

April 24, 2025

Continuing Care Contracts Branch

California Department of Social Services

To Whom It May Concern:

I, Darren Smith, certify that the annual audit, reports and any amendments thereto submitted for December 31, 2024 for Compass Health, Inc., dba Bayside Care Center, Casa de Flores as well as Arroyo Grande Care Center and Wyndham Residence have been audited by a Certified Public Accountant and are true and correct to the best of my knowledge.

The continuing care contract forms currently in use and offered to new residents at Bayside Care Center, Casa de Flores, Arroyo Grande Care Center and Wyndham Residence have been approved by the Department of Social Services.

Compass Health, Inc. is maintaining the required liquid reserve of \$2,037,110.

Sincerely,



Darren Smith, CEO  
Compass Health, Inc.  
(805) 474-7010 x 109



ALLIED WORLD SURPLUS LINES INSURANCE COMPANY  
199 Water Street, New York, NY 10038 · Tel. (646) 794-0500 · Fax (646) 794-0611

**HEALTHCARE ORGANIZATIONS  
PROFESSIONAL AND GENERAL LIABILITY  
INSURANCE POLICY DECLARATIONS**

Policy Number: 0313-8133  
Renewal of: 0313-8133

**Item 1. Name and Mailing Address of Named Insured:**

Compass Health, Inc.  
200 South 13th Street, Suite 208  
Grover Beach, CA 93433

**Item 2. Policy Period:**

- (a) Inception Date: May 1, 2024
- (b) Expiration Date: May 1, 2025  
At 12:01AM Standard Time at the Mailing Address shown above

**Item 3. Limits of Liability:**

Insuring Agreement I.A. Claims Made Professional Liability

- (a) \$1,000,000 each Claim under Insuring Agreement I.A.;
- (b) \$3,000,000 in the aggregate for all Claims under Insuring Agreement I.A.

*Either Claims Made or Occurrence General Liability Coverage was purchased by the Insured, but coverage may not be provided under both Insuring Agreements I.B.1. and I.B.2. The selected coverage is indicated by an "X" in the appropriate box below.*

- Insuring Agreement I.B.1. Occurrence General Liability
  - (c) N/A each Occurrence - Bodily Injury, Property Damage and Personal and Advertising Injury;
  - (d) N/A each Occurrence - Fire Damage;
  - (e) N/A in the aggregate for all Claims under Insuring Agreement I.B.1.

- Insuring Agreement I.B.2. Claims Made General Liability
  - (f) \$1,000,000 each Claim - Bodily Injury, Property Damage and Personal and Advertising Injury;
  - (g) \$50,000 each Claim - Fire Damage;
  - (h) \$3,000,000 in the aggregate for all Claims under Insuring Agreement I.B.2.

Insuring Agreement I.C. Claims Made Employee Benefits Liability

- (i) \$1,000,000 each Claim under Insuring Agreement I.C.;
- (j) \$3,000,000 in the aggregate for all Claims under Insuring Agreement I.C.

Additional Coverage II.A. Claims Made Patient Privacy Coverage

- (k) - N/A - each Claim under Additional Coverage II.A.;
- (l) - N/A - in the aggregate for all Claims under Additional Coverage II.A.;

*Such Limits shall be part of, and not in addition to, the aggregate Limit of Liability for Insuring Agreement I.A.*

**Policy Aggregate Limit of Liability**

- (m) \$6,000,000 Insurer's Maximum Aggregate Limit of Liability for all Claims under all Insuring Agreements and Additional Coverages.

**Item 4. Deductibles:**

- (a) \$250,000 each and every Claim under Insuring Agreement I.A.
- (b) \$250,000 each and every Occurrence under Insuring Agreement I.B.1., or each and every Claim under Insuring Agreement I.B.2.
- (c) \$1,000 each and every Claim under Insuring Agreement I.C.
- (d) - N/A - each and every Claim under Additional Coverage II.A.

**Item 5. Retroactive Dates**

- (a) May 1, 2005 Insuring Agreement I.A. Claims Made Professional Liability
- (b) May 1, 2005 Insuring Agreement I.B.2. Claims Made General Liability.  
Not applicable to Insuring Agreement I.B.1. Occurrence General Liability
- (c) May 1, 2005 Insuring Agreement I.C. Claims Made Employee Benefits Liability
- (d) N/A Additional Coverage II.A. Claims Made Patient Privacy Coverage

**Item 6. Address of Insurer For Notices Under This Policy:**

Claim-Related Notices:  
[Noticeofloss@awac.com](mailto:Noticeofloss@awac.com)

All Other Notices:  
1690 New Britain Avenue, Suite 101  
Farmington, CT 06032

**Item 7. Premium:**

**\$202,650.00**

**Item 8. Minimum Earned Premium:**

25% of the Policy Premium set forth above.

