

FISCAL YEAR ENDED:

12 / 31 / 15

ANNUAL REPORT CHECKLIST

PROVIDER(S): University Village Thousand Oaks CCRC, LLC

CCRC(S): University Village Thousand Oaks CCRC, LLC

RECEIVED APR 22 2016

CONTACT PERSON: Rachel Whitlock

CONTINUING CARE CONTRACTS BRANCH

TELEPHONE NO.: (805) 241-3016

EMAIL: whitlockr@uvto.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: \$ 22,170
 - 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.
- Provider's "Continuing Care Retirement Community Disclosure Statement" and Form 7-1 "Report on CCRC Monthly Service Fees" for *each* community.
- Provider's Refund Reserve Calculation(s) – Form 9-1 and/or Form 9-2, if applicable.

The Key Indicators Report is required to be submitted within 30 days of the due date of the submission of the annual report, but may be submitted at the same time as the annual report.

**FORM 1-1
RESIDENT POPULATION**

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	474
[2]	Number at end of fiscal year	480
[3]	Total Lines 1 and 2	954
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	477
All Residents		
[6]	Number at beginning of fiscal year	474
[7]	Number at end of fiscal year	480
[8]	Total Lines 6 and 7	954
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	477
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	1.00

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>	<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only) * \$28,212,968
[a]	Depreciation \$6,042,805
[b]	Debt Service (Interest Only) \$0
[2]	Subtotal (add Line 1a and 1b) \$6,042,805
[3]	Subtract Line 2 from Line 1 and enter result. \$22,170,163
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11) 100%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4) \$22,170,163
[6]	Total Amount Due (multiply Line 5 by .001) \$22,170

NOTE: * Total operating expenses listed above are for the period of January 1, 2015 to December 31, 2015.

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



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CONTINUING CARE
CONTRACTS BRANCH

STATEMENT OF CHIEF EXECUTIVE OFFICER
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES ANNUAL REPORT
UNIVERSITY VILLAGE THOUSAND OASK CCRC, LLC

The undersigned does attest the 2015 Annual Report is correct; the contract in use for new residents has been approved by the Department, and is maintaining liquid and refund reserves pursuant to requirements of the California Health and Safety Code.

Bob Bouchard
Chief Executive Officer

3-24-2016

Date

ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE DATE (MM/DD/YYYY)
06/30/2015

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

PRODUCER NAME, CONTACT PERSON AND ADDRESS Propel Insurance Tacoma Commercial Insurance 1201 Pacific Ave, Suite 1000 Tacoma, WA 98402	PHONE (A/C, No, Ext): 253 759-2200	COMPANY NAME AND ADDRESS Continental Casualty Company 333 South Wabash Avenue Floor 22 Chicago, IL 60604	NAIC NO: 20443
FAX (A/C, No): 866.577.1326	E-MAIL ADDRESS: Shannon.Wang@propelinsurance.com	IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH	
CODE: AGENCY CUSTOMER ID #: 114921	SUB CODE:	POLICY TYPE	
NAMED INSURED AND ADDRESS Continuing Life LLC 1940 Levante Street Carlsbad, CA 92009	LOAN NUMBER	POLICY NUMBER RMP5087064868	
ADDITIONAL NAMED INSURED(S)	EFFECTIVE DATE 06/30/2015	EXPIRATION DATE 06/30/2016	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:			

PROPERTY INFORMATION (Use REMARKS on Page 2, if more space is required) BUILDING OR BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION

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 EVIDENCE OF PROPERTY INSURANCE 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.

