FISCAL YEAR ENDED:
12 / 31 / 13

ANNUAL REPORT CHECKLIST

PROVIDER(S): Oakmont Senior Living LLC / Cardinal Point

RECEIVED
APR 30 2014
CONTINUING CARE
CONTRACTS BRANCH

CCRC(S): Cardinal Point at Mariner Square

CONTACT PERSON: Joseph G. Lin

TELEPHONE NO.: (707) 535-3288 **EMAIL:** ____________

• •

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

☑ Annual Report Checklist.

☑ Annual Provider Fee in the amount of: $3,456.00

- ☐ 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.

Oakmont
Senior Living

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APR 30 2014
CONTINUING CARE
CONTRACTS BRANCH

April 28, 2014

Continuing Care Contracts Branch
California Department of Social Services

To Whom It May Concern:

I, William P Gallaher, certify that the annual audit, reports and any amendments thereto submitted for December 31, 2013 for Oakmont Senior Living LLC / Cardinal Point at Mariner Square are true and correct to the best of my knowledge.

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

Oakmont Senior Living / Cardinal Point at Mariner Square are maintaining the required liquid reserve.

Oakmont Senior Living / Cardinal Point at Mariner Square do not offer refundable Contracts.

Sincerely,

William P Gallaher
Oakmont Senior Living / Cardinal Point at Mariner Square
Managing Member

220 Concourse Blvd. • Santa Rosa, CA 95403
Main 707-535-3200 • Fax 707-535-3299
oakmontseniorliving.com

Client#: 139723 OAKMMANA

ACORD™

CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY): 04/24/2014

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

RECEIVED APR 30 2014 CONTINUING CARE CONTRACTS BRANCH

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

PRODUCER	
Propel Insurance Tacoma Commercial Insurance 1201 Pacific Ave, Suite 1000 Tacoma, WA 98402	CONTACT NAME: Karen Robinson PHONE (A/C, No, Ext): 800 499-0933 FAX (A/C, No): 866.577.1326 E-MAIL ADDRESS:

INSURED	INSURER(S) AFFORDING COVERAGE	NAIC #
Oakmont Management Group, LLC 220 Concourse Blvd. Santa Rosa, CA 95403	INSURER A : Columbia Casualty Company	31127
	INSURER B : American Casualty Co of Reading	
	INSURER C :	
	INSURER D :	
	INSURER E :	
	INSURER F :	

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
A	GENERAL LIABILITY X COMMERCIAL GENERAL LIABILITY CLAIMS-MADE X OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: X POLICY PRO-JECT LOC			4022802553	08/04/2013	05/01/2014	EACH OCCURRENCE	$1,000,000
							DAMAGE TO RENTED PREMISES (Ea occurrence)	$100,000
							MED EXP (Any one person)	$5,000
							PERSONAL & ADV INJURY	$1,000,000
							GENERAL AGGREGATE	$3,000,000
							PRODUCTS - COMP/OP AGG	$3,000,000
							Prof. Liab.	$$1mm/$3mm
B	AUTOMOBILE LIABILITY X ANY AUTO X ALL OWNED AUTOS X SCHEDULED AUTOS X HIRED AUTOS X NON-OWNED AUTOS X $1,000 Comp X $1,000 Coll			4022802522	08/04/2013	05/01/2014	COMBINED SINGLE LIMIT (Ea accident)	$1,000,000
							BODILY INJURY (Per person)	$
							BODILY INJURY (Per accident)	$
							PROPERTY DAMAGE (Per accident)	$
								$
A	X UMBRELLA LIAB X OCCUR EXCESS LIAB CLAIMS-MADE DED X RETENTION $$10,000			4022802536	08/04/2013	05/01/2014	EACH OCCURRENCE	$10,000,000
							AGGREGATE	$10,000,000
								$
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	N / A					WC STATU-TORY LIMITS / OTH-ER	
							E.L. EACH ACCIDENT	$
							E.L. DISEASE - EA EMPLOYEE	$
							E.L. DISEASE - POLICY LIMIT	$

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

Named Insureds Continued:
Cardinal Point at Mariner Square, LLC
OakmontSL of Alameda, LP
2431 Mariner Square Dr., Alameda CA 94501

CERTIFICATE HOLDER	CANCELLATION
Evidence of Insurance	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE Teresa Grady Mann

Report of Independent Auditors and
Consolidated Financial Statements with
Consolidating Information

Oakmont Senior Living LLC and Subsidiaries

December 31, 2013 and 2012

MOSS-ADAMS LLP

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

CONTENTS

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

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APR 30 2014
CONTINUING CARE
CONTRACTS BRANCH

REPORT OF INDEPENDENT AUDITORS

To the Members
Oakmont Senior Living LLC and Subsidiaries

Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Oakmont Senior Living LLC (a California limited liability company) and Subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in owners' deficit and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Oakmont Senior Living LLC and Subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 1 to the consolidated financial statements, as of December 31, 2013, and for all years presented, the Company adopted new accounting guidance that reflects changes to the presentation of deferred revenue from entrance fees, and related amortization, in accordance with Financial Accounting Standards Board Accounting Standards Update No. 2012-01, *Health Care Entities (Topic 954); Continuing Care Retirement Communities – Refundable Advance Fees.* Our opinion is not modified with respect to this matter.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements of Oakmont Senior Living LLC and Subsidiaries taken as a whole. The 2013 consolidating information presented on pages 19 through 22 is presented for purposes of additional analysis and is not a required part of the basic 2013 consolidated financial statements. Such consolidating information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Moss Adams LLP

Santa Rosa, California
April 29, 2014

CONSOLIDATED FINANCIAL STATEMENTS

OAKMONT SENIOR LIVING LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
December 31, 2013 and 2012

	2013	2012 (As Restated)
ASSETS		
Cash and cash equivalents	$ 38,025,700	$ 33,577,800
Restricted cash	14,535,700	5,636,700
Assets held by trustee	149,100	-
Accounts receivable and other assets, net	849,200	945,300
Due from related parties	38,911,500	17,013,700
Investment in tenant-in-common interest	-	2,498,100
Deferred financing related costs, net	1,894,300	3,007,500
Investment in real estate		
Buildings and improvements	108,183,900	160,764,100
Land	8,108,400	17,741,000
Furniture, fixtures, and equipment	7,801,500	9,647,700
Projects under development	2,368,400	3,483,400
Accumulated depreciation	(27,685,800)	(37,847,600)
Total investments in real estate, net	98,776,400	153,788,600
Total assets	$ 193,141,900	$ 216,467,700
LIABILITIES AND MEMBERS' DEFICIT		
Accounts payable and accrued liabilities	$ 3,866,300	$ 3,042,100
Accrued interest	12,200	23,800
Deferred revenue	349,300	520,100
Due to related parties	11,304,300	4,638,100
Deferred rent	6,068,400	4,005,400
Entrance fees subject to refund	153,175,100	122,112,900
Entrance fees non-refundable	25,763,300	25,632,800
Note payable to members	-	2,300,000
Debt obligations	76,889,400	143,369,400
Total liabilities	277,428,300	305,644,600
MEMBERS' DEFICIT		
Noncontrolling interest	(9,270,800)	(12,692,900)
Controlling interest	(75,015,600)	(76,484,000)
Total members' deficit	(84,286,400)	(89,176,900)
Total liabilities and members' deficit	$ 193,141,900	$ 216,467,700

See accompanying notes.

OAKMONT SENIOR LIVING LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
Years Ended December 31, 2013 and 2012

	2013	2012 (As Restated)
REVENUE		
Continuing care contracts	$ 21,741,800	$ 19,036,300
Non-continuing care contracts	17,588,700	16,575,800
Total revenue	39,330,500	35,612,100
OPERATING EXPENSES		
Continuing care contracts operating expenses	19,623,400	14,847,200
Non-continuing care contracts operating expenses	8,344,300	8,128,900
Management fees	2,581,400	2,393,600
General and administrative	1,594,800	1,204,500
Letter of credit fees	2,378,400	2,069,000
Depreciation	6,620,000	7,149,300
Facility lease	5,282,500	4,564,100
Total operating expenses	46,424,800	40,356,600
LOSS FROM CONTINUING OPERATIONS	(7,094,300)	(4,744,500)
OTHER INCOME (EXPENSE)		
Gain on sales of real estate	-	22,288,900
Loss on investment in tenant-in-common interest	-	(123,500)
Interest income	296,700	184,000
Amortization of deferred financing related costs	(1,968,800)	(688,700)
Interest expense	(664,600)	(739,200)
Miscellaneous	(45,700)	27,700
NET INCOME (LOSS), before allocation to noncontrolling interest	(9,476,700)	16,204,700
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	(285,500)	(39,300)
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	$ (9,762,200)	$ 16,165,400

See accompanying notes.

OAKMONT SENIOR LIVING LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN OWNERS' DEFICIT
Years Ended December 31, 2013 and 2012

	Noncontrolling Interest	Controlling Interest	Total
BALANCE, December 31, 2011 (as restated)	$ (10,723,400)	$ (99,443,700)	$ (110,167,100)
Distribution of OSL Management LLC	-	13,282,900	13,282,900
Distribution of members' deficit in Villa Capri Property	298,100	4,945,800	5,243,900
Transfer of Alameda TIC to OakmontSL of Alameda LP	674,300	-	674,300
Member contributions	-	72,981,600	72,981,600
Member distributions	(2,981,200)	(84,416,000)	(87,397,200)
Net income	39,300	16,165,400	16,204,700
BALANCE, December 31, 2012 (as restated)	(12,692,900)	(76,484,000)	(89,176,900)
Distribution of deconsolidated entities	8,178,800	13,851,300	22,030,100
Member contributions	-	163,932,100	163,932,100
Member distributions	(5,042,200)	(166,552,800)	(171,595,000)
Net income (loss)	285,500	(9,762,200)	(9,476,700)
BALANCE, December 31, 2013	$ (9,270,800)	$ (75,015,600)	$ (84,286,400)

See accompanying notes.