**Item 9. Endorsements Attached at Issuance:**

1. MED 00142 00 (12/2014) Claims Made Sexual Misconduct
2. MED 00147 00 (12/2014) Damage to Patients Property
3. MED 00157 00 (12/2014) Evacuation Coverage
4. MED 00169 00 (12/2014) Medical Payments Coverage
5. MED 00180 00 (12/2014) Schedule A - Insured Entity
6. MED 00183 00 (12/2014) Self-Insured Retention replaces Deductible
7. MED 00185 00 (10/2015) Service of Suit Clause
8. MED 00187 00 (12/2014) Specific Locations, Separate Limits of Liability
9. MED 00188 00 (12/2014) Strategic Response Coverage Extension
10. MED 00212 00 (02/2023) Additional Insureds General Liability Coverage
11. MED 00270 00 (02/2019) Defense Outside the Limits All Insuring Agreements Capped at Policy Aggregate
12. MED 00279 00 (09/2021) Pandemic Endorsement
13. IL 00052 00 (04/2022) Trade and Economic Sanctions
14. CH Manu A - Each and Every Claim Self-Insured Retention
15. CH Manu B - Pre-Approved Counsel With Capped Rates


In Witness Whereof, the Insurer has caused this Policy to be executed and attested. This Policy shall not be valid unless countersigned by a duly authorized representative of the Insurer.



President



Asst. Secretary



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**AUTHORIZED REPRESENTATIVE**

Account Name: Compass Health, Inc.

Insured Entity	Retroactive Date	Effective Date	Termination Date
Arroyo Grande Care Center (Skilled Nursing Facility)	05/01/2005	05/01/2024	
Casa De Flores / Bayside Care Center (Assisted Living / Skilled Nursing Facility)	05/01/2005	05/01/2024	
Compass Health, Inc. (Corporate Office)	05/01/2005	05/01/2024	
Compass Health, Inc. (Workshop) - General Liab. Only	10/22/2014	05/01/2024	
Danish Care Center (Skilled Nursing Facility)	05/01/2005	05/01/2024	
Mission View Health Center (Woodside Nursing Center) (Skilled Nursing Facility)	04/01/2006	05/01/2024	
San Luis Post Acure Center (Skilled Nursing Facility)	11/01/2019	05/01/2024	
San Luis Transitional Care (Skilled Nursing Facility)	05/01/2005	05/01/2024	
Vineyard Hills Health Center (Skilled Nursing Facility)	05/01/2005	05/01/2024	
Wyndham Residence (Assisted Living Facility)	05/01/2005	05/01/2024	



## SETO KIRAKOSIAN

Accountancy, Corp

### Independent Auditors' Report on Supplementary Information

To the Board of Directors of  
Compass Health, Inc. and Subsidiary  
Grover Beach, California

We have audited the consolidated financial statements of Compass Health, Inc. and Subsidiary (the "Company"), as of and for the years ended December 31, 2024 and 2023, and our report thereon dated April 29, 2025, which expressed an unmodified opinion on those consolidated financial statements, appears on page 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 22 to 24 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. The supplementary information on pages 25 to 46 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 purpose of additional analysis and is not a required part of the consolidated financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole and presents fairly, in all material respects, the continuing care reserve requirements of the Company at December 31, 2024, in conformity with the report preparation provisions of the California Health and Safety Code Section 1792.

A handwritten signature in black ink, appearing to read 'Seto Kirakosian', written in a cursive style.

