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CONTINUING CARE
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**ANNUAL REPORT
CHECKLIST**

for
FISCAL YEAR ENDED:
12/31/2012

PROVIDER: Continuing Life Communities Thousand Oaks LLC

FACILITY(IES): University Village Thousand Oaks

CONTACT PERSON: Ryan Exline

TELEPHONE NO.: (805) 241-3001

✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓ ✓

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

- ✓ This cover sheet.
- ✓ Annual Provider Fee in the amount of: \$ 18,156
 - ✓ 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 reserve and refund reserve, if applicable.
- ✓ Evidence of the provider's fidelity bond.
- ✓ The provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ✓ The provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon.
- ✓ The provider's "Continuing Care Retirement Community Disclosure Statement" for **each** community.

**FORM 1-1
RESIDENT POPULATION**

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	495
[2]	Number at end of fiscal year	494
[3]	Total Lines 1 and 2	989
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	494.5
All Residents		
[6]	Number at beginning of fiscal year	495
[7]	Number at end of fiscal year	494
[8]	Total Lines 6 and 7	989
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	494.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	1.00

**FORM 1-2
ANNUAL PROVIDER FEE**

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only) *	\$24,075,115
[a]	Depreciation	\$5,918,807
[b]	Debt Service (Interest Only)	\$0
[2]	Subtotal (add Line 1a and 1b)	\$5,918,807
[3]	Subtract Line 2 from Line 1 and enter result.	\$18,156,308
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	100%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$18,156,308
[6]	Total Amount Due (multiply Line 5 by .001)	\$18,156

NOTE: * Total operating expenses listed above are for the period of January 1, 2012 to December 31, 2012.

PROVIDER: Continuing Life Communities Thousand Oaks LLC
COMMUNITY: University Village Thousand Oaks



STATEMENT OF CHIEF EXECUTIVE OFFICER
CALIFORNIA DEPARTMENT OF SOCIAL SERVICES ANNUAL REPORT
UNIVERSITY VILLAGE THOUSAND OAKS

The undersigned does attest the 2012 Annual Report is correct; the contract in use for new residents has been approved by the Department, and is maintaining liquid and refund reserves pursuant to requirements of the California Health and Safety Code.



Richard Aschenbrenner
Chief Executive Officer

4-25-13
Date

ACORD™ EVIDENCE OF COMMERCIAL PROPERTY INSURANCE DATE (MM/DD/YYYY)
03/29/2013

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

PRODUCER NAME, CONTACT PERSON AND ADDRESS Propel Insurance Tacoma Commercial Insurance 1201 Pacific Ave, Suite 1000 Tacoma, WA 98402	COMPANY NAME AND ADDRESS Stonington Insurance Co IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH
PHONE (A/C, No, Ext): 253 759-2200	NAIC NO:
FAX (A/C, No): 866.577.1326	E-MAIL ADDRESS:
CODE:	SUB CODE:
AGENCY CUSTOMER ID #: 114921	POLICY TYPE:
NAMED INSURED AND ADDRESS Continuing Life Communities LLC 1940 Levante Street Carlsbad, CA 92009	LOAN NUMBER:
ADDITIONAL NAMED INSURED(S)	POLICY NUMBER: CRF3002720906
	EFFECTIVE DATE: 06/30/2012 EXPIRATION DATE: 06/30/2013
	CONTINUED UNTIL TERMINATED IF CHECKED <input type="checkbox"/>
	THIS REPLACES PRIOR EVIDENCE DATED:

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

LOCATION/DESCRIPTION
3415 Campus Drive, Thousand Oaks CA 91360
3557 Campus Drive, Thousand Oaks CA 91360

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

COVERAGE INFORMATION	PERILS INSURED	BASIC	BROAD	<input checked="" type="checkbox"/> SPECIAL	
COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 418,655,887		Blanket Bldg and BPP		DED: \$10,000	
<input checked="" type="checkbox"/> BUSINESS INCOME <input type="checkbox"/> RENTAL VALUE	X				If YES, LIMIT: \$35,000,000 Actual Loss Sustained; # of months 12
BLANKET COVERAGE Combined Bldg and BPP	X				If YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE	X				Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?		X			
IS DOMESTIC TERRORISM EXCLUDED?		X			
LIMITED FUNGUS COVERAGE	X				If YES, LIMIT: DED:
FUNGUS EXCLUSION (If "YES", specify organization's form used)					
REPLACEMENT COST	X				
AGREED VALUE	X				
COINSURANCE		X			If Yes, %
EQUIPMENT BREAKDOWN (If Applicable)	X				If YES, LIMIT: DED:
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	X				
- Demolition Costs	X				If YES, LIMIT: DED:
- Incr. Cost of Construction	X				If YES, LIMIT: DED:
EARTH MOVEMENT (If Applicable)			X		If YES, LIMIT: DED:
FLOOD (If Applicable)	X				If YES, LIMIT: 1000000 DED: \$10,000
WIND/HAIL (If Subject to Different Provisions)	X				If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS	X				