OAKMONT SENIOR LIVING LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 2013 and 2012

	2013	2012 (As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from continuing care contracts	$ 18,406,700	$ 15,898,600
Cash received from entrance fees	39,161,800	18,950,700
Cash received from non-continuing care contracts - Cardinal Point	157,400	271,800
Cash received from non-continuing care contracts - Segovia	2,056,000	1,361,900
Cash received from non-continuing care contracts - all other	16,363,500	16,346,400
Cash received from (paid to) affiliates, net	(14,270,000)	1,716,800
Cash paid to employees and suppliers	(27,960,300)	(24,070,200)
Cash paid for management fees	(2,581,400)	(2,393,600)
Cash paid for letter of credit fees	(2,378,400)	(2,069,000)
Cash paid for facility lease	(3,219,500)	(4,607,400)
Interest received	296,700	184,000
Interest paid	(676,200)	(721,000)
Miscellaneous receipts	(45,700)	27,700
Net cash from operating activities	25,310,600	20,896,700
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in real estate	(886,000)	(5,846,400)
Proceeds from sale of investment in real estate	-	3,000,000
Net cash from investing activities	(886,000)	(2,846,400)
CASH FLOWS FROM FINANCING ACTIVITIES		
Refunds of entrance fees	(13,494,800)	(11,647,800)
Proceeds from debt obligations	88,965,000	10,975,000
Payments on debt obligations	(83,480,000)	(5,645,000)
Payments on related party notes payable	(2,300,000)	-
Change in restricted cash	(1,246,700)	(235,000)
Controlling interest distributions	(164,054,700)	(84,416,000)
Noncontrolling interest distributions	(5,042,200)	(2,543,400)
Controlling interest contributions	163,932,100	72,981,600
Deferred financing related costs	(2,646,900)	(507,500)
Net cash from financing activities	(19,368,200)	(21,038,100)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,056,400	(2,987,800)
CASH INCLUDED IN DISTRIBUTION OF DECONSOLIDATED ENTITIES	(608,500)	(319,200)
CASH AND CASH EQUIVALENTS, beginning of year	33,577,800	36,884,800
CASH AND CASH EQUIVALENTS, end of year	$ 38,025,700	$ 33,577,800
RECONCILIATION OF NET LOSS TO NET CASH FROM OPERATING EXPENSES		
Net income (loss)	$ (9,476,700)	$ 16,204,700
Adjustments to reconcile net income (loss) to net cash from operating activities:		
Depreciation	6,620,000	7,149,300
Amortization of deferred financing related costs	1,968,800	688,700
Amortization of entrance fees non-refundable	(3,182,400)	(3,056,400)
Loss on investment in tenant-in-common interest	-	123,500
Gain on sales of real estate	-	(22,288,900)
Changes in:		
Restricted cash	(8,132,000)	2,072,300
Accounts receivable and other assets	(54,300)	728,700
Due from related parties	(20,114,000)	(15,712,400)
Accounts payable and accrued liabilities	2,086,800	74,800
Accrued interest	(11,600)	18,200
Deferred revenue	(170,800)	(165,200)
Due to related parties	5,844,000	17,429,200
Deferred rent	2,063,000	(43,300)
Entrance fees	47,869,800	17,673,500
Net cash from operating activities	$ 25,310,600	$ 20,896,700

See accompanying notes.

OAKMONT SENIOR LIVING LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended December 31, 2013 and 2012

		2013		2012 (As Restated)
SUPPLEMENTAL CASH-FLOW INFORMATION				
Noncash investing and financing activities:				
Distribution of Bell Village TIC	$	2,498,100	$	-
Transfer of land to related party	$	1,215,000	$	-
Distribution of OSL Operations of Chino Hills, LLC and OSL of Chino Hills, LLC and Subsidiary				
Accounts receivable and other assets	$	81,800	$	-
Due from related parties	$	17,500	$	-
Deferred financing costs, net	$	668,500	$	-
Investment in real estate, net	$	14,190,300	$	-
Accounts payable and accrued liabilities	$	(769,700)	$	-
Due to related parties	$	(9,200)	$	-
Debt obligations	$	(29,013,000)	$	-
Members' deficit	$	14,233,500	$	-
Distribution of OSL of Vineyard Creek, LLC and Subsidiary				
Restricted cash	$	340,200	$	-
Accounts receivable and other assets	$	68,600	$	-
Due from related parties	$	399,500	$	-
Deferred financing costs, net	$	1,122,700	$	-
Investment in real estate, net	$	33,873,000	$	-
Accounts payable and accrued liabilities	$	(502,400)	$	-
Due to related parties	$	(154,400)	$	-
Debt obligations	$	(42,952,000)	$	-
Members' deficit	$	7,796,600	$	-
Distribution of members' deficit in Villa Capri Property				
Deferred financing costs	$	-	$	646,100
Investment in real estate, net	$	-	$	14,260,000
Debt obligations	$	-	$	(20,150,000)
Members' deficit	$	-	$	5,243,900
Distributions payable to members included in accounts payable and accrued liabilities	$	-	$	437,800
Distribution of OSL Management LLC, and Subsidiary				
Restricted cash	$	-	$	146,100
Accounts receivable and other assets	$	-	$	514,300
Due from related parties	$	-	$	3,672,100
Investment in tenant-in-common interests	$	-	$	825,000
Investment in real estate, net	$	-	$	2,588,700
Accounts payable and accrued liabilities	$	-	$	(733,000)
Due to related parties	$	-	$	(14,795,200)
Deferred income	$	-	$	(324,300)
Deferred rent	$	-	$	(5,503,300)
Members' deficit	$	-	$	13,282,900
Transfer from Alameda TIC to OakmontSL of Alameda LP				
Restricted cash	$	-	$	(334,500)
Accounts receivable and other assets	$	-	$	(9,100)
Investments in TICs	$	-	$	854,400
Investment in real estate, net	$	-	$	(17,230,300)
Deferred financing costs	$	-	$	(351,700)
Accounts payable and accrued liabilities	$	-	$	83,700
Accrued interest payable	$	-	$	700
Debt obligations	$	-	$	16,320,000
Members' deficit	$	-	$	674,300

See accompanying notes.

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

Description of operations – Oakmont Senior Living LLC (the Company) was formed on November 1, 2000, as a California limited liability company. The Company's purpose is to develop, construct, operate, lease, and own apartments, independent living, assisted living, and continuing care retirement communities. The Company operates retirement facilities it owns or leases in Chino Hills, Escondido, Alameda, Santa Rosa, Palm Desert, and Brea, California. The Company also owned and leased an apartment complex in Santa Rosa, California.

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

OSL Operations of Chino Hills LLC [Distributed to members December 31, 2013]
OSL of Escondido LLC [Liquidated in December 31, 2013]
OSL of Chino Hills LLC [Distributed to members December 31, 2013]
OakmontSL of Chino Hills LP [Distributed to members December 31, 2013]
Cardinal Point at Mariner Square LLC
Cardinal Point Social Club LLC
OSL of Alameda LLC
Oakmont Ventures, LLC [Distributed to members January 1, 2012]
Capriana Operations LLC
OSL of Vineyard Creek LLC [Distributed to members December 31, 2013]
Vineyard Creek LP [Distributed to members December 31, 2013]
OakmontSL of Alameda LP
Varenna at Fountaingrove LLC
Varenna LLC
Varenna Apartments LLC
Varenna Assisted Living LLC
OSL Management LLC [Distributed to members January 1, 2012]
Varenna Care Center LP
Segovia Operations LLC
Fountaingrove Lodge LLC

The purpose of these entities is to develop, construct, operate, lease, and own apartments, independent living, assisted living, and continuing care retirement communities. All significant transactions between these entities have been eliminated.

On January 1, 2012, OSL Management LLC, and its wholly-owned subsidiary, Oakmont Ventures, LLC, were distributed proportionately to the individual members of the Company.

The Company adopted accounting standards that address consolidation by business enterprises of variable interest entities (VIEs). The Company has considered its agreements and business activities with related parties in order to determine whether any of the relationships would qualify as VIEs and whether the Company would be deemed to be the primary beneficiary and be required to consolidate the activities of these VIEs in the Company's consolidated financial statements. The Company identified OSL of Chino Hills LLC; OakmontSL of Chino Hills LP; and Vineyard Creek LP, as VIEs and through 2012 had concluded that it is the primary beneficiary in accordance with GAAP, primarily due to the fact that the Company has an ownership percentage of 49.95% to 50% and ultimately the Company, combined with its related parties and de facto agents, controls and supports the activities that most significantly impact the entities. The Company's consolidated equity is reflected as the controlling financial interest in the accompanying consolidated financial statements. The Company does not consider tenancy-in-common arrangements to be VIEs.

On December 31, 2013, the Company distributed its membership interests in OSL Operations of Chino Hills LLC, OSL of Chino Hills LLC, OakmontSL of Chino Hills LP, OSL of Vineyard Creek LLC, and Vineyard Creek LP, proportionately to the individual members of the Company. In conjunction with the change to the structure of the entities, the Company determined it is no longer the primary beneficiary of these entities and they were deconsolidated effective December 31, 2013.

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

The Company has no direct ownership in these entities and does not expect to provide any financial or other support, explicitly or implicitly that was not previously contractually required to provide. While the Company has neither a contractual obligation to do so, nor any current intent, it may voluntarily elect to provide the entities with additional direct or indirect financial support based on their objectives and cash-flow needs. In addition, the Company has concluded the restructure of the entities constitutes a reconsideration event and the entities are no longer considered VIEs, as defined by GAAP, as they have sufficient equity at risk.