April 29, 2025

**COMPASS HEALTH, INC. AND SUBSIDIARY**  
**SUPPLEMENTARY INFORMATION**  
**CONSOLIDATING BALANCE SHEETS**

DECEMBER 31, 2024

SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

	AGCC	BCC	CDF	CHI	DCC	MVHC	SLPA	SLTC	TPV	VHHC	WYND	Eliminations	Total
<b>CURRENT ASSETS:</b>													
Cash and cash equivalents	\$ (35,000)	\$ 14,800	\$ (1,400)	\$ 4,272,600	\$ (5,100)	\$ (67,400)	\$ (53,700)	\$ (2,600)	\$ (900)	\$ (48,700)	\$ 30,300	\$ -	\$ 4,102,900
Accounts receivable, net	1,669,700	1,285,800	8,000	46,700	1,135,100	2,222,500	1,624,200	289,300	-	1,679,000	11,000	-	9,971,300
Prepaid expenses	138,800	155,800	18,900	10,300	106,400	235,100	235,200	37,600	-	162,800	11,800	-	1,112,700
Due from related parties, net	500	36,793,500	(36,793,500)	1,549,200	-	3,600	(3,200)	(500)	-	-	-	-	1,549,600
Total current assets	1,774,000	38,249,900	(36,768,000)	5,878,800	1,236,400	2,593,800	1,802,500	323,800	(900)	1,793,100	53,100	-	16,736,500
<b>INVESTMENT IN SUBSIDIARY</b>	-	-	-	4,220,300	-	-	-	-	-	-	-	(4,220,300)	-
<b>PLANT, PROPERTY, AND EQUIPMENT, net</b>	91,500	374,100	607,400	18,000	885,500	-	198,500	450,700	-	1,748,700	-	-	4,374,400
<b>INTANGIBLE ASSETS, net</b>	-	-	-	-	-	-	32,800	-	-	-	-	-	32,800
<b>DEPOSITS AND OTHER ASSETS</b>	18,000	-	-	13,100	-	33,900	-	-	-	-	-	-	65,000
<b>OPERATING LEASE RIGHT-OF-USE ASSETS</b>	2,538,900	10,480,000	-	489,400	-	1,150,900	2,096,700	1,567,100	-	-	7,006,200	-	23,349,200
Total assets	\$ 4,442,400	\$ 49,104,000	\$ (36,160,600)	\$ 10,619,600	\$ 2,121,900	\$ 3,578,600	\$ 4,130,500	\$ 2,341,600	\$ (900)	\$ 3,541,800	\$ 7,059,300	\$ (4,220,300)	\$ 46,557,900
<b>CURRENT LIABILITIES:</b>													
Accounts payable	\$ 219,800	\$ 227,600	\$ 65,900	\$ 91,500	\$ 152,600	\$ 440,400	\$ 186,800	\$ 50,700	\$ -	\$ 249,200	\$ 34,000	\$ -	\$ 1,728,500
Accrued compensation and related expenses	1,234,400	802,600	175,900	2,799,400	382,500	895,400	562,800	37,000	769,800	479,100	181,700	-	8,320,600
Income taxes payable	-	-	-	83,700	-	-	-	-	-	-	-	-	83,700
Security deposits and other liabilities	-	-	-	4,661,600	-	-	-	-	-	180,000	-	-	4,841,600
Current portion of operating lease liabilities	544,400	1,512,700	-	145,100	-	758,700	448,100	230,300	-	-	187,700	-	3,827,000
Total current liabilities	1,998,600	2,552,900	241,800	7,781,300	535,100	2,094,500	1,197,700	318,000	769,800	908,300	403,400	-	18,801,400
<b>OPERATING LEASE LIABILITIES, net of current portion</b>	2,014,500	8,967,300	-	344,300	-	392,200	1,648,600	1,336,800	-	-	6,818,500	-	21,522,200
Total liabilities	4,013,100	11,520,200	241,800	8,125,600	535,100	2,486,700	2,846,300	1,654,800	769,800	908,300	7,221,900	-	40,323,600
<b>COMMITMENTS AND CONTINGENCIES</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>SHAREHOLDER'S EQUITY (DEFICIENCY):</b>													
Common stock, no par value; 1,000 shares authorized;	900	30,000	-	1,000	-	-	-	-	-	-	-	-	31,900
1,000 shares issued and outstanding	428,400	37,553,800	(36,802,400)	2,493,000	1,586,800	1,091,900	1,284,200	686,800	(770,700)	2,633,500	(162,600)	(4,220,300)	6,202,400
Retained earnings (deficiency)	429,300	37,583,800	(36,802,400)	2,494,000	1,586,800	1,091,900	1,284,200	686,800	(770,700)	2,633,500	(162,600)	(4,220,300)	6,234,300
Total shareholder's equity (deficiency)	442,400	49,104,000	(36,160,600)	10,619,600	2,121,900	3,578,600	4,130,500	2,341,600	(900)	3,541,800	7,059,300	(4,220,300)	46,557,900
Total liabilities and shareholder's equity (deficiency)	\$ 4,442,400	\$ 49,104,000	\$ (36,160,600)	\$ 10,619,600	\$ 2,121,900	\$ 3,578,600	\$ 4,130,500	\$ 2,341,600	\$ (900)	\$ 3,541,800	\$ 7,059,300	\$ (4,220,300)	\$ 46,557,900

