

**STONERIDGE CREEK PLEASANTON CCRC, LLC**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2021 AND 2020**



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## INDEPENDENT AUDITORS' REPORT

Members  
Stoneridge Creek Pleasanton CCRC, LLC  
Pleasanton, California

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Stoneridge Creek Pleasanton CCRC, LLC (a Delaware limited liability company) (the Company), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, 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.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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


***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



**CliftonLarsonAllen LLP**

Irvine, California  
April 29, 2022

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2021 AND 2020**

<b>ASSETS</b>	2021	2020
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 15,378,327	\$ 6,109,483
Marketable Securities	5,890,115	4,632,585
Accounts Receivable	319,139	214,435
Inventories	65,646	71,353
Prepaid Expenses and Other Current Assets	651,902	607,100
Total Current Assets	22,305,129	11,634,956
<b>PROPERTY AND EQUIPMENT</b>		
Land	41,781,748	41,781,748
Land Improvements	37,434,493	37,374,772
Buildings and Improvements	191,559,664	191,559,664
Furniture, Fixtures, and Equipment	23,179,787	19,539,605
Construction in Process	708,039	1,601,467
Total Property and Equipment, at Cost	294,663,731	291,857,256
Less: Accumulated Depreciation	(73,102,527)	(62,323,363)
Property and Equipment, at Net Book Value	221,561,204	229,533,893
<b>OTHER ASSETS</b>		
Restricted Cash	479,115	448,328
Restricted Marketable Securities	1,916,648	1,601,222
Accounts Receivable, Long Term	25,000	25,000
Costs of Acquiring Contracts, Net	2,294,653	2,340,515
Deferred Entrance Fees Receivable	73,380,828	72,050,031
Total Other Assets	78,096,244	76,465,096
Total Assets	\$ 321,962,577	\$ 317,633,945

See accompanying Notes to Financial Statements.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**BALANCE SHEETS (CONTINUED)**  
**DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>LIABILITIES AND MEMBERS' DEFICIT</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,205,553	\$ 1,081,146
Accrued Expenses	993,096	1,027,814
Deposits on Future Occupancy	7,421,729	7,599,480
Current Portion of Note Payable to Master Trust	10,450,193	9,982,249
Total Current Liabilities	20,070,571	19,690,689
<b>LONG-TERM LIABILITIES</b>		
Note Payable to Master Trust, Net of Current Portion	407,557,511	389,307,704
Deferred Revenue from Unamortized Deferred Entrance Fees, Net	62,660,338	58,524,186
Deposits from Residents	347,000	307,000
Total Long-Term Liabilities	470,564,849	448,138,890
Total Liabilities	490,635,420	467,829,579
<b>MEMBERS' DEFICIT</b>		
	(168,672,843)	(150,195,634)
Total Liabilities and Members' Deficit	\$ 321,962,577	\$ 317,633,945

See accompanying Notes to Financial Statements.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>REVENUES</b>		
Resident Services	\$ 42,619,222	\$ 40,730,731
Amortization of Deferred Entrance Fees	8,551,338	8,233,284
Deferred Entrance Fees on Terminated Contracts	3,067,666	3,256,960
Nonresident Services	115,960	78,930
Total Revenues	54,354,186	52,299,905
<b>OPERATING EXPENSES</b>		
Resident Care	5,961,455	5,541,608
Food and Beverage Services	6,823,242	6,887,189
Environmental Services	2,516,159	2,498,467
Plant Facility Operating Costs	6,501,811	5,866,413
General and Administrative Expenses	9,053,180	8,756,149
Depreciation and Amortization	11,174,951	10,897,439
Total Operating Expenses	42,030,798	40,447,265
<b>INCOME FROM OPERATIONS</b>	12,323,388	11,852,640
<b>OTHER INCOME (LOSS)</b>		
Net Realized Loss on Sale of Marketable Securities	-	(17,003)
Net Unrealized Gain on Marketable Securities	1,522,158	348,543
Interest and Dividend Income	177,245	162,588
Interest Expense	-	(675)
Total Other Income	1,699,403	493,453
<b>NET INCOME</b>	\$ 14,022,791	\$ 12,346,093

See accompanying Notes to Financial Statements.