COVERAGE INFORMATION PERILS INSURED BASIC BROAD SPECIAL

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 598,169,387		Blanket Building and BPP		DED: \$10,000
	YES	NO	N/A	
<input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE	<input checked="" type="checkbox"/>			If YES, LIMIT: \$45,000,000 <input checked="" type="checkbox"/> Actual Loss Sustained; # of months 12
BLANKET COVERAGE Combined BLDG and BPP	<input checked="" type="checkbox"/>			If YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE	<input checked="" type="checkbox"/>			Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?		<input checked="" type="checkbox"/>		
IS DOMESTIC TERRORISM EXCLUDED?		<input checked="" type="checkbox"/>		
LIMITED FUNGUS COVERAGE	<input checked="" type="checkbox"/>			If YES, LIMIT: \$100,000 DED: \$10,000
FUNGUS EXCLUSION (IF "YES", specify organization's form used)		<input checked="" type="checkbox"/>		
REPLACEMENT COST	<input checked="" type="checkbox"/>			
AGREED VALUE	<input checked="" type="checkbox"/>			
COINSURANCE		<input checked="" type="checkbox"/>		If Yes, %
EQUIPMENT BREAKDOWN (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: DED:
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	<input checked="" type="checkbox"/>			If YES, LIMIT: Included DED:
- Demolition Costs	<input checked="" type="checkbox"/>			If YES, LIMIT: SEE BELOW DED:
- Incr. Cost of Construction	<input checked="" type="checkbox"/>			If YES, LIMIT: SEE BELOW DED:
EARTH MOVEMENT (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: SEE BELOW DED:
FLOOD (If Applicable)	<input checked="" type="checkbox"/>			If YES, LIMIT: 10000000 DED:
WIND/HAIL (If Subject to Different Provisions)	<input checked="" type="checkbox"/>			If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS				

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.

ADDITIONAL INTEREST

<input type="checkbox"/> MORTGAGEE <input type="checkbox"/> CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS
LENDERS LOSS PAYABLE	
NAME AND ADDRESS Evidence of Insurance 0, 0	AUTHORIZED REPRESENTATIVE

***** Description of Operations *****

RE: CLC Thousand Oaks, LLC dba University Village Thousand Oaks(3415 Campus Drive, Thousand Oaks CA 91360)
CLC Thousand Oaks HC, LLC dba Oakview at University Village (3557 Campus Drive, Thousand Oaks CA 91360)

****Blanket Coverage Information****

Blanket #1 Combined Bldg & Per Prop Amt: 553,169,387 Ded: \$10,000
Cause of Loss: Special (Including Theft)
Valuation: Replacement Cost

Blanket #2 Business Income (Value) Amt: 45,000,000
Cause of Loss: Special (Including Theft)
Valuation: Replacement Cost

Blanket #3 Flood Amt: 10,000,000 Ded: \$10,000
Cause of Loss: Flood
Valuation: Agreed Value (inland marine only)
Agreed Amount Applies
Deductible Type: Excludes Stnrdg

Blanket #4 EQSL Amt: 1,000,000 Ded: \$10,000
Cause of Loss: Earthquake Sprinkler Leakage
Valuation: Replacement Cost
Agreed Amount Applies

Blanket #5 Flood Amt: 18,300,000 Ded: \$10,300,000
Cause of Loss: Flood
Agreed Amount Applies
Deductible Type: Stoneridge & CreekView

***UNIVERSITY VILLAGE THOUSAND
OAKS CCRC, LLC***

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2015 AND 2014

WITH INDEPENDENT AUDITORS' REPORT

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
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DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITORS' REPORT

To the Members of
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 sheets as of December 31, 2015 and 2014, and the related statements of operations, comprehensive income, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free 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, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

White Nelson Dick Evans LLP

Irvine, California
April 12, 2016

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
BALANCE SHEETS
DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
Current Assets:		
Cash and cash equivalents	\$ 1,227,026	\$ 1,990,666
Marketable securities	6,125,384	5,502,250
Accounts receivable	79,975	106,114
Inventories	61,032	47,216
Prepaid expenses	244,048	228,136
Other receivables	246,271	53,618
Total Current Assets	7,983,736	7,928,000
Property and Equipment:		
Land	10,508,648	10,508,648
Land improvements	33,707,500	33,394,581
Buildings and improvements	102,576,219	102,576,219
Furniture, fixtures and equipment	15,492,520	15,028,800
Computer equipment and systems	1,956,848	1,836,811
Total Property and Equipment, at Cost	164,241,735	163,345,059
Less: Accumulated depreciation	(49,530,070)	(43,487,266)
Property and Equipment, at Net Book Value	114,711,665	119,857,793
Other Assets:		
Other receivables, long-term	935,390	856,293
Deferred entrance fees receivable	29,340,025	31,931,754
Costs of acquiring initial continuing care contracts, net of accumulated amortization of \$2,728,768 in 2015 and \$2,401,274 in 2014	1,064,357	1,391,851
Total Other Assets	31,339,772	34,179,898
Total Assets	\$ 154,035,173	\$ 161,965,691

