

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**



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## INDEPENDENT AUDITORS' REPORT

Members  
La Costa Glen Carlsbad CCRC, LLC  
Carlsbad, California

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of La Costa Glen Carlsbad CCRC, LLC (a Delaware limited liability company) (the Company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, changes in members' deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

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

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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



**CliftonLarsonAllen LLP**

Irvine, California  
April 28, 2026

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**BALANCE SHEETS**  
**DECEMBER 31, 2025 AND 2024**

| <b>ASSETS</b>   | 2025           | 2024           |
|---|----------------|----------------|
| <b>CURRENT ASSETS</b>                                     |                |                |
| Cash and Cash Equivalents                                 | \$ 14,364,797  | \$ 11,478,059  |
| Marketable Securities                                     | 14,065,106     | 11,917,813     |
| Accounts Receivable                                       | 147,085        | 29,393         |
| Deferred Entrance Fees Receivable on Terminated Contracts | 430,579        | 475,444        |
| Inventories   | 216,168        | 140,953        |
| Prepaid Expenses and Other Current Assets                 | 1,678,036      | 1,216,542      |
| Total Current Assets                                      | 30,901,771     | 25,258,204     |
| <b>PROPERTY AND EQUIPMENT</b>                             |                |                |
| Land  | 4,871,942      | 4,871,942      |
| Land Improvements   | 34,482,428     | 34,366,697     |
| Buildings and Improvements                                | 168,158,973    | 167,783,076    |
| Furniture, Fixtures, and Equipment                        | 67,242,718     | 63,866,274     |
| Computer Equipment and Systems                            | 4,469,193      | 4,469,193      |
| Construction in Process                                   | 5,138,772      | 680,189        |
| Total Property and Equipment, at Cost                     | 284,364,026    | 276,037,371    |
| Less: Accumulated Depreciation                            | (165,701,571)  | (156,158,311)  |
| Property and Equipment, at Net Book Value                 | 118,662,455    | 119,879,060    |
| <b>OTHER ASSETS</b>                                       |                |                |
| Accounts Receivable, Long-Term                            | 1,380,867      | 1,078,767      |
| Deposits  | 292,254        | 292,254        |
| Costs of Acquiring Contracts, Net                         | 1,132,990      | 1,184,298      |
| Deferred Entrance Fees Receivable                         | 62,211,777     | 47,436,426     |
| Total Other Assets  | 65,017,888     | 49,991,745     |
| Total Assets  | \$ 214,582,114 | \$ 195,129,009 |

See accompanying Notes to Financial Statements.

**LA COSTA GLEN CARLSBAD CCRC, LLC  
BALANCE SHEETS (CONTINUED)  
DECEMBER 31, 2025 AND 2024**

|   | 2025                  | 2024                  |
|---|-----------------------|-----------------------|
| <b>LIABILITIES AND MEMBERS' DEFICIT</b>                       |                       |                       |
| <b>CURRENT LIABILITIES</b>                                    |                       |                       |
| Accounts Payable  | 1,680,481             | \$ 1,051,674          |
| Accrued Expenses  | 834,357               | 768,482               |
| Deposits on Future Occupancy                                  | 5,207,263             | 4,819,963             |
| Current Portion of Note Payable to Master Trust               | 11,523,813            | -                     |
| Total Current Liabilities                                     | 19,245,914            | 6,640,119             |
| <b>LONG-TERM LIABILITIES</b>                                  |                       |                       |
| Note Payable to Master Trust, Net of Current Portion          | 449,428,714           | 415,752,527           |
| Deferred Revenue from Unamortized Deferred Entrance Fees, Net | 57,606,253            | 54,422,919            |
| Deposits from Residents                                       | 758,439               | 583,681               |
| Total Long-Term Liabilities                                   | 507,793,406           | 470,759,127           |
| Total Liabilities   | 527,039,320           | 477,399,246           |
| <b>MEMBERS' DEFICIT</b>                                       | <b>(312,457,206)</b>  | <b>(282,270,237)</b>  |
| Total Liabilities and Members' Deficit                        | <b>\$ 214,582,114</b> | <b>\$ 195,129,009</b> |

See accompanying Notes to Financial Statements.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**STATEMENTS OF OPERATIONS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

|   | 2025          | 2024          |
|---|---------------|---------------|
| <b>REVENUES</b>   |               |               |
| Resident Services   | \$ 62,388,332 | \$ 58,676,959 |
| Amortization of Deferred Entrance Fees                    | 11,523,452    | 10,350,685    |
| Deferred Entrance Fees on Terminated Contracts            | 3,052,586     | 2,503,278     |
| Nonresident Services                                      | 540,738       | 531,368       |
| Total Revenues  | 77,505,108    | 72,062,290    |
| <b>OPERATING EXPENSES</b>                                 |               |               |
| Resident Care   | 14,815,147    | 14,881,318    |
| Food and Beverage Services                                | 10,032,878    | 9,835,500     |
| Environmental Services                                    | 3,188,091     | 3,235,430     |
| Plant Facility Operating Costs                            | 7,913,132     | 7,446,833     |
| General and Administrative Expenses                       | 12,573,407    | 12,071,498    |
| Depreciation and Amortization                             | 9,772,568     | 9,435,406     |
| Total Operating Expenses                                  | 58,295,223    | 56,905,985    |
| <b>INCOME FROM OPERATIONS</b>                             | 19,209,885    | 15,156,305    |
| <b>OTHER INCOME (EXPENSE)</b>                             |               |               |
| Net Realized Gain (Loss) on Sale of Marketable Securities | (6,795)       | 10,085        |
| Net Unrealized Gain on Marketable Securities              | 1,826,247     | 824,704       |
| Interest and Dividend Income                              | 511,289       | 402,209       |
| Other Income  | 272,405       | -             |
| Total Other Income  | 2,603,146     | 1,236,998     |
| <b>NET INCOME</b>   | \$ 21,813,031 | \$ 16,393,303 |

See accompanying Notes to Financial Statements.

