



Reports of Independent Auditors on Supplementary Information and
Continuing Care Liquid Reserve Schedules with
Supplementary Schedules

Viamonte Senior Living 1, Inc.

For the Year Ended December 31, 2022



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Report of Independent Auditors

The Board of Directors
Viamonte Senior Living 1, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Viamonte Senior Living 1, Inc., which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended December 31, 2022, and the related note to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the continuing care liquid reserve schedules Form 5-1 through Form 5-5 of Viamonte Senior Living 1, Inc. as of and for the year ended December 31, 2022, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Viamonte Senior Living 1, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by Viamonte Senior Living 1, Inc. on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 these 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 Viamonte Senior Living 1, Inc.'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 Viamonte Senior Living 1, Inc.'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.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Supplementary Schedule to Form 5-4: Required Disclosure Under Section 1790 (a)(2), Supplementary Schedule to Form 5-4: Reconciliation to Audit Report and Supplementary Schedule to Form 5-5: Reconciliation to Audit Report, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic 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, taken as a whole.

The Supplementary Schedule – Additional Disclosures for the year ended December 31, 2022, is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction on Use

This report is intended solely for the information and use of the Board of Directors and management of Viamonte Senior Living 1, Inc., and the California Department of Social Services, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Moss Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California
May 10, 2023

Viamonte Senior Living 1, Inc.

Form 5-1

Long-Term Debt Incurred In A Prior Fiscal Year (Including Balloon Debt)

Year Ended December 31, 2022

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Principal Paid During Fiscal Year	Interest Paid During Fiscal Year	Credit Enhancement Premiums Paid in Fiscal Year	Total Paid (columns (b) + (c) + (d))
1	8/7/2018	\$0	\$4,580,938	\$0	\$4,580,938
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
	TOTAL:	\$0	\$4,580,938	\$0	\$4,580,938

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

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

Viamonte Senior Living 1, Inc.

Form 5-2

Long-Term Debt Incurred During Fiscal Year (Including Balloon Debt)

Year Ended December 31, 2022

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		\$0	\$0	0	\$0
2					
3					
4					
5					
6					
7					
8					
TOTAL:					\$0

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

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

Viamonte Senior Living 1, Inc.
Form 5-3
Calculation of Long-Term Debt Reserve Amount
Year Ended December 31, 2022

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	<u>\$ 4,580,938</u>
2	Total from Form 5-2 bottom of Column (e)	<u>\$ -</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u>\$ -</u>
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	<u><u>\$ 4,580,938</u></u>

Viamonte Senior Living 1, Inc.
Form 5-4
Calculation of Net Operating Expenses
Year Ended December 31, 2022

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	<u>\$19,150,505</u>
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	<u>\$4,580,938</u>
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>
c.	Depreciation	<u>\$3,337,293</u>
d.	Amortization	<u></u>
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$532,842</u>
f.	Extraordinary expenses approved by the Department	<u></u>
3	Total Deductions	<u>\$8,451,073</u>
4	Net Operating Expenses	<u>\$10,699,432</u>
5	Divide Line 4 by 365 and enter the result.	<u>\$29,314</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	<u><u>\$2,198,550</u></u>

PROVIDER: Viamonte Senior Living 1, Inc.

Viamonte Senior Living 1, Inc.
Form 5-5
Annual Reserve Certification
Year Ended December 31, 2022

FORM 5-5: ANNUAL RESERVE CERTIFICATION

Provider Name: Viamonte Senior Living 1, Inc.
 Fiscal Year Ended: 12/31/2022

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended December 31, 2022, 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	\$ 4,580,938
[2] Operating Expense Reserve Amount	\$ 2,198,550
[3] Total Liquid Reserve Amount:	\$ 6,779,488

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

	<u>Amount</u>	
<u>Qualifying Asset Description</u>	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ -	\$ 15,825,562
[5] Investment Securities	_____	_____
[6] Equity Securities	_____	_____
[7] Unused/Available Lines of Credit	_____	_____
[8] Unused/Available Letters of Credit	_____	_____
[9] Debt Service Reserve	7,785,750	_____
[10] Other:	_____	_____

Qualifying assets used in these reserves are described as follows:

Total Amount of Qualifying Assets

Listed for Reserve Obligation:	[11]	\$ 7,785,750	[12]	\$ 15,825,562
Reserve Obligation Amount:	[13]	\$ 4,580,938	[14]	\$ 2,198,550
Surplus/(Deficiency):	[15]	\$ 3,204,812	[16]	\$ 13,627,012