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

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2015 AND 2014

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	2015	2014
Current Liabilities:		
Accounts payable	\$ 721,894	\$ 714,593
Accrued expenses	465,645	389,071
Deposits on future occupancy	3,915,889	1,820,300
Current portion of note payable to Master Trust	5,475,662	5,333,756
Total Current Liabilities	10,579,090	8,257,720
Long-Term Liabilities:		
Note payable to Master Trust, net of current portion	213,550,833	208,016,495
Deferred revenue from unamortized deferred entrance fees, net	23,915,368	24,861,166
Total Long-Term Liabilities	237,466,201	232,877,661
Total Liabilities	248,045,291	241,135,381
Members' Equity (Deficit):		
Members' equity (deficit)	(95,206,241)	(80,399,245)
Accumulated other comprehensive income	1,196,123	1,229,555
Total Members' Equity (Deficit)	(94,010,118)	(79,169,690)
Total Liabilities and Members' Equity (Deficit)	\$ 154,035,173	\$ 161,965,691

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

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
Revenues:		
Resident services	\$ 24,567,326	\$ 23,218,689
Amortization of deferred entrance fees	4,270,241	4,280,535
Deferred entrance fees on terminated contracts	1,755,521	1,697,636
Non-resident services	<u>185,220</u>	<u>168,450</u>
 Total Revenues	 <u>30,778,308</u>	 <u>29,365,310</u>
 Operating Expenses:		
Resident care	8,152,204	7,562,097
Food and beverage services	3,573,446	3,590,110
Environmental services	1,086,882	1,186,932
Plant facility operating costs	3,554,154	3,567,919
General and administrative expenses	5,475,983	5,020,428
Depreciation and amortization	<u>6,370,299</u>	<u>6,074,786</u>
 Total Operating Expenses	 <u>28,212,968</u>	 <u>27,002,272</u>
 Income from Operations	 2,565,340	 2,363,038
 Other Income:		
Net realized gain on sale of marketable securities	70,881	22,874
Interest and dividend income	<u>156,783</u>	<u>130,640</u>
 Total Other Income	 <u>227,664</u>	 <u>153,514</u>
 Net Income	 <u>\$ 2,793,004</u>	 <u>\$ 2,516,552</u>

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

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Net Income	\$ 2,793,004	\$ 2,516,552
Other Comprehensive Income (Loss):		
Net unrealized holding gains arising during the year	47,516	583,526
Amounts reclassified from accumulated other comprehensive income	(80,948)	(64,497)
Total Other Comprehensive Income (Loss)	(33,432)	519,029
Comprehensive Income	\$ 2,759,572	\$ 3,035,581

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

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2015 AND 2014

	Capital		Accumulated Equity (Deficit)	Accumulated Other Comprehensive Income	Total Members' Equity (Deficit)
	Class A	Class B			
Balance at December 31, 2013	\$ (62,598,493)	\$ (7,265,086)	\$ (52,218)	\$ 710,526	\$ (69,205,271)
Capital contributions	1,200,000	300,000	-	-	1,500,000
Distributions	(11,600,000)	(2,900,000)	-	-	(14,500,000)
Net unrealized holding gains arising during the year	-	-	-	583,526	583,526
Amounts reclassified from accumulated other comprehensive income	-	-	-	(64,497)	(64,497)
Net income	-	-	2,516,552	-	2,516,552
Balance at December 31, 2014	(72,998,493)	(9,865,086)	2,464,334	1,229,555	(79,169,690)
Capital contributions	1,120,000	280,000	-	-	1,400,000
Distributions	(15,200,000)	(3,800,000)	-	-	(19,000,000)
Net unrealized holding gains arising during the year	-	-	-	47,516	47,516
Amounts reclassified from accumulated other comprehensive income	-	-	-	(80,948)	(80,948)
Net income	-	-	2,793,004	-	2,793,004
Balance at December 31, 2015	\$ (87,078,493)	\$ (13,385,086)	\$ 5,257,338	\$ 1,196,123	\$ (94,010,118)

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, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities:		
Cash received from residents	\$ 34,088,997	\$ 32,075,211
Interest and dividend income	156,783	130,640
Reimbursements for services to non-residents	185,220	168,450
Cash paid to suppliers and employees	(21,788,522)	(20,697,894)
Net Cash Provided by Operating Activities	12,642,478	11,676,407
Cash Flows from Investing Activities:		
Payments made on purchases of property and equipment	(896,677)	(572,696)
Purchases of marketable securities	(1,468,424)	(1,210,878)
Proceeds from redemption of marketable securities	882,739	609,519
Net Cash Used in Investing Activities	(1,482,362)	(1,174,055)
Cash Flows from Financing Activities:		
Proceeds from note payable to Master Trust	11,010,000	6,783,188
Payments on note payable to Master Trust	(5,333,756)	(5,272,540)
Capital contributions from members	1,400,000	1,500,000
Distributions to members	(19,000,000)	(14,500,000)
Net Cash Used in Financing Activities	(11,923,756)	(11,489,352)
Net Decrease in Cash and Cash Equivalents	(763,640)	(987,000)
Cash and Cash Equivalents, Beginning of Year	1,990,666	2,977,666
Cash and Cash Equivalents, End of Year	\$ 1,227,026	\$ 1,990,666