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

ADDITIONAL INTEREST

MORTGAGEE LENDERS LOSS PAYABLE NAME AND ADDRESS Evidence of Insurance	CONTRACT OF SALE LENDER SERVICING AGENT NAME AND ADDRESS AUTHORIZED REPRESENTATIVE
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EVIDENCE OF COMMERCIAL PROPERTY INSURANCE REMARKS - Including Special Conditions (Use only if more space is required)

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

Ordinance & Law Coverage A, B, & C Combined Limit of \$2,000,000 applies (per occurrence / location)

***CONTINUING LIFE COMMUNITIES
THOUSAND OAKS LLC***

dba UNIVERSITY VILLAGE THOUSAND OAKS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2012 AND 2011

WITH INDEPENDENT AUDITORS' REPORT

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
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DECEMBER 31, 2012 AND 2011

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INDEPENDENT AUDITORS' REPORT

RECEIVED
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To the Members of
Continuing Life Communities Thousand Oaks LLC
dba University Village Thousand Oaks
Thousand Oaks, California

We have audited the accompanying financial statements of Continuing Life Communities Thousand Oaks LLC, dba University Village Thousand Oaks (the "Company") (a Delaware limited liability company) which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of operations, comprehensive income, changes in members' equity (deficit), and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Continuing Life Communities Thousand Oaks LLC, dba University Village Thousand Oaks as of December 31, 2012 and 2011, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

White Nelson Dick Evans LLP

Irvine, California

April 5, 2013

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
BALANCE SHEETS
DECEMBER 31, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
Current Assets:		
Cash And Cash Equivalents	\$ 5,430,539	\$ 7,783,872
Marketable Securities	1,944,998	-
Accounts Receivable	52,812	53,828
Inventories	55,550	69,051
Prepaid Expenses	216,228	314,476
Other Receivables	<u>60,858</u>	<u>18,542</u>
 Total Current Assets	 7,760,985	 8,239,769
 Property And Equipment:		
Land	10,508,648	10,508,648
Land Improvements	33,253,354	33,253,354
Buildings And Improvements	102,278,096	102,278,096
Furniture, Fixtures And Equipment	14,519,353	14,346,728
Computer Equipment And Systems	<u>1,789,030</u>	<u>1,789,030</u>
 Total Property And Equipment, At Cost	 162,348,481	 162,175,856
Less: Accumulated Depreciation	<u>(31,767,499)</u>	<u>(25,848,692)</u>
 Total Property And Equipment, At Net Book Value	 130,580,982	 136,327,164
 Other Assets:		
Other Receivables - Long-Term	670,990	618,321
Deferred Entrance Fees Receivable	36,079,020	37,219,058
Costs Of Acquiring Initial Continuing Care Contracts, Net Of Accumulated Amortization Of \$1,746,286 In 2012 And \$1,418,792 In 2011	<u>2,046,839</u>	<u>2,374,333</u>
 Total Other Assets	 <u>38,796,849</u>	 <u>40,211,712</u>
 Total Assets	 <u>\$ 177,138,816</u>	 <u>\$ 184,778,645</u>

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

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2012 AND 2011

LIABILITIES AND MEMBERS' EQUITY (DEFICIT)

	<u>2012</u>	<u>2011</u>
Current Liabilities:		
Accounts Payable	\$ 450,726	\$ 235,261
Accrued Expenses	397,383	479,073
Current Portion Of Note Payable To Master Trust	<u>5,198,887</u>	<u>5,069,756</u>
Total Current Liabilities	6,046,996	5,784,090
Note Payable To Master Trust, Net Of Current Portion	203,651,604	199,005,491
Deferred Revenue From Unamortized Deferred Entrance Fees, Net	<u>26,229,642</u>	<u>25,598,319</u>
Total Liabilities	235,928,242	230,387,900
Members' Equity (Deficit):		
Members' Equity (Deficit)	(58,916,334)	(45,609,255)
Accumulated Other Comprehensive Income	<u>126,908</u>	<u>-</u>
Total Members' Equity (Deficit)	<u>(58,789,426)</u>	<u>(45,609,255)</u>
Total Liabilities And Members' Equity (Deficit)	<u>\$ 177,138,816</u>	<u>\$ 184,778,645</u>

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

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Revenues:		
Resident Services	\$ 20,977,374	\$ 19,554,300
Amortization Of Deferred Entrance Fees	4,276,060	3,737,167
Deferred Entrance Fees On Terminated Contracts	1,254,896	1,050,639
Non-Resident Services	<u>130,055</u>	<u>126,637</u>
Total Revenues	<u>26,638,385</u>	<u>24,468,743</u>
Operating Expenses:		
Resident Care	5,227,576	3,606,484
Food And Beverage Services	3,431,554	3,463,941
Environmental Services	1,089,184	1,082,587
Plant Facility Operating Costs	3,018,805	2,713,238
General And Administrative Expenses	5,061,695	4,702,031
Depreciation And Amortization	<u>6,246,301</u>	<u>6,222,119</u>
Total Operating Expenses	<u>24,075,115</u>	<u>21,790,400</u>
Income From Operations	2,563,270	2,678,343
Other Income (Expense):		
Loss On Sale Of Marketable Securities	(16,567)	-
Interest And Dividend Income	<u>46,218</u>	<u>11,265</u>
Total Other Income (Expense)	<u>29,651</u>	<u>11,265</u>
Net Income	<u>\$ 2,592,921</u>	<u>\$ 2,689,608</u>