**COMPASS HEALTH, INC. AND SUBSIDIARY**  
**SUPPLEMENTARY INFORMATION**

**CONSOLIDATING STATEMENTS OF OPERATIONS AND RETAINED EARNINGS (DEFICIENCY)**

FOR THE YEAR ENDED DECEMBER 31, 2024

SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

	AGCC	BCC	CDF	CHI	DCC	MVHC	SLPA	SLTC	TPY	VHHC	WYND	Eliminations	Total
<b>REVENUES:</b>													
Net patient service revenue	\$ 11,874,800	\$ 11,209,700	\$ -	\$ -	\$ 7,280,000	\$ 16,451,300	\$ 10,383,000	\$ 2,448,700	\$ 3,634,000	\$ 10,259,400	\$ -	\$ -	\$ 73,540,900
Net residential board and care revenue	-	-	4,410,600	-	-	-	200	-	-	-	3,708,200	-	8,119,000
Net other revenue	29,400	42,600	-	632,700	24,100	79,900	49,500	4,400	-	43,300	-	(835,500)	70,400
Management fees	(625,100)	(595,800)	(223,200)	4,505,100	(380,300)	(849,900)	(540,800)	(166,500)	(595,800)	(546,700)	(181,000)	-	-
<b>Total revenues</b>	<b>11,279,100</b>	<b>10,656,500</b>	<b>4,187,400</b>	<b>5,137,800</b>	<b>6,923,800</b>	<b>15,681,300</b>	<b>9,891,900</b>	<b>2,286,600</b>	<b>3,238,200</b>	<b>9,756,000</b>	<b>3,527,200</b>	<b>(835,500)</b>	<b>81,750,300</b>
<b>EXPENSES:</b>													
Nursing services	4,985,600	5,373,000	1,346,500	130,000	3,359,800	8,520,800	4,479,600	1,080,900	-	4,554,000	888,500	-	34,718,700
Plant operations and maintenance	384,600	718,700	537,000	50,500	407,600	643,700	613,700	131,200	-	508,000	285,300	-	4,280,300
Housekeeping and laundry	444,500	577,000	175,400	-	325,500	579,400	550,200	50,300	-	322,700	192,300	-	3,217,300
Dietary	1,135,500	1,201,700	701,000	9,000	650,700	1,209,600	904,900	151,100	-	838,500	597,500	-	7,399,500
Social services and activities	518,800	280,600	198,900	-	170,500	325,500	202,100	-	-	92,100	162,600	-	1,951,100
Education	71,200	115,000	-	31,300	126,500	116,000	82,700	900	-	92,800	-	-	636,400
General and administrative	2,540,000	2,744,000	1,466,700	2,423,100	1,839,600	3,875,300	2,708,200	936,800	487,300	2,220,000	1,079,000	-	22,320,000
Interest expense	-	-	-	-	-	-	-	-	-	900	-	-	900
Pharmacy	231,600	169,800	-	-	97,000	396,800	157,900	107,900	-	170,900	-	-	1,331,900
Laboratory	29,400	19,000	-	-	9,100	38,100	17,900	10,800	-	15,600	-	-	139,900
X-ray	31,500	20,400	-	-	9,200	34,100	23,500	17,200	-	20,800	-	-	156,700
<b>Total expenses</b>	<b>10,372,700</b>	<b>11,219,200</b>	<b>4,425,500</b>	<b>2,643,900</b>	<b>6,993,500</b>	<b>15,739,300</b>	<b>9,740,700</b>	<b>2,487,100</b>	<b>487,300</b>	<b>8,836,300</b>	<b>3,205,200</b>	<b>-</b>	<b>76,152,700</b>
<b>INCOME (LOSS) BEFORE INCOME TAX PROVISION</b>	<b>906,400</b>	<b>(562,700)</b>	<b>(238,100)</b>	<b>2,493,900</b>	<b>(71,700)</b>	<b>(58,000)</b>	<b>151,200</b>	<b>(200,500)</b>	<b>2,750,900</b>	<b>919,700</b>	<b>322,000</b>	<b>(835,500)</b>	<b>5,577,600</b>
<b>INCOME TAX PROVISION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(83,700)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(12,600)</b>	<b>-</b>	<b>-</b>	<b>(96,300)</b>
<b>NET INCOME (LOSS)</b>	<b>906,400</b>	<b>(562,700)</b>	<b>(238,100)</b>	<b>2,410,200</b>	<b>(71,700)</b>	<b>(58,000)</b>	<b>151,200</b>	<b>(200,500)</b>	<b>2,750,900</b>	<b>907,100</b>	<b>322,000</b>	<b>(835,500)</b>	<b>5,481,300</b>
<b>DISTRIBUTIONS TO SHAREHOLDER</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,112,500)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7,112,500)</b>
<b>INTERCOMPANY TRANSFERS</b>	<b>(1,041,000)</b>	<b>2,953,700</b>	<b>(2,464,000)</b>	<b>2,561,700</b>	<b>314,200</b>	<b>561,800</b>	<b>489,300</b>	<b>54,800</b>	<b>(2,781,300)</b>	<b>(875,300)</b>	<b>(317,100)</b>	<b>541,200</b>	<b>-</b>
<b>RETAINED EARNINGS (DEFICIENCY), beginning of year</b>	<b>563,000</b>	<b>35,160,800</b>	<b>(33,700,300)</b>	<b>4,633,600</b>	<b>1,344,300</b>	<b>588,100</b>	<b>643,700</b>	<b>832,500</b>	<b>(740,300)</b>	<b>2,601,700</b>	<b>(167,500)</b>	<b>(3,926,000)</b>	<b>7,833,600</b>
<b>RETAINED EARNINGS (DEFICIENCY), end of year</b>	<b>\$ 428,400</b>	<b>\$ 37,553,800</b>	<b>\$ (36,402,400)</b>	<b>\$ 2,493,900</b>	<b>\$ 1,386,800</b>	<b>\$ 1,099,900</b>	<b>\$ 1,284,200</b>	<b>\$ 686,800</b>	<b>\$ (770,700)</b>	<b>\$ 2,633,500</b>	<b>\$ (162,600)</b>	<b>\$ (4,220,300)</b>	<b>\$ 6,202,400</b>