**STONERIDGE CREEK PLEASANTON CCRC, LLC  
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT  
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	Capital		Accumulated Equity	Total Members' Deficit
	Class A	Class B		
<b>BALANCE - DECEMBER 31, 2019</b>	\$ (140,059,356)	\$ (27,955,413)	\$ 22,473,042	\$ (145,541,727)
Distributions	(13,600,000)	(3,400,000)	-	(17,000,000)
Net Income	-	-	12,346,093	12,346,093
<b>BALANCE - DECEMBER 31, 2020</b>	(153,659,356)	(31,355,413)	34,819,135	(150,195,634)
Distributions	(26,000,000)	(6,500,000)	-	(32,500,000)
Net Income	-	-	14,022,791	14,022,791
<b>BALANCE - DECEMBER 31, 2021</b>	<u>\$ (179,659,356)</u>	<u>\$ (37,855,413)</u>	<u>\$ 48,841,926</u>	<u>\$ (168,672,843)</u>

See accompanying Notes to Financial Statements.



**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Residents	\$ 56,801,126	\$ 52,099,410
Interest and Dividend Income	177,245	162,588
Interest Expense	-	(675)
Reimbursements for Services to Nonresidents	115,960	78,930
Cash Paid to Suppliers and Employees	(31,148,078)	(30,165,917)
Net Cash and Cash Equivalents and Restricted Cash Provided by Operating Activities	25,946,253	22,174,336
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments Made on Purchases of Property and Equipment	(2,806,475)	(1,692,548)
Purchases of Marketable Securities	(57,930)	(2,948,608)
Proceeds from Redemption of Marketable Securities	32	1,360,436
Net Cash and Cash Equivalents and Restricted Cash Used by Investing Activities	(2,864,373)	(3,280,720)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Notes Payable to Master Trust	28,700,000	9,500,000
Payments on Notes Payable to Master Trust	(9,982,249)	(9,994,614)
Distributions to Members	(32,500,000)	(17,000,000)
Net Cash and Cash Equivalents and Restricted Cash Used by Financing Activities	(13,782,249)	(17,494,614)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	9,299,631	1,399,002
Cash and Cash Equivalents and Restricted Cash - Beginning of Year	6,557,811	5,158,809
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	\$ 15,857,442	\$ 6,557,811

See accompanying Notes to Financial Statements.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
<b>RECONCILIATION OF NET INCOME TO NET CASH AND CASH EQUIVALENTS AND RESTRICTED CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Net Income	\$ 14,022,791	\$ 12,346,093
Noncash Items Included in Net Income:		
Depreciation	10,779,164	10,699,722
Amortization of Costs of Acquiring Contracts	395,787	197,717
Amortization of Deferred Entrance Fees	(8,551,338)	(8,233,284)
Deferred Entrance Fees on Terminated Contracts	(3,067,666)	(3,256,960)
Net Realized Loss on Sale of Marketable Securities	-	17,003
Net Unrealized Gain on Marketable Securities	(1,522,158)	(348,543)
Changes in:		
Accounts Receivable	(104,704)	(50,703)
Inventories	5,707	(21,124)
Prepaid Expenses and Other Current Assets	(37,702)	(217,454)
Costs of Acquiring Contracts	(349,925)	(168,325)
Deferred Entrance Fees Receivable	14,424,360	12,704,952
Accounts Payable	124,407	(347,088)
Accrued Expenses	(34,719)	97,899
Deposits on Future Occupancy	(177,751)	(1,285,569)
Deposits from Residents	40,000	40,000
Net Cash and Cash Equivalents and Restricted Cash Provided by Operating Activities	\$ 25,946,253	\$ 22,174,336
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Deferred Entrance Fees Receivable and Deferred Revenue from Unamortized Deferred Entrance Fees Recorded to Reflect Additional Amounts Due from Resident Contributions	\$ 15,755,157	\$ 13,300,318

See accompanying Notes to Financial Statements.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

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

**Limited Liability Company Operating Agreement**

The rights and obligations of the members of the Company are governed by the First Amended and Restated Limited Liability Company Operating Agreement (the Operating Agreement) of the Company dated July 14, 2015. 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 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, 2021 and 2020, 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.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONTINUED)**

**Cash and Cash Equivalents and Restricted Cash**

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, as well as restricted cash (see Note 4).

