
THE REUTLINGER COMMUNITY

***APPLICATION FOR ATTORNEY
GENERAL CONSENT
PURSUANT TO CAL. CORP. CODE
SEC. 5920. ET SEQ.***

**TITLE 11, CALIFORNIA, ADMIN. CODE
SEC. 999.5(d)**

BINDER 2 OF 3
Sections (3) – (10)

Title 11, California Admin. Code, § 999.5(d)(3)

INUREMENT AND SELF-DEALING

Title 11, Cal. Admin. Code, § 999.5(d)(3)(A)

Documents or Writings Relating or Referring to Any Personal Benefit the
Proposed Transaction Would Confer on Any Officer, Director, Employee, Doctor,
Medical Group or Other Entity Affiliated with the Applicant, or
Any Family Member of Any Such Person

The Proposed Transaction does not confer any personal financial benefit on any of the individuals and/or entities described in Title 11, California Administrative Code, section 999.5(d)(3)(A).

Title 11, Cal. Admin. Code, § 999.5(d)(3)(B)

Identity of Each Officer, Trustee or Director of Applicant or Any Affiliate of Applicant
Who or Which Has a Personal Financial Interest in Any Business Entity that Currently Does
Business with Applicant or Its Affiliates or Transferee or Its Affiliates

None of the individuals described in Title 11, California Administrative Code, section 999.5(d)(3)(B) have any personal financial interest (other than salary and/or directors/trustees' fees) in any company, firm, partnership or business entity currently doing business with Reutlinger or Eskaton, except as noted below:

- Craig Judson, current member of Reutlinger's Board of Directors. Mr. Judson's law firm (Bold, Polsiner, Maddow, Nelson & Judson) is currently doing business with Reutlinger by providing legal services in connection with conservatorship applications.

Title 11, Cal. Admin. Code, § 999.5(d)(3)(C)

Statement of Compliance with California Health & Safety Code Section 1260.1

No member of the Board of Directors of Reutlinger who participated in the negotiation of the terms and conditions of the proposed transaction with Eskaton has received or will receive, directly, or indirectly, any salary, compensation, payment or other form of remuneration from Eskaton, or any entity affiliated with Eskaton, following consummation of the proposed transaction. Moreover, because there is no "purchasing public benefit corporation or entity" as described in Section 5920 of the Corporations Code, Section 1260.1 is not applicable to this transaction.

Title 11, California Admin. Code, § 999.5(d)(4)

CHARITABLE USE OF ASSETS

Title 11, Cal. Admin. Code, § 999.5(d)(4)(A)

Applicant's Articles of Incorporation and Bylaws

The following documents of the Applicant are attached hereto: (i) Articles of Incorporation; (ii) Restated Articles of Incorporation; and (iii) Amended and Restated Bylaws.

1886626

FILED
in the office of the Secretary of State
of the State of California

APR 15 1994

ARTICLES OF INCORPORATION
OF
HOME FOR JEWISH PARENTS

Tony Miller
Acting Secretary of State

I.

The name of this corporation is Home for Jewish Parents.

II.

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purposes of this corporation are:

1. To promote the health and welfare of the community by operating a geriatric residential and nursing home facility, and providing outreach services to the elderly in the Jewish community.

2. To provide related health care and non-health care services and facilities to benefit the elderly in the Jewish community.

3. To have and exercise all rights and powers conferred on nonprofit public benefit corporations under the laws of California, subject to the provisions of Articles V and VI below.

III.

The name and address in the State of California of this corporation's initial agent for service or process are:

Martin Gittleman
Executive Director
Home for Jewish Parents
2780 - 26th Avenue
Oakland, CA 94601

IV.

A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (the "Code").

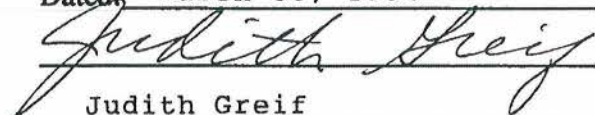
B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

C. Notwithstanding any other provision of these Articles of Incorporation, this corporation shall not conduct any activities not permitted to be conducted by a corporation exempt from taxation under Section 501(c)(3) of the Code or by a corporation the contributions to which are deductible by a contributor under Section 170(c)(2) of the Code.

V.

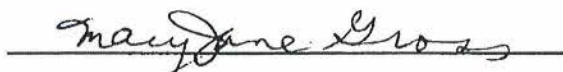
The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this corporation shall be distributed to the Jewish Federation of the Greater East Bay, a California nonprofit public benefit corporation that is tax exempt pursuant to Section 501(c)(3) of the Code, or in the event that the Jewish Federation of the Greater East Bay no longer exists or no longer qualifies as an exempt organization under Section 501(c)(3) of the Code, the properties, monies and assets of this Corporation shall be transferred exclusively to a nonprofit fund, foundation or corporation, as the Board of Directors of this corporation shall determine, which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Code.