**FORM 1-1**  
**RESIDENT POPULATION**

<u>Line</u>	<b>Continuing Care Residents</b>	<b>TOTAL</b>
[1]	Number at beginning of fiscal year	54
[2]	Number at end of fiscal year	58
[3]	Total Lines 1 and 2	112
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	56
<b>All Residents</b>		
[6]	Number at beginning of fiscal year	133
[7]	Number at end of fiscal year	142
[8]	Total Lines 6 and 7	275
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	137.5
[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).	0.41

**FORM 1-2**  
**ANNUAL PROVIDER FEE**

<u>Line</u>		<b>TOTAL</b>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$13,577,900
[a]	Depreciation	\$36,353
[b]	Debt Service (Interest Only)	\$0
[2]	Subtotal (add Line 1a and 1b)	\$36,353
[3]	Subtract Line 2 from Line 1 and enter result.	\$13,541,547
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	41%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$5,515,103
[6]	<b>Total Amount Due</b> (multiply Line 5 by .001)	\$5,515

PROVIDER: Compass Health, Inc.

COMMUNITY: Arroyo Grande Care Center and Wyndham Residence

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	03/01/12	\$62,526	\$562	\$0	\$63,088
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>					\$63,088

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

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

**PROVIDER:** Compass Health, Inc.

**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	N/A				\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<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:** Compass Health, Inc.

**FORM 5-3**

**CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT**

<b>Line</b>		<b>TOTAL</b>
1	Total from Form 5-1 bottom of Column (e)	\$63,088
2	Total from Form 5-2 bottom of Column (e)	\$0
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	\$986,272
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<b>\$1,049,360</b>

**PROVIDER:** Compass Health, Inc.

FORM 5-4

CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	\$15,644,700
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	\$161,701
d.	Amortization	\$0
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$11,236,403
f.	Extraordinary expenses approved by the Department	\$0
3	Total Deductions	\$11,398,104
4	Net Operating Expenses	\$4,246,596
5	Divide Line 4 by 365 and enter the result.	\$11,635
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.	<b>\$872,625</b>

PROVIDER: Compass Health, Inc.

COMMUNITY: Bayside Care Center and Casa de Flores

FORM 5-4

CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	<u>\$13,577,900</u>
2	Deductions:	
	a. Interest paid on long-term debt (see instructions)	<u>\$0</u>
	b. Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>
	c. Depreciation	<u>\$36,353</u>
	d. Amortization	<u>\$0</u>
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$12,981,401</u>
	f. Extraordinary expenses approved by the Department	<u>\$0</u>
3	Total Deductions	<u>\$13,017,754</u>
4	Net Operating Expenses	<u>\$560,146</u>
5	Divide Line 4 by 365 and enter the result.	<u>\$1,535</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	<u>\$115,125</u>

PROVIDER: Compass Health, Inc.

COMMUNITY: Arroyo Grande Care Center and Wyndham Residence



Provider Name: COMPASS HEALTH, INC.  
Fiscal Year End: 12/31/2024

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

**Total Qualifying Assets as Filed:**

Cash and Cash Equivalents	\$4,102,900
Line of Credit	\$0
Other	\$0
Less Funds Reserved for Specific Designations	\$0
Total Qualifying Assets as Filed	<u><u>\$4,102,900</u></u>

---

Provider: COMPASS HEALTH, INC.  
Community: ARROYO GRANDE CARE CENTER & WYNDHAM RESIDENCE

Per Capita Cost of Operations Operating Expenses (Form 5-4 (2) line #1) 13,577,900

Mean # of All Residents (Form 1-1 (2) line #10) 137.5

Per Capita Cost of Operations 98,748

\*\* No funds have been set aside for capital improvements or any other reserves outside of the CCRC Liquid Reserve Requirement