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

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Net Income	\$ 2,592,921	\$ 2,689,608
Other Comprehensive Income:		
Net Unrealized Holding Gains Arising During The Year	<u>126,908</u>	<u>-</u>
Comprehensive Income	<u>\$ 2,719,829</u>	<u>\$ 2,689,608</u>

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

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
STATEMENTS OF CHANGES IN MEMBERS' EQUITY (DEFICIT)
YEARS ENDED DECEMBER 31, 2012 AND 2011

	Capital		Accumulated Equity (Deficit)	Accumulated Other Comprehensive Income	Total Members' Equity (Deficit)
	Class A	Class B			
Beginning Balance - January 1, 2011	\$ (19,813,364)	\$ (965,086)	\$ (8,335,284)	\$ -	\$ (29,113,734)
Distributions	(19,085,129)	(100,000)	-	-	(19,185,129)
Net Income	-	-	2,689,608	-	2,689,608
Ending Balance - December 31, 2011	(38,898,493)	(1,065,086)	(5,645,676)	-	(45,609,255)
Distributions	(7,740,000)	(8,160,000)	-	-	(15,900,000)
Net Unrealized Holding Gains Arising During The Year	-	-	-	126,908	126,908
Net Income	-	-	2,592,921	-	2,592,921
Ending Balance - December 31, 2012	<u>\$ (46,638,493)</u>	<u>\$ (9,225,086)</u>	<u>\$ (3,052,755)</u>	<u>\$ 126,908</u>	<u>\$ (58,789,426)</u>

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

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>	<u>2011</u>
Operating Activities:		
Cash Received From Residents	\$ 28,185,718	\$ 25,274,378
Interest Income	46,218	11,265
Reimbursements For Services To Non-Residents	130,055	126,637
Cash Paid To Suppliers And Employees	<u>(17,583,290)</u>	<u>(15,768,087)</u>
Net Cash Provided By Operating Activities	10,778,701	9,644,193
Cash Flows From Investing Activities:		
Payments Made On Purchases Of Property And Equipment	(172,622)	(109,469)
Purchases Of Marketable Securities	(2,330,188)	-
Proceeds From Redemption Of Marketable Securities	<u>495,531</u>	<u>4,998,575</u>
Net Cash Provided By (Used In) Investing Activities	(2,007,279)	4,889,106
Cash Flows From Financing Activities:		
Distributions To Members	(15,900,000)	(19,185,129)
Proceeds From Note Payable To Master Trust	12,450,000	14,990,000
Payments On Note Payable To Master Trust	<u>(7,674,756)</u>	<u>(4,847,865)</u>
Net Cash Used In Financing Activities	<u>(11,124,756)</u>	<u>(9,042,994)</u>
Net Increase (Decrease) In Cash And Cash Equivalents	(2,353,334)	5,490,305
Cash And Cash Equivalents, Beginning Of Year	<u>7,783,872</u>	<u>2,293,567</u>
Cash And Cash Equivalents, End Of Year	<u>\$ 5,430,538</u>	<u>\$ 7,783,872</u>

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

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2012 AND 2011

	2012	2011
Reconciliation Of Net Income To Net Cash Provided By Operating Activities:		
Net Income	\$ 2,592,921	\$ 2,689,608
Non-Cash Items Included In Net Income:		
Depreciation And Amortization	6,246,301	6,222,119
Amortization Of Deferred Entrance Fees	(4,276,060)	(3,737,167)
Deferred Entrance Fees On Terminated Contracts	(1,254,896)	(1,050,639)
Loss On Sale Of Marketable Securities	16,567	-
Changes In:		
Accounts Receivable	1,015	(24,276)
Inventories	13,500	(22,183)
Prepaid Expenses	98,248	(63,694)
Other Receivables	(94,985)	(47,742)
Deferred Entrance Fees Receivable	7,302,315	5,792,096
Accounts Payable	215,465	(251,362)
Accrued Expenses	(81,690)	137,433
Net Cash Provided By Operating Activities	\$ 10,778,701	\$ 9,644,193
Supplemental Schedule Of Non-Cash Investing And Financing Activities:		
Deferred Entrance Fees Receivable And Deferred Revenue From Unamortized Deferred Entrance Fees Recorded To Reflect Additional Amounts Due From Resident Contributions	\$ 6,162,278	\$ 10,775,726

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

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE A: Nature Of Business And Summary Of Significant Accounting Policies

- (1) Nature Of Business - Continuing Life Communities Thousand Oaks LLC, dba University Village Thousand Oaks (“the Company”), owns and operates a multi-use continuing care retirement community located in Thousand Oaks, California.
- (2) Limited Liability Company Agreement - The following represents a summary of significant financial terms of the Company’s Operating Agreement. The agreement should be referred to for more specific terms.

The Company has two types of members: Class A and Class B. Class A members have the full, exclusive, and complete right, power, authority, discretion and responsibility vested in or assumed by a managing member, including those necessary to make all decisions affecting the business or purpose of the Company. Class B members shall not take any part in management or control of the Company’s business or transact any business in the name of the Company, except to the extent such member is serving in the capacity of an appointed officer.