**LA COSTA GLEN CARLSBAD CCRC, LLC  
STATEMENTS OF CHANGES IN MEMBERS' DEFICIT  
YEARS ENDED DECEMBER 31, 2025 AND 2024**

|                                    | Members'<br>Deficit |
|------------------------------------|---------------------|
| <b>BALANCE - DECEMBER 31, 2023</b> | \$ (250,663,540)    |
| Distributions                      | (48,000,000)        |
| Net Income                         | 16,393,303          |
| <b>BALANCE - DECEMBER 31, 2024</b> | (282,270,237)       |
| Distributions                      | (52,000,000)        |
| Net Income                         | 21,813,031          |
| <b>BALANCE - DECEMBER 31, 2025</b> | \$ (312,457,206)    |

See accompanying Notes to Financial Statements.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

|   | 2025          | 2024          |
|---|---------------|---------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |               |               |
| Cash Received from Residents                                      | \$ 65,559,484 | \$ 81,933,590 |
| Interest and Dividend Income                                      | 511,289       | 402,209       |
| Reimbursements for Services to Nonresidents                       | 540,738       | 531,368       |
| Cash Paid to Suppliers and Employees                              | (48,535,482)  | (47,801,971)  |
| Other Income  | 272,405       | -             |
| Net Cash and Cash Equivalents Provided by<br>Operating Activities | 18,348,434    | 35,065,196    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |               |               |
| Payments Made on Purchases of Property and Equipment              | (8,326,655)   | (4,492,406)   |
| Purchases of Marketable Securities                                | (1,596,865)   | (575,101)     |
| Proceeds from Redemption of Marketable Securities                 | 1,261,824     | 70,816        |
| Net Cash and Cash Equivalents Used by<br>Investing Activities     | (8,661,696)   | (4,996,691)   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |               |               |
| Proceeds from Note Payable to Master Trust                        | 45,200,000    | 42,400,000    |
| Payments on Note Payable to Master Trust                          | -             | (20,322,715)  |
| Distributions to Members  | (52,000,000)  | (48,000,000)  |
| Net Cash and Cash Equivalents Used by<br>Financing Activities     | (6,800,000)   | (25,922,715)  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>                  | 2,886,738     | 4,145,790     |
| Cash and Cash Equivalents - Beginning of Year                     | 11,478,059    | 7,332,269     |
| <b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>                    | \$ 14,364,797 | \$ 11,478,059 |

See accompanying Notes to Financial Statements.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED DECEMBER 31, 2025 AND 2024**

|   | 2025          | 2024          |
|---|---------------|---------------|
| <b>RECONCILIATION OF NET INCOME TO NET CASH AND CASH EQUIVALENTS PROVIDED BY OPERATING ACTIVITIES</b>   |               |               |
| Net Income  | \$ 21,813,031 | \$ 16,393,303 |
| Noncash Items Included in Net Income:   |               |               |
| Depreciation  | 9,543,260     | 9,214,395     |
| Amortization of Costs of Acquiring Contracts  | 229,308       | 221,011       |
| Amortization of Deferred Entrance Fees  | (11,523,452)  | (10,350,685)  |
| Deferred Entrance Fees on Terminated Contracts  | (3,052,586)   | (2,503,278)   |
| Net Realized (Gain) Loss on Sale of Marketable Securities   | 6,795         | (10,085)      |
| Net Unrealized Gain on Marketable Securities  | (1,826,247)   | (824,704)     |
| Changes in:   |               |               |
| Accounts Receivable   | (419,792)     | (395,969)     |
| Deferred Entrance Fees Receivable on Terminated Contracts   | 44,865        | 234,335       |
| Inventories   | (75,215)      | 9,432         |
| Prepaid Expenses and Other Current Assets   | (454,294)     | (340,255)     |
| Costs of Acquiring Contracts  | (178,000)     | (189,299)     |
| Deferred Entrance Fees Receivable   | 2,984,021     | 22,795,805    |
| Accounts Payable  | 628,807       | (160,089)     |
| Accrued Expenses  | 65,875        | 56,314        |
| Deposits on Future Occupancy  | 387,300       | 857,275       |
| Deposit from Residents  | 174,758       | 57,690        |
| Net Cash and Cash Equivalents Provided by Operating Activities  | \$ 18,348,434 | \$ 35,065,196 |
| <b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>  |               |               |
| Deferred Entrance Fees Receivable and Deferred Revenue from Unamortized Deferred Entrance Fees Recorded to Reflect Additional Amounts Due from Resident Contributions | \$ 17,759,372 | \$ 14,993,149 |

See accompanying Notes to Financial Statements.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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

**Nature of Business**

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

**Limited Liability Company Operating Agreement**

The rights and obligations of the members of the Company are governed by the First Amended and Restated Limited Liability Company Agreement (the Operating Agreement) of the Company dated October 4, 2013. The following represents a summary of significant financial terms of the Operating Agreement.

The Company has three members, one of whom is designated as the financing member. No member other than the financing member is required to contribute capital to the Company at any time.

One appointed manager is responsible for the management of the day-to-day business and affairs of the Company. Certain matters that require unanimous or majority approval are specified in the Operating Agreement.

The members' liability to general creditors is limited to their investments in the Company. The Company will continue until dissolved pursuant to the terms of the Operating Agreement.