Signature:



 (Authorized Representative)

Date: 5/10/2023

CFO

 (Title)

Supplementary Schedules

Viamonte Senior Living 1, Inc.
Supplementary Schedule to Form 5-4:
Required Disclosure Under Section 1790 (a)(2)
Year Ended December 31, 2022

Total operating expenses (Form 5-4, Line 1)	\$ 19,150,505
Mean number of all residents (Form 1-1, Line 10)	<u>176</u>
Per capita cost of operations	<u><u>\$ 108,810</u></u>

Viamonte Senior Living 1, Inc.
Supplementary Schedule to Form 5-4: Reconciliation to Audit Report
Year Ended December 31, 2022

Form 5-4 Reconciliation

Reconciliation to Audited Financial Statements

Fees for services and other income	\$ 714,741
Less: Other revenues	<u>(181,899)</u>
	<u><u>\$ 532,842</u></u>

Viamonte Senior Living 1, Inc.
Supplementary Schedule to Form 5-5: Reconciliation to Audit Report
Year Ended December 31, 2022

Form 5-5 Reconciliation

Financial Statements and Footnotes Description

Cash and cash equivalents	\$ 104,572
Limited use assets - money market funds held by trustee for working capital	<u>15,720,990</u>
 Total qualifying assets as filed for operating reserve	 <u><u>\$ 15,825,562</u></u>
 Limited use assets - debt service reserve fund - Revenue Bond Series 2018	 \$ 5,924,000
Limited use assets - principal and interest fund - Revenue Bond Series 2018	<u>1,861,750</u>
 Total qualifying assets as filed for debt service reserve	 <u><u>\$ 7,785,750</u></u>

Reconciliation to Audited Financial Statements

Cash and cash equivalents	\$ 104,572
Limited use assets, current portion	17,582,740
Limited use assets, noncurrent portion	<u>46,625,910</u>
	64,313,222
 Less:	
Investments held by trustee for repayment of revenue bonds	(40,567,516)
Limited use assets - revenue fund - Revenue Bond Series 2018	(35,813)
Limited use assets - project fund - Revenue Bond Series 2018	<u>(98,581)</u>
	<u><u>\$ 23,611,312</u></u>
 Total qualifying assets as filed for operating reserve	 \$ 15,825,562
Total qualifying assets as filed for debt service reserve	<u>7,785,750</u>
	<u><u>\$ 23,611,312</u></u>

Viamonte Senior Living 1, Inc.
Additional Disclosures (Unaudited)
For the Year Ended December 31, 2022

Viamonte Senior Living 1, Inc.'s ("Viamonte") reserves consist of cash and marketable securities, net of amounts designated for Foundation investments (restricted) of \$4,895,000. Viamonte invests 100% of its reserves in equity investments.

Funds accumulated for specific projects and/or contingencies

Viamonte's reserves have not been designated for specific needs or projects. They are available to respond to contingencies; provide funding for projects which are internally financed and support Viamonte's efforts to grow and serve more seniors consistent with its tax-exempt purpose.

In 2022, Viamonte's cash flow from operations including entrance fees was not sufficient to cover its activities, so accumulated cash and marketable securities were required to fund projects. There were no projects in excess of \$250,000 completed in 2022 or projects in the 2023 capital budget.

Viamonte Senior Living 1, Inc.
Note 1 to the Continuing Care Reserve Report
For the Year Ended December 31, 2022

The continuing care reserve report included in Part 5 has been prepared in accordance with the report preparation provisions of the California Health and Welfare Code (the Code), Section 1792.

Section 1792 of the Code indicates that Viamonte Senior Living 1, Inc. should maintain at all times qualifying assets as a liquid reserve in an amount that equals or exceeds the sum of the following:

- The amount the provider is required to hold as a debt service reserve under Section 1792.3
- The amount the provider must hold as an operating expense reserve under Section 1792.4

In accordance with the Code, Viamonte Senior Living 1, Inc. has computed its liquid reserve requirement as of and for the year ended December 31, 2022, Viamonte Senior Living 1, Inc.'s most recent fiscal year end, and the reserve is based on audited financial statements for the period. Additionally, in accordance with the Code, Viamonte Senior Living 1, Inc. has excluded certain long-term debt repayments made during the year ended December 31, 2022, from Form 5-1 as they were voluntary payments made to pay down principal.