The following table provides a reconciliation of cash, restricted cash, and cash equivalents reported within the balance sheets that sum to the total of the same such amounts as shown in the statements of cash flows for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 15,378,327	\$ 6,109,483
Restricted Cash (Note 4)	<u>479,115</u>	<u>448,328</u>
Total Cash and Cash Equivalents and Restricted Cash as Shown on the Statements of Cash Flows	<u>\$ 15,857,442</u>	<u>\$ 6,557,811</u>

**Marketable Securities and Restricted 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 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, 2021 and 2020.

**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.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**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	10-20 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, 2021 and 2020 totaled \$10,799,164 and \$10,699,722, 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, 2021 and 2020.

**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.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(CONTINUED)**

**Revenue Recognition from Contracts with Customers (Continued)**

Contract Revenues

The following are descriptions 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.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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.

*Deposits from Residents* – Deposits from residents represent deposits to cover potential refurbishment costs from residents who enter under 0% repayable contracts.

*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, 2021 and 2020, the Company recognized amortization expense of these assets totaling \$395,787 and \$197,717, respectively.

**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, 2021 and 2020, advertising and promotional costs totaled \$604,382 and \$441,858, respectively, and are included in general and administrative expenses in the accompanying statements of operations.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 1 NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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.

**Reclassifications**

Certain reclassifications have been made to the 2020 financial statements to conform to the current-year presentation.

**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS**

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

	<u>2021</u>	<u>2020</u>
Revenue from Contracts with Customers:		
Entrance Fees, Amortized and on Terminated Contracts (Over Time)	\$ 11,619,004	\$ 11,490,244
Monthly Resident Fees and Ancillary Charges (Over Time)	42,619,222	40,730,731
Nonresident Services (Point in Time)	115,960	78,930
Total Revenue from Contracts with Customers	<u>\$ 54,354,186</u>	<u>\$ 52,299,905</u>

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

	<u>January 1, 2021</u>	<u>December 31, 2021</u>
Accounts Receivable	<u>\$ 214,435</u>	<u>\$ 319,139</u>
Costs to Acquire Contracts	<u>\$ 2,340,515</u>	<u>\$ 2,294,653</u>
Deferred Entrance Fees Receivable	<u>\$ 72,050,031</u>	<u>\$ 73,380,828</u>
Deposits on Future Occupancy	<u>\$ 7,599,480</u>	<u>\$ 7,421,729</u>
Deferred Revenue from Unamortized Entrance Fees	<u>\$ 58,524,186</u>	<u>\$ 62,660,338</u>
Deposits from Residents	<u>\$ 307,000</u>	<u>\$ 347,000</u>



**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 3 CONCENTRATIONS, RISKS, AND UNCERTAINTIES**

The Company maintains cash balances with one financial institution. At December 31, 2021 and 2020, 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, 2021 and 2020, 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 (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes that 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 4 RESTRICTED CASH AND RESTRICTED MARKETABLE SECURITIES**

As a condition of development, the Company entered into an agreement with the City of Pleasanton, California, whereby the Company will provide a certain number of independent living units that will be affordable to households of lower incomes as specified in the agreement. The agreement also calls for the Company to establish an annuity for the purpose of providing ongoing subsidies to specific households for future periods. At December 31, 2021 and 2020, amounts of restricted cash and restricted marketable securities established totaled \$2,395,763 and \$2,049,550, respectively. The Company was in compliance with all terms of the agreement.