The total impact to the consolidated balance sheet at December 31, 2012, consisted of the following:

ASSETS		
Cash and cash equivalents	$	1,431,300
Restricted cash		723,300
Accounts receivable and other assets		1,739,400
Notes receivable		141,200
Due from related parties		2,770,100
Deferred financing related costs, net		1,190,400
Investment in real estate		
Buildings and improvements		52,429,000
Land		9,632,600
Furniture, fixtures, and equipment		1,967,300
Accumulated depreciation		(14,540,000)
Total investments in real estate, net		49,488,900
Total assets	$	57,484,600
LIABILITIES AND MEMBERS' DEFICIT		
Accounts payable and accrued liabilities	$	477,100
Accrued interest		18,600
Deferred revenue		227,300
Due to related parties		248,200
Debt obligations		66,907,000
Total liabilities		67,878,200
MEMBERS' DEFICIT		
Noncontrolling interest		(4,684,500)
Controlling interest		(5,709,100)
Total members' deficit		(10,393,600)
Total liabilities and members' deficit	$	57,484,600

The Company has identified OSL Management LLC and Subsidiary (OSL Management) as a VIE and has concluded that it is not the primary beneficiary in accordance with GAAP, primarily due to the fact that the Company does not have a direct ownership in OSL Management and ultimately the members of OSL Management control and support the activities that most significantly impact OSL Management's operations. OSL Management has been financed through capital contributions and related-party debt, some of which was provided by the Company (see Note 6). The Company has no contractual obligation to support the operations of OSL Management; however, it may voluntarily elect to provide additional direct or indirect support based on OSL Management's business objectives and cash-flow needs.

The summarized financial information for OSL Management at December 31, is as follows:

	2013	2012
ASSETS		
Investment in real estate	$ 2,497,400	$ 2,472,700
Investment in subsidiary	1,400,500	1,387,400
Other assets	736,100	984,300
Total assets	$ 4,634,000	$ 4,844,400
LIABILITIES AND MEMBERS' EQUITY		
Due to related parties	$ 2,921,800	$ 1,861,800
Deferred rent	5,636,500	5,670,100
Other liabilities	828,600	941,000
Total liabilities	9,386,900	8,472,900
Members' equity	(4,752,900)	(3,628,500)
Total liabilities and members' equity	$ 4,634,000	$ 4,844,400

In 2013, the members of the Company formed Oakmont of Folsom LLC and Oakmont of Folsom Operations LLC (collectively referred to as Folsom), to develop, own, operate, and lease an independent living facility located in Folsom, California. The Company has identified the Folsom entities as VIEs and the Company has concluded that it is not the primary beneficiary in accordance with GAAP, primarily due to the fact that the Company does not have a direct ownership in the Folsom entities and ultimately the members of the Folsom entities control and support the activities that most significantly impact Folsom's operations. Folsom has been financed through capital contributions and construction financing. The Company has no contractual obligation to support the development or operations of Folsom; however, it may voluntarily elect to provide additional direct or indirect support based on Folsom's business objectives and cash-flow needs.

The summarized financial information for Folsom at December 31, 2013, is as follows:

ASSETS	
Investment in real estate	$ 2,478,100
Other assets	236,500
Total assets	$ 2,714,600
LIABILITIES AND MEMBERS' EQUITY	
Construction loan payable	$ 3,800,000
Other liabilities	77,900
Total liabilities	3,877,900
Members' equity	(1,163,300)
Total liabilities and members' equity	$ 2,714,600

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

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

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

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

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

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

The Company reviews its investments in real estate whenever events or changes in circumstances indicate that the cost basis of such assets may not be recoverable. If the cost basis of an investment in real estate is greater than the projected future undiscounted net cash flows (before interest) from that property, an impairment loss is recognized. Impairment losses are calculated as the difference between the property's cost basis and its estimated fair value. No such impairment losses have been recognized to date. An investment in real estate held for sale is carried at the lower of its carrying amount or estimated fair value less costs to sell. The Company considers an investment in real estate held for sale when the property is being actively marketed for sale, and expects it to sell within one year. There were no properties held for sale at December 31, 2013 and 2012.

Accounts receivable and other assets – Accounts receivable and other assets consist of trade receivables, receivables from tenants, deposits, and prepaid expenses. Accounts receivable consists of payments owed from residents for services rendered, which does not represent concentrated credit risks to the Company. Management regularly monitors and adjusts its reserves and allowances related to these receivables. Accounts deemed to be uncollectible are written-off only after all reasonable collection efforts are exhausted. At December 31, 2013 and 2012, accounts receivable is presented net of an allowance of approximately $21,300 and $6,300, respectively.

Investment in tenant-in-common interest – Investment in tenant-in-common (TIC) interest is accounted for using the equity method of accounting, whereby the Company's investment balance reflects its proportionate share of profits and losses from the TIC interest. Contributions made to the TIC interest are reflected as increases in the Company's investment balance and distributions are reflected as decreases. On January 1, 2013, the Company distributed its interest in the Bell Village TIC to the individual members of the Company (Note 3).

Deferred financing related costs – Costs incurred in connection with obtaining financing have been deferred and are amortized on a straight-line basis over the term of the associated indebtedness, which approximates the effective interest method.

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

Interest rate cap – The Company entered into an interest rate cap agreement associated with its borrowings as disclosed in Note 4. An interest rate cap is considered a derivative financial instrument in accordance with accounting standards that require every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded in the consolidated balance sheets as either an asset or liability measured at its estimated fair value. The accounting standards also require that changes in the derivative's fair value be recognized currently in consolidated earnings unless specific hedge accounting criteria are met. The only derivative used by the Company is the interest rate cap with changes in its fair-market value recorded as a component of interest expense. As of December 31, 2013 and 2012, management has determined the difference between the carrying value and the fair-market value of the derivative to be immaterial.

Revenue recognition – Resident fee revenue, presented as continuing care and non-continuing care contracts, is recorded when services are rendered and consist of fees for basic housing, support services, and fees associated with additional services, such as personalized health and assisted living care. Residency agreements are generally for a term of 30 days to one year, with resident fees billed monthly in advance. Revenues for certain care services provided are also charged in advance. Additional ancillary charges are billed monthly in arrears. As of December 31, 2013 and 2012, approximately $349,300 and $520,100, respectively, was recorded in deferred revenue related to fees paid by applicants prior to occupancy.

Residents pay an entrance fee to occupy a unit and pay monthly fees for housing, food, and services. The Company has residency agreements that require the resident to pay an upfront entrance fee prior to joining the community that is 100% refundable within 90 days of occupancy. After the initial 90 days of occupancy, the entrance fees are a combination of refundable and non-refundable in accordance with the terms of the contracts. The non-refundable portion of the entrance fee is recorded as an entrance fee non-refundable liability and amortized over the estimated stay of the resident based on an actuarial valuation. The refundable portion of a resident's entrance fee is refundable upon the resale of the unit and is recorded as a liability on the consolidated balance sheets.

Certain contracts require the refundable portion of the entrance fee to be refunded only upon resale of the unit (contingently refundable). Upon resale, the Company may receive re-occupancy proceeds in the form of additional contingently refundable fees, refundable fees, or nonrefundable fees.

Entrance fees non-refundable amortized over the estimated stay of the resident, were approximately $25,763,300 and $25,632,800 at December 31, 2013 and 2012, respectively. Entrance fees subject to refund at December 31, 2013 and 2012, were $153,175,100 and $122,112,900, respectively. It is management's expectation that future refunds will not have a significant effect on the consolidated financial statements.

Revenue recognized from amortization of entrance fees non-refundable totaled $3,182,400 and $3,056,400 for the years ended December 31, 2013 and 2012, respectively.

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

Advertising – The Company expenses its advertising costs as they are incurred. Advertising expenses amounted to $852,000 and $686,400 for the years ended December 31, 2013 and 2012, respectively.

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

The Company follows the accounting standard related to accounting for uncertain tax positions. The standard prescribes a recognition threshold and measurement process for accounting for uncertain tax positions and also provides guidance on various related matters, such as derecognition, interest, penalties, and disclosures required. The Company does not have any entity level uncertain tax positions. The Company files income tax returns in the U.S. federal jurisdiction and the State of California. Generally, the Company is subject to examination by U.S. federal (or state and local) income tax authorities for three years from the filing of a tax return. The Company recognizes interest and penalties related to income tax matters in operating expenses.

Obligation to provide future services – If the present value of estimated future cash outflows to provide services to residents exceeds the present value of estimated future cash inflows from residents, a liability is recognized. The Company has determined that no accrual for the obligation to provide future services and use of facilities to current residents was required at December 31, 2013 and 2012. The discount rate used to calculate the obligation to provide future services is 5%.

Statutory cash reserve requirements – The Company is subject to statutory cash reserve requirements. At December 31, 2013 and 2012, the Company's reserves were in excess of such requirements by $22,845,300 and $23,244,800, respectively, as calculated in accordance with the Continuing Care Contract Statutes of the California Health and Safety Code.

New accounting pronouncements – In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-08, *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity* (ASU No. 2014-08), which amended Accounting Standards Codification (ASC) Topic 205, *Presentation of Financial Statements*, and Topic 360, *Property, Plant, and Equipment*, to change the definition of a component to be disclosed as discontinued operations upon disposal. The Company is allowed and has elected to implement this guidance in 2013. The implementation of ASU No. 2014-08 allowed the Company to conclude the deconsolidated entities noted above are not to be presented as discontinued operations in 2013.

