

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

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



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
CURRENT ASSETS:													
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
INVESTMENT IN SUBSIDIARY	-	-	-	4,220,300	-	-	-	-	-	-	-	(4,220,300)	-
PLANT, PROPERTY, AND EQUIPMENT, net	91,500	374,100	607,400	18,000	885,500	-	198,500	450,700	-	1,748,700	-	-	4,374,400
INTANGIBLE ASSETS, net	-	-	-	-	-	-	32,800	-	-	-	-	-	32,800
DEPOSITS AND OTHER ASSETS	18,000	-	-	13,100	-	33,900	-	-	-	-	-	-	65,000
OPERATING LEASE RIGHT-OF-USE ASSETS	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
CURRENT LIABILITIES:													
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
OPERATING LEASE LIABILITIES, net of current portion	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
COMMITMENTS AND CONTINGENCIES	-	-	-	-	-	-	-	-	-	-	-	-	-
SHAREHOLDER'S EQUITY (DEFICIENCY):													
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
REVENUES:													
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)	-	-
Total revenues	11,279,100	10,656,500	4,187,400	5,137,800	6,923,800	15,681,300	9,891,900	2,286,600	3,238,200	9,756,000	3,527,200	(835,500)	81,750,300
EXPENSES:													
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
Total expenses	10,372,700	11,219,200	4,425,500	2,643,900	6,993,500	15,739,300	9,740,700	2,487,100	487,300	8,836,300	3,205,200	-	76,152,700
INCOME (LOSS) BEFORE INCOME TAX PROVISION	906,400	(562,700)	(238,100)	2,493,900	(71,700)	(58,000)	151,200	(200,500)	2,750,900	919,700	322,000	(835,500)	5,577,600
INCOME TAX PROVISION	-	-	-	(83,700)	-	-	-	-	-	(12,600)	-	-	(96,300)
NET INCOME (LOSS)	906,400	(562,700)	(238,100)	2,410,200	(71,700)	(58,000)	151,200	(200,500)	2,750,900	907,100	322,000	(835,500)	5,481,300
DISTRIBUTIONS TO SHAREHOLDER	-	-	-	(7,112,500)	-	-	-	-	-	-	-	-	(7,112,500)
INTERCOMPANY TRANSFERS	(1,041,000)	2,953,700	(2,464,000)	2,561,700	314,200	561,800	489,300	54,800	(2,781,300)	(875,300)	(317,100)	541,200	-
RETAINED EARNINGS (DEFICIENCY), beginning of year	563,000	35,160,800	(33,700,300)	4,633,600	1,344,300	588,100	643,700	832,500	(740,300)	2,601,700	(167,500)	(3,926,000)	7,833,600
RETAINED EARNINGS (DEFICIENCY), end of year	\$ 428,400	\$ 37,553,800	\$ (36,402,400)	\$ 2,493,900	\$ 1,386,800	\$ 1,099,100	\$ 1,284,200	\$ 686,800	\$ (770,700)	\$ 2,633,500	\$ (162,600)	\$ (4,220,300)	\$ 6,202,400

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	91
[2]	Number at end of fiscal year	77
[3]	Total Lines 1 and 2	168
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	84
All Residents		
[6]	Number at beginning of fiscal year	164
[7]	Number at end of fiscal year	160
[8]	Total Lines 6 and 7	324
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	162
[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).	0.52

FORM 1-2
ANNUAL PROVIDER FEE

<u>Line</u>		<u>TOTAL</u>
[1]	Total Operating Expenses (including depreciation and debt service - interest only)	\$15,644,700
[a]	Depreciation	\$161,701
[b]	Debt Service (Interest Only)	\$0
[2]	Subtotal (add Line 1a and 1b)	\$161,701
[3]	Subtract Line 2 from Line 1 and enter result.	\$15,482,999
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	52%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$8,028,222
[6]	Total Amount Due (multiply Line 5 by .001)	\$8,028

PROVIDER: Compass Health, Inc.
COMMUNIT Bayside Care Center and Casa de Flores

**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
TOTAL:					\$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)**

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

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

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

PROVIDER: Compass Health, Inc.

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

Line	TOTAL
1	\$63,088
2	\$0
3	\$986,272
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE: \$1,049,360

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	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	\$872,625

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><u>\$115,125</u></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: BAYSIDE CARE CENTER & CASA DE FLORES

Per Capita Cost of Operations Operating Expenses (Form 5-4 (1) line #1) 15,644,700

Mean # of All Residents (Form 1-1 line #10) 162

Per Capita Cost of Operations 96,572

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

COMPASS HEALTH, INC.
 BAYSIDE CARE CENTER & CASA DE FLORES

Reconciliation to Audited Financial Statements

Form 1-2, Line 1a - Reconciliation

Account Detail	BCC	CDF	
SNF - General & Admin	1,485,566		
RCF General & Admin		615,037	
SNF Depreciation & Amortization	81,828		
RCF Depreciation & Amortization		79,873	
SNF - Leases & Rentals	1,090,761		
RCF - Leases & Rentals		720,290	
SNF - Property Taxes	-		
RCF - Property Taxes		-	
SNF - Property Insurance	71,212		
RCF - Property Insurance		51,461	
SNF - Misc	-		
RCF - Misc		(1)	
Patient Supplies	4,458		
Priv Other Ancillaries 7300.45	-		
Mcare Other Ancillaries 7300.46	-		
Mcal Other Ancillaries 7300.47	10,185		
Total General & Administrative Costs	2,744,010	1,466,660	Ties to Audited FS pg. 23 line 12 under BCC & CDF respectively
From Audited FS pg 24			
SNF Depreciation & Amortization	81,828		
RCF Depreciation & Amortization	79,873		
Total Depreciation from FS	161,701		Ties to Form 1-2 Line 1a.