**NOTE 5 NOTES PAYABLE TO MASTER TRUST AND TRUST AGREEMENTS**

The Stoneridge Creek Pleasanton 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, 2021 and 2020, the balance outstanding on the Master Trust note payable was \$418,007,704 and \$399,289,953, respectively.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 5 NOTES PAYABLE TO MASTER TRUST AND TRUST AGREEMENTS (CONTINUED)**

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 \$518,000,000, 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 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 Stoneridge Creek Pleasanton.

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, 2061. 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 \$10,450,193 was paid in January 2022.

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

<u>Year</u>	<u>Amount</u>
2022	\$ 10,450,193
2023	10,188,938
2024	9,934,214
2025	9,685,859
2026	9,443,713
Thereafter	368,304,787
Total	<u>\$ 418,007,704</u>

In addition to the annual principal payment, the Company provides the Master Trust 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.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**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, 2021, and a rate of 5.0% at December 31, 2020, 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, 2021 and 2020, the Company maintains cash reserves in the amount of \$6,316,415 and \$6,055,650, 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, 2021 and 2020, 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, 2021 and 2020, service fees paid under this agreement totaled \$792,192 and \$638,244, 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, 2021 and 2020, the additional fees paid under this agreement totaled \$387,624 and \$411,220, 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, 2021 and 2020 totaled \$473,310 and \$478,241, respectively.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 7 RELATED-PARTY TRANSACTIONS (CONTINUED)**

During both years ended December 31, 2021 and 2020, the Company paid \$50,000 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.

The Company has an agreement for purchased health-care costs with Creekview HC, LLC, an affiliated entity. The health-care costs paid to this entity during the years ended December 31, 2021 and 2020 were \$4,860,020 and \$4,496,359, 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 \$109,634 and \$96,900 at December 31, 2021 and 2020, 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, 2021 and 2020, employer contributions to the Plan totaled \$188,196 and \$178,199, 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.

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.

**STONERIDGE CREEK PLEASANTON CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**

**NOTE 9 FAIR VALUE MEASUREMENTS (CONTINUED)**

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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:			
Large Value	\$ 2,401,431	\$ -	\$ -
Large Growth	1,171,403	-	-
Large Core	3,759,158	-	-
Mid Value	302,229	-	-
Mid Core	167,438	-	-
Small Value	5,104	-	-
Total Assets at Fair Value	<u>\$ 7,806,763</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:			
Large Value	\$ 1,871,949	\$ -	\$ -
Large Growth	995,066	-	-
Large Core	3,018,566	-	-
Mid Value	222,866	-	-
Mid Core	125,360	-	-
Total Assets at Fair Value	<u>\$ 6,233,807</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE 10 SUBSEQUENT EVENTS**

Events occurring after December 31, 2021 have been evaluated for possible adjustment to the financial statements or disclosure as of April 29, 2022, 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.



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

### Members

Stoneridge Creek Pleasanton CCRC, LLC  
Pleasanton, California

We have audited the financial statements of Stoneridge Creek Pleasanton CCRC, LLC (the Company) as of and for the year ended December 31, 2021, and our report thereon dated April 29, 2022, 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 2021 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 29, 2022

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	11/28/11	\$0	\$0	\$0	\$0
2	12/21/15	\$0	\$0	\$0	\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>			\$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:** Stoneridge Creek Pleasanton CCRC, LLC



STATE OF CALIFORNIA—HEALTH AND HUMAN SERVICES AGENCY  
**DEPARTMENT OF SOCIAL SERVICES**  
744 P Street • Sacramento, CA 95814 • [www.cdss.ca.gov](http://www.cdss.ca.gov)



EDMUND G. BROWN JR.  
GOVERNOR

August 18, 2015

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

**SUBJECT: STONERIDGE CREEK PLEASANTON CCRC, LLC**

Dear Mr. Spieker:

This is in response to your May 8, 2015, letter request approval to waive the long-term debt reserve requirement as it applies to the debt held by the Stoneridge Creek Pleasanton Master Trust. Pursuant to the December 11, 2014, email from Bank of America Merrill Lynch, the construction loan to Stoneridge Creek Pleasanton CCRC, LLC (SRC) 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 SRC.