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

**Basis of Presentation**

The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). References to the "ASC" hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative GAAP.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, cash and cash equivalents include the operating cash account of the Company, money market accounts, time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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

**Marketable Securities**

The Company accounts for its investments in equity securities in accordance with FASB ASC 321-10, *Investments – Equity Securities*. Marketable securities held by the Company have readily determinable fair values and are reported at fair value, with realized and unrealized gains and losses included in earnings. Any dividends received are recorded in interest income.

**Accounts Receivable**

Accounts receivable consist of amounts due from residents for which the Company has an unconditional right to receive payment and are primarily composed of receivables for monthly service fees and other ancillary services, as well as amounts due from residents for obligations related to independent unit renovations. Receivables for monthly service fees are primarily due upon receipt of invoice, and they are reviewed weekly and are considered past due 14 days after the issuance of monthly statements. Accounts for which no payments have been received for 30 days are considered delinquent, and customary collection efforts are initiated. Uncollectible accounts are written off at the advice of a collection attorney and with the approval of ownership. Receivables for resident obligations are generally collected upon cancellation of contracts, which is estimated to occur long term.

The Company provides an allowance for credit losses, as needed, to present the net amount of accounts receivable expected to be collected. The allowance represents the estimate of expected credit losses based on historical experience, current economic conditions, and certain forward-looking information. No allowance was necessary at December 31, 2025 and 2024.

**Inventories**

Inventories consist of food and supplies used in operations and are valued at the lower of cost or net realizable value on a first-in, first-out basis.

**Property and Equipment**

Property and equipment are stated at cost. Major improvements and betterments are capitalized. Maintenance and repairs are expensed as incurred. Property and equipment are depreciated over the estimated useful lives of the respective assets. Depreciation for property and equipment is computed on the straight-line method for book purposes. The estimated useful lives of the related assets are as follows:

|                                    |                |
|------------------------------------|----------------|
| Land Improvements                  | 15 to 20 Years |
| Buildings and Improvements         | 10 to 40 Years |
| Furniture, Fixtures, and Equipment | 5 to 10 Years  |
| Computer Equipment and Systems     | 5 Years        |

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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

**Property and Equipment (Continued)**

Depreciation expense for the years ended December 31, 2025 and 2024, totaled \$9,543,260 and \$9,214,395, respectively. At December 31, 2025 and 2024, fully depreciated property and equipment still in use totaled \$46,232,692 and \$43,598,353, respectively.

**Long-Lived Assets**

The Company accounts for impairment and disposition of long-lived assets in accordance with FASB ASC 360-10, *Property, Plant, and Equipment*. FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amounts. There was no impairment of value of such assets for the years ended December 31, 2025 and 2024.

**Revenue Recognition from Contracts with Customers**

The Company recognizes revenue for residency in accordance with the provisions of FASB ASC 606, *Revenue from Contracts with Customers (Topic 606)*. The Company enters into continuing care residency contracts with its customers. The form of the agreement is in conformity with the statutes of the State of California Department of Social Services Continuing Care Contracts Branch. Prior to actual occupancy by the resident, a contribution is required to be deposited with the Master Trust (as defined in Note 4) pursuant to a Residence and Care Agreement (the Residence Agreement). The provisions of the Residence Agreement include, but are not limited to, such items as the unit to be occupied, initial monthly fee, amount of contribution to the Master Trust, and methods of cancellation and refunds or contingent repayments subject to resale of the units. Generally, the Company is deemed to have Type A life care contracts that are all-inclusive continuing care contracts that include residential facilities, other amenities, and access to health-care services, primarily assisted living and nursing care. Type A contracts are deemed to have one performance obligation – to provide each resident with the ability to live in the CCRC and access the appropriate level of care based on his or her needs. A Type A contract also allows a resident the ability to cancel the Residence Agreement at any time, and thus, because of this provision, the resident agreement for a Type A life care CCRC resident is generally deemed to be a monthly contract with the option to renew.

**Contract Revenues**

The following is a description of the services provided and the accounting policies related to the contracted services.

*Entrance Fees* – The contract provides a material right to occupy an appropriate-level living unit for life and to receive certain services for which residents are required to pay an entrance fee. Generally, the entrance fee is payable on or before occupancy by the resident. Residents may cancel their Residence Agreement at any time, and, upon cancellation, the contribution received will be repayable under the following terms and conditions:

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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

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

Contract Revenues (Continued)

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

Further, upon termination of the Residence Agreement, the resident or his or her estate will be entitled to a repayment of the contribution less a predetermined percentage and any charges incurred but not paid, as determined by the terms and conditions of the individual agreements. In addition, upon termination of the Residence Agreement after the probationary period of 90 days, the Company may be entitled to a Deferred Entrance Fee (a percentage of the resident's contribution amount), as defined in each resident's Residence Agreement.

*Resident Fees* – Resident living service fees, which are for basic support services, are paid on a monthly basis. Monthly fees are established at the inception of occupancy and may be increased by the Company with appropriate notice as specified in the individual agreements, generally based on increases in operating costs or inflationary increases. Revenue for resident fees is recognized as the Company satisfies the performance obligation, which is monthly.

*Nonresident Services* – Nonresident services are revenues recognized at a point in time primarily for nonresident guest meals and short-term guest accommodations.

Contract Assets and Contract Liabilities

The following are assets and liabilities resulting from contracts with customers.

*Deferred Entrance Fees Receivable on Terminated Contracts* – Deferred entrance fees receivable on terminated contracts represent the portion of the entrance fees that are payable to the Company following the current year terminations of Residence Agreements, based on the specific terms of each resident contract, which are currently due from the Master Trust (see Note 4).

