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May 24, 2017

Ms. Allison Nakatomi
Continuing Care Contract Branch
California Department of Social Services
744 P Street, M.S. 8-3-90
Sacramento, CA 95814

Dear Allison:

Enclosed please find the key indicators report (6 copies).

If you have any further questions, or need additional information, please do not hesitate to contact me at (818) 247-0420 x 708.

Sincerely,

Pamela S. Claasen
Chief Financial Officer

KEY INDICATORS REPORT*Donald J. Class***be.group**

Chief Financial Officer

	Audited					Projected	Forecast			Preferred Trend Indicator	
	2012	2013	2014	2015	2016	2017	2018	2019	2020		2021
OPERATIONAL STATISTICS											
1. Average Annual Occupancy by Site (%)	89.00%	88.30%	90.20%	92.00%	90.10%	90.60%	91.00%	91.50%	92.00%	92.50%	N/A
MARGIN (PROFITABILITY) INDICATORS											
2. Net Operating Margin (%)	-0.93%	1.76%	3.07%	1.61%	0.56%	1.29%	2.02%	2.74%	3.45%	4.16%	↑
3. Net Operating Margin - Adjusted (%)	16.41%	27.80%	24.07%	20.58%	21.23%	16.71%	17.26%	17.81%	18.35%	18.89%	↑
LIQUIDITY INDICATORS											
4. Unrestricted Cash and Investments (\$000)	\$61,135	\$82,252	\$94,908	\$99,620	\$109,374	\$117,632	\$123,847	\$130,233	\$136,726	\$143,112	↑
5. Days Cash on Hand (Unrestricted)	260.18	367.05	402.97	398.02	408.77	448.25	460.51	472.52	484.02	494.36	↑
CAPITAL STRUCTURE INDICATORS											
6. Deferred Revenue from Entrance Fees (\$000)	\$93,049	\$105,755	\$113,160	\$118,412	\$126,409	\$130,368	\$134,752	\$139,575	\$144,855	\$150,606	N/A
7. Net Annual E/F proceeds (\$000)	\$15,893	\$27,027	\$22,179	\$20,110	\$23,099	\$16,870	\$17,377	\$17,897	\$18,435	\$18,988	N/A
8. Unrestricted Net Assets (\$000)	-\$3,299	\$11,806	\$5,686	\$8,076	\$13,059	\$15,667	\$18,480	\$21,489	\$24,682	\$27,926	N/A
9. Annual Capital Asset Expenditure (\$000)	\$7,289	\$15,369	\$21,041	\$20,145	\$25,576	\$17,047	\$13,801	\$15,181	\$16,699	\$18,369	N/A
10. Annual Debt Service Coverage											
Revenue Basis (x)	0.23	0.61	0.70	0.67	0.69	0.82	0.93	1.05	1.18	1.31	↑
11. Annual Debt Service Coverage (x)	1.76	3.23	2.81	2.59	2.89	2.82	2.99	3.17	3.36	3.54	↑
12. Annual Debt Service/Revenue (%)	11.00%	11.01%	10.50%	10.01%	9.54%	7.49%	7.28%	7.07%	6.87%	6.67%	↓
13. Average Annual Effective Interest Rate (%)	6.16%	6.13%	6.11%	6.10%	4.79%	4.88%	4.89%	4.90%	4.92%	4.93%	↓
14. Unrestricted Cash & Investments/Long-Term Debt (%)	44.71%	56.63%	59.28%	60.12%	66.14%	72.30%	77.45%	82.96%	88.84%	94.89%	↑
15. Average Age of Facility (years)	13.36	13.45	11.07	10.76	11.19	11.46	11.71	11.95	12.16	12.37	↓

	Audit Year 12/31/12	Audit Year 12/31/13	Audit Year 12/31/14	Audit Year 12/31/15	Audit Year 12/31/16
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Operating Performance