One of the Class A members is designated as the financing member. No member other than the financing member is required to contribute capital to the Company at any time. The capital contributions shall earn a cumulative preferred return of 8 to 10 percent, depending on the amount of capital contributed. As of December 31, 2012 and 2011, 80 percent of the Company is owned by Class A members and 20 percent of the Company is owned by Class B members.

The members’ liability to general creditors is limited to their investments in the Company. In accordance with the Operating Agreement, the Company will continue until December 31, 2050, unless extended or sooner terminated by agreement.

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

- (3) Principles Of Accounting - The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

**NOTE A: Nature Of Business And Summary Of Significant Accounting Policies -
(Continued)**

- (4) Cash And Cash Equivalents - For purposes of the statements of cash flows, cash and cash equivalents include the operating cash account of the Company, money market accounts, time deposits, certificates of deposit, and all highly-liquid debt instruments with original maturities of three months or less.
- (5) Marketable Securities - Marketable securities held by the Company at December 31, 2012 and 2011, are classified in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 320-10, "*Investments - Debt and Equity Securities*", as either available-for-sale or held-to-maturity. The Company determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheets based on contractual maturity date and are stated at amortized cost. Marketable securities that are purchased with the intent of selling before reaching maturity or prior to a lengthy time period are classified as available-for-sale securities and are reported at fair value based on quoted market prices, with unrealized gains and losses recorded as a component of comprehensive income. The Company's investments at December 31, 2011 were solely in held-to-maturity securities.

Realized gains or losses from the sale of held-to-maturity marketable securities are computed based on amortized cost. Realized gains or losses from the sale of available-for-sale marketable securities are computed based on specific identification of historical cost.

- (6) Accounts Receivable - Accounts receivable consist of amounts due from residents for monthly service fees and other ancillary services. These services and fees are primarily due upon receipt of invoice. Receivables are reviewed weekly and are considered past due 14 days after issuance of monthly statements. Accounts for which no payments have been received for 30 days are considered delinquent and customary collection efforts are initiated. Uncollectible accounts are written-off at the advice of a collection attorney and with the approval of ownership.

The Company provides an allowance for doubtful accounts, as needed, for accounts deemed uncollectible. No allowance was necessary at December 31, 2012 and 2011.

- (7) Inventories - Inventories consist of food and supplies used in the operations and are valued at the lower of cost or market on a first-in, first-out basis.

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

**NOTE A: Nature Of Business And Summary Of Significant Accounting Policies -
(Continued)**

- (8) Property And Equipment - Property and equipment are stated at cost. Major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. Property and equipment are depreciated over estimated useful lives of 5 to 40 years. Depreciation for property and equipment is computed on the straight-line method for book purposes. Depreciation expense for the years ended December 31, 2012 and 2011, totaled \$5,918,807 and \$5,894,625, respectively.
- (9) Long-Lived Assets - The Company accounts for impairment and disposition of long-lived assets in accordance with FASB ASC 360-10, "*Property, Plant, and Equipment*". FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. There was no impairment of value of such assets for the years ended December 31, 2012 and 2011.
- (10) Revenue Recognition - Revenue from resident and non-resident services is accounted for on the accrual basis of accounting as earned. See Note H for a description of revenue recognition policy of deferred entrance fees.
- (11) Revenue And Expenses - In accordance with the Residence and Care Agreement, future monthly fees due from residents for maintenance and operating expenses may be adjusted with appropriate notice as specified in the individual agreements.
- (12) Income Taxes - The Company is taxed as a Partnership for federal tax purposes and, accordingly, pays no federal taxes. For California purposes, the Company pays an \$800 Limited Liability Company tax plus a fee based on its total revenue. The taxable income or loss is recognized on the individual income tax returns of the members.
- (13) Advertising And Promotional Costs - Advertising and promotional costs are charged to operations when incurred. For the years ended December 31, 2012 and 2011, advertising and promotional costs totaled \$879,585 and \$692,572, respectively, and are included in general and administrative expenses in the accompanying statements of operations.
- (14) Use Of Estimates - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE A: Nature Of Business And Summary Of Significant Accounting Policies -
(Continued)

- (15) Comprehensive Income - The Partnership accounts for other comprehensive income items in accordance with FASB ASC 220, "Reporting Comprehensive Income". Comprehensive income is a more inclusive financial reporting methodology that consists of net income and other gains or losses affecting equity that are excluded from net income.

NOTE B: Concentrations, Risks, And Uncertainties - The Company maintains cash balances with one financial institution. At December 31, 2012 and 2011, accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts and unlimited insurance for non-interest bearing accounts.