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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

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

Contract Assets and Contract Liabilities (Continued)

*Deferred Entrance Fees Receivable* – Deferred entrance fees receivable represent the portion of the entrance fees that are payable to the Company following the current year terminations of Residence Agreements, based on the specific terms of each resident contract, which are currently due from the Master Trust (see Note 4).

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

*Deferred Revenue from Unamortized Entrance Fees* – Deferred revenue from unamortized entrance fees represents the total amount of the entrance fees that has become nonrepayable to the residents, based on the specific terms of each resident contract, which is recorded as deferred revenue from entrance fees and is amortized to income over time using the straight-line method over the remaining life expectancy of the resident. The period of amortization is adjusted annually based on the actuarially determined estimated remaining life expectancy of each individual or joint and last survivor life expectancy of each pair of residents occupying the same unit.

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

Costs of Acquiring Contracts

*Costs of Acquiring Contracts* – Costs of acquiring contracts are the unamortized incremental costs of acquiring contracts, which primarily consist of commissions paid to salespeople. These assets are amortized on a straight-line basis over the duration of the contract. During the years ended December 31, 2025 and 2024, the Company recognized amortization expense of these assets totaling \$229,308 and \$221,011, respectively.

**Income Taxes**

The Company is taxed as a partnership for federal tax purposes and, accordingly, pays no federal taxes. For California purposes, the Company pays an \$800 limited liability company tax plus a fee based on its total revenue. The taxable income or loss is recognized on the individual income tax returns of the members.

**Advertising and Promotional Costs**

Advertising and promotional costs are charged to operations when incurred. For the years ended December 31, 2025 and 2024, advertising and promotional costs totaled \$954,916 and \$1,213,458, respectively, and are included in general and administrative expenses in the accompanying statements of operations.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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

**Use of Estimates**

The process of preparing financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**NOTE 2 REVENUE FROM CONTRACTS WITH CUSTOMERS**

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

|  | <u>2025</u>          | <u>2024</u>          |
|--|----------------------|----------------------|
| Revenue from Contracts with Customers:                           |                      |                      |
| Entrance Fees, Amortized and on Terminated Contracts (Over Time) | \$ 14,576,038        | \$ 12,853,963        |
| Monthly Resident Fees and Ancillary Charges (Over Time)          | 62,388,332           | 58,676,959           |
| Nonresident Services (Point in Time)                             | 540,738              | 531,368              |
| Total Revenue from Contracts with Customers                      | <u>\$ 77,505,108</u> | <u>\$ 72,062,290</u> |

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

|   | <u>December 31,<br/>2023</u> | <u>December 31,<br/>2024</u> | <u>December 31,<br/>2025</u> |
|---|------------------------------|------------------------------|------------------------------|
| Accounts Receivable                                       | <u>\$ 712,191</u>            | <u>\$ 1,108,160</u>          | <u>\$ 1,527,952</u>          |
| Deferred Entrance Fees Receivable on Terminated Contracts | <u>\$ 709,779</u>            | <u>\$ 475,444</u>            | <u>\$ 430,579</u>            |
| Costs of Acquiring Contracts                              | <u>\$ 1,216,010</u>          | <u>\$ 1,184,298</u>          | <u>\$ 1,132,990</u>          |
| Deferred Entrance Fees Receivable                         | <u>\$ 55,239,082</u>         | <u>\$ 47,436,426</u>         | <u>\$ 62,211,777</u>         |
| Deposits on Future Occupancy                              | <u>\$ 3,962,688</u>          | <u>\$ 4,819,963</u>          | <u>\$ 5,207,263</u>          |
| Deferred Revenue from Unamortized Entrance Fees           | <u>\$ 52,283,984</u>         | <u>\$ 54,422,919</u>         | <u>\$ 57,606,253</u>         |
| Deposits from Residents                                   | <u>\$ 525,991</u>            | <u>\$ 583,681</u>            | <u>\$ 758,439</u>            |

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

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

The Company maintains cash balances with one financial institution. At December 31, 2025 and 2024, accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000. The Company's deposits in these financial institutions at times exceeded the amount insured by the FDIC. The risk is managed by maintaining deposits in high-quality financial institutions.

At December 31, 2025 and 2024, the Company also maintains its money market funds and investments in equity securities at brokerage firms that are not FDIC insured. The firms are insured by the Securities Investor Protection Corporation for up to \$500,000.

**NOTE 4 NOTE PAYABLE TO MASTER TRUST AND TRUST AGREEMENT**

The La Costa Glen Carlsbad Master Trust (the Master Trust) was established to provide protection to the residents of the community by providing them with a vehicle through which they obtain a secured interest in the real property of the Company. New residents join in and become grantors under the trust agreement. At December 31, 2025 and 2024, the balance outstanding on the Master Trust note payable was \$460,952,527 and \$415,752,527, respectively.

A contribution amount, as specified in the Residence Agreement, is made to the Master Trust by the grantor (see Note 1). The trustee of the Master Trust is directed to invest virtually all the funds in the form of an interest-free loan to the Company. In 2025, the Company obtained an updated appraisal in order to increase the maximum loan amount to not exceed \$788,400,000, and the loan is secured by the following:

- (1) A first priority deed of trust on the Company's real property and improvements thereon.
- (2) Security agreement creating a first security interest in the Company's current and hereafter acquired equity in all the improvements, fixtures, personal property, and intangible property associated and used in connection with the real property described in the deed of trust.
- (3) First priority assignment of contracts including, but not limited to, any residence and care agreement and any management agreement entered into in conjunction with the operation of La Costa Glen Carlsbad.