COMPASS HEALTH, INC.  
ARROYO GRANDE CARE CENTER & WYNDHAM RESIDENCE

Reconciliation to Audited Financial Statements

**Form 1-2, Line 1a - Reconciliation**

Account Detail	AGCC	WYND	
SNF - General & Admin	1,713,978		
RCF General & Admin		466,615	
SNF Depreciation & Amortization	36,353		
RCF Depreciation & Amortization		-	
SNF - Leases & Rentals	660,877		
RCF - Leases & Rentals		568,528	
SNF - Property Taxes	48,038		
RCF - Property Taxes		-	
SNF - Property Insurance	52,184		
RCF - Property Insurance		21,395	
SNF - Misc	-		
RCF - Misc		22,455	
Patient Supplies	5,029		
Priv Other Ancillaries 7300.45	4,240		
Mcare Other Ancillaries 7300.46	405		
Mcal Other Ancillaries 7300.47	18,852		
<b>Total General &amp; Administrative Costs</b>	<b>2,539,956</b>	<b>1,078,993</b>	<b>Ties to Audited FS pg. 23 line 12 under AGCC &amp; Wynd respectively</b>
From Audited FS pg 22			
SNF Depreciation & Amortization	36,353		
RCF Depreciation & Amortization	-		
<b>Total Depreciation from FS</b>	<b>36,353</b>		<b>Ties to Form 1-2 Line 1a.</b>

**Form 5-4 (2) Lines 1, 2(c) & 2(e) - Reconciliation**

<b>Total Operating Expense (AGCC &amp; WYND)</b>	13,577,900	Form 5-4 (2) Line 1
AGCC Total Expenses	10,372,700	Audited FS pg. 24, line 17 under AGCC
WYND Total Expenses	3,205,200	Audited FS pg. 24, line 17 under Wynd
	<u>13,577,900</u>	<b>Ties to Form 5-4 (2) Line 1</b>
Variance	-	
<b>Depreciation</b>	<b>36,353</b>	<b>Form 5-4 (2) Line 2c</b> See Form 5-1 Reconciliation Above. Ties to Audited FS pg. 23, line 12
<hr/> <hr/>		
AGCC Revenue from Persons not under CCRC Contract		
<hr/> <hr/>		
See separate reconciliation to Consolidated Statement of Cash Flows (Direct Method)		

## Reconciliation of Revenue to Consolidated Statement of Cash Flows

<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">12,981,401.04</td> <td>AGCC/WYD non-CCRC Revenue (A7 + A26)</td> </tr> <tr> <td colspan="2" style="text-align: center;">Ties to Form 5-4 (2) line 2 ( e )</td> </tr> <tr> <td style="text-align: right;">4,666.00</td> <td>AGCC CCRC Revenue</td> </tr> <tr> <td style="text-align: right;">12,830,004.04</td> <td>AGCC Non-CCRC Revenue</td> </tr> <tr> <td style="text-align: right;">12,834,670.04</td> <td>AGCC Room &amp; Board Revenue</td> </tr> <tr> <td style="text-align: right;">12,834,670.04</td> <td>AGCC Room &amp; Board</td> </tr> <tr> <td style="text-align: right;">361,520.96</td> <td>AGCC Other Rev + Contractual Adj.</td> </tr> <tr> <td style="text-align: right;">13,196,191.00</td> <td>AGCC Revenue</td> </tr> <tr> <td colspan="2" style="height: 20px;"> </td> </tr> <tr> <td style="text-align: right;">3,556,764.00</td> <td>WYN CCRC Revenue</td> </tr> <tr> <td style="text-align: right;">151,397.00</td> <td>Non-CCRC</td> </tr> <tr> <td style="text-align: right;">3,708,161.00</td> <td>WYND Room &amp; 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**Continuing Care Retirement Community  
Disclosure Statement**

Date Prepared: 4/25/25

FACILITY NAME: Compass Health Inc., dba Arroyo Grande Care Center & Wyndham Residence  
 ADDRESS: 1212 Farroll Ave and 222 S Elm Street, Arroyo Grande, CA ZIP CODE: 93420 PHONE: (805) 474-7260  
 PROVIDER NAME: Compass Health Inc. FACILITY OPERATOR: Compass Health, Inc.  
 RELATED FACILITIES: \_\_\_\_\_ RELIGIOUS AFFILIATION: None  
 YEAR \_\_\_\_\_ # OF  SINGLE  MULTI- MILES TO SHOPPING CTR: 1  
 OPENED: 1995 ACRES: 5.58 STORY \_\_\_\_\_ STORY \_\_\_\_\_  OTHER: Both MILES TO HOSPITAL: 20  
 \* \* \* \* \*