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, 2015 AND 2014

	2015	2014
Reconciliation of Net Income to Net Cash		
Provided by Operating Activities:		
Net Income	\$ 2,793,004	\$ 2,516,552
Non-Cash Items Included in Net Income:		
Depreciation and amortization	6,370,299	6,074,786
Amortization of deferred entrance fees	(4,270,241)	(4,280,535)
Deferred entrance fees on terminated contracts	(1,755,521)	(1,697,636)
Gain on sale of marketable securities	(70,881)	(22,874)
Changes in:		
Accounts receivable	26,139	2,485
Inventories	(13,816)	6,366
Prepaid expenses	(15,912)	(407)
Other receivables	(271,750)	(69,020)
Deferred entrance fees receivable	7,671,693	7,242,757
Accounts payable	7,301	180,018
Accrued expenses	76,574	43,615
Deposits on future occupancy	<u>2,095,589</u>	<u>1,680,300</u>
Net Cash Provided by Operating Activities	<u>\$ 12,642,478</u>	<u>\$ 11,676,407</u>
Supplemental Disclosure of Non-Cash 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	<u>\$ 5,079,964</u>	<u>\$ 4,984,092</u>

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

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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 multi-use continuing care retirement community located in Thousand Oaks, California.

Limited Liability Company Agreement

The following represents a summary of significant financial terms of the Company’s Operating Agreement. The Operating Agreement should be referred to for more specific terms.

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 in 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, 2015 and 2014, 80 percent of the Company is owned by Class A members and 20 percent of the Company is owned by Class B members.

The members’ liability to general creditors is limited to their investments in the Company. In accordance with the Operating Agreement, the Company will continue until dissolved pursuant to the terms of the 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.

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.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

Marketable Securities

Marketable securities held by the Company at December 31, 2015 and 2014, are classified in accordance with ASC 320-10, "*Investments - Debt and Equity Securities*", as available-for-sale and stated at their fair market value based on quoted market prices. Realized gains or losses from the sale of marketable securities are computed based on specific identification of historical cost. Unrealized gains or losses of marketable securities are reported as a separate component of members' equity (deficit) and as a separate component of other comprehensive income.

Accounts Receivable

Accounts receivable consist of amounts due from residents for monthly service fees and other ancillary services. These services and fees are primarily due upon receipt of invoice. Receivables are reviewed weekly and are considered past due 14 days after 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.

The Company provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. No allowance was necessary at December 31, 2015 and 2014.

Inventories

Inventories consist of food and supplies used in the operations and are valued at the lower of cost or market 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.

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, 2015 and 2014, totaled \$6,042,805 and \$5,747,292, respectively. At December 31, 2015 and 2014, fully depreciated property and equipment still in use totaled \$577,096 for both years.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

Long-Lived Assets

The Company accounts for impairment and disposition of long-lived assets in accordance with ASC 360-10, "*Property, Plant, and Equipment*". 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 amount. There was no impairment of value of such assets for the years ended December 31, 2015 and 2014.

Deposits on Future Occupancy

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

Revenue Recognition

Revenue from resident and non-resident services is accounted for on the accrual basis of accounting as earned. See Note 8 for a description of the revenue recognition policy of deferred entrance fees.

Revenue and Expenses

In accordance with the Residence and Care Agreement, future monthly fees due from residents for maintenance and operating expenses may be adjusted with appropriate notice as specified in the individual agreements.

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.

Advertising and Promotional Costs

Advertising and promotional costs are charged to operations when incurred. For the years ended December 31, 2015 and 2014, advertising and promotional costs totaled \$470,543 and \$447,173, respectively, and are included in general and administrative expenses in the accompanying statements of operations.

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. The Company has presented separate statements of comprehensive income. An analysis of changes in components of accumulated other comprehensive income is presented in the statements of changes in members' equity (deficit).