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

NOTE C: Marketable Securities - At December 31, 2012, the Company's investments consist primarily of publicly traded equity securities categorized as available-for-sale securities and are stated at fair market value. Cost and fair market value of such investments are as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Gross Unrealized Holding Gain</u>	<u>Gross Unrealized Holding Loss</u>
Equities	\$ 1,662,462	\$ 1,787,650	\$ 146,213	\$ 21,025
Other	<u>155,628</u>	<u>157,348</u>	<u>2,478</u>	<u>758</u>
Total Marketable Securities	<u>\$ 1,818,090</u>	<u>\$ 1,944,998</u>	<u>\$ 148,691</u>	<u>\$ 21,783</u>

At December 31, 2012, the allowance for unrealized gains and losses has been recorded as a separate component of members' equity (deficit) under accumulated other comprehensive income. At December 31, 2012, the aggregate market value of marketable securities exceeds their aggregate cost by \$126,908. Other comprehensive income for the year ended December 31, 2012, includes net unrealized holding gains of \$126,908 and there is no reclassification adjustment for realized (gains) losses included in net income.

At December 31, 2011, the Company's investments consist entirely of debt securities, which have interest rates of 2.0 percent, are held to maturity and valued at amortized cost, which approximates fair value.

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE C: Marketable Securities - (Continued)

Sales of marketable securities classified as available-for-sale during the year ended December 31, 2012, resulted in proceeds of \$495,531, gross realized gains of \$9,995 and gross realized losses of \$26,562. Sales of marketable securities classified as held-to-maturity during the year ended December 31, 2011, resulted in proceeds of \$4,998,575 and there were no gross realized gains or losses.

NOTE D: Residence And Care Agreement - Each new resident enters into a contract with the Company called the Residence and Care Agreement. The form of the agreement is in conformity with the statutes of the State of California Department of Social Services Continuing Care Contracts Branch. The provisions of the agreement include, but are not limited to, such items as the unit to be occupied, initial monthly fee, amount of contribution to the Master Trust (see Note F), and methods of cancellation and refunds or contingent repayments subject to resale of the units.

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

Under the Residence Agreement, the contribution received will be refundable under the following terms and conditions:

- (1) Cancellation During The Trial Residence Period - Under California law, there is a probationary period of 90 days after the date of the signed agreement during which either the Company or the resident may cancel the agreement with or without cause. Death of the resident during the period will cancel the agreement. In the event of cancellation, the resident shall be entitled to a refund in accordance with California law which states that the Company may deduct from the contribution amount a reasonable fee to cover costs and any charges incurred but not paid.
- (2) Cancellation After 90 Days - A resident may cancel his or her agreement at any time after the trial residence period for any reason by giving the Company 90 days written notice. Death of the resident will cancel the agreement. However, if an agreement applies to more than one resident, it will remain in effect after the death of one of the residents and be adjusted as described in the agreement. The Company may cancel the agreement at any time after the trial residence period for good cause, upon 90 days written notice to the resident. Examples of good cause are defined in the agreement.

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE D: Residence And Care Agreement - (Continued)

(2) Cancellation After 90 Days - (Continued)

Upon termination of the agreement, during the period from 90 days to 5 years of occupancy, the resident or his or her estate will be entitled to a repayment of the contribution less a predetermined percentage per year of occupancy and any charges incurred but not paid, as determined by the terms and conditions of the individual agreements.

NOTE E: Costs Of Acquiring Initial Continuing Care Contracts - Costs of acquiring initial continuing care contracts were capitalized since they were expected to be recovered from future contract care revenues. Initial continuing-care contracts are defined as the resident contracts entered into within one year of the opening of the facility. These costs were amortized using a straight-line method over the average expected remaining lives of the residents under contract or the contract term, if shorter. The amortization related to these costs for both years ended December 31, 2012 and 2011, totaled \$327,494.

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

2013	\$ 327,494
2014	327,494
2015	327,494
2016	327,494
2017 And Thereafter	736,863
	\$ 2,046,839

NOTE F: Note Payable To Master Trust And Trust Arrangement - The University Village Thousand Oaks Master Trust was established to provide protection to the residents of the community by providing them with a vehicle through which they obtain a secured interest in the real property of the Company. New residents join in and become grantors under the trust agreement. At December 31, 2012 and 2011, the balance outstanding on the Master Trust note payable was \$208,850,491 and \$204,075,247, respectively.

A contribution amount, as specified in the Residence Agreement, is made to the Trust by the grantor (see Note D). The trustee of the Master Trust is directed to invest virtually all of the funds in the form of an interest-free loan to the Company. The loan which currently may not exceed \$225,000,000 is secured by the following:

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE F: Note Payable To Master Trust And Trust Arrangement - (Continued)

- (1) A first priority deed of trust on the Company's real property and improvements thereon.
- (2) Security agreement creating a security interest in the Company's current and hereafter acquired equity in all of the improvements, fixtures, personal property, and intangible property associated and used in connection with the real property described in the deed of trust. The security shall also include any income generated from and any insurance proceeds recovered from the loss of any property servicing as collateral for this loan.

Repayments of principal will be made in annual amounts for a period of forty years commencing on the earlier of January 1, 2015, or the January 1 next following the Company's maintaining (i) a minimum of 95 percent occupancy for 6 consecutive months for all planned units or (ii) an average of 95 percent occupancy for 12 consecutive months for all planned units, with final payment due December 31, 2050. Each annual payment or series of payments made during the year shall be equal to or greater than the amount of principal advanced on December 15 next preceding the payment due date divided by forty years. The next scheduled principal payment of \$5,198,887 was paid in January 2013.