Form 5-1 Reconciliation

Account Detail	VHHC	
Principal Paid During Fiscal Year	62,526	Form 5-1 Column 1b
		\$242,100 ties to the current portion under 2023 on Audited, pg. 16, Note 7- Long Term Debt.
Loan Fees paid at maturity	310	
Interest Expense related to long term debtVHHC	562	Form 5-1 Column 1c
	872	Ties to Audited FS pg. 24, line 12 under VHHC (rounded to nearest 100th)

Form 5-3 Line 3 - Reconciliation

Account Detail	Consolidated	
SNF - General & Admin	14,851,667	
RCF General & Admin	1,088,227	
SNF Depreciation & Amortization	437,272	
RCF Depreciation & Amortization	79,873	
SNF - Leases & Rentals	3,709,624	
RCF - Leases & Rentals	1,288,818	
SNF - Property Taxes	262,620	
RCF - Property Taxes	-	
SNF - Property Insurance	332,854	
RCF - Property Insurance	72,856	
SNF - Misc	-	
RCF - Misc	22,454	
Patient Supplies	47,619	
Priv Other Ancillaries	11,595	
Mcare Other Ancillaries	942	
Mcal Other Ancillaries	113,544	
Total General & Administrative Costs	22,319,965	Ties to Audited FS pg. 23 line 12 under Total
SNF - Leases & Rentals		
Lease - Buildings	3,551,724	
Lease - Equipment	12,141	
Lease - Auto	145,759	
	3,709,624	Ties to SNF Leases & Rentals Above
RCFE - Leases & Rentals		
Lease - Buildings	1,282,528	
Lease - Equipment	290	
Lease - Auto	6,000	
	1,288,818	Ties to RCF Leases & Rentals Above
SNF Leases - Buildings		
AGCC	659,880	
ALTC	-	
BCC	1,080,000	
CHI	189,941	
CHI - November coded to Auto Lease in error	17,328	
MVHC	796,782	
SLPA	504,000	
SLTC	321,121	
	3,569,052	
RCFE Leases - Buildings		
CDF	720,000	
Wynd	562,528	
	1,282,528	
Total SNF & RCF Building Leases	4,851,580	
Deferred Rent		
	4,851,580	
Less Portion Paid to Related Parties (Not applicable to long-term debt)	(3,865,308)	
Facility Leasehold/Rental Payments	986,272	Ties to Form 5-3 line 3

x

COMPASS HEALTH, INC.
BAYSIDE CARE CENTER & CASA DE FLORES

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

Total Operating Expense (BCC & CDF)	15,644,700	Form 5-4 (1) Line 1
BCC Total Expenses	11,219,200	Audited FS pg. 23, line 17 under BCC
CDF Total Expenses	4,425,500	Audited FS pg. 23, line 17 under CDF
	15,644,700	Ties to Form 5-4 (1) Line 1
Variance	-	
Depreciation	161,701	Form 5-4 (1) Line 2c See Form 5-1 Reconciliation Above. Ties to Audited FS pg. 23, line 12
Revenue from Persons not under CCRC Contract		
See separate reconciliation to Consolidated Statement of Cash Flows (Direct Method)		

Reconciliation of Revenue to Consolidated Statement of Cash Flows

12,981,401.04	AGCC/WYD non-CCRC Revenue (A7 + A26)
Ties to Form 5-4 (2) line 2 (e)	
4,666.00	AGCC CCRC Revenue
12,830,004.04	AGCC Non-CCRC Revenue
12,834,670.04	AGCC Room & Board Revenue
12,834,670.04	AGCC Room & Board
361,520.96	AGCC Other Rev + Contractual Adj.
13,196,191.00	AGCC Revenue
3,556,764.00	WYN CCRC Revenue
151,397.00	Non-CCRC
3,708,161.00	WYND Room & Board Revenue

11,236,402.99	BCC/CDF non-CCRC Revenue (H19 + H26)
Ties to Form 5-4 (1) line 2 (e)	
802,202.00	BCC CCRC Revenue
11,087,485.99	BCC Non-CCRC Revenue
11,889,687.99	BCC Room & Board Revenue
11,889,687.99	BCC Room & Board
351,060.01	BCC Other Rev + Contractual Adj.
12,240,748.00	BCC Revenue
4,268,003.00	CCRC
148,917.00	Non-CCRC
4,416,920.00	CDF Room & Board Revenue