The security also includes any income generated from and any insurance proceeds recovered from the loss of any property serving as collateral for this loan.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 4 NOTE PAYABLE TO MASTER TRUST AND TRUST AGREEMENT (CONTINUED)**

Repayments of principal will be made in annual amounts for a period of 40 years with a 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 40 years. The next scheduled principal payment of \$11,523,813 was paid in January 2026.

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

| <u>Year Ending December 31,</u> | <u>Amount</u>                |
|---------------------------------|------------------------------|
| 2026                            | \$ 11,523,813                |
| 2027                            | 11,235,718                   |
| 2028                            | 10,954,825                   |
| 2029                            | 10,680,954                   |
| 2030                            | 10,413,930                   |
| Thereafter                      | <u>406,143,287</u>           |
| Total                           | <u><u>\$ 460,952,527</u></u> |

In addition to the annual principal payment, the Company provides the Master Trust temporary loans to fund grantor distributions when necessary. These temporary loans are refunded to the Company upon subsequent sale of a unit or when the Master Trust has excess liquidity.

**NOTE 5 COMMITMENTS AND CONTINGENCIES**

**Obligation to Provide Future Services**

The Company annually calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the present value of monthly service fees and the unamortized deferred revenue from deferred entrance fees. If the present value of the net cost of future services and use of facilities exceeds the monthly service fees and deferred revenue from deferred entrance fees, a liability is recorded. Using a discount rate of 5.5% at both December 31, 2025 and 2024, the anticipated revenues are estimated to exceed the cost of future services for both years and therefore, no liability was accrued.

**Reservations and Designations**

At December 31, 2025 and 2024, the Company maintains cash reserves in the amount of \$9,859,275 and \$9,645,044, respectively, for operating expense contingencies in accordance with the requirements of the California Health and Safety Code under the State of California Department of Social Services. These reserves are included in cash and cash equivalents and marketable securities in the accompanying balance sheets.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 5 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**Litigation**

The Company experiences routine litigation in the normal course of its business, including a matter involving allegations related to the care provided to a former resident. Management believes that an unfavorable outcome in this matter is probable; however, the amount of any potential loss cannot be reasonably estimated at this time. The Company believes that any potential loss is substantially covered by insurance. Accordingly, no provision has been recorded in the accompanying financial statements.

**NOTE 6 RELATED-PARTY TRANSACTIONS**

Pursuant to the provisions of FASB Accounting Standards Update (ASU) 2018-17, *Consolidation (Topic 810)*, the Company has elected to not apply variable interest entity guidance to legal entities under common control. The Company is not aware of any exposure to loss as a result of its involvement with these entities.

At December 31, 2025 and 2024, the Company has a formal service agreement with a related company concerning the provision of administrative and operational oversight services, including use of brand, transaction processing, and benefit and insurance administration, among others. The service agreement calls for annual service fees payable in equal monthly installments, and the agreement renews annually unless canceled. For the years ended December 31, 2025 and 2024, service fees paid under this agreement totaled \$1,425,850 and \$1,351,596, respectively. The service agreement also provides for additional fees for supplemental services and out-of-pocket expenses, as needed. For the years ended December 31, 2025 and 2024, the additional fees paid under this agreement totaled \$955,465 and \$1,158,220, respectively. Furthermore, the service agreement also provides for insurance premiums to be paid to a related company. Insurance premiums paid under this agreement for the years ended December 31, 2025 and 2024, totaled \$574,523 and \$445,100, respectively.

During both years ended December 31, 2025 and 2024, the Company paid \$50,000 for management services provided by an affiliated entity owned by the financing member. These expenses are included in general and administrative expenses in the accompanying statements of operations.

The Company has an agreement for purchased health-care costs with Glenbrook HC, LLC, an affiliated entity. The health-care costs paid to this entity during the years ended December 31, 2025 and 2024 were \$13,221,510 and \$13,356,199, respectively, and are included in resident care expenses in the accompanying statements of operations. There were no payables accrued for health-care costs at December 31, 2025 and 2024.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 7 EMPLOYEE BENEFIT PLAN**

The Company sponsors a qualified 401(k) plan (the Plan) for all eligible employees. Employees may contribute up to 80% of their yearly compensation for up to the maximum amount prescribed by law. The Company makes a safe harbor matching contribution equal to 100% of the first 3% of the participant's compensation and 50% of the next 2% of the participant's compensation, which is deferred as an elective deferral. For the years ended December 31, 2025 and 2024, employer contributions to the Plan totaled \$376,994 and \$299,975, respectively, which have been included in operating expenses in the accompanying statements of operations.

**NOTE 8 FAIR VALUE MEASUREMENTS**

FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value, and requires enhanced disclosures about fair value measurements. FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date. The three levels are defined as follows:

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

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

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

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

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

The following table provides fair value measurement for financial assets measured at fair value on a recurring basis as of December 31, 2025:

|                            | <u>Level 1</u>       | <u>Level 2</u> | <u>Level 3</u> |
|----------------------------|----------------------|----------------|----------------|
| Equities:                  |                      |                |                |
| Large Value                | \$ 8,071,093         | \$ -           | \$ -           |
| Large Growth               | 607,780              | -              | -              |
| Large Core                 | 3,970,826            | -              | -              |
| Mid Value                  | 929,022              | -              | -              |
| Mid Core                   | 486,385              | -              | -              |
| Total Assets at Fair Value | <u>\$ 14,065,106</u> | <u>\$ -</u>    | <u>\$ -</u>    |