Effective January 1, 2013, the Company early adopted the FASB ASU No. 2012-01, *Health Care Entities (Topic 954): Continuing Care Retirement Communities – Refundable Advance Fees* ("ASU No. 2012-01"), which has resulted in the establishment of a liability for entrance fees for amounts that were previously presented as deferred revenue and amortized into revenue over the life of the facility. Using this new accounting standard, the refundable entrance fees due can no longer be used to reduce the obligation to provide future services. In accordance with FASB ASC Topic 250, *Accounting Changes and Error Corrections*, these consolidated financial statements present the adoption of ASU No. 2012-01 as a change in accounting principle and, accordingly, the 2012 consolidated financial statements presented herein have been adjusted to apply the new accounting method retrospectively as follows:

	As of December 31, 2012, and For the Year Then Ended		
	As previously Reported	Adjustment	As Adjusted
Controlling interest deficit, beginning of the year	$ (86,090,300)	$ (13,353,400)	$ (99,443,700)
Controlling interest deficit, end of the year	(60,262,700)	(16,221,300)	(76,484,000)
Noncontrolling interest deficit, beginning of the year	(9,338,000)	(1,385,400)	(10,723,400)
Noncontrolling interest deficit, end of the year	(10,915,200)	(1,777,700)	(12,692,900)
Entrance fees subject to refund	-	122,112,900	122,112,900
Entrance fees non-refundable	129,746,700	(104,113,900)	25,632,800
Total revenue	38,872,300	(3,260,200)	35,612,100
Net income	19,464,900	(3,260,200)	16,204,700
Net income attributable to noncontrolling interest	(431,600)	392,300	(39,300)
Amortization of entrance fees non-refundable	(6,316,600)	3,260,200	(3,056,400)

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

The Company has evaluated subsequent events through April 29, 2014, which is the date the consolidated financial statements were available to be issued, in accordance with the Company's policy related to disclosures of subsequent events.

NOTE 2 – DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company has adopted accounting standards for fair value measurements for all financial instruments accounted for at fair value on a recurring basis. The accounting standards establish a framework for measuring fair value and expand related disclosures. Broadly, this framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. The standard establishes market or observable inputs as the preferred source of values, followed by assumptions based on hypothetical transactions in the absence of market inputs.

The valuation techniques required by the standard are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. The three levels of inputs used to establish fair-value are as follows:

Level 1: Quoted prices for identical instruments in active markets.

Level 2: Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drives are observable.

Level 3: Significant inputs to the valuation model that are unobservable.

As of December 31, 2013 and 2012, the Company had no material balances recorded at fair value. The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and cash equivalents and restricted cash – The carrying amount approximates fair value because of the short maturity of those instruments.

Debt obligations – The fair value of the Company's debt obligations is estimated based on the quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities. The estimated fair values of the Company's debt obligations approximate the carrying values at December 31, 2013 and 2012.

NOTE 3 – INVESTMENT IN TENANT-IN-COMMON INTEREST

The Company owned the following TIC interest as of December 31:

Investment	% Interest	Description of Property	2013	2012
Bell Village	40.33%	Land held for development	$ -	$ 2,498,100

During 2012, the Company distributed its interest in the Airplane TIC as part of the distribution of its membership interest in OSL Management LLC. Also during 2012, the Alameda TIC interest was restructured into an LLC and is now included in the consolidated group.

During 2013, the Company distributed its interest in the Bell Village TIC to an individual member of the Company.

Combined condensed financial information for the TIC interest as of and for the year ended December 31, 2012, was as follows:

	Bell Village (unaudited)
Other assets	$ 641,000
Investment in real estate	7,959,600
Construction-in-progress	10,778,200
	$ 19,378,800
Other liabilities	$ 572,100
Debt obligations	5,689,400
Equity	13,117,300
	$ 19,378,800
Rent revenue	$ 33,600
General and administrative	(339,900)
Net income (loss)	$ (306,300)

NOTE 4 – DEBT OBLIGATIONS

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

	2013	2012
Varenna LLC Taxable Variable Rate Demand Senior Living Facility Revenue Bonds (Varenna at Fountaingrove Project); 2011 Series A; bearing interest at a variable rate (0.21% at December 31, 2013 and 2012) payable monthly; maturing December 2051; these bonds are secured by letters of credit maturing on December 2021; guaranteed by a member and spouse of the Company.	$ 56,000,000	$ 56,000,000
California Statewide Communities Development Authority tax-exempt variable Multifamily Housing Revenue Bonds; Oakmont of Vineyard Creek Series 2003W; bearing interest at a variable rate (0.14% at December 31, 2012) payable monthly; secured by letters of credit; guaranteed by members (20% at December 31, 2012); the bonds were paid off in November 2013 when refinanced.	-	23,500,000
Loans payable to financial institution under master credit facility; bearing interest at a variable rate (0.62% to 0.75% at December 31, 2012) payable monthly; guaranteed by a member and a spouse (20% at December 31, 2012); the loan was paid off in November 2013 when refinanced.	-	19,495,000
California Statewide Communities Development Authority tax-exempt variable Multifamily Housing Revenue Bonds; Oakmont of Chino Hills Series 2003P; bearing interest at a variable rate (0.14% at December 31, 2012) payable monthly; these bonds are secured by letters of credit; guaranteed by members (20% at December 31, 2012); these bonds were paid off in November 2013 when refinanced.	-	15,100,000
California Statewide Communities Development Authority tax-exempt variable Multifamily Housing Revenue Bonds; Oakmont of Vineyard Creek Series 2007 O; bearing interest at a variable rate (0.14% at December 31, 2012) payable monthly; these bonds are secured by letters of credit; 20% guaranteed by a member and a spouse; the bonds were paid off in November 2013 when refinanced.	-	12,452,000
Amortizing income property note payable to a financial institution; commitment of $1,425,000; bearing interest at a variable interest rate not to exceed 10.75% or go below 5.2% (5.2% at December 31, 2013 and 2012). Principal and interest payable monthly; maturing July 2039; 100% guaranteed by the majority member of the Company.	1,325,100	1,349,400
Loan payable to a financial institution, which is also a related party (see note 6); commitment of $605,000; bearing interest at 8% payable monthly; maturing April 2014; 100% guaranteed by the majority member of OSL. Subsequent to year end, the loan maturity date was extended through June 2014.	574,300	583,000
Loan payable to a trust; commitment of $2,210,000; bearing interest at 1.5% payable monthly; secured by a deed of trust. Loan was paid off subsequent to year-end on its maturity date in January 2014.	1,990,000	2,210,000
California Statewide Communities Development Authority tax-exempt variable Multifamily Housing Revenue Bonds; Oakmont of Alameda Series 2003WW; bearing interest at a variable rate (0.14% at December 31, 2012) payable monthly; maturing December 2036; secured by letters of credit; guaranteed by members (20% at December 31, 2012). In 2012, the bonds were consolidated into the Company from the Alameda TIC. In 2013, these bonds were paid in full and refinanced with new bonds.	-	12,680,000

	2013	2012
California Statewide Communities Development Authority tax-exempt variable Multifamily Housing Revenue Bonds; Oakmont of Alameda Series 2003WW; bearing interest at a variable rate (0.07% at December 31, 2013) payable monthly; maturing December 2036; secured by letters of credit; guaranteed by members (20% at December 31, 2013). Issued in November 2013.	12,680,000	-
California Statewide Communities Development Authority Variable Rate Demand Multifamily Housing Revenue Bonds; Oakmont of Alameda Taxable 2013 Series CC-T; bearing interest at a variable rate (0.14% at December 31, 2013) payable every June and December; maturing December 2036; secured by letters of credit; guaranteed by a member and spouse of the Company as of December 31, 2013. Issued in November 2013.	4,320,000	-
	$ 76,889,400	$ 143,369,400

The bonds are payable from and secured solely by the revenues pledged under the bond indenture agreements, including amounts drawn under bank letters of credit to pay the principal, purchase price, and interest on the bonds. The letters of credit for the bonds for Varenna expire in December 2021. The letter of credit for the bonds for Alameda expires in November 2023.

During 2013, the Company entered into a line of credit agreement with a financial institution with a maximum limit of $150,000,000. This line of credit bears interest at the prime rate (3.25% during 2013) and matures in November 2018. The outstanding balance of this line of credit was $29,013,000 at December 31, 2013. This line of credit balance was deconsolidated as part of Chino Hills at December 31, 2013 (see Note 1).

During 2013, the Company refinanced a total of $42,952,000 in bonds with the California Statewide Communities Development Authority. These bonds bear interest at 0.07% and mature December 2036. The total outstanding balance of these bonds were $42,952,000 at December 31, 2013. These bonds were deconsolidated as part of Vineyard Creek at December 31, 2013 (see Note 1).

All long-term debt obligations are secured by deeds of trust on the investment in real estate. Interest costs, including amortization of deferred financing related costs, incurred totaled $2,633,400 and $1,427,900 in 2013 and 2012, respectively.

The loan agreements contain general affirmative and negative covenants that include provisions for the upkeep of the properties, maintenance, insurance, compliance with laws, and financial reporting requirements. Many agreements include restrictions on certain transactions and changes in capital structure. Management believes the Company is in compliance with these covenants.

Future minimum principal payments due under the debt obligations subsequent to December 31, 2013, are as follows:

Year Ending December 31,	
2014	$ 3,163,400
2015	26,100
2016	27,500
2017	29,100
2018	30,700
Thereafter	73,612,600
	$ 76,889,400

NOTE 5 – NOTE PAYABLE TO MEMBERS

	2013	2012
Note payable to member's Roth IRA for $2,300,000; bearing interest of 8% per annum; payable monthly on the first of each month; secured by real property of an affiliated entity; the note was paid off in October 2013	$ -	$ 2,300,000

Interest on this loan totaled $169,700 and $184,400 for the years ended December 31, 2013 and 2012, respectively. Included in accrued interest is interest payable to members of $0 and $400 at December 31, 2013 and 2012, respectively, which relates to notes payable to members that were paid off in previous years.

NOTE 6 – RELATED-PARTY TRANSACTIONS

As of December 31, 2013 and 2012, the Company had amounts due from related parties of $38,911,500 and $17,013,700, respectively. As of December 31, 2013 and 2012, the Company had amounts due to related parties of $11,304,300 and $4,638,100, respectively. These balances are noninterest bearing and are due on demand.