12,240,748.00	BCC Revenue
13,196,191.00	AGCC Revenue
52,509,987.00	Other SNFS
77,946,926.00	SNF Revenues

4,416,920.00	CDF Revenue
3,708,161.00	WYND Revenue
210.00	Other Facility
8,125,291.00	RESIDENTIAL & BOARD & CARE

77,946,926.00	SNF Revenues
8,125,291.00	RCFE Revenues
(4,282,484.00)	Less Therapy Revenues
81,789,733.00	2024 Revenues

81,789,733.00	2024 SNF + RCFE Revenues + Therapy Revenues
8,578,747.00	2023 Ending AR
(9,971,356.00)	Less 2024 AR

80,397,100.00 Ties to Cash Received from patients and third-party payers
from Statement of Cash Flows - Direct Method (page 25 audited FS)

**Continuing Care Retirement Community
Disclosure Statement**

Date Prepared:04/25/2025

FACILITY NAME: Compass Health Inc., dba Bayside Care Center and Casa de Flores
 ADDRESS: 1405 Teresa Dr., Morro Bay CA ZIP CODE: 93442 PHONE: 805-772-2237
 PROVIDER NAME: Compass Health Inc FACILITY OPERATOR: Compass Health Inc
 RELATED FACILITIES: _____ RELIGIOUS AFFILIATION: None
 YEAR 1995 # OF _____ SINGLE MULTI- OTHER: _____ MILES TO SHOPPING CTR: 1
 ACRES: 5.4 STORY _____ MILES TO HOSPITAL: 20

NUMBER OF UNITS:

RESIDENTIAL LIVING	HEALTH CARE
APARTMENTS — STUDIO: _____	ASSISTED LIVING: <u>90</u>
APARTMENTS — 1 BDRM: _____	SKILLED NURSING: <u>145</u>
APARTMENTS — 2 BDRM: _____	SPECIAL CARE: _____
COTTAGES/HOUSES: _____	DESCRIPTION: > _____
RLU OCCUPANCY (%) AT YEAR END: _____	OVERALL CCRC OCCUPANCY (%) AT YEAR END: <u>98.8%</u>

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.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<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 checked="" type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input checked="" 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 checked="" type="checkbox"/>	LINENS FURNISHED	<input type="checkbox"/>	<input checked="" type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input 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)

Arroyo Grande Care Center/Wyndham Residence

Arroyo Grande, CA

805-489-8137,805-474-7260

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

Vineyard Hills Health Center

Templeton CA

805-805-434-3035

San Luis Post Acute Center

San Luis Obispo CA

805-544-5100

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

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>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	71,612,000	70,927,300	73,922,700	81,730,300
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	61,912,800	65,720,700	73,621,300	75,634,655
NET INCOME FROM OPERATIONS	<u>9,699,200</u>	<u>5,103,200</u>	<u>301,400</u>	<u>6,095,645</u>
LESS INTEREST EXPENSE	35,200	25,100	12,400	562
PLUS CONTRIBUTIONS				
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)				
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>9,664,000</u>	<u>5,078,100</u>	<u>289,000</u>	<u>6,095,083</u>
NET CASH FLOW FROM ENTRANCE FEES (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
50th Percentile
(optional)

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

	RESIDENTIAL LIVING	ASSISTED LIVING	SKILLED NURSING
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	N/A	\$3,844- \$7,725	\$11,250 - \$18,000
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	N/A	3% \$3,955 - \$7,957	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: September 1, 2024 for the Assisted Living (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:** 6/25/2024 **Method of Notice:** By 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:** 7/18/2024
- 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:** 6/27/2024
- 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:** 6/27/2024 **Location of Posting:** Announcement Board/Mail Room

[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: Bayside Care Center and Casa de Flores

Compass Health, Inc. dba Bayside Care Center and Casa de Flores

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%	\$3,955 to \$7,957
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) 2024**

Line	Fiscal Years	2023	2024	2025
1	F/Y 2023 Operating Expenses	(15,465,000)		
2	F/Y 2024 Operating Expenses		(15,644,700)	
3	Projected F/Y 2025 Results of Operations			(16,114,041)
4	F/Y 2025 Anticipated MCF Revenue Based on Current and Projected Occupancy ¹ and Other without			16,139,090
5	Projected F/Y 2025 (Net) Operating Results without a MCFI			25,049
6	Projected F/Y 2025 Anticipated Revenue Based on Current and Projected Occupancy ¹ and Other with MCFI 3% on Assisted Living Monthly Fees			16,271,408
7	Grand Total - Projected F/Y 2025 Net Operating Activating after MCFI 3% on Assisted Living Monthly Fees			157,367

Audited financials Total Expenses (BCC+CASA)

Audited financials Total Expenses (BCC+CASA)

Monthly Care Fee Increase Assisted Living: 6%

Adjustments Explained:

- 1) Projected SNF occupancy based on current census is expected to increase 4% over F/Y 2024 and Projected Assisted Living occupancy based on current census is expected to remain flat over F/Y 2024.
- 2) In F/Y 2024, Assisted Living Revenue was 28% of the total MCF Revenue.