Dated: March 30, 1994



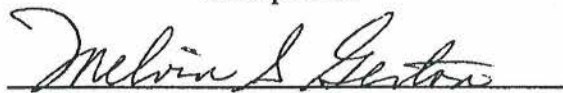
Judith Greif

Incorporator



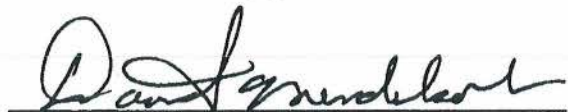
Mary Jane Gross

Incorporator



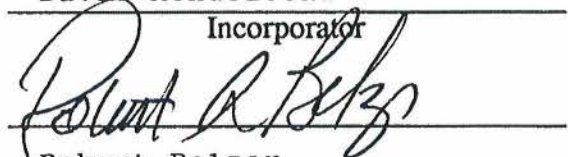
Melvin S. Gerton

Incorporator



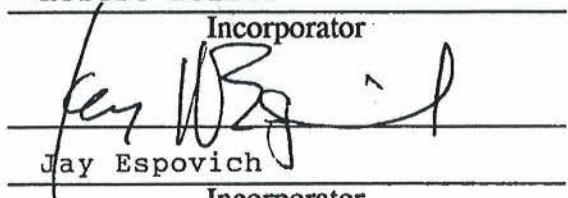
David Mendelsohn

Incorporator



Robert Belzer

Incorporator



Jay Espovich

Incorporator

1886626

RESTATED ARTICLES OF INCORPORATION

OF

HOME FOR JEWISH PARENTS

FILED
Secretary of State
State of California

IPC JUN 11 2015

NETO

The undersigned, Jay Zimmer and Steven Wolfe, certify that:

1. They are the President and Secretary, respectively, of Home For Jewish Parents, a California nonprofit public benefit corporation (the "Corporation").
2. The Articles of Incorporation of the Corporation are amended and restated to read in full as follows:

I.

The name of this Corporation is THE REUTLINGER COMMUNITY ("Corporation").

II.

This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

III.

The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Internal Revenue Code Section 501(c)(3).

IV.

The specific purposes of this Corporation are:

1. to promote the health and welfare of the community by

operating one or more geriatric residential and nursing home facilities, and providing outreach services to the elderly in Northern California (the "Region"), all in the Jewish tradition; and

2. to provide related health care and non-health care services and facilities to benefit the elderly in the Region.

Solely for the above purposes, the Corporation is empowered to exercise all rights and powers conferred by the laws of the State of California upon nonprofit corporations, including without limitation thereon, to receive gifts, devises, bequests and contributions in any form, and to use, apply, invest and reinvest the principal and/or income therefrom or distribute the same to qualified charitable organizations for the above purposes.

V.

Notwithstanding any other provision of these Articles, the Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of the Corporation, and the Corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under Internal Revenue Code Section 501(c)(3), or (b) by a corporation to which contributions are deductible under Internal Revenue Code Sections 170(b), 170(c)(2), 2055(a)(2) or 2522(a).

VI.

The property of the Corporation is irrevocably dedicated to charitable purposes meeting the requirements for exemption provided by Section 214 of the California Revenue and Taxation Code, and no part of the net income or assets of the Corporation shall ever inure to the benefit of any director, officer or member thereof, or to the benefit of any private person.

VII.

No substantial part of the activities of this Corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of or in opposition to any candidate for public office.

VIII.

The Corporation shall not have any members as defined in Section 5056 of the California Nonprofit Corporation Law. References to "members" are to the Board of Directors as provided in Section 5310 of the California Nonprofit Corporation Law. Each director shall be entitled to one vote. The method for electing directors shall be set forth in the Bylaws of the Corporation.

IX.

Upon the dissolution or winding up of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation shall be distributed exclusively for charitable purposes to one or more organizations which are then organized and operated exclusively for charitable purposes meeting the requirements for exemption provided by Section 214 of the California Revenue and Taxation Code and which have established their tax exempt status under Internal Revenue Code Section 501(c)(3) (each, a "Qualified Organization"), as determined by the Board of Directors of the Corporation. Any of such assets not so distributed shall be distributed exclusively for charitable purposes to such Qualified Organizations as shall be determined by the Superior Court in the county in which the principal office of the Corporation is then located.