The Company entered into a note receivable agreement with an affiliated company and is charging interest at a rate of 6%. The note is payable on demand. The note receivable balance was $7,712,200 and $3,599,400 as of December 31, 2013 and 2012, respectively, and is included in due from related parties in the consolidated balance sheets. During 2013 and 2012, the Company recorded interest income of $277,700 and $144,000, respectively, on this note, which is included in interest income in the consolidated statements of operations. There was no interest income receivable at December 31, 2013 and 2012.

The Company's majority member has a controlling financial interest in a financial institution. As of December 31, 2013 and 2012, the Company had cash deposits with this financial institution of $22,486,000 and $19,752,000, respectively, and had outstanding debt obligations due to this financial institution of $574,300 and $583,000, respectively (see Note 4). For the years ended December 31, 2013 and 2012, the Company paid interest of $34,700 and $47,000, respectively, to this financial institution.

During the year ended December 31, 2012, the Company purchased a parcel of land from an outside party for $2,011,800 and then sold this parcel of land to a related party for $3,000,000, resulting in a gain on sale of real estate of $988,200.

Pursuant to asset management agreements between the Company and an unconsolidated affiliate, the Company is obligated to pay monthly asset management fees. Asset management fees of $730,800 and $662,000 were paid to the unconsolidated affiliate during the years ended December 31, 2013 and 2012, respectively.

NOTE 7 – OWNERS' DEFICIT

Membership investments in OSL of Chino Hills LLC are entitled to an annual priority return equal to 8% of invested capital. Invested capital for this membership interest was $0 and $3,114,400 at December 31, 2013 and 2012, respectively. As disclosed in Note 1, this entity was deconsolidated as of December 31, 2013.

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

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Company sponsors a 401(k) defined contribution retirement plan for all full-time employees with at least 12 months of continuous service and who have reached the age of 21 years. The plan is qualified under Section 401(k) of the Internal Revenue Code so that contributions to the plan by the Company are not taxable until distributed to employees. The Company matches up to 3% of each participating employee's annual salary at its discretion, and such employer contributions are vested immediately. No employer contributions were made to the plan for the years ended December 31, 2013 and 2012.

NOTE 9 – DEFERRED GAIN ON SALES OF PROPERTY AND EQUIPMENT

During 2005, two consolidated entities each sold an assisted living facility with a total carrying cost of $38,109,600 for a combined sales price of $78,000,000. The sales price included cash amounting to $31,320,600, a note receivable of $1,500,000, ownership units received of $5,839,400, and the assumption of debt by the buyers amounting to $39,340,000. Another consolidated entity then entered into 15-year lease agreements with the buyers for these two properties. Gain in the amount of $37,224,300 was deferred related to these two sales and is being recognized ratably over the terms of the leases. As leases for these two properties were distributed to the members along with OSL Management LLC during 2012, the Company no longer has any continuing involvement with the properties. Therefore, any previously unrecognized gain was recognized during 2012. The Company recognized a gain of $21,300,700 for 2012.

NOTE 10 – COMMITMENTS

The Company operates assisted living facilities under long-term noncancelable operating leases with initial lease terms of 15 years, renewal options of 15 to 30 years, and expiration dates through October 2028. The Company also leases an office building under a noncancelable operating lease with an expiration date of March 2015. Operating lease rent expense is recorded on the straight-line basis and amounted to $5,282,500 and $4,564,100 for the years ended December 31, 2013 and 2012, respectively. The adjustment to straight-line the lease expense resulted in a deferred rent liability of $6,068,400 and $4,005,400 as of December 31, 2013 and 2012, respectively.

Future minimum lease payments under these operating lease agreements in effect as of December 31, 2013, are as follows:

Year Ending December 31,		
2014	$	5,268,500
2015		8,892,400
2016		9,122,700
2017		9,233,100
2018		9,345,000
Thereafter		88,775,300
	$	130,637,000

NOTE 11 – CONTINGENCIES

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

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

CONSOLIDATING INFORMATION

OAKMONT SENIOR LIVING LLC AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEETS
December 31, 2013

	All Other Entities	Varenna at Fountaingrove LLC	Varenna Assisted Living LLC and Subsidiary	Varenna Apartments LLC	Varenna LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
ASSETS												
Cash and cash equivalents	$ 10,478,100	$ 600	$ 716,800	$ 4,700	$ 9,651,000	$ 5,248,100	$ 1,041,100	$ 10,769,700	$ 115,600	$ 38,025,700	$ -	$ 38,025,700
Restricted cash	496,400	-	417,300	-	1,990,200	-	126,400	2,956,800	8,548,600	14,535,700	-	14,535,700
Assets held by trustee	149,100	-	-	-	-	-	-	-	-	149,100	-	149,100
Accounts receivable and other assets, net	142,000	83,400	38,100	3,200	291,400	41,200	36,500	143,900	69,500	849,200	-	849,200
Due from related parties	39,126,400	-	11,480,900	-	24,288,900	1,707,300	4,878,800	44,800	-	81,527,100	(42,615,600)	38,911,500
Deferred financing related costs, net	582,500	-	-	22,800	1,289,000	-	-	-	-	1,894,300	-	1,894,300
Investments in subsidiaries	(53,389,700)	(24,985,300)	-	-	-	-	-	-	-	(78,375,000)	78,375,000	-
Investment in real estate												
Buildings and improvements	16,275,300	-	18,200	5,285,800	85,799,200	587,200	218,200	-	-	108,183,900	-	108,183,900
Land	4,272,400	-	-	71,000	3,765,000	-	-	-	-	8,108,400	-	8,108,400
Furniture, fixtures, and equipment	1,240,700	-	1,134,400	53,500	4,649,600	229,500	320,900	156,600	16,300	7,801,500	-	7,801,500
Projects under development	2,368,400	-	-	-	-	-	-	-	-	2,368,400	-	2,368,400
Accumulated depreciation	(5,350,000)	-	(1,016,700)	(1,200,700)	(19,713,500)	(189,600)	(200,600)	(11,800)	(2,900)	(27,685,800)	-	(27,685,800)
Total investments in real estate, net	18,806,800	-	135,900	4,209,600	74,500,300	627,100	338,500	144,800	13,400	98,776,400	-	98,776,400
Total assets	$ 16,391,600	$ (24,901,300)	$ 12,789,000	$ 4,240,300	$ 112,010,800	$ 7,623,700	$ 6,421,300	$ 14,060,000	$ 8,747,100	$ 157,382,500	$ 35,759,400	$ 193,141,900
LIABILITIES AND MEMBERS' EQUITY (DEFICIT)												
Accounts payable and accrued liabilities	$ 251,900	$ 2,500	$ 253,800	$ 10,900	$ 1,036,100	$ 320,700	$ 517,700	$ 1,053,200	$ 419,500	$ 3,866,300	$ -	$ 3,866,300
Accrued interest	9,200	-	-	3,000	-	-	-	-	-	12,200	-	12,200
Deferred revenue	-	-	66,600	14,000	104,500	48,300	47,600	25,100	43,200	349,300	-	349,300
Due to related parties	10,875,100	-	10,601,100	-	24,949,300	2,570,800	4,901,500	1,900	20,200	53,919,900	(42,615,600)	11,304,300
Deferred rent	-	-	315,100	-	-	3,782,000	-	1,614,300	357,000	6,068,400	-	6,068,400
Entrance fees subject to refund	-	-	-	-	84,243,300	17,679,800	20,773,600	22,227,300	8,251,100	153,175,100	-	153,175,100
Entrance fees non-refundable	-	-	-	-	12,776,300	10,042,000	1,470,400	1,086,000	388,600	25,763,300	-	25,763,300
Note payable to members	-	-	-	-	-	-	-	-	-	-	-	-
Debt obligations	18,990,000	-	-	1,899,400	56,000,000	-	-	-	-	76,889,400	-	76,889,400
Total liabilities	30,126,200	2,500	11,236,600	1,927,300	179,109,500	34,443,600	27,710,800	26,007,800	9,479,600	320,043,900	(42,615,600)	277,428,300
MEMBERS' EQUITY (DEFICIT)												
Noncontrolling interest	2,376,100	(4,457,800)	(241,000)	(149,000)	(3,968,100)	(2,685,500)	-	-	(145,500)	(9,270,800)	-	(9,270,800)
Controlling interest	(16,110,700)	(20,446,000)	1,793,400	2,462,000	(63,130,600)	(24,134,400)	(21,289,500)	(11,947,800)	(587,000)	(153,390,600)	78,375,000	(75,015,600)
Total members' equity (deficit)	(13,734,600)	(24,903,800)	1,552,400	2,313,000	(67,098,700)	(26,819,900)	(21,289,500)	(11,947,800)	(732,500)	(162,661,400)	78,375,000	(84,286,400)
Total liabilities and members' equity (deficit)	$ 16,391,600	$ (24,901,300)	$ 12,789,000	$ 4,240,300	$ 112,010,800	$ 7,623,700	$ 6,421,300	$ 14,060,000	$ 8,747,100	$ 157,382,500	$ 35,759,400	$ 193,141,900