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

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

Use of Estimates

The process of preparing financial statements in accordance with accounting principles generally accepted in the United States of America 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.

New Pronouncements

In May 2014, the FASB issued Accounting Standards Update (“ASU” or “Update”) 2014-09, “*Revenue from Contracts with Customers (Topic 606)*”. As compared to existing guidance on revenue recognition, ASU 2014-09 will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets.

The ASU core principal is to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in ASU 2014-09 also improves U.S. GAAP by reducing the number of requirements to which an entity must consider in recognizing revenue, as well as requires improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. In August 2015, the FASB issued ASU 2015-14, “*Revenue from Contracts with Customers (ASC 606): Deferral of the Effective Date*” as an update for entities to apply the guidance in ASU 2014-09 to annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of ASU 2014-09 and ASU 2015-14 on the presentation of its financial statements.

In January 2016, the FASB issued ASU 2016-01, “*Financial Instruments - Overall (Subtopic 825-10)*”. The amendments in this Update supersede the guidance to classify equity securities with readily determinable fair values into different categories (that is, trading or available-for-sale) and require equity securities to be measured at fair value with changes in the fair value recognized through net income. The amendments also require enhanced disclosures about those investments. ASU 2016-01 is effective for annual reporting periods beginning after December 15, 2018. The Company is currently evaluating the impact of the provisions of ASU 2016-01 on the presentation of its financial statements.

Note 2: Concentrations, Risks and Uncertainties

The Company maintains cash balances with one financial institution. At December 31, 2015 and 2014, accounts at the institution are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000.

At December 31, 2015 and 2014, the Company also maintains its money market funds and investments in equity securities at brokerage firms which are not FDIC insured. The firms are insured by Securities Investor Protection Corporation (“SIPC”) up to \$500,000.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 3: Marketable Securities

At December 31, 2015 and 2014, the Company's investments consist primarily of publicly traded equity securities categorized as available-for-sale securities and are stated at fair market value.

At December 31, 2015, cost and fair market value of such investments are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Gross Unrealized Holding Gain</u>	<u>Gross Unrealized Holding Loss</u>
Equities	\$ 4,929,261	\$ 6,125,384	\$ 1,263,677	\$ 67,554
Total Marketable Securities	<u>\$ 4,929,261</u>	<u>\$ 6,125,384</u>	<u>\$ 1,263,677</u>	<u>\$ 67,554</u>

At December 31, 2015, the allowance for unrealized gains and losses has been recorded as a separate component of members' equity (deficit) under accumulated other comprehensive income. At December 31, 2015, the aggregate market value of marketable securities exceeds their aggregate cost by \$1,196,123. Other comprehensive income for the year ended December 31, 2015 includes net unrealized holding gains arising during the year of \$47,516, and amounts reclassified from accumulated other comprehensive income totaling \$80,948. The amounts reclassified from accumulated comprehensive income totaling \$80,948 affect the net realized gain on sale of marketable securities on the accompanying statements of operations.

Sales of marketable securities classified as available-for-sale during the year ended December 31, 2015, resulted in proceeds of \$882,739, gross realized gains of \$145,264 and gross realized losses of \$74,383.

At December 31, 2014, cost and fair market value of such investments are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Gross Unrealized Holding Gain</u>	<u>Gross Unrealized Holding Loss</u>
Equities	\$ 4,272,695	\$ 5,502,250	\$ 1,260,237	\$ 30,682
Total Marketable Securities	<u>\$ 4,272,695</u>	<u>\$ 5,502,250</u>	<u>\$ 1,260,237</u>	<u>\$ 30,682</u>

At December 31, 2014, the allowance for unrealized gains and losses has been recorded as a separate component of members' equity (deficit) under accumulated other comprehensive income. At December 31, 2014, the aggregate market value of marketable securities exceeds their aggregate cost by \$1,229,555. Other comprehensive income for the year ended December 31, 2014 includes net unrealized holding gains arising during the year of \$583,526, and amounts reclassified from accumulated other comprehensive income totaling \$64,497. The amounts reclassified from accumulated comprehensive income totaling \$64,497 affect the net realized gain on sale of marketable securities on the accompanying statements of operations.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 3: Marketable Securities (Continued)

Sales of marketable securities classified as available-for-sale during the year ended December 31, 2014, resulted in proceeds of \$609,519, gross realized gains of \$37,777 and gross realized losses of \$14,903.