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 8 FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table provides fair value measurement for financial assets measured at fair value on a recurring basis as of December 31, 2024:

|                            | <u>Level 1</u>       | <u>Level 2</u> | <u>Level 3</u> |
|----------------------------|----------------------|----------------|----------------|
| Equities:                  |                      |                |                |
| Large Value                | \$ 8,806,315         | \$ -           | \$ -           |
| Large Growth               | 394,980              | -              | -              |
| Large Core                 | 1,502,708            | -              | -              |
| Mid Value                  | 161,189              | -              | -              |
| Mid Growth                 | 1,052,621            | -              | -              |
| Total Assets at Fair Value | <u>\$ 11,917,813</u> | <u>\$ -</u>    | <u>\$ -</u>    |

**NOTE 9 EMPLOYEE RETENTION CREDITS**

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. Among other provisions, the CAA expanded the eligibility for ERC to include more entities as well as extending ERC into calendar year 2021 including the first, second and third calendar quarters. Furthermore, the refundable tax credit for the calendar year 2021 was expanded to 70% of the qualified wages. CAA provided these entities the ability to retroactively recover payroll taxes from earlier in 2020 during which they were previously ineligible. This is done by retroactively applying for the credit.

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either the full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which eligibility requirements were met.

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. The Company determined it met the compliance requirements and conditions of the ERC program and during the year ended December 31, 2025 recognized ERC credits totaling \$320,522 for the quarters ended March 31, 2021, June 30, 2021 and September 30, 2021. The revenue related to these credits, net of professional fees, is included in other income on the accompanying statements of operations. There were no ERC credits recognized during the year ended December 31, 2024.

**LA COSTA GLEN CARLSBAD CCRC, LLC**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2025 AND 2024**

**NOTE 9 EMPLOYEE RETENTION CREDITS (CONTINUED)**

There is a possibility that upon subsequent review the Internal Revenue Service (IRS) could reach a different conclusion regarding the Company's eligibility to retain the ERC credits received, which could result in repayment of the credits, interest, and potential penalties. The amount of liability, if any, from potential ineligibility cannot be determined with certainty.

**NOTE 10 SUBSEQUENT EVENTS**

Events occurring after December 31, 2025 have been evaluated for possible adjustment to the financial statements or disclosure as of April 28, 2026, which is the date the financial statements were available to be issued. There were no adjustments to the financial statements or additional disclosures as a result of this evaluation.



## INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Members  
La Costa Glen Carlsbad CCRC, LLC  
Carlsbad, California

We have audited the financial statements of La Costa Glen Carlsbad CCRC, LLC (the Company) as of and for the year ended December 31, 2025, and our report thereon dated April 28, 2026, which expressed an unmodified opinion on those financial statements, appears on pages 1 and 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The 2025 schedules of Form 5-1 through Form 5-5 and Form 7-1 are prepared for filing with the State of California Department of Social Services, in accordance with Section 1792 of the California Health and Safety Code, and are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of the members and management of the Company and for filing with the State of California Department of Social Services and is not intended to be, and should not be, used by anyone other than those specified parties. However, this report is a matter of public record, and its distribution is not limited.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Irvine, California  
April 28, 2026

**FORM 5-1: LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR (INCLUDING BALLOON DEBT)**

| Long-Term Debt Obligation | (a)<br>Date Incurred | (b)<br>Principal Paid During Fiscal Year | (c)<br>Interest Paid During Fiscal Year | (d)<br>Credit Enhancement Premiums Paid in Fiscal Year | (e)<br>Total Paid (columns (b) + (c) + (d)) |
|---------------------------|----------------------|--|---|--|---|
| 1                         | 11/16/2001           | \$0                                      | \$0                                     | \$0  | \$0   |
| 2                         |                      |  |   |  |   |
| 3                         |                      |  |   |  |   |
| 4                         |                      |  |   |  |   |
| 5                         |                      |  |   |  |   |
| 6                         |                      |  |   |  |   |
| 7                         |                      |  |   |  |   |
| 8                         |                      |  |   |  |   |
| <b>TOTAL:</b>             |                      |  | \$0                                     | \$0  | \$0   |

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

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

**PROVIDER:** LA COSTA GLEN CARLSBAD CCRC LLC

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

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

**PROVIDER:** La Costa Glen Carlsbad CCRC, LLC  
**COMMUNITY:** La Costa Glen Carlsbad



CDSS

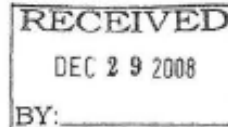
JOHN A. WAGNER  
DIRECTOR

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

December 18, 2008



Mr. E. Justin Wilson III  
Chief Operating Officer  
Continuing Life Communities LLC  
1940 Levante Street  
Carlsbad, California 92009

Dear Mr. Wilson:

**SUBJECT: CONTINUING LIFE COMMUNITIES DBA LA COSTA GLEN CARLSBAD  
LONG-TERM DEBT RESERVE REQUIREMENT WAIVER**

The California Department of Social Services (Department) has received notification from Bank of America that Continuing Life Communities, LLC (CLC) dba La Costa Glen Carlsbad's (LCGC) loan has been paid off in full as of November 21, 2008. 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 CLC.

Please note that CLC is required to notify the Department and obtain its approval prior to closing any transaction that results in an encumbrance or lien on LCGC's 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, your new continuing care program analyst, at (916) 657-2592.