**NUMBER OF UNITS:**

<b>RESIDENTIAL LIVING</b>	<b>HEALTH CARE</b>
APARTMENTS — STUDIO: _____	ASSISTED LIVING: <u>57</u>
APARTMENTS — 1 BDRM: _____	SKILLED NURSING: <u>99</u>
APARTMENTS — 2 BDRM: _____	SPECIAL CARE: _____
COTTAGES/HOUSES: _____	DESCRIPTION: > _____
RLU OCCUPANCY (%) AT YEAR END: _____	OVERALL CCRC OCCUPANCY (%) AT YEAR END: _____

\* \* \* \* \*

**TYPE OF OWNERSHIP:**  NOT-FOR-PROFIT  FOR-PROFIT ACCREDITED?:  YES  NO BY: \_\_\_\_\_

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

**REFUND PROVISIONS:** *(Check all that apply)*  Refundable  Repayable  90%  75%  50%  OTHER: \_\_\_\_\_

**RANGE OF ENTRANCE FEES:** \$ 0 - \$ 0 **LONG-TERM CARE INSURANCE REQUIRED?**  YES  NO

**HEALTH CARE BENEFITS INCLUDED IN CONTRACT:** \_\_\_\_\_

**ENTRY REQUIREMENTS:** MIN. AGE: 65 PRIOR PROFESSION: \_\_\_\_\_ OTHER: \_\_\_\_\_

**RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD:** > Per HSC 1771.8(i)(1), a facility resident participates as a nonvoting resident representative to the facility's governing body. Per HSC 1771.8(i)(2)(A), there currently is not an open seat on the governing body and if a seat opens up on the governing body that seat will be offered to a member of the resident committee.

<b>FACILITY SERVICES AND AMENITIES</b>					
<u>COMMON AREA AMENITIES</u>	<u>AVAILABLE</u>	<u>FEE FOR SERVICE</u>	<u>SERVICES AVAILABLE</u>	<u>INCLUDED IN FEE</u>	<u>FOR EXTRA CHARGE</u>
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING ( <u>3</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	MEALS ( <u>3</u> /DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CARD ROOMS	<input type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	<input type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<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: Compass Health Inc.

**OTHER CCRCs**

**LOCATION (City, State)**

**PHONE (with area code)**

Bayside Care Center/Casa De Flores

Morro Bay, CA

(805)-772-2237, (805)-772-7372

**MULTI-LEVEL RETIREMENT COMMUNITIES**

**LOCATION (City, State)**

**PHONE (with area code)**

**FREE-STANDING SKILLED NURSING**

**LOCATION (City, State)**

**PHONE (with area code)**

Danish Care Center

Atascadero CA

(805) 466-9254

Mission View Health Center

San Luis Obispo CA

(805) 543-0210

San Luis Transitional Care

San Luis Obispo CA

(805) 545-7575

**FREE-STANDING SKILLED NURSING**

**LOCATION (City, State)**

**PHONE (with area code)**

Vineyard Hills Health Center

Templeton CA

(805) 434-3035

San Luis Post Acute Center

San Luis Obispo CA

(805) 544-5100

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

PROVIDER NAME: Compass Health Inc.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>INCOME FROM ONGOING OPERATIONS</b>				
<b>OPERATING INCOME</b> (Excluding amortization of entrance fee income)	71,612,000	70,927,300	73,922,700	81,730,300
<b>LESS OPERATING EXPENSES</b> (Excluding depreciation, amortization, and interest)	61,912,800	65,720,700	73,621,300	75,634,655
<b>NET INCOME FROM OPERATIONS</b>	<u>9,699,200</u>	<u>5,103,200</u>	<u>301,400</u>	<u>6,095,645</u>
<b>LESS INTEREST EXPENSE</b>	35,200	25,100	12,400	562
<b>PLUS CONTRIBUTIONS</b>				
<b>PLUS NON-OPERATING INCOME (EXPENSES)</b> (excluding extraordinary items)				
<b>NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION</b>	<u>9,664,000</u>	<u>5,078,100</u>	<u>289,000</u>	<u>6,095,083</u>
<b>NET CASH FLOW FROM ENTRANCE FEES</b> (Total Deposits Less Refunds)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

\*\*\*\*\*

**DESCRIPTION OF SECURED DEBT** (as of most recent fiscal year end)

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGINATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>
Symetra Life Insurance Co.	0.00	5.35	4/1/2012	3/1/2024	11 yrs 11 mos.