Note 4: Costs of Acquiring Initial Continuing Care Contracts

Costs of acquiring initial continuing care contracts were capitalized since they were expected to be recovered from future contract care revenues. Initial continuing-care contracts are defined as the resident contracts entered into within one year of the opening of the facility. These costs were amortized using a straight-line method over the average expected remaining lives of the residents under contract or the contract term, if shorter. The amortization related to these costs for both years ended December 31, 2015 and 2014, totaled \$327,494.

The following table represents the total estimated amortization of costs of acquiring initial continuing care contracts assets for each of the succeeding years:

2016	\$	327,494
2017		327,494
2018		327,494
2019		<u>81,875</u>
	\$	<u>1,064,357</u>

Note 5: Residence and Care Agreement

Each new resident enters into a contract with the Company called the Residence and Care Agreement. The form of the agreement is in conformity with the statutes of the State of California Department of Social Services Continuing Care Contracts Branch. The provisions of the 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 (see Note 6), and methods of cancellation and refunds or contingent repayments subject to resale of the units.

Prior to actual occupancy by the resident, a contribution is required to be deposited with the Master Trust pursuant to the Residence and Care Agreement (the "Residence Agreement").

Under the Residence Agreement, 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.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 5: Residence and Care Agreement (Continued)

- (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.

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.

Note 6: Note Payable to Master Trust and Trust Agreement

The University Village Thousand Oaks 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, 2015 and 2014, the balance outstanding on the Master Trust note payable was \$219,026,495 and \$213,350,251, respectively.

A contribution amount, as specified in the Residence Agreement, is made to the Master Trust by the grantor (see Note 5). The trustee of the Master Trust is directed to invest virtually all of 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 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.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 6: Note Payable to Master Trust and Trust Agreement (Continued)

Repayments of principal will be made in annual amounts for a period of forty years with 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 forty years. The next scheduled principal payment of \$5,475,662 was paid in January 2016.

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

2016	\$ 5,475,662
2017	5,338,771
2018	5,205,302
2019	5,075,169
2020	4,948,290
Thereafter	<u>192,983,301</u>
Total	<u>\$ 219,026,495</u>

Note 7: 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 at December 31, 2015 and 2014, of 6 percent for both years, the anticipated revenues are estimated to exceed the cost of future services by \$78,321,781 and \$67,872,687, for the years ended December 31, 2015 and 2014, respectively. Therefore, no liability was accrued.

Reservations and Designations

At December 31, 2015 and 2014, the Company maintains cash reserves in the amount of \$4,450,161 and \$4,265,555, respectively, for operating expense contingencies in accordance with 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 on 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.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 8: Deferred Revenue from Unamortized Deferred Entrance Fees

At December 31, 2015 and 2014, deferred revenue from unamortized deferred entrance fees consists of the following:

	2015	2014
Deferred entrance fees before repayment	\$ 49,925,416	\$ 49,338,455
Less: Accumulated amortization of deferred entrance fees	(26,010,048)	(24,477,289)
 Deferred Revenue from Unamortized Deferred Entrance Fees, Net	 \$ 23,915,368	 \$ 24,861,166

The deferred entrance fees are amortized to income using the straight-line method over future periods based on the estimated life of the resident in accordance with ASC 954-430, “*Health Care Entities - Deferred Revenue*”. 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. During 2015 and 2014, the deferred entrance fees amortized into income were \$4,270,241 and \$4,280,535, respectively, based on total deferred entrance fees of \$61,280,185 and \$59,855,554, respectively.

Note 9: Related Party Transactions

At December 31, 2015 and 2014, 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, 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 cancelled. For the years ended December 31, 2015 and 2014, services fees paid under this agreement totaled \$258,720 and \$278,000, respectively. The service agreement also provides for additional fees for supplemental services and out-of-pocket expenses, as needed. For the years ended December 31, 2015 and 2014, the additional fees paid under this agreement totaled \$106,831 and \$151,272, 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, 2015 and 2014 totaled \$364,582 and \$456,272, respectively.

During the years ended December 31, 2015 and 2014, the Company paid \$25,000 each year, for management services provided by an affiliated entity owned by the financing member. These expenses are included in the general and administrative expenses in the accompanying statements of operations.

During the years ended December 31, 2015 and 2014, the Company paid \$55,000 and \$60,000, respectively, for consulting services provided by an affiliated entity owned by a member. These expenses are included in the general and administrative expenses in the accompanying statements of operations.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 9: Related Party Transactions (Continued)

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, 2015 and 2014, were \$7,091,257 and \$6,540,941, 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 \$271,090 and \$212,107, at December 31, 2015 and 2014, respectively, which are included in accounts payable in the accompanying balance sheets.