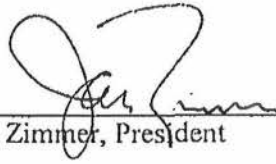
X.

All references in these Articles to sections of the Internal Revenue Code shall be deemed to be references to the Internal Revenue Code of 1986, as amended, and to the corresponding provisions of any similar law subsequently enacted. All references in these Articles to sections of the California Revenue and Taxation Code shall be deemed to be references to said Code and to the corresponding provisions of any similar law subsequently enacted.

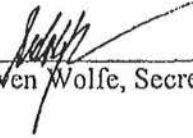
3. The foregoing amendment to and restatement of the Articles of Incorporation have been duly approved by the Board of Directors of the Corporation in accordance with Section 5812 of the California Corporations Code.
4. The Corporation has no members.
5. The foregoing amendment to and restatement of the Corporation's Articles of Incorporation may be adopted by approval of the Board of Directors of the Corporation alone because the Corporation has no members and its Articles of Incorporation do not require approval by any other person of said amendment.

The undersigned declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of their own knowledge.

Dated: June 1, 2015



Jay Zimmer, President



Steven Wolfe, Secretary

**AMENDED & RESTATED BYLAWS OF
THE REUTLINGER COMMUNITY
A California Nonprofit Public Benefit Corporation**

Adopted by the Board of Directors as of October 16, 2018.

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AMENDED AND RESTATED BYLAWS

of

THE REUTLINGER COMMUNITY

A California Nonprofit Public Benefit Corporation

ARTICLE 1

NAME, OFFICE AND PURPOSES

Section 1.1. **Name.** The name of this Corporation is and shall be The Reutlinger Community (hereinafter, the "Corporation").

Section 1.2. **Principal Office.** The principal office of the Corporation shall be located in Danville, California. The principal office and additional offices may be located in such other places as may be determined from time to time by the Board of Directors of the Corporation (the "Board").

Section 1.3. **Purposes.**

(a) The Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law for charitable purposes. The Corporation is organized and shall be operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (hereinafter the "Internal Revenue Code").

(b) The primary objective and purpose of this Corporation shall be as described in the Corporation's Articles of Incorporation.

(c) The Corporation is empowered to exercise all rights and powers conferred by the laws of the State of California upon nonprofit corporations, including, but without limitation, to receive gifts, devises, bequests and contributions in any form, and to use, apply, invest and reinvest the principal and/or income therefrom or distribute the same for the aforementioned purposes. The sale of assets received as gifts, devises, bequests, or contributions shall constitute a proper use or application under the preceding sentence.

(d) The Corporation owns and operates The Reutlinger Community, a licensed continuing care retirement community (hereinafter, the "Community") located at 4000 Camino Tassajara, Danville, CA 94506.

ARTICLE 2
NONPARTISAN ACTIVITIES AND DEDICATION OF ASSETS

Section 2.1. **No Partisan Activities.** This Corporation has been formed under the California Nonprofit Corporation Law for the purposes described above, and it shall be nonprofit and nonpartisan. No substantial part of the activities of the Corporation shall consist of the publication or dissemination of materials with the purpose of attempting to influence legislation, and the Corporation shall not participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office.

Section 2.2. **No Activities Not in Furtherance of Exempt Purposes.** The Corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the purposes described in Section 1.3 above.

Section 2.3. **Dedication of Assets.** The property of this Corporation is irrevocably dedicated to charitable purposes meeting the requirements for exemption provided by Section 214 of the California Revenue and Taxation Code, and no part of the net income or assets of this Corporation shall ever inure to the benefit of any Director or officer of this Corporation or to any private person or individual.

Section 2.4. **Assets Distributed on Liquidation.** Upon the dissolution and winding up of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of the Corporation, shall be distributed to one or more nonprofit funds, foundations or corporations which are then organized and operated exclusively for charitable purposes meeting the requirements for exemption provided by Section 214 of the California Revenue and Taxation Code and which have established its tax exempt status under Internal Revenue Code Section 501(c)(3), as determined by the Board of Directors of the Corporation. Any of such assets not so distributed shall be distributed by the Superior Court in the county in which the principal office of the Corporation is located, to such nonprofit funds, foundations or corporations which are then organized and operated exclusively for charitable purposes meeting the requirements for exemption provided by Section 214 of the California Revenue and Taxation Code and which have established their tax exempt status under Internal Revenue Code Section 501(c)(3).

ARTICLE 3
MEMBERSHIP

Section 3.1. **No Members.** The Corporation shall not have any members as defined in Section 5056 of the California Nonprofit Corporation Law. References to "members" are to the Board as provided in Section 5310 of the California Nonprofit Corporation Law. Any rights accruing to members under the California Nonprofit Corporation Law shall be held by the Directors.