	All Other Entities	Varenna at Fountaingrove LLC	Varenna Assisted Living LLC and Subsidiary	Varenna Apartments LLC	Varenna LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
REVENUE												
Continuing care contracts	$ -	$ -	$ -	$ -	$ 10,524,000	$ 5,088,000	$ 4,493,900	$ 1,533,300	$ 102,600	$ 21,741,800	$ -	$ 21,741,800
Non-continuing care contracts	10,343,700	-	4,809,700	221,900	-	2,056,000	157,400	-	-	17,588,700	-	17,588,700
Rent Revenue	1,282,700	-	-	-	-	-	-	-	-	1,282,700	(1,282,700)	-
Total revenue	11,626,400	-	4,809,700	221,900	10,524,000	7,144,000	4,651,300	1,533,300	102,600	40,613,200	(1,282,700)	39,330,500
OPERATING EXPENSES												
Continuing care contracts operating expenses	-	-	-	-	7,517,900	5,095,700	2,913,000	3,528,800	568,000	19,623,400	-	19,623,400
Non-continuing care contracts operating expenses	4,777,600	-	2,745,500	-	-	316,700	504,500	-	-	8,344,300	-	8,344,300
Management fees	791,600	30,000	340,200	4,500	584,100	413,900	311,500	90,000	15,600	2,581,400	-	2,581,400
General and administrative	606,500	12,600	91,600	83,100	279,400	141,400	84,100	215,600	80,500	1,594,800	-	1,594,800
Letter of credit fees	744,400	-	414,600	-	1,219,400	-	-	-	-	2,378,400	-	2,378,400
Depreciation	2,618,200	-	143,800	183,700	3,534,400	68,900	57,900	11,800	1,300	6,620,000	-	6,620,000
Facility lease	-	-	2,075,200	-	-	1,236,000	1,282,700	1,614,300	357,000	6,565,200	(1,282,700)	5,282,500
Total operating expenses	9,538,300	42,600	5,810,900	271,300	13,135,200	7,272,600	5,153,700	5,460,500	1,022,400	47,707,500	(1,282,700)	46,424,800
INCOME (LOSS) FROM CONTINUING OPERATIONS	2,088,100	(42,600)	(1,001,200)	(49,400)	(2,611,200)	(128,600)	(502,400)	(3,927,200)	(919,800)	(7,094,300)	-	(7,094,300)
OTHER INCOME (EXPENSE)												
Interest income	285,500	-	1,600	-	9,600	-	-	-	-	296,700	-	296,700
Amortization of deferred financing related costs	(1,760,000)	-	-	(6,400)	(202,400)	-	-	-	-	(1,968,800)	-	(1,968,800)
Interest expense	(436,400)	-	(25,900)	(106,700)	(95,600)	-	-	-	-	(664,600)	-	(664,600)
Miscellaneous	(58,100)	-	-	1,700	10,600	-	100	-	-	(45,700)	-	(45,700)
NET INCOME (LOSS), before allocation to noncontrolling interest	119,100	(42,600)	(1,025,500)	(160,800)	(2,889,000)	(128,600)	(502,300)	(3,927,200)	(919,800)	(9,476,700)	-	(9,476,700)
NET (INCOME) LOSS ATTRIBUTABLE TO NONCONTROLLING INTEREST	(977,800)	5,500	131,300	20,600	369,800	19,600	-	-	145,500	(285,500)	-	(285,500)
NET INCOME (LOSS) ATTRIBUTABLE TO CONTROLLING INTEREST	$ (858,700)	$ (37,100)	$ (894,200)	$ (140,200)	$ (2,519,200)	$ (109,000)	$ (502,300)	$ (3,927,200)	$ (774,300)	$ (9,762,200)	$ -	$ (9,762,200)

	All Other Entities	Varenna at Fountaingrove LLC	Varenna Assisted Living LLC and Subsidiary	Varenna Apartments LLC	Varenna LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES												
Cash received from continuing care contracts	$ -	$ -	$ -	$ -	$ 8,643,900	$ 3,993,000	$ 4,240,200	$ 1,421,600	$ 108,000	$ 18,406,700	$ -	$ 18,406,700
Cash received from entrance fees	-	-	-	-	11,291,900	2,880,000	2,781,900	21,528,200	679,800	39,161,800	-	39,161,800
Cash received from non-continuing care contracts - Cardinal Point	-	-	-	-	-	-	157,400	-	-	157,400	-	157,400
Cash received from non-continuing care contracts - Segovia	-	-	-	-	-	2,056,000	-	-	-	2,056,000	-	2,056,000
Cash received from non-continuing care contracts - all other	11,326,600	-	4,814,400	222,500	-	-	-	-	-	16,363,500	-	16,363,500
Cash received from rent revenue	1,282,700	-	-	-	-	-	-	-	-	1,282,700	(1,282,700)	-
Cash received from (paid to) affiliates, net	(17,629,500)	-	2,193,800	-	380,000	811,300	(2,900)	(42,900)	20,200	(14,270,000)	-	(14,270,000)
Cash paid to employees and suppliers	(5,515,500)	(533,800)	(2,817,700)	(82,200)	(7,154,800)	(5,654,000)	(3,189,100)	(2,752,500)	(260,700)	(27,960,300)	-	(27,960,300)
Cash paid for management fees	(791,600)	(30,000)	(340,200)	(4,500)	(584,100)	(413,900)	(311,500)	(90,000)	(15,600)	(2,581,400)	-	(2,581,400)
Cash paid for letter of credit fees	(744,400)	-	(414,600)	-	(1,219,400)	-	-	-	-	(2,378,400)	-	(2,378,400)
Cash paid for facility lease	-	-	(1,760,100)	-	-	(1,459,400)	(1,282,700)	-	-	(4,502,200)	1,282,700	(3,219,500)
Interest received	285,500	-	1,600	-	9,600	-	-	-	-	296,700	-	296,700
Interest paid	(447,100)	-	(25,900)	(107,600)	(95,600)	-	-	-	-	(676,200)	-	(676,200)
Miscellaneous receipts	(58,100)	-	-	1,700	10,600	-	100	-	-	(45,700)	-	(45,700)
Net cash from operating activities	(12,291,400)	(563,800)	1,651,300	29,900	11,282,100	2,213,000	2,393,400	20,064,400	531,700	25,310,600	-	25,310,600
CASH FLOWS FROM INVESTING ACTIVITIES												
Investment in real estate	(370,800)	-	(18,100)	(2,000)	(125,300)	(119,600)	(87,800)	(153,300)	(9,100)	(886,000)	-	(886,000)
Receipts from investment in subsidiary	11,738,500	5,003,300	-	-	-	-	-	-	-	16,741,800	(16,741,800)	-
Net cash from investing activities	11,367,700	5,003,300	(18,100)	(2,000)	(125,300)	(119,600)	(87,800)	(153,300)	(9,100)	15,855,800	(16,741,800)	(886,000)
CASH FLOWS FROM FINANCING ACTIVITIES												
Refunds of entrance fees	-	-	-	-	(8,085,000)	(1,579,700)	(2,099,900)	(1,141,500)	(588,700)	(13,494,800)	-	(13,494,800)
Proceeds from debt obligations	83,965,000	-	-	-	-	-	-	-	-	83,965,000	-	83,965,000
Payments on debt obligations	(83,447,000)	-	-	(33,000)	-	-	-	-	-	(83,480,000)	-	(83,480,000)
Payments on related party notes payable	(2,300,000)	-	-	-	-	-	-	-	-	(2,300,000)	-	(2,300,000)
Change in restricted cash	-	-	(329,600)	-	(917,100)	-	-	-	-	(1,246,700)	-	(1,246,700)
Controlling interest distributions	(164,054,700)	(36,927,500)	(1,518,000)	(100,100)	(35,217,400)	-	-	(8,005,100)	-	(245,822,800)	81,768,100	(164,054,700)
Noncontrolling interest distributions	(5,042,200)	-	-	-	-	-	-	-	-	(5,042,200)	-	(5,042,200)
Controlling interest contributions	163,932,100	32,487,600	484,100	111,500	31,236,700	41,800	484,700	-	179,900	228,958,400	(65,026,300)	163,932,100
Deferred financing related costs	(2,639,500)	-	-	(7,400)	-	-	-	-	-	(2,646,900)	-	(2,646,900)
Net cash from financing activities	(4,586,300)	(4,439,900)	(1,363,500)	(29,000)	(12,982,800)	(1,537,900)	(1,615,200)	(9,146,600)	(408,800)	(36,110,000)	16,741,800	(19,368,200)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,510,000)	(400)	269,700	(1,100)	(1,826,000)	555,500	690,400	10,764,500	113,800	5,056,400	-	5,056,400
CASH INCLUDED IN DISTRIBUTION OF DECONSOLIDATED ENTITIES	(608,500)	-	-	-	-	-	-	-	-	(608,500)	-	(608,500)
CASH AND CASH EQUIVALENTS, beginning of year	16,596,600	1,000	447,100	5,800	11,477,000	4,692,600	350,700	5,200	1,800	33,577,800	-	33,577,800
CASH AND CASH EQUIVALENTS, end of year	$ 10,478,100	$ 600	$ 716,800	$ 4,700	$ 9,651,000	$ 5,248,100	$ 1,041,100	$ 10,769,700	$ 115,600	$ 38,025,700	$ -	$ 38,025,700