Note 10: Employee Benefit Plan

The Company sponsors a qualified 401(k) plan (the "Plan") for all eligible employees. Employees may contribute up to 80 percent of their annual compensation, up to the maximum prescribed by law. The Company makes a safe harbor matching contribution equal to 100 percent of the first 3 percent of the participant's compensation and 50 percent of the next 2 percent of the participant's compensation which is deferred as an elective deferral. For the years ended December 31, 2015 and 2014, employer contributions to the Plan totaled \$89,111 and \$59,589, respectively, which have been included in general and administrative expenses in the accompanying statements of operations.

Note 11: Fair Value Measurements

The Company accounts for marketable securities in accordance with ASC 820, "*Fair Value Measurements and Disclosures*". ASC 820-10 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurement. 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. 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 measure considered from the perspective of a market participant rather than an entity-specific measure. 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.

UNIVERSITY VILLAGE THOUSAND OAKS CCRC, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

Note 11: Fair Value Measurements (Continued)

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.

Assets measured at fair value on a recurring basis comprise of available-for-sale securities. The fair value of the assets at December 31, 2015 is determined as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:			
Large Value	\$ 2,411,825	\$ -	\$ -
Large Growth	468,304	-	-
Large Core	<u>3,245,255</u>	<u>-</u>	<u>-</u>
Total Assets at Fair Value	<u>\$ 6,125,384</u>	<u>\$ -</u>	<u>\$ -</u>

Assets measured at fair value on a recurring basis comprise of available-for-sale securities. The fair value of the assets at December 31, 2014 was determined as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:			
Large Value	\$ 2,200,125	\$ -	\$ -
Large Growth	440,008	-	-
Large Core	<u>2,862,117</u>	<u>-</u>	<u>-</u>
Total Assets at Fair Value	<u>\$ 5,502,250</u>	<u>\$ -</u>	<u>\$ -</u>

Note 12: Subsequent Events

Events occurring after December 31, 2015, have been evaluated for possible adjustment to the financial statements or disclosure as of April 12, 2016, 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**

To the Members of
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 years ended December 31, 2015 and 2014, and our report thereon dated April 12, 2016, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. The audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The information included in the accompanying schedules of Form 5-1 through Form 5-5 and Form 7-1 has been 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 is presented for purposes of additional analysis and is not a required part of 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 and presents fairly in all material respects the continuing care reserve requirements of the Company at December 31, 2015, in conformity with the report preparation provisions of the California Health and Safety Code Section 1792.

This report is intended solely for the information and use of the members and management of the Company and for filing with the California Department of Social Services and should not be used for any other purposes. However, this report is a matter of public record and its distribution is not limited.

White Nelson Diehl Evans LLP

Irvine, California
April 12, 2016

**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

(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



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)**

	(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))
Long-Term Debt Obligation					
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)	
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 12/31/2015
1	Total operating expenses from financial statements	\$28,212,968
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	\$0
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	\$6,042,805
	d. Amortization	\$327,494
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$185,220
	f. Extraordinary expenses approved by the Department	
3	Total Deductions	\$6,555,519
4	Net Operating Expenses	\$21,657,449
5	Divide Line 4 by 365 and enter the result.	\$59,335
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$4,450,161

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 \$ 185,220

Categories included in the above revenues:

\$	55,074	Guest Meals
	32,804	Employee Meals
	23,387	Catering
	<u>73,955</u>	Guest Room

\$ 185,220

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

FORM 5-5
Description of Reserves under SB 1212

Total Qualifying Assets as Filed:

Cash and Cash Equivalents	\$	1,227,026
Investment Securities	\$	6,125,384
Total Qualifying Assets as Filed	\$	7,352,410

Reservations and Designations:

Reserved for Debt Service	\$	-
Reserved for Operating Expenses	\$	4,450,161
Total Reservations and Designations	\$	4,450,161
Remaining Liquid Reserves	\$	2,902,249

Per Capita Cost of Operations

	12 Months Ending 12/31/15
Operating Expenses (Form 5-4 line #1)	\$ 28,212,968
Mean # of CCRC Residents (Form 1-1 line 10)	477
Per Capita Cost of Operations	\$ 59,147

NOTE: Operating expenses shown above are for the period of January 1, 2015 to December 31, 2015

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

REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$3,380- \$5,145	N/A	N/A
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3.9%		

Check here if monthly service 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, 2015
(If more than 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.
- At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- 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.
- 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.