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

2013	\$ 5,198,887
2014	5,091,290
2015	4,964,008
2016	4,839,908
2017 And Thereafter	<u>188,756,398</u>
	<u>\$ 208,850,491</u>

NOTE G: Commitments And Contingencies

- (1) Obligation To Provide Future Services - The Company annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the present value of monthly service fees and the unamortized deferred revenue from deferred entrance fees. If the present value of the net cost of future services and use of facilities exceeds the monthly service fees and deferred revenue from deferred entrance fees, a liability is recorded. Using a discount rate of six percent for both years, the anticipated revenues are estimated to exceed the cost of future services by \$54,091,850 and \$51,388,143, respectively, as of the years ended December 31, 2012 and 2011. Therefore, no liability was accrued.

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE G: Commitments And Contingencies - (Continued)

- (2) Reservations And Designations - At December 31, 2012 and 2011, the Company maintains cash reserves in the amount of \$3,636,731 and \$3,172,941, respectively, for operating expense contingencies in accordance with requirements of the California Health and Safety Code under the State of California Department of Social Services. These reserves are included in cash and cash equivalents and marketable securities on the accompanying balance sheets.
- (3) Litigation - The Company experiences routine litigation in the normal course of its business. Management does not believe that any pending or threatened litigation will have a material adverse effect on its financial statements.

NOTE H: Deferred Revenue From Unamortized Deferred Entrance Fees - At December 31, 2012 and 2011, the deferred revenue from unamortized deferred entrance fees consists of the following:

	2012	2011
Deferred Entrance Fees Before Repayment	\$ 45,251,284	\$ 41,332,895
Less: Accumulated Amortization Of Deferred Entrance Fees	(19,021,642)	(15,734,576)
 Deferred Revenue From Unamortized Deferred Entrance Fees, Net	 \$ 26,229,642	 \$ 25,598,319

The deferred entrance fees are amortized to income using the straight-line method over future periods based on the estimated life of the resident in accordance with FASB ASC 954-430, "Health Care Entities - Deferred Revenue". The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit.

For the years ended December 31, 2012 and 2011, the deferred entrance fees amortized into income were \$4,276,060 and \$3,737,167, respectively, based on total deferred entrance fees of \$56,132,304 and \$53,194,982, respectively.

NOTE I: Related Party Transactions - The health care costs paid to Continuing Life Communities Thousand Oaks HC, LLC ("HC") during the years ended December 31, 2012 and 2011, were \$4,290,515 and \$2,655,009, respectively, and are included in resident care expenses in the accompanying statements of operations. In addition, the Company had payables for accrued health care costs totaling \$151,420 and \$8,843, at December 31, 2012 and 2011, respectively, which are included in accounts payable in the accompanying balance sheets.

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE I: Related Party Transactions - (Continued)

The Company also shares certain expenses with commonly-owned companies. At December 31, 2012 and 2011, the Company had net amounts due from (to) these companies for certain shared expenses totaling \$39,415 and (\$1,298), respectively, and are included in other receivables and accounts payable, respectively, in the accompanying balance sheets.

The Company paid fees for management services provided totaling \$50,000 for both years ended December 31, 2012 and 2011, to a company owned by the financing member. These fees are included in general and administrative expenses in the accompanying statements of operations.

NOTE J: Employee Benefit Plan - The Company sponsors a qualified 401(k) plan (“the Plan”) for all eligible employees. Employees may contribute up to 100 percent of their annual compensation, up to the maximum prescribed by law. The Company, at its sole discretion, may annually elect to make matching or non-elective contributions to the Plan. For the years ended December 31, 2012 and 2011, employer contributions to the Plan totaled \$53,489 and \$47,489, respectively, with corresponding plan administrative expenses totaling \$2,861 and \$1,631, respectively. Both expenses have been included in general and administrative expenses in the accompanying statements of operations.

NOTE K: Fair Value Measurements - The Company accounts for marketable securities in accordance with ASC 820, “*Fair Value Measurements and Disclosures*”. FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurement.

FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date. The three levels are defined as follows:

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

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

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

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

CONTINUING LIFE COMMUNITIES THOUSAND OAKS LLC
dba UNIVERSITY VILLAGE THOUSAND OAKS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011

NOTE K: Fair Value Measurements - (Continued)

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

The fair value of the assets at December 31, 2012 was determined as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equities:			
Large Value	\$ 951,396	\$ -	\$ -
Large Growth	91,395	-	-
Large Core	744,860	-	-
Real Estate Stocks:			
Large Core	54,735	-	-
Mid Core	48,300	-	-
Mid Growth	<u>54,312</u>	<u>-</u>	<u>-</u>
Total Assets at Fair Value	<u>\$ 1,944,998</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE L: Reclassifications - Certain reclassifications have been made to the 2011 financial statements in order to conform with the current year presentation.