	All Other Entities	Varenna at Fountaingrove LLC	Varenna Assisted Living LLC and Subsidiary	Varenna Apartments LLC	Varenna LLC	Segovia Operations LLC	Cardinal Point at Mariner Square LLC	Capriana Operations LLC	Fountaingrove Lodge LLC	Total	Eliminating Entries	Consolidated Total
RECONCILIATION OF NET LOSS TO NET CASH FROM OPERATING EXPENSES												
Net income (loss)	$ 119,100	$ (42,600)	$ (1,025,500)	$ (160,800)	$ (2,889,000)	$ (128,600)	$ (502,300)	$ (3,927,200)	$ (919,800)	$ (9,476,700)	$ -	$ (9,476,700)
Adjustments to reconcile net income (loss) to net cash from operating activities:												
Depreciation	2,618,200	-	143,800	183,700	3,534,400	68,900	57,900	11,800	1,300	6,620,000	-	6,620,000
Amortization of deferred financing related costs	1,760,000	-	-	6,400	202,400	-	-	-	-	1,968,800	-	1,968,800
Amortization of entrance fees non-refundable	-	-	-	-	(1,670,900)	(1,147,200)	(334,100)	(30,200)	-	(3,182,400)	-	(3,182,400)
Changes in:												
Restricted cash	573,100	-	2,900	-	(123,400)	-	45,800	(1,508,400)	(7,122,000)	(8,132,000)	-	(8,132,000)
Accounts receivable and other assets	280,800	(83,400)	11,800	300	(105,400)	13,500	41,500	(143,900)	(69,500)	(54,300)	-	(54,300)
Due from related parties	(16,183,500)	-	(836,300)	-	(2,015,900)	(486,300)	(537,000)	-	-	(20,114,000)	-	(20,114,000)
Accounts payable and accrued liabilities	256,000	(437,800)	5,100	700	614,800	(105,900)	305,200	1,029,200	419,500	2,086,800	-	2,086,800
Accrued interest	(10,700)	-	-	(900)	-	-	-	-	-	(11,600)	-	(11,600)
Deferred revenue	(258,400)	-	4,300	500	(76,100)	44,400	46,200	25,100	43,200	(170,800)	-	(170,800)
Due to related parties	(1,441,000)	-	3,080,100	-	2,395,900	1,297,600	534,100	(42,900)	20,200	5,844,000	-	5,844,000
Deferred rent	-	-	315,100	-	-	(223,400)	-	1,614,300	357,000	2,063,000	-	2,063,000
Entrance fees	-	-	-	-	11,415,300	2,880,000	2,736,100	23,036,600	7,801,800	47,869,800	-	47,869,800
Net cash from operating activities	$ (12,291,400)	$ (563,800)	$ 1,651,300	$ 29,900	$ 11,282,100	$ 2,213,000	$ 2,393,400	$ 20,064,400	$ 531,700	$ 25,310,600	$ -	$ 25,310,600
SUPPLEMENTAL CASH-FLOW INFORMATION												
Noncash investing and financing activities:												
Distribution of Bell Village TIC	$ 2,498,100	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,498,100	$ -	$ 2,498,100
Transfer of land to related party	$ 1,215,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,215,000	$ -	$ 1,215,000
Distribution of OSL Operations of Chino Hills, LLC and OSL of Chino Hills, LLC and Subsidiary												
Accounts receivable and other assets	$ 81,800	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 81,800	$ -	$ 81,800
Due from related parties	$ 17,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 17,500	$ -	$ 17,500
Deferred financing costs, net	$ 668,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 668,500	$ -	$ 668,500
Investment in real estate, net	$ 14,190,300	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,190,300	$ -	$ 14,190,300
Accounts payable and accrued liabilities	$ (769,700)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (769,700)	$ -	$ (769,700)
Due to related parties	$ (9,200)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (9,200)	$ -	$ (9,200)
Debt obligations	$ (29,013,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (29,013,000)	$ -	$ (29,013,000)
Members' deficit	$ 26,882,300	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 26,882,300	$ (12,648,800)	$ 14,233,500
Distribution of OSL of Vineyard Creek, LLC and Subsidiary												
Restricted cash	$ 340,200	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 340,200	$ -	$ 340,200
Accounts receivable and other assets	$ 68,600	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 68,600	$ -	$ 68,600
Due from related parties	$ 399,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 399,500	$ -	$ 399,500
Deferred financing costs, net	$ 1,122,700	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,122,700	$ -	$ 1,122,700
Investment in real estate, net	$ 33,873,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 33,873,000	$ -	$ 33,873,000
Accounts payable and accrued liabilities	$ (502,400)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (502,400)	$ -	$ (502,400)
Due to related parties	$ (154,400)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (154,400)	$ -	$ (154,400)
Debt obligations	$ (42,952,000)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (42,952,000)	$ -	$ (42,952,000)
Members' deficit	$ 9,598,700	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 9,598,700	$ (1,802,100)	$ 7,796,600

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Report of Independent Auditors and
Continuing Care Liquid Reserve Schedules

Cardinal Point at Mariner Square LLC

As of and for the year ended December 31, 2013

MOSS ADAMS LLP
Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

To the Members
Cardinal Point at Mariner Square LLC

Report on Financial Statements

We have audited the accompanying financial statements of Cardinal Point at Mariner Square LLC (the Company), which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5 as of and for the year ended December 31, 2013.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 continuing care reserve of Cardinal Point at Mariner Square LLC, as of and for the year ended December 31, 2013, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents		TOTAL
[1]	Number at beginning of fiscal year		89
[2]	Number at end of fiscal year		85
[3]	Total Lines 1 and 2		174
[4]	Multiply Line 3 by ".50" and enter result on Line 5.		x .50
[5]	Mean number of continuing care residents		87
	All Residents		
[6]	Number at beginning of fiscal year		98
[7]	Number at end of fiscal year		94
[8]	Total Lines 6 and 7		192
[9]	Multiply Line 8 by ".50" and enter result on Line 10.		x .50
[10]	Mean number of *all* residents		96
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of *all* residents (Line 10) and enter the result (round to two decimal places).		0.91

FORM 1-2
ANNUAL PROVIDER FEE

Line			TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)		$3,871,000
[a]	Depreciation	$57,900	
[b]	Debt Service (Interest Only)	$0	
[2]	Subtotal (add Line 1a and 1b)		$57,900
[3]	Subtract Line 2 from Line 1 and enter result.		$3,813,100
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)		91%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)		$3,455,622
			x .001
[6]	**Total Amount Due** (multiply Line 5 by .001)		$3,456
PROVIDEI	Oakmont Senior Living LLC		
COMMUN	Cardinal Point at Mariner Square		

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CONTINUING CARE LIQUID RESERVE SCHEDULES

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	05/31/07	$0	$135,000	$744,400	$879,400
2	04/10/06	$0	$131,000	$0	$131,000
3	12/20/12	$220,000	$39,000	$0	$259,000
4					$0
5					$0
6					$0
7					$0
8					$0
		TOTAL:	$305,000	$744,400	$1,269,400

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

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

PROVIDER: Oakmont Senior Living LLC

Long-Term Debt Maturing within 24 months

1. First Community Bank loan of $605,000. This loan was extended through June, 2014.
2. Yolande Jurzykowski loan paid off on its maturity date in January 2014.

Note to Form 5-1 regarding total debt expense

Per the DSS, total debt payments reflected in Oakmont Senior Living, LLC CCRC report is to exclude Debt from Consolidated Varenna at Fountaingrove LLC audited report and CCRC report.

	Principal	Interest	Credit Enhancements	TOTAL	Loan per Audit
1)	-	135,000	744,400	879,400	Fannie Mae
2)	-	131,000	-	131,000	Exchange Bank (ROTH IRA)
3)	220,000	39,000	-	259,000	Yolande Jurzykowski
Total This Report	220,000	305,000	744,400	1,269,400	
Varenna	33,000	228,200	1,634,000	1,895,200	
Total OSL Audit	253,000	533,200	2,378,400	3,164,600	

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1	11/15/13	$126,000	$78,000	12	$936,000
2	11/15/13	$4,400	$93,000	12	$1,116,000
3	11/15/13	$1,000	$34,000	12	$408,000
4					$0
5					$0
6					$0
7					$0
8					$0
	TOTAL:	$131,400	$205,000	36	$2,460,000

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

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

PROVIDER: Oakmont Senior Living LLC

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	$1,269,400
2	Total from Form 5-2 bottom of Column (e)	$2,460,000
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	$3,207,300
4	**TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:**	$6,936,700

PROVIDER: Oakmont Senior Living LLC

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line			Amounts	TOTAL
1		Total operating expenses from financial statements		$3,871,000
2		Deductions:		
	a.	Interest paid on long-term debt (see instructions)	$0	
	b.	Credit enhancement premiums paid for long-term debt (see instructions)	$0	
	c.	Depreciation	$57,900	
	d.	Amortization	$0	
	e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	$157,400	
	f.	Extraordinary expenses approved by the Department	$0	
3		Total Deductions		$215,300
4		Net Operating Expenses		$3,655,700
5		Divide Line 4 by 365 and enter the result.		$10,016
6		**Multiply Line 5 by 75 and enter the result.** This is the provider's operating expense reserve amount.		$751,171

PROVIDER: Oakmont Senior Living LLC
COMMUNITY: Cardinal Point at Mariner Square

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Oakmont Senior Living LLC
Fiscal Year Ended: December 31, 2013

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2013 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year December 31, 2013 are as follows:

		Amount
[1]	Debt Service Reserve Amount	$6,936,700
[2]	Operating Expense Reserve Amount	$751,171
[3]	**Total Liquid Reserve Amount:**	$7,687,871

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

	Qualifying Asset Description		Amount (market value at end of quarter) Debt Service Reserve		Operating Reserve
[4]	Cash and Cash Equivalents		$8,000,000		$8,109,350
[5]	Investment Securities				
[6]	Equity Securities				
[7]	Unused/Available Lines of Credit				
[8]	Unused/Available Letters of Credit				
[9]	Debt Service Reserve				(not applicable)
[10]	Other: (describe qualifying asset)				
	Total Amount of Qualifying Assets Listed for Reserve Obligation:	[11]	$8,000,000	[12]	$8,109,350
	Reserve Obligation Amount:	[13]	$6,936,700	[14]	$751,171
	Surplus/(Deficiency):	[15]	$1,063,300	[16]	$7,358,179

Signature:

(Authorized Representative)

Date: 4/29/14

William F Gallaher, Manager
(Title)

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

Audited Cash and Cash Equivalents	$	38,025,700	All Cash and Equivalents. No Investments or equities or lines of credit listed.
Less: Qualifying assets with Varenna at Fountaingrove LLC		(10,373,100)	
Less: Qualifying assets for Fountaingrove Lodge		(664,200)	
Less: Qualifying assets for Capriana		(2,769,700)	
Less: Qualifying assets for Segovia of Palm Desert		(8,109,350)	
Total Qualifying Assets Listed on Line 4	$	16,109,350	

Please note that there is no restricted cash or equivalents included in the $38,025,700 listed for the liquid reserve requirement.