Please note that SRC is required to notify the Department and obtain its approval prior to closing any transaction that results in an encumbrance or lien on the SRC property or its revenues, pursuant to H&SC section 1789.2. At which time, SRC will be required to comply with the debt service reserve requirement for the new debt.

If you have any questions, you may contact this office at (916) 657-2592.

Sincerely,

EVON LENERD, Chief  
Continuing Care Branch



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

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Total Interest Paid During Fiscal Year	Amount of Most Recent Payment on the Debt	Number of Payments over next 12 months	Reserve Requirement (see instruction 5) (columns (c) x (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>		\$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:** Stoneridge Creek Pleasanton CCRC, LLC

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

<b>Line</b>		<b>TOTAL</b>
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	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<b>\$0</b>

**PROVIDER:** Stoneridge Creek Pleasanton CCRC, LLC

**FORM 5-4  
CALCULATION OF NET OPERATING EXPENSES**

Line	Amounts	TOTAL Year Ended 12/31/2021
1	Total operating expenses from financial statements	\$42,030,798
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	\$10,779,164
d.	Amortization	\$395,787
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$115,960
f.	Extraordinary expenses approved by the Department	
3	Total Deductions	\$11,290,911
4	Net Operating Expenses	\$30,739,887
5	Divide Line 4 by 365 and enter the result.	\$84,219
6	<b>Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.</b>	<b>\$6,316,415</b>

**PROVIDER:** Stoneridge Creek Pleasanton CCRC, LLC

**COMMUNITY:** Stoneridge Creek Pleasanton

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

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

Reimbursements for services to non-residents \$ 115,960

Categories included in the above revenues:

\$	14,061	Guest Meals
	(4)	Employee Meals
	1,198	Catering
	70,044	Guest Room
	28,937	Space Rental
	1,724	Convenience Store
		<hr/>
\$	115,960	<hr/>

**PROVIDER:** Stoneridge Creek Pleasanton CCRC, LLC  
**COMMUNITY:** Stoneridge Creek Pleasanton

**FORM 5-5  
ANNUAL RESERVE CERTIFICATION**

**FORM 5-5  
ANNUAL RESERVE CERTIFICATION**

Provider Name: Stoneridge Creek Pleasanton CCRC, LLC  
 Fiscal Year Ended: 12/31/2021

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2021 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year 12/31/2021 are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	
[2] Operating Expense Reserve Amount	\$6,316,415
[3] <b>Total Liquid Reserve Amount:</b>	<b>\$6,316,415</b>

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

<u>Qualifying Asset Description</u>	<u>Amount</u> <u>(market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents		\$15,378,327
[5] Investment Securities		\$5,890,115
[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)		
<b>Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]</b>	<b>\$0 [12]</b>	<b>\$21,268,442</b>
<b>Reserve Obligation Amount: [13]</b>	<b>\$0 [14]</b>	<b>\$6,316,415</b>
<b>Surplus/(Deficiency): [15]</b>	<b>\$0 [16]</b>	<b>\$14,952,027</b>

**NOTE: Please find attached the debt service requirement waiver.**

Signature:



Ryan Currie

Date: 4/20/2022

Member

**FORM 5-5**  
**Description of Reserves Under SB 1212**

**Total Qualifying Assets as Filed:**

Cash and Cash Equivalents	\$	15,378,327
Investment Securities	\$	5,890,115
Total Qualifying Assets as Filed:	\$	21,268,442

**Reservations and Designations:**

Reserved for Debt Service	\$	-
Reserved for Operating Expenses	\$	6,316,415
Total Reservations and Designations:	\$	6,316,415
Remaining Liquid Reserves	\$	14,952,027