NOTE M: Subsequent Events - Events occurring after December 31, 2012, have been evaluated for possible adjustment to the financial statements or disclosure as of April 5, 2013, which is the date the financial statements were available to be issued. There were no adjustments to the financial statements or additional disclosures as a result of this evaluation.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION**

RECEIVED
APR 30 2013
CONTINUING CARE
CONTRACTS BRANCH

To the Members of
Continuing Life Communities Thousand Oaks LLC
dba University Village Thousand Oaks
Thousand Oaks, California

Our report on our audit of the basic financial statements of Continuing Life Communities Thousand Oaks LLC, dba University Village Thousand Oaks (the "Company") for the years ended December 31, 2012 and 2011, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information included in the accompanying Schedules of Form 5-1 through Form 5-5 and Form 7-1 has been prepared for filing with the State of California Department of Social Services, in accordance with Section 1792 of the California Health and Safety Code, and is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, presents fairly in all material respects the continuing care reserve requirements of the Company at December 31, 2012, in conformity with the report preparation provisions of the California Health and Safety Code Section 1792.

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

White Nelson Diehl Evans LLP

Irvine, California
April 5, 2013

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

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

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

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

PROVIDER: Continuing Life Communities Thousand Oaks LLC
COMMUNITY: University Village Thousand Oaks

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

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

PROVIDER: Continuing Life Communities Thousand Oaks LLC
COMMUNITY: University Village Thousand Oaks



JOHN A. WAGNER
DIRECTOR

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



ARNOLD SCHWARZENEGGER
GOVERNOR

November 18, 2009

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

Dear Mr. Spieker:

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

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

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

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

Sincerely,

JOHN R. RODRIQUEZ, Chief
Continuing Care Contracts Branch

c: Robert Thompson

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

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

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

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

PROVIDER: Continuing Life Communities Thousand Oaks LLC

FORM 5-2
LONG-TERM DEBT INCURRED
DURING FISCAL YEAR (Continued)
Supporting Calculation for Line 1(b)

Line 1(b) Long term debt on the construction loan was paid in full in 2009.

PROVIDER: Continuing Life Communities Thousand Oaks LLC

COMMUNITY: University Village Thousand Oaks

FORM 5-3

CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	<u>\$0</u>
2	Total from Form 5-2 bottom of Column (e)	<u>\$0</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u> </u>
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	<u><u>\$0</u></u>

PROVIDER: Continuing Life Communities Thousand Oaks LLC

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

Line	Amounts	TOTAL Year Ended 12/31/2012
1	Total operating expenses from financial statements	\$24,075,115
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	\$0
	b. Credit enhancement premiums paid for long-term debt (see instructions)	
	c. Depreciation	\$5,918,807
	d. Amortization	\$327,494
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$130,055
	f. Extraordinary expenses approved by the Department	
3	Total Deductions	\$6,376,356
4	Net Operating Expenses	\$17,698,759
5	Divide Line 4 by 365 and enter the result.	\$48,490
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$3,636,731

PROVIDER: Continuing Life Communities Thousand Oaks LLC
COMMUNITY: University Village Thousand Oaks

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

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

Reimbursements for services to non-residents \$ 130,055

Categories included in the above revenues:

\$	47,047	Guest Meals
	21,273	Employee Meals
	3,459	Catering
	<u>58,276</u>	Guest Room
<u>\$</u>	<u>130,055</u>	

PROVIDER: Continuing Life Communities Thousand Oaks LLC

COMMUNITY: University Village Thousand Oaks

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Continuing Life Communities Thousand Oaks LLC
 Fiscal Year Ended: 12/31/2012

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2012 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year 12/31/2012 are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	_____
[2] Operating Expense Reserve Amount	<u>\$3,636,731</u>
[3] Total Liquid Reserve Amount:	<u>\$3,636,731</u>

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

<u>Qualifying Asset Description</u>	<u>Amount</u> <u>(market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	_____	<u>\$5,430,539</u>
[5] Investment Securities	_____	<u>\$1,944,998</u>
[6] Equity Securities	_____	_____
[7] Unused/Available Lines of Credit	_____	_____
[8] Unused/Available Letters of Credit	_____	_____
[9] Debt Service Reserve	_____	(not applicable)
[10] Other: _____ _____ (describe qualifying asset)	_____	_____
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	\$0 [12]	<u>\$7,375,537</u>
Reserve Obligation Amount: [13]	\$0 [14]	<u>\$3,636,731</u>
Surplus/(Deficiency): [15]	\$0 [16]	<u>\$3,738,806</u>

NOTE: Please find attached the debt service requirement waiver.

Signature:


 (Authorized Representative)

Date: 4-25-13

CEO
 (Title)

FORM 5-5
Description of Reserves under SB 1212

Total Qualifying Assets as Filed:

Cash and Cash Equivalents	\$ 5,430,539
Investment Securities	\$ 1,944,998
Total Qualifying Assets as Filed	\$ 7,375,537

Reservations and Designations:

Reserved for Debt Service	\$ -
Reserved for Operating Expenses	\$ 3,636,731
Total Reservations and Designations	\$ 3,636,731
Remaining Liquid Reserves	\$ 3,738,806

Per Capita Cost of Operations

	<u>12 Months Ending 12/31/12</u>
Operating Expenses (Form 5-4 line #1)	\$ 24,075,115
Mean # of CCRC Residents (Form 1-1 line 10)	494.5
Per Capita Cost of Operations	\$ 48,686