Sincerely,

JOHN R. RODRIQUEZ, Chief  
Continuing Care Contracts Branch

c: Robert Thompson  
Attorney for Continuing Care Contracts

**FORM 5-2: LONG-TERM DEBT INCURRED DURING FISCAL YEAR (INCLUDING BALLOON DEBT)**

| Long-Term Debt Obligation | (a)<br>Date Incurred | (b)<br>Total Interest Paid During Fiscal Year | (c)<br>Amount of Most Recent Payment on the Debt | (d)<br>Number of Payments Over Next 12 Months | (e)<br>Reserve Requirement (see instruction Part 5) (columns (c) x (d)) |
|---------------------------|----------------------|---|--|---|---|
| 1                         |                      | \$0   | \$0  | \$0   | \$0   |
| 2                         |                      |   |  |   |   |
| 3                         |                      |   |  |   |   |
| 4                         |                      |   |  |   |   |
| 5                         |                      |   |  |   |   |
| 6                         |                      |   |  |   |   |
| 7                         |                      |   |  |   |   |
| 8                         |                      |   |  |   |   |
| <b>TOTAL:</b>             |                      | \$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:** LA COSTA GLEN CARLSBAD CCRC LLC

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

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

**PROVIDER:** LA COSTA GLEN CARLSBAD CCRC LLC

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

| Line | Description  | Amounts     | TOTAL        |
|------|--|-------------|--------------|
| 1    | Total operating expenses from financial statements   |             | \$58,295,223 |
| 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   | \$9,543,260 |              |
| d.   | Amortization   | \$229,308   |              |
| e.   | Revenues received during the fiscal year for services to persons who did not have a continuing care contract | \$540,738   |              |
| f.   | Extraordinary expenses approved by the Department  | \$0         |              |
| 3    | Total Deductions   |             | \$10,313,306 |
| 4    | Net Operating Expenses   |             | \$47,981,917 |
| 5    | Divide Line 4 by 365 and enter the result  |             | \$131,457    |
| 6    | <b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount   |             | \$9,859,275  |

**PROVIDER:** LA COSTA GLEN CARLSBAD CCRC LLC

**COMMUNITY:** LA COSTA GLEN CARLSBAD

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

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

Reimbursements for services to non-residents \$ 540,738

Categories included in the above revenues:

|           |                |                |
|-----------|----------------|----------------|
| \$        | 53,087         | Guest Meals    |
|           | 14,512         | Employee Meals |
|           | 118,414        | Space Rental   |
|           | 45,925         | Catering       |
|           | 308,800        | Guest Room     |
|           | <u>540,738</u> |                |
| <u>\$</u> | <u>540,738</u> |                |

**PROVIDER:** La Costa Glen Carlsbad CCRC, LLC  
**COMMUNITY:** La Costa Glen Carlsbad

**FORM 5-5: ANNUAL RESERVE CERTIFICATION**

Provider Name: LA COSTA GLEN CARLSBAD CCRC LLC

Fiscal Year Ended: 12/31/2025

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended.

12/31/2025

and are in compliance with those requirements.

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

|   | <u>Amount</u>      |
|---|--------------------|
| [1] Debt Service Reserve Amount         | \$0                |
| [2] Operating Expense Reserve Amount    | \$9,859,275        |
| <b>[3] Total Liquid Reserve Amount:</b> | <b>\$9,859,275</b> |

Qualifying assets sufficient to fulfill the operating reserve and debt service requirements, based on market value at end of fiscal year were applicable, are held as follows:

| <b>Qualifying Asset Description</b>    | <b>Debt Service Reserve</b> | <b>Operating Reserve</b> |
|--|-----------------------------|--------------------------|
| [4] Cash and Cash Equivalents          | _____                       | \$14,364,797             |
| [5] Investment Securities              | _____                       | \$14,065,106             |
| [6] Equity Securities                  | _____                       | _____                    |
| [7] Unused/Available Lines of Credit   | _____                       | _____                    |
| [8] Unused/Available Letters of Credit | _____                       | _____                    |
| [9] Debt Service Reserve               | _____                       | (not applicable)         |
| [10] Other:                            | _____                       | _____                    |

Qualifying assets used in these reserves are described as follow:

\_\_\_\_\_  
 \_\_\_\_\_

Total Amount of Qualifying Assests

Listed for Reserve Obligation: [11] \_\_\_\_\_ [12] \$28,429,903

Reserve Obligation Amount: [13] \_\_\_\_\_ [14] \$9,859,275

Surplus/(Deficiency): [15] \_\_\_\_\_ [16] \$18,570,628

Signature:

W F Spoker \_\_\_\_\_ Date: 04/22/2026  
(Authorized Representative)

MANAGER \_\_\_\_\_  
(Title)

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

**Total Qualifying Assets as Filed:**

|  |           |                   |
|--|-----------|-------------------|
| Cash and Cash Equivalents                | \$        | 14,364,797        |
| Investment Securities                    | \$        | 14,065,106        |
| <b>Total Qualifying Assets as Filed:</b> | <b>\$</b> | <b>28,429,903</b> |

**Reservations and Designations:**

|   |           |                  |
|---|-----------|------------------|
| Reserved for Debt Service                   | \$        | -                |
| Reserved for Operating Expenses             | \$        | 9,859,275        |
| <b>Total Reservations and Designations:</b> | <b>\$</b> | <b>9,859,275</b> |
| Remaining Liquid Reserves                   | \$        | 18,570,628       |

**Per Capita Cost of Operations**

|  |    | <b>12 Months<br/>Ending<br/>12/31/2025</b> |
|--|----|--|
| Operating Expenses<br>(Form 5-4 line # 1)      | \$ | 58,295,223                                 |
| Mean # of CCRC Residents<br>(Form 1-1 line 10) |    | 852.5                                      |
| Per Capita Cost of Operations                  | \$ | 68,381                                     |