Section 3.2. **Supporters.** Any person shall be eligible to become a supporter of the Corporation upon payment of such dues or contribution amounts as shall be determined from time to time by the Board. For convenience purposes, supporters of the Corporation may be called members, but shall not be members within the meaning of the California Nonprofit Corporation Law.

ARTICLE 4 BOARD OF DIRECTORS

Section 4.1. **General Powers.** Subject to the provisions of the California Nonprofit Corporation Law, the activities and affairs of this Corporation shall be conducted and all corporate powers shall be exercised by or under the direction of the Board.

Section 4.2. **Number and Qualifications.** The Board shall consist of at least nine (9) but no more than fifteen (15) Directors.

Section 4.3. **Duties.** It shall be the duty of the Directors to:

(a) Perform any and all duties imposed on them collectively or individually by law, by the Articles of Incorporation of the Corporation, or by these Bylaws.

(b) Appoint and remove, employ and discharge, and, except as otherwise provided in these Bylaws, prescribe the duties and fix the compensation, if any, of all officers, agents and employees of the Corporation.

(c) Supervise all officers, agents and employees of the Corporation to assure that their duties are performed properly.

(d) Meet at such times and places as required by these Bylaws.

(e) Register their addresses with the Secretary of the Corporation, and notices of meetings mailed to them at such addresses shall be valid notices thereof.

Section 4.4. **Election & Terms of Office.** Except for the Resident Director, Directors shall be elected at the first regular Board meeting each year, by a majority vote of the Directors then in office, including Directors whose term of office expires with such meeting. If Directors are not elected at such meeting, they may be elected at any special meeting of the Board or by the unanimous written consent of the Directors then in office. Directors shall serve staggered three (3) year terms, arranged so that approximately one-third of the Directors' terms shall expire in any year. Directors may serve consecutive terms without limitation. Each Director, including a Director elected to fill a vacancy, shall hold office until expiration of the term for which elected and until a successor is elected and qualified. A copy of the Articles of Incorporation and Bylaws of the Corporation, and any amendments thereto, shall be delivered to each new Director upon taking office.

Section 4.5. **Compensation.** Directors shall not receive compensation for their services as members of the Board. Nothing herein shall be construed to preclude any Director from receiving reimbursement for reasonable expenses, as may be fixed or determined by resolution of the Board. Nothing contained in this section shall be construed to preclude any Director from serving the Corporation in any other capacity as an officer, agent, employee, or otherwise, and receiving compensation therefor, subject, however, to the restrictions set forth in Section 4.6 below and Internal Revenue Code Section 4958.

Section 4.6. **Restriction Regarding Interested Directors.** Notwithstanding any other provision of these Bylaws, not more than forty-nine percent (49%) of the persons serving on the Board may be interested persons. For purposes of this Section, "interested persons" means either:

(a) Any person compensated by the Corporation for services rendered to it within the previous twelve (12) months, whether as a full- or part-time officer or other employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a Director as Director; or

(b) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person.

A violation of the provisions of this paragraph shall not affect the validity or enforceability of any transaction entered into by the Corporation.

Section 4.7. **Place of Meetings.** Meetings shall be held at the principal office of the Corporation unless otherwise provided by the Board or at such place within or outside the State of California which has been designated from time to time by resolution of the Board. In the absence of such designation, any meeting not held at the principal office of the Corporation shall be valid only if held on the written consent of all Directors, given either before or after the meeting and filed with the Secretary of the Corporation or after all Board members have been given written notice of the meeting as hereinafter provided for special meetings of the Board. Any meeting, regular or special, may be held by:

(a) conference telephone or electronic video screen communication, so long as all Directors participating in such meeting can hear one another; or

(b) electronic transmission by and to the Corporation (other than conference telephone and electronic video screen communication) so long as both of the following apply:

(1) All Directors participating in such meeting can communicate with one another concurrently; and

(2) Each Director participating in such meeting is provided the means of participating in all matters before the Board, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken.

Section 4.8. **Regular Meetings.** Regular meetings of the Board shall be held at least once a year, at any place designated from time to time by resolution of the Board.

Section 4.9. **Special Meetings.** Special meetings of the Board may be called by the Chair of the Board, the President & CEO, the Vice-President (if any), the Secretary, or by any three (3) Directors, and such meetings shall be held at the place, within or outside the State of California, designated by the person or persons calling the meeting, and in the absence of such designation at the principal office of the Corporation.