---

**Per Capita Cost of Operations**

	<u>12 Months Ending</u> <u>12/31/21</u>
Operating Expenses (Form 5-4 line # 1)	\$42,030,798
Mean # of CCRC Residents (Form 1-1 line 10)	775
Per Capita Cost of Operations	\$54,233

**NOTE: Operating expenses shown above are for the period of January 1, 2021  
to December 31, 2021**

**PROVIDER:** Stoneridge Creek Pleasanton CCRC, LLC

**COMMUNITY:** Stoneridge Creek Pleasanton

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

	RESIDENTIAL LIVING	ASSISTED LIVING	MEMORY CARE	SKILLED NURSING
1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$3509 - 6658</u>	_____	_____	_____
2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>3.9%</u>	_____	_____	_____

Check here if monthly care fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

3. Indicate the date the fee increase was implemented: January 1, 2021  
(If more than one (1) increase was implemented, indicate the dates for each increase.)

4. Check each of the appropriate boxes:

Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators.

All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.

**Date of Notice:** November 2, 2020      **Method of Notice:** Internal mail & USPS

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 12, 2020

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

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

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

Placed hard copies in resident cubby

Placed hard copies at designated locations

Provided hard copies to residents upon request, and/or

Other: [please describe] Mailed to residents not on site

**Date of Notice:** November 2, 2020

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

**Date of Notice:** October 23, 2020

The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.

**Date of Posting:** October 23, 2020      **Location of Posting:** Community Clubhouse & weekly newsletter

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

**Date of Posting:** November 2, 2020      **Location of Posting:** Clubhouse Library

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

PROVIDER: Stoneridge Creek Pleasanton CCRC, LLC      COMMUNITY: Stoneridge Creek Pleasanton

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

The monthly fee increase for 2021 is reflected at 3.9% and the second person fee increase is reflected at 3.9% in fiscal year 2021. The cost drivers for this increase are: minimum wage, market wage adjustments, raw food cost, employee health insurance increase, general insurance increase for GL/PL, property, auto, cyber, crime; workers comp; purchased health care increases, utilities and all other ancillary expenses. These amounts 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, does not include capital expenditures. 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 HVAC upgrades, IT infrastructure upgrades, phone system upgrades and carpet replacement. 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.

**PROVIDER:** Stoneridge Creek Pleasanton CCRC, LLC  
**COMMUNITY:** Stoneridge Creek Pleasanton



**FORM 7-1  
MONTHLY CARE FEE INCREASE  
Annual Reporting Fiscal Year 2021**

Line	Fiscal Years	2019	2020	2021
1	F/Y 2019 Operating Expenses (less depreciation and amortization)	(27,194,991.00)		
2	F/Y 2020 Operating Expenses (less depreciation and amortization)		(29,549,826.00)	
3	Projected F/Y 2021 Results of Operations (budgeted expenses)			(31,878,462.00)
4	F/Y 2021 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other WITHOUT MCFI			41,205,378.00
5	Projected F/Y 2021 (Net) Operating Results without MCFI (Line 3 plus Line 4)			9,326,917.00
6	Projected F/Y 2021 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI			42,812,388.00
7	Grand Total - Projected FY 2021 Net Operating Activity After 3.9% MCFI (Line 3 plus Line 6)			10,933,927.00
<b>Monthly Care Fee Increase (MCFI)</b>				<b>3.90%</b>

**Adjustment Explained:**

Noncash expenses of depreciation and amortization have been removed for all fiscal years presented.

F/Y 2019 to F/Y 2020

The average resident census decreased by 3%

Average wage increased by 3%

Employee health insurance increased by 8%

General liability insurance increased by 27%

Purchased health care increased by 24% due to the increase in rates and increase in residents utilizing the Health Center

F/Y 2020 to F/Y 2021

The average resident census decreased by 0.4%

Average wage increased by 2%

Employee health insurance increased by 8%

General liability insurance increased by 28%

Purchased health care increased by 29% due to the increase in rates and increase in residents utilizing the Health Center

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**