**NOTE: Operating expenses shown above are for the period of January 1, 2025 to December 31, 2025**

**PROVIDER:** La Costa Glen Carlsbad CCRC, LLC  
**COMMUNITY:** La Costa Glen Carlsbad

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

|   | RESIDENTIAL LIVING  | ASSISTED LIVING | MEMORY CARE | SKILLED NURSING |
|---|---------------------|-----------------|-------------|-----------------|
| 1. Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)  | <u>6,914-10,506</u> | _____           | _____       | _____           |
| 2. Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)   | <u>4.25%</u>        | _____           | _____       | _____           |
| <input type="checkbox"/> Check here if monthly care fees at this community were <u>not</u> 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: <u>01/01/2025</u><br>(If more than one (1) increase was implemented, indicate the dates for each increase.)  |                     |                 |             |                 |
| 4. Check each of the appropriate boxes:   |                     |                 |             |                 |
| <input checked="" type="checkbox"/> Each fee increase is based on the Provider's projected costs, prior year per capita costs, and economic indicators.   |                     |                 |             |                 |
| <input checked="" type="checkbox"/> All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.<br>Date of Notice: <u>10/30/2024</u> Method of Notice: <u>Resident Cubbies, USPS</u>                  |                     |                 |             |                 |
| <input checked="" type="checkbox"/> At least 30 days prior to the increase in fees, the designated representative of the Provider convened a meeting that all residents were invited to attend. Date of Meeting: <u>11/13/2024</u>                            |                     |                 |             |                 |
| <input checked="" type="checkbox"/> 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.                   |                     |                 |             |                 |
| <input checked="" type="checkbox"/> The Provider distributed the documents to all residents by [Optional - check all that apply]:   |                     |                 |             |                 |
| <input checked="" type="checkbox"/> Emailed the documents to those residents for whom the provider had email addresses on file  |                     |                 |             |                 |
| <input checked="" type="checkbox"/> Placed hard copies in resident cubby  |                     |                 |             |                 |
| <input checked="" type="checkbox"/> Placed hard copies at designated locations  |                     |                 |             |                 |
| <input checked="" type="checkbox"/> Provided hard copies to residents upon request, and/or  |                     |                 |             |                 |
| <input checked="" type="checkbox"/> Other: [please describe] <u>Resident Portal</u>   |                     |                 |             |                 |
| <input checked="" type="checkbox"/> Date of Notice: <u>10/30/2024</u>   |                     |                 |             |                 |

- The Provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.  
**Date of Notice:** 10/30/2024
  
- The governing body of the Provider, or the designated representative of the Provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.  
**Date of Posting:** 10/30/2024      **Location of Posting:** Resident Cubbies
  
- Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.  
**Date of Posting:** 12/05/2024      **Location of Posting:** Email Budget Committee & RC Chair

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

**PROVIDER:** La Costa Glen Carlsbad CCRC LLC      **COMMUNITY:** La Costa Glen Carlsbad

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

The regular first-person monthly fee increase for 2025 was 4.25%, and the second-person fee increase is reflected at 4.25% in the fiscal year 2025. The cost drivers for the rise are minimum wage, Building Maintenance & Equipment at 12% Increase, Raw Food Cost at 2.1%, IT Systems at 28.7% increase, Employee Health Insurance at 14.3%, General Insurance at 8.7%, Property Taxes at 2.5%, and all other Ancillary Expenses at 4-9%. These figures are arrived at by using economic indicators and estimating future cost increases, which information was derived from suppliers, government mandates, and industry periodicals. The budgeted NOI, does not include capital expenditures of \$5.8 million. Economic indicators driving these capital projects include updating resident unit turnover to align with market expectations. Other capital projects include HVAC Replacement 3 Year Plan, IT Upgrades, Lifeline Pendant Replacement, Clubhouse Remodel, Desert Air Pool Unit, Elevator Modernization, Comprehensive Roof Survey, Building Remodels, and other miscellaneous asset replacement. Economic indicators may require these projects, and future projects will be paid for from future cash flow. NOI surplus will also be returned to owners for the risk of operating the community.

**FORM 7-1 ATTACHMENT  
MONTHLY CARE FEE INCREASE  
Annual Reporting Fiscal Year 2025**

| <b>Line</b>                      | <b>Fiscal Years</b>   | <b>2023</b>     | <b>2024</b>     | <b>2025</b>     |
|----------------------------------|---|-----------------|-----------------|-----------------|
| 1                                | F/Y 2023 Operating Expenses (less depreciation and amortization)                                    | \$ (45,128,942) |                 |                 |
| 2                                | F/Y 2024 Operating Expenses (less depreciation and amortization)                                    |                 | \$ (47,470,579) |                 |
| 3                                | Projected F/Y 2025 Results of Operations (budgeted expenses)  |                 |                 | \$ (50,049,420) |
| 4                                | F/Y 2025 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other WITHOUT MCFI    |                 |                 | \$ 54,850,523   |
| 5                                | Projected F/Y 2025 (Net) Operating Results without MCFI (Line 3 plus Line 4)                        |                 |                 | \$ 4,801,103    |
| 6                                | Projected F/Y 2025 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI |                 |                 | \$ 63,371,096   |
| 7                                | Grand Total - Projected FY 2025 Net Operating Activity After 4.25% MCFI (Line 3 plus Line 6)        |                 |                 | \$ 13,321,676   |
| <b>Monthly Care Fee Increase</b> |   |                 |                 | <b>4.25%</b>    |

**Adjustment Explained:**

Non-cash expenses of depreciation and amortization have been removed for all fiscal years presented.

**F/Y 2025**

Wage and Benefits Increased 11%  
Raw Food Cost Increased 2.1%  
Employee Health Insurance Increased by 14.3%  
Total Insurance Cost Increased 8.7%  
Supplies, Equipment Increased 14%  
Building Maintenance & Equipment Increased 12%  
IT Systems 28.7%



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