Operating Margin Ratio	-2.32%	0.89%	1.95%	-0.62%	-2.77%
Operating Ratio	107.75%	102.62%	101.36%	102.63%	104.84%
Total Excess Margin Ratio	-2.25%	1.15%	2.16%	0.22%	-1.28%
Net Operating Margin	-0.93%	1.76%	3.07%	1.61%	0.56%
Net Operating Margin - Adjusted	16.41%	27.80%	24.07%	20.58%	21.23%

Liquidity

Days in Accounts Receivable	33.04	23.99	32.43	31.87	30.44
Days Cash on Hand Ratio	260.18	367.05	402.97	398.02	408.77
Cushion Ratio	5.91	7.96	9.05	9.50	10.43

Capital Structure

Debt Service Coverage Ratio	1.76	3.23	2.81	2.59	2.89
Debt Service Coverage Ratio-Rev Basis	0.23	0.61	0.70	0.67	0.69
Debt Service % of Tot. Oper & Net Nonoper Gains	11.00%	11.01%	10.50%	10.01%	9.54%
Unrestricted Cash & Investments to L/T Debt	44.71%	56.63%	59.37%	60.12%	66.14%
Long-term Debt as a Percentage of Total Capital Ratio-Adjusted	102.47%	92.48%	96.57%	95.35%	92.68%
Long-term Debt to Total Assets Ratio	75.86%	71.39%	75.26%	74.95%	72.93%
Average Age of Facility	49.41%	47.33%	45.96%	41.19%	43.16%
	13.36	13.45	11.07	10.76	11.19

Audit Year	Audit Year	Audit Year	Audit Year	Audit Year	Audit Year	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18	12/31/19	12/31/20	12/31/21	Forecasted

Operating Performance

Operating Margin Ratio	-2.32%	0.89%	1.95%	-0.62%	-2.77%	1.26%	1.40%	1.52%	1.62%	1.71%
Operating Ratio	107.75%	102.62%	101.36%	102.63%	104.84%	99.28%	98.24%	97.20%	96.19%	95.18%
Total Excess Margin Ratio	-2.25%	1.15%	2.16%	0.22%	-1.28%	1.52%	1.66%	1.78%	1.89%	1.98%
Net Operating Margin	-0.93%	1.76%	3.07%	1.61%	0.56%	1.29%	2.02%	2.74%	3.45%	4.16%
Net Operating Margin - Adjusted	16.41%	27.80%	24.07%	20.58%	21.23%	16.71%	17.26%	17.81%	18.35%	18.89%

Liquidity

Days in Accounts Receivable	33.04	23.99	32.43	31.87	30.44	28.51	27.55	26.62	25.72	24.85
Days Cash on Hand Ratio	260.18	367.05	402.97	398.02	408.77	448.25	460.51	472.52	484.02	494.36
Cushion Ratio	5.91	7.96	9.05	9.50	10.43	14.01	14.71	15.43	16.16	16.85

Capital Structure

Debt Service Coverage Ratio	1.76	3.23	2.81	2.59	2.89	2.82	2.99	3.17	3.36	3.54
Debt Service Coverage Ratio-Rev Basis	0.23	0.61	0.70	0.67	0.69	0.82	0.93	1.05	1.18	1.31
Unrestricted Cash & Investments to L/T Debt	11.00%	11.01%	10.50%	10.01%	9.54%	7.49%	7.28%	7.07%	6.87%	6.67%
Long-term Debt as a Percentage of Total Capital Ratio-Adjusted	44.71%	56.63%	59.28%	60.12%	66.14%	72.30%	77.45%	82.96%	88.84%	94.89%
Long-term Debt as a Percentage of Total Assets Ratio	102.47%	92.48%	96.57%	95.35%	92.68%	91.22%	89.64%	87.96%	86.18%	84.38%
Long-term Debt to Total Assets Ratio	75.86%	71.39%	75.29%	74.95%	72.93%	71.26%	69.43%	67.45%	65.34%	63.15%
Average Age of Facility	49.41%	47.33%	46.03%	41.19%	43.16%	42.11%	40.85%	39.54%	38.18%	36.83%
	13.36	13.45	11.07	10.76	11.19	11.46	11.71	11.95	12.16	12.37