC, LLC, an affiliated entity. The health-care costs paid to this entity during the years ended December 31, 2020 and 2019, were $8,883,495 and $8,076,512, respectively, and are included in resident care expenses in the accompanying statements of operations. In addition, the Company had payables for accrued health-care costs totaling $356,075 and $350,664 at December 31, 2020 and 2019, respectively, which are included in accounts payable in the accompanying balance sheets.

Note 8: Employee Benefit Plan

The Company sponsors a qualified 401(k) plan (the Plan) for all eligible employees. Employees may contribute up to 80% of their yearly compensation for up to the maximum amount prescribed by law. The Company makes a safe harbor matching contribution equal to 100% of the first 3% of the participant's compensation and 50% of the next 2% of the participant's compensation, which is deferred as an elective deferral. For the years ended December 31, 2020 and 2019, employer contributions to the Plan totaled $137,383 and $135,918, respectively, which have been included in operating expenses in the accompanying statements of operations.

Note 9: Fair Value Measurements

FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date.

Note 9: Fair Value Measurements (Continued)

The three levels are defined as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measurement considered from the perspective of a market participant rather than an entity-specific measurement. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following table provides fair value measurement for financial assets measured at fair value on a recurring basis as of December 31, 2020:

	Level 1	Level 2	Level 3
Equities:			
Large value	$ 1,893,627	$ -	$ -
Large core	3,033,298	-	-
Mid value	159,190	-	-
Total Assets at Fair Value	$ 5,086,115	$ -	$ -

The following table provides fair value measurement for financial assets measured at fair value on a recurring basis as of December 31, 2019:

	Level 1	Level 2	Level 3
Equities:			
Large value	$ 1,893,657	$ -	$ -
Large growth	521,216	-	-
Large core	2,718,718	-	-
Mid value	427,900	-	-
Total Assets at Fair Value	$ 5,561,491	$ -	$ -

Note 10: Subsequent Events

Events occurring after December 31, 2020, have been evaluated for possible adjustment to the financial statements or disclosure as of April 16, 2021, which is the date the financial statements were available to be issued. There were no adjustments to the financial statements or additional disclosures as a result of this evaluation.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Members
University Village Thousand Oaks CCRC, LLC
Thousand Oaks, California

We have audited the financial statements of University Village Thousand Oaks CCRC, LLC (the Company) as of and for the year ended December 31, 2020, and our report thereon dated April 16, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2020 schedules of Form 5-1 through Form 5-5 and Form 7-1 are prepared for filing with the State of California, Department of Social Services, in accordance with Section 1792 of the California Health and Safety Code, and are presented for purposes 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 the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of the members and management of the Company and for filing with the State of California Department of Social Services and is not intended to be, and should not be, used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Irvine, California
April 16, 2021

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1					$0
2					$0
3					$0
4					$0
5					$0
6					$0
7					$0
8					$0
		TOTAL:	$0	$0	$0

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

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

PROVIDER: University Village Thousand Oaks CCRC, LLC
COMMUNITY: University Village Thousand Oaks

FORM 5-1
LONG-TERM DEBT INCURRED
IN A PRIOR FISCAL YEAR (Continued)
Supporting Calculation for Line 1(b)

Line 1(b) Debt Service Reserve is waived as per the attached letter.

PROVIDER: University Village Thousand Oaks CCRC, LLC
COMMUNITY: University Village Thousand Oaks

CDSS
JOHN A. WAGNER
DIRECTOR

STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY
DEPARTMENT OF SOCIAL SERVICES
744 P Street • Sacramento, CA 95814 • *www.cdss.ca.gov*

ARNOLD SCHWARZENEGGER
GOVERNOR

November 18, 2009

Mr. Warren Spieker
Vice President
Continuing Life Communities LLC
1940 Levante Street
Carlsbad, California 92009

Dear Mr. Spieker:

SUBJECT: CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC DBA UNIVERSITY VILLAGE THOUSAND OAKS
LONG-TERM DEBT RESERVE REQUIREMENT WAIVER

This is in response to your November 6, 2009, request for approval to waive the long-term debt reserve requirement as it applies to the debt held by the University Village Thousand Oaks (UVTO) Master Trust. Pursuant to the November 5, 2009, letter from Bank of America, the Syndicated Construction Loan to Continuing Life Communities Thousand Oaks LLC (CLCTO) has been paid in full. Therefore, as provided for in Health and Safety Code (H&SC) section 1792.3(c), the Department has agreed to waive the debt service reserve for CLCTO.

Please note that CLCTO is required to notify the Department and obtain its approval prior to closing any transaction that results in an encumbrance or lien on the UVTO property. At which time, CLC will be required to comply with the debt service reserve requirement for the new debt.

If you have any questions, you may contact Allison Nakatomi at (916) 657-2592 or allison.nakatomi@dss.ca.gov.