\*\*\*\*\*

**FINANCIAL RATIOS** (see next page for ratio formulas)

**2017 CCAC Medians**  
**50<sup>th</sup> Percentile**  
(optional)

	<u>2022</u>	<u>2023</u>	<u>2024</u>
<b>DEBT TO ASSET RATIO</b>	0.0015	0.0000	0.000
<b>OPERATING RATIO</b>	0.9269	0.9961	.9254
<b>DEBT SERVICE COVERAGE RATIO</b>	23.64	12.75	104.81
<b>DAYS CASH ON HAND RATIO</b>	91.89	86.69	80.77

\*\*\*\*\*

**HISTORICAL MONTHLY SERVICE FEES** (Average Fee and Change Percentage)

	<u>2021</u>	<u>%</u>	<u>2022</u>	<u>%</u>	<u>2023</u>	<u>%</u>	<u>2024</u>
STUDIO							
ONE BEDROOM							
TWO BEDROOM							
COTTAGE/HOUSE							
ASSISTED LIVING	3,830-8,430	10%	4,215-9,270	0%	4,215-9,270	3%	4,215-9,700
SKILLED NURSING	8,700-12,000	0%	8,700-12,000	23%	11,250-18,000	0%	11,250-18,000
SPECIAL CARE							

\*\*\*\*\*

**COMMENTS FROM PROVIDER:** >

> \_\_\_\_\_  
> \_\_\_\_\_  
> \_\_\_\_\_

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

	<b>RESIDENTIAL LIVING</b>	<b>ASSISTED LIVING</b>	<b>SKILLED NURSING</b>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	3%	\$ 4,215 – \$ 9,700	\$11,250 - \$18,000
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	N/A	0% \$4,215 – \$9,270	0% \$11,250 - \$18,000

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: 9/1/2024  
(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. **Date of Notice: 7/1/2024**    **Method of Notice: Letter**
- 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. **Date of Meeting: 7/2/2024**
- 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. **Date of Notice: 6/17/2024**
- 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: 6/17/2024**  
**Location of Posting: Announcement Board**

[5] On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

**PROVIDER:** Compass Health, Inc.

**COMMUNITY:** Arroyo Grande Care Center and Wyndham Residence

Compass Health, Inc. dba Arroyo Grande Care Center and Wyndham Residence

Form 7-1 Attachment

Increase in Monthly Serve Fee

**Attachment to Item [5]:**

Rate increases on monthly fees for the following levels of care were approved by the Board based on projected operating costs of the continuing care retirement community, projected per capita costs and economic indicators:

	Rate Increase	Range of Monthly Fees
Assisted Living	3%	\$4,215 to \$9,700
Skilled Nursing Care	0%	\$11,250 to \$18,000

**Assisted Living**

The monthly care fees for the Assisted Living level of care were increased by 3% in line with increased operating costs. The Assisted Living census increased in F/Y 2024 and is projected to remain flat in F/Y 2025.

**Skilled Nursing Care**

The private monthly care fees for Skilled Nursing Care (SNF) were not increased in F/Y 2024.

**Form 7-1 Attachment  
Monthly Care Fee Increase**

Historically, year over year increases in operating expenses are closely tied to increases in the Consumer Price Index, not taking into account per patient day fixed costs. Based on the 2.4% CPI increase recently published by US Bureau of Labor Statistics and the real cost increases we are seeing on the ground, a 3% increase was applied to the Projected F/Y 2025 Operating Expenses over F/Y 2024 Operating Expenses.

**Form 7-1 Monthly Care Fee Increase (MCFI)  
Annual Reporting Fiscal Year (F/Y) 2023**

Line	Fiscal Years	2023	2024	2025
1	F/Y 2023 Operating Expenses	(12,349,300)		
2	F/Y 2024 Operating Expenses		(13,577,900)	
3	Projected F/Y 2025 Results of Operations			(13,985,237)
4	F/Y 2025 Anticipated MCF Revenue Based on Current and Projected Occupancy <sup>1</sup> and Other without			15,094,564
5	Projected F/Y 2025 (Net) Operating Results without a MCFI			1,109,327
6	Projected F/Y 2025 Anticipated Revenue Based on Current and Projected Occupancy <sup>1</sup> and Other with MCFI 3% on Assisted Living Monthly Fees			15,205,810
7	Grand Total - Projected F/Y 2025 Net Operating Activiting after MCFI 3% on Assisted Living Monthly			1,220,573

Audited financials Total Expenses (AGCC+WYN)

Audited financials Total Expenses (AGCC+WYN)

Monthly Care Fee Increase Assisted Living: 3%

Adjustments Explained:

- 1) Projected SNF occupancy based on current census is expected to decrease by 4% from F/Y 2024 to F/Y 2025 and Projected Assisted Living occupancy based on current census is expected to remain flat over F/Y 2024.
- 2) In F/Y 2024, Assited Living Revenue was 24% of the total MCF Revenue.