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

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

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

The regular first person monthly fee increase is reflected at 3.9% and the second person fee increase is reflected at 3.9% in fiscal year 2015. University Village Thousand Oaks (University Village Thousand Oaks CCRC LLC) had a two point nine percent (2.9%) monthly fee increase in fiscal year 2014. The main cost drivers of the monthly fee increase in 2015 were increased labor wages and health insurance premiums, worker's compensation cost and utilities cost.

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

Date Prepared: 03/29/2016



FACILITY NAME: University Village Thousand Oaks CCRC, LLC
 ADDRESS: 3415 Campus Drive ZIP CODE: 91360 PHONE: 805-241-3000
 PROVIDER NAME: University Village Thousand Oaks CCRC, LLC FACILITY OPERATOR: Life Care Services, CA
 RELATED FACILITIES: OakView HC LLC RELIGIOUS AFFILIATION: N/A
 YEAR OPENED: 2007 # OF ACRES: 65 SINGLE MULTI-
 STORY STORY OTHER: _____ MILES TO SHOPPING CTR: .50
 MILES TO HOSPITAL: less than 5 miles

NUMBER OF UNITS:

RESIDENTIAL LIVING	HEALTH CARE
APARTMENTS — STUDIO: 0	ASSISTED LIVING: _____
APARTMENTS — 1 BDRM: 120	SKILLED NURSING: _____
APARTMENTS — 2 BDRM: 127	SPECIAL CARE: _____
COTTAGES/HOUSES: 120	DESCRIPTION: > _____
RLU OCCUPANCY (%) AT YEAR END: 100%	> _____

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

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

REFUND PROVISIONS: (Check all that apply) 90% 75% 50% FULLY AMORTIZED OTHER: 25%

RANGE OF ENTRANCE FEES: \$ 396,600 - \$ 1,315,000 **LONG-TERM CARE INSURANCE REQUIRED?** YES NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: Assisted Living, Skilled Nursing, Memory Care

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: _____ OTHER: _____

RESIDENT REPRESENTATIVE(S) TO THE BOARD (briefly describe their involvement): > Two Residents representation from the Resident Council are involved in the monthly management meetings to serve as the liaison between the Resident Council and management and to provide input and suggestions to management and ownership from the resident perspective.

FACILITY SERVICES AND AMENITIES					
COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (2 TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (1 /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input type="checkbox"/>	<input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	22,362,325	24,004,604	25,084,775	26,508,067
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	17,828,814	19,166,208	20,927,486	21,842,669
NET INCOME FROM OPERATIONS	4,533,511	4,838,396	4,157,289	4,665,398
LESS INTEREST EXPENSE				
PLUS CONTRIBUTIONS				
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	29,651	174,600	153,514	227,664
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	4,563,162	5,012,996	4,310,803	4,893,062
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	9,866,306	7,608,629	7,142,329	10,966,561

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

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>
University Village Thousand Oaks Master Trust	219,026,495	0%	11/16/2001	12/31/2050	40 Years

FINANCIAL RATIOS (see next page for ratio formulas)

2013 CCAC Medians
50th Percentile
(optional)

	<u>2013</u>	<u>2014</u>	<u>2015</u>
DEBT TO ASSET RATIO	0%	0%	0%
OPERATING RATIO	79.84%	83.43%	82.40%
DEBT SERVICE COVERAGE RATIO	0%	0%	0%
DAYS CASH ON HAND RATIO	139.72	130.69	122.86

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	<u>2012</u>	<u>%</u>	<u>2013</u>	<u>%</u>	<u>2014</u>	<u>%</u>	<u>2015</u>
STUDIO							
ONE BEDROOM	3,072	2.9	3,161	2.9	3,253	3.9	3,380
TWO BEDROOM	4,140	2.9	4,260	2.9	4,384	3.9	4,555
COTTAGE/HOUSE	4,676	2.9	4,812	2.9	4,952	3.9	5,145
ASSISTED LIVING							
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER: > University Village Thousand Oaks Master Trust has a first priority deed of trust against University Village Thousand Oaks CCRC, LLC which
> provides the residents collateral protection. The \$219,026,495 recorded on the books as a Note Payable to the Master Trust is repayable to the residents of their estates upon termination
> of their contracts and resale of their units, per the contracts.

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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