Sincerely,

JOHN R. RODRIQUEZ, Chief
Continuing Care Contracts Branch

c: Robert Thompson

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	$0	0	$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: University Village Thousand Oaks CCRC, LLC

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$0
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)	$0
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$0

PROVIDER: University Village Thousand Oaks CCRC, LLC

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL Year Ended 12/31/2020
1	Total operating expenses from financial statements		$32,875,841
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	$5,638,110	
d.	Amortization	$121,874	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$46,418	
f.	Extraordinary expenses approved by the Department	$0	
3	Total Deductions		$5,806,402
4	Net Operating Expenses		$27,069,439
5	Divide Line 4 by 365 and enter the result.		$74,163
6	**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$5,562,214

PROVIDER: University Village Thousand Oaks CCRC, LLC
COMMUNITY: University Village Thousand Oaks

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES
Supporting Explanation for Line 2(e)

Line 2(e) is made up of the following line from the audited statement of cash flows:

Reimbursements for services to non-residents	$ 46,418

Categories included in the above revenues:

$ 6,508	Guest Meals
14,457	Employee Meals
6,063	Catering
19,390	Guest Room
$ 46,418	

PROVIDER: University Village Thousand Oaks CCRC, LLC
COMMUNITY University Village Thousand Oaks

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: University Village Thousand Oaks CCRC, LLC
Fiscal Year Ended: 12/31/20

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

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year 12/31/20 are as follows:

		Amount
[1]	Debt Service Reserve Amount	
[2]	Operating Expense Reserve Amount	$5,562,214
[3]	**Total Liquid Reserve Amount:**	$5,562,214

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		$1,554,786
[5]	Investment Securities		$5,086,115
[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]	$0	[12] $6,640,901
	Reserve Obligation Amount: [13]	$0	[14] $5,562,214
	Surplus/(Deficiency): [15]	$0	[16] $1,078,687

NOTE: Please find attached the debt service requirement waiver.

Signature:

Date: 3/29/21

Bob Bouchard

Chief Executive Officer

FORM 5-5
Description of Reserves under SB 1212

Total Qualifying Assets as Filed:

Cash and Cash Equivalents	$ 1,554,786
Investment Securities	$ 5,086,115
Total Qualifying Assets as Filed	$ 6,640,901

Reservations and Designations:

Reserved for Debt Service	$ -
Reserved for Operating Expenses	$ 5,562,214
Total Reservations and Designations	$ 5,562,214
Remaining Liquid Reserves	$ 1,078,687

Per Capita Cost of Operations

	12 Months Ending 12/31/20
Operating Expenses (Form 5-4 line #1)	$ 32,875,841
Mean # of CCRC Residents (Form 1-1 line 10)	554.5
Per Capita Cost of Operations	$ 59,289

NOTE: Operating expenses shown above are for the period of January 1, 2020 to December 31, 2020

PROVIDER: University Village Thousand Oaks CCRC, LLC
COMMUNITY: University Village Thousand Oaks

FORM 7-1
REPORT ON CCRC MONTHLY CARE FEES

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED LIVING
[1] Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	4,156 - 6,327		
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	4.7%		

☐ 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: January 1, 2020
(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:** November 19, 2019 **Method of Notice:** Letters placed inside each in-house mailbox and mailed

☒ 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:** November 13, 2019

☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.

☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases. **Date of Notice:** October 28, 2019

☒ The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting. **Date of Posting:** October 28, 2019
Location of Posting: Community Mail Room

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

PROVIDER: University Village Thousand Oaks CCRC, LLC
COMMUNITY: University Village

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES
Supporting Explanation for Line 5

The monthly fee increase for 2020 is reflected at 4.7%. The cost drivers for this increase are: minimum wage, raw food cost of 3%, Employee Health Insurance Increase of 8%; General Insurance Increase of 13% for GL/PL, 7% for property, auto, cyber, crime; Workers Comp; Ancillary Expenses – ranges of 3%; Purchased Health Care (driven by 7.5% increase in cost). These figures were arrived at by using economic indicators and estimating future cost increases, which information was derived from suppliers, government mandate, and industry periodicals. The budgeted NOI, which is basically flat with the prior year's budget, does not include capital expenditures, which are estimated at $2.2 million. Economic indicators driving these capital projects include the updating of residences that turnover in order to keep current with market expectations. Other capital projects include: Kitchen equipment, Catalina Hall drapes, new parking spaces, and a Tech Refresh including the replacement and upgrade of new computers and server core upgrades in the communication room. These projects, and future projects that economic indicators may require, will be paid from future cash flow. NOI surplus will also be used as a return to owners for the risk of operating the community.

Form 7-1 Attachment
Monthly Care Fee Increase
Annual Reporting Fiscal Year 2020

Line	Fiscal Years	2018	2019	2020
1	F/Y 2018 Operating Expenses (less depreciation and amortization)	$ (24,077,561)		
2	F/Y 2019 Operating Expesnses (less depreciation and amortization)		$ (26,450,374)	
3	Projected F/Y 2020 Results of Operations (budgeted expenses)			$ (25,958,810)
4	F/Y 2020 Anticipated MCF Revene Based on Current and Projected Occupancy and Other WITHOUT MCFI			$ 28,291,582
5	Projected F/Y 2020 (Net) Operating Results without MCFI (Line 3 plus Line 4)			$ 2,332,772
6	Projected F/Y 2020 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI			$ 29,385,356
7	Grand Total - Projected FY 2020 Net Operating Activity After 4.7% MCFI (Line 3 plus Line 6)			$ 3,426,546
		Monthly Care Fee Increase		**4.70%**

Adjustment Explained:

Non-cash expenses of depreciation and amortization have been removed for all fiscal years presented.

F/Y 2020
Minimum wage, raw food cost and ancillary expenses increased by 3%
Employee health insurance increased by 8%
General liability insurance increased by 13%
All other insurance lines increased by approximately 7%
Purchased health care increased by 7.5%

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC,
an SEC-registered investment advisor. | CliftonLarsonAllen LLP

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