Per Capita Cost of Operations (Fountaingrove Lodge)		
Operating Expenses per form 5-4 #1	$	665,400
Mean # of all Residents from form 1-1 #10		13
Per Capita Costs of Operations	$	51,185

Per Capita Cost of Operations (Capriana)		
Operating Expenses per form 5-4 #1	$	3,846,200
Mean # of all Residents from form 1-1 #10		38
Per Capita Costs of Operations	$	101,216

Per Capita Cost of Operations (Segovia)		
Operating Expenses per form 5-4 #1	$	6,036,600
Mean # of all Residents from form 1-1 #10		149.5
Per Capita Costs of Operations	$	40,379

Per Capita Cost of Operations (Cardinal Point)		
Operating Expenses per form 5-4 #1	$	3,871,000
Mean # of all Residents from form 1-1 #10		96
Per Capita Costs of Operations	$	40,323

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

		RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1]	Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	$2207 - $6908	$2099-$7409	N/A
[2]	Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3.50%	3.50%	N/A

☐ 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: **Anniversary Date**
(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: Oakmont Senior Living LLC / Cardinal Point at Mariner Square LLC
COMMUNITY: Cardinal Point at Mariner Square

Continuing Care Retirement Community
Disclosure Statement
General Information

Date Prepared: 4/28/14

FACILITY NAME: Cardinal Point at Mariner Square

ADDRESS: 2431 Mariner Square Drive, Alameda, CA ZIP CODE: 94501 PHONE: 510-337-1033

PROVIDER NAME: Oakmont Senior Living LLC / Cardinal P FACILITY OPERATOR: Cardinal Point at Mariner Square

RELATED FACILITIES: Segovia RELIGIOUS AFFILIATION: n/a

YEAR OPENED: 2006 # OF ACRES: <2 ☐ SINGLE STORY ☐ MULTI-STORY ☑ OTHER: Both MILES TO SHOPPING CTR: <1 MILES TO HOSPITAL: <3

NUMBER OF UNITS:

RESIDENTIAL LIVING		HEALTH CARE	
APARTMENTS – STUDIO:	22	ASSISTED LIVING:	9
APARTMENTS – 1 BDRM:	33	SKILLED NURSING:	
APARTMENTS – 2 BDRM:	28	SPECIAL CARE:	
COTTAGES/HOUSES:		DESCRIBE SPECIAL CARE:	
RLU OCCUPANCY (%) AT YEAR END:	99.00		

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

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

REFUND PROVISIONS: (Check all that apply) ☑ 90% ☑ 75% ☑ 50% ☑ PRORATED TO 0% ☑ OTHER: 100%

RANGE OF ENTRANCE FEES: $ 5,000 TO $ 519,500 **LONG-TERM CARE INSURANCE REQUIRED?** ☐ YES ☑ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: n/a

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: n/a OTHER: Physician's Report

RESIDENT REPRESENTATIVE TO THE BOARD (briefly describe their involvement):

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	☑	☑	HOUSEKEEPING (4-5 TIMES/MONTH)	☑	☐
BILLIARD ROOM	☐	☐	MEALS (1-3 /DAY)	☑	☐
BOWLING GREEN	☐	☐	SPECIAL DIETS AVAILABLE	☑	☐
CARD ROOMS	☑	☐			
CHAPEL	☐	☐	24-HOUR EMERGENCY RESPONSE	☑	☐
COFFEE SHOP	☑	☐	ACTIVITIES PROGRAM	☑	☐
CRAFT ROOMS	☑	☐	ALL UTILITIES EXCEPT PHONE	☑	☐
EXERCISE ROOM	☑	☐	APARTMENT MAINTENANCE	☑	☐
GOLF COURSE ACCESS	☐	☐	CABLE TV	☑	☐
LIBRARY	☑	☐	LINENS FURNISHED	☐	☐
PUTTING GREEN	☑	☐	LINENS LAUNDERED	☑	☐
SHUFFLEBOARD	☐	☐	MEDICATION MANAGEMENT	☑	☑
SPA	☑	☐	NURSING/WELLNESS CLINIC	☑	☐
SWIMMING POOL-INDOOR	☐	☐	PERSONAL HOME CARE	☑	☐
SWIMMING POOL-OUTDOOR	☑	☐	TRANSPORTATION-PERSONAL	☑	☐
TENNIS COURT	☐	☐	TRANSPORTATION-PREARRANGED	☑	☐
WORKSHOP	☑	☐	OTHER	☐	☐
OTHER Theater / Ballroom	☑	☐			

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

PROVIDER NAME: Oakmont Senior Living LLC / Cardinal Point

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

MULTI-LEVEL RETIREMENT COMMUNITIES

Oakmont of Chino Hills	Chino Hills, CA	909-606-3010
Oakmont of Escondido	Escondido, CA	760-884-8141
Oakmont of Concord	Concord, CA	925-265-8555

FREE-STANDING SKILLED NURSING

SUBSIDIZED SENIOR HOUSING

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

PROVIDER NAME: Oakmont Senior Living LLC / Cardinal Point

	2010	2011	2012	2013
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	$41,815,300	$47,073,100	$32,555,700	$35,689,900
LESS OPERATING EXPENSES (excluding depreciation, amortization, and interest)	$50,664,700	$54,073,000	$33,207,300	$39,804,800
NET INCOME FROM OPERATIONS	-$8,849,400	-$6,999,900	-$651,600	-$4,114,900
LESS INTEREST EXPENSE	-$2,967,300	-$3,098,300	-$638,700	-$644,600
PLUS CONTRIBUTIONS	$40,745,600	$105,881,600	$72,981,600	$163,932,200
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	$4,789,600	-$2,238,400	$22,276,600	$251,000
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	$33,718,500	$93,545,000	$93,967,900	$159,403,700
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	$15,128,900	$27,557,300	$8,116,200	$8,116,200

DESCRIPTION OF SECURED DEBT (AS OF MOST RECENT FISCAL YEAR END)

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

FINANCIAL RATIOS
(see next page for ratio formulas)

	2012 CCAC Medians 50th Percentile *(optional)*	2011	2012	2013
DEBT TO ASSET RATIO		0.7	0.7	0.4
OPERATING RATIO		1.2	1.0	0.9
DEBT SERVICE COVERAGE RATIO		5.18	2.42	3.87
DAYS CASH-ON-HAND RATIO		250	369	353

HISTORICAL MONTHLY SERVICE FEES
(AVERAGE FEE AND PERCENT CHANGE)

	2010	%	2011	%	2012	%	2013
STUDIO	$3,004	2.9	$3,090	3.0	$3,183	3.5	$3,294
ONE BEDROOM	$3,264	2.9	$3,357	3.0	$3,458	3.5	3,579.0
TWO BEDROOM	$4,392	2.9	$4,517	3.0	$4,653	3.5	$4,816
COTTAGE/HOUSE							
ASSISTED LIVING	$3,698	2.9	$3,803	3.0	$3,917	3.5	$4,054
SKILLED NURSING							
SPECIAL CARE							

COMMENTS FROM PROVIDER:

KEY INDICATORS REPORT

Date Prepared: 5/27/2014

Oakmont Senior Living - Cardinal Point

Joseph G Lin, Chief Financial Officer

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

RECEIVED MAY 28 2014 CONTINUING CARE CONTRACTS BRANCH

	2008	2009	2010	2011	2012	2013	Forecast 2014	2015	2016	2017	2018	Preferred Trend Indicator
OPERATIONAL STATISTICS												
1. Average Annual Occupancy by Site (%)		See attached schedule								N/A		
MARGIN (PROFITABILITY) INDICATORS												
2. Net Operating Margin (%)	42.00%	40.00%	27.00%	28.00%	24.00%	23.00%	35.00%	40.00%	45.00%	50.00%	50.00%	↑
3. Net Operating Margin - Adjusted (%)	73.00%	63.00%	47.00%	55.00%	39.00%	55.00%	40.00%	35.00%	30.00%	30.00%	30.00%	↓
LIQUIDITY INDICATORS												
4. Unrestricted Cash and Investments ($000)	$14,864	$32,522	$36,367	$36,884	$33,578	$38,026	$48,000	$50,000	$52,000	$54,000	$54,000	↑
5. Days Cash on Hand (Unrestricted)	145	185	262	250	369	353	275	275	275	275	275	↑
CAPITAL STRUCTURE INDICATORS												
6. Deferred Revenue from Entrance Fees ($000)	$83,304	$96,642	$120,738	$130,037	$129,747	$178,938	$150,000	$160,000	$170,000	$180,000	$180,000	N/A
7. Net Annual E/F proceeds ($000)	$43,481	$23,295	$15,129	$27,557	$7,303	$25,667	$10,000	$10,000	$10,000	$10,000	$10,000	N/A
8. Unrestricted Net Assets ($000)	$237,173	$227,498	$218,606	$208,543	$210,831	$178,606	$200,000	$200,000	$200,000	$200,000	$200,000	N/A
9. Annual Capital Asset Expenditure ($000)	$150	$450	$1,936	$1,309	$947	$17,111	$1,000	$1,000	$1,000	$1,000	$1,000	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	-0.40	2.14	-1.16	-2.62	26.32	-3.85	1.30	1.30	1.30	1.30	1.30	↑
11. Annual Debt Service Coverage (x)	5.75	9.1	3.17	5.19	36.2	25.17	4	4	4	4	4	↑
12. Annual Debt Service/Revenue (%)	9.00%	3.00%	4.00%	2.00%	1.00%	0.00%	3.00%	3.00%	3.00%	3.00%	3.00%	↓
13. Average Annual Effective Interest Rate (%)	4.00%	2.00%	2.00%	2.00%	1.00%	1.00%	2.00%	2.00%	2.00%	2.00%	2.00%	↓
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	10.00%	24.00%	27.00%	26.00%	23.00%	49.00%	25.00%	25.00%	25.00%	25.00%	25.00%	↑
15. Average Age of Facility (years)	2.12	2.46	3.51	4.49	5.29	4.18	7.5	8.5	9	9.5	9.5	↓