PROVIDER: Continuing Life Communities Thousand Oaks LLC
COMMUNITY: University Village Thousand Oaks

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)	<u>\$3,072- \$4,676</u>	<u>N/A</u>	<u>N/A</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>2.9%</u>		

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

[3] Indicate the date the fee increase was implemented: January 1, 2012
(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: Continuing Life Communities Thousand Oaks LLC
COMMUNITY: University Village Thousand Oaks

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

The regular first person monthly fee increase is reflected at 2.9% and the second person fee increase is reflected at 2.9% in fiscal year 2012. University Village Thousand Oaks (Continuing Life Communities Thousand Oaks LLC) had a two point nine percent (2.9%) monthly fee increase in fiscal year 2011. The main cost drivers of the monthly fee increase in 2012 were increased labor wages and health insurance premiums, worker's compensation cost and utilities cost.

Continuing Care Retirement Community

Date Prepared: 4/21/13

Disclosure Statement

General Information

FACILITY NAME: University Village Thousand Oaks
 ADDRESS: 3415 Campus Drive ZIP CODE: 91360 PHONE: 805-241-3000
 PROVIDER NAME: Continuing Life Communities Thousand Oaks LLC FACILITY OPERATOR: Life Care Services, Inc.
 RELATED FACILITIES: Continuing Life Communities HC, LLC dba Oakview at University Village RELIGIOUS AFFILIATION: N/A
 YEAR OPENED: 2007 NO. OF ACRES: 65 MULTI-STORY: ___ SINGLE STORY: ___ BOTH: X
 MILES TO SHOPPING CTR: .50 mile MILES TO HOSPITAL: Less than 5 miles

NUMBER OF UNITS:	INDEPENDENT LIVING	HEALTH CARE
APARTMENTS - STUDIO	<u>0</u>	ASSISTED LIVING _____
APARTMENTS - 1 BDRM	<u>120/1 bdrm</u>	SKILLED NURSING _____
APARTMENTS - 2 BDRM	<u>127/2 bdrm</u>	SPECIAL CARE _____
COTTAGES/HOUSES	<u>120</u>	DESCRIBE SPECIAL CARE: _____
% OCCUPANCY AT YEAR END	<u>90.94%</u>	

TYPE OF OWNERSHIP: NOT FOR PROFIT FOR PROFIT ACCREDITED: Y N BY: _____

FORM OF CONTRACT: LIFE CARE CONTINUING CARE FEE FOR SERVICE
 ASSIGN ASSETS EQUITY ENTRY FEE RENTAL

x
 REFUND PROVISIONS (Check all that apply): 90% 75% 50% PRORATED TO 0% OTHER:
25%

RANGE OF ENTRANCE FEES: \$279,000 TO \$965,000 LONG-TERM CARE INSURANCE REQUIRED? Y N

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

ENTRY REQUIREMENTS: MIN. AGE: 60 PRIOR PROFESSION: N/A OTHER: N/A

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES

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

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

PROVIDER NAME: Continuing Life Communities Thousand Oaks LLC

	2009	2010	2011	2012
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (excluding amortization of entrance fee income)	16,023,192	18,399,422	20,731,576	22,362,325
LESS OPERATING EXPENSES (excluding depreciation, amortization, & interest)	13,036,077	14,921,328	15,568,281	17,828,814
NET INCOME FROM OPERATIONS	<u>2,987,115</u>	<u>3,478,094</u>	<u>5,163,295</u>	<u>4,533,511</u>
LESS INTEREST EXPENSE	<u>312,735</u>			
PLUS CONTRIBUTIONS				
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	31,238	10,065	11,265	29,651
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>2,705,618</u>	<u>3,488,159</u>	<u>5,174,560</u>	<u>4,563,162</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>24,934,370</u>	<u>18,057,157</u>	<u>14,048,233</u>	<u>9,866,306</u>

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
University Village Thousand Oaks Master Trust	208,850,491	0%	11/16/2001	12/31/2050	40 Years

FINANCIAL RATIOS (see next page for ratio formulas)

	2006 CCAC Medians 50 th Percentile (optional)	2010	2011	2012
DEBT TO ASSET RATIO**see comments		0%	0%	0%
OPERATING RATIO		81.1%	75.09%	79.73%
DEBT SERVICE COVERAGE RATIO		0	0	0
DAYS CASH-ON-HAND RATIO		178.38	182.49	151.00

**HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE**

	2009		2010		2011		2012	
	\$	%	\$	%	\$	%	\$	%
STUDIO	\$2,811	3.2	\$2,901	2.9	\$2,985	2.9	\$3,072	
ONE BEDROOM	\$3,789	3.2	\$3,910	2.9	\$4,023	2.9	\$4,140	
TWO BEDROOM	\$4,279	3.2	\$4,416	2.9	\$4,544	2.9	\$4,676	
COTTAGE/HOUSE								
ASSISTED LIVING								
SKILLED NURSING								
SPECIAL CARE								

COMMENTS FROM PROVIDER: *University Village Thousand Oaks Master Trust has a first priority deed of trust against University Village Thousand Oaks, which provides the residents collateral protection. The \$208,850,491 recorded

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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