Section 4.10. **Notice of Meetings.** Regular meetings of the Board may be held without notice. Special meetings of the Board shall be held upon four (4) days' notice by first-class mail or forty-eight (48) hours' notice delivered personally or by telephone or electronic mail. If sent by mail, the notice shall be deemed to be delivered on its deposit in the mails. If sent by electronic mail, the notice shall be deemed to be delivered on its transmission. Such notices shall be addressed to each Director at his or her address as shown on the books of the Corporation. Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place of the adjourned meeting are fixed at the meeting adjourned and if such adjourned meeting is held no more than twenty-four (24) hours from the time of the original meeting. Notice shall be given of any adjourned regular or special meeting to Directors absent from the original meeting if the adjourned meeting is held more than twenty-four (24) hours from the time of the original meeting.

Section 4.11. **Contents of Notice.** Notice of meetings not herein dispensed with shall specify the place, day and hour of the meeting. The purpose of any Board meeting need not be specified in the notice.

Section 4.12. **Waiver of Notice and Consent to Holding Meetings.** The transactions of any meeting of the Board, however called and noticed or wherever held, are as valid as though the meeting had been duly held after proper call and notice, provided a quorum, as hereinafter defined, is present and provided that either before or after the meeting each Director not present signs a waiver of notice, a consent to holding the meeting, or an approval of the minutes thereof. All such waivers, consents, or approvals, shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 4.13. **Quorum for Meeting.**

(a) A quorum shall consist of a majority of Directors actually in office. Except as otherwise provided in these Bylaws or in the Articles of Incorporation of the Corporation, or by law, no business shall be considered by the Board at any meeting at which a quorum is not present, and the only motion which the chair shall entertain at such meeting is a motion to adjourn. However, a majority of the Directors present at such meeting may adjourn from time to time until the time fixed for the next regular meeting of the Board.

(b) When a meeting is adjourned for lack of a quorum, it shall not be necessary to give any notice of the time and place of the adjourned meeting or of the business to be transacted

at such meeting, other than by announcement at the meeting at which the adjournment is taken, except as provided in Section 4.10 above.

(c) The Directors present at a duly called and held meeting at which a quorum is initially present may continue to transact business, notwithstanding the loss of a quorum at the meeting due to a withdrawal of Directors from the meeting, provided that any action thereafter taken must be approved by at least a majority of the required quorum for such meeting or such greater percentage as may be required by law, or the Articles of Incorporation of the Corporation or these Bylaws.

Section 4.14. Majority Action as a Board Action. Every act or decision done or made by a majority of the Directors present at a meeting duly held at which a quorum is present is the act of the Board, unless the Articles of Incorporation of the Corporation or these Bylaws, or provisions of the California Nonprofit Corporation Law, particularly those provisions relating to appointment of committees (Section 5212), approval of contracts or transactions in which a Director has a material financial interest (Section 5233) and indemnification of Directors (Section 5238e), require a greater percentage or different voting rules for approval of a matter by the Board.

Section 4.15. Conduct of Meetings. Meetings of the Board shall be presided over by the Chair of the Board, or, in his or her absence, by the Vice-President (if any) of the Corporation or, in the absence of each of these persons, by a chair chosen by a majority of the Directors present at the meeting. The Secretary of the Corporation shall act as secretary of all meetings of the Board, provided that in his or her absence, the presiding officer shall appoint another person to act as secretary of the meeting.

Section 4.16. Action by Unanimous Written Consent without Meeting. Any action required or permitted to be taken by the Board under any provision of law may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of the Directors. Any certificate or other document filed under any provision of law which relates to action so taken shall state that the action was taken by unanimous written consent of the Board without a meeting and that the Bylaws of this Corporation authorize the Directors to so act, and such statement shall be prima facie evidence of such authority.

Section 4.17. Vacancies.

(a) Vacancies on the Board shall exist (1) on the death, resignation or removal of any Director or (2) whenever the number of authorized Directors is increased. The Board may declare vacant the office of a Director who has been declared of unsound mind by a final order of court, or convicted of a felony, or been found by a final order or judgment of any court to have breached any duty under Section 5230 and following of the California Nonprofit Corporation Law.

(b) Any Director may resign effective upon giving written notice to the Chair of the Board, the Secretary or the Board, unless the notice specifies a later time for the effectiveness of such resignation. No Director may resign if the Corporation would then be left without a duly elected Director or Directors in charge of its affairs, except upon notice to the Attorney General of the State of California.

(c) The Board may remove any Director, with or without cause, whenever in its judgment the best interests of the Corporation would be served thereby.

(d) Any vacancy caused by the death, resignation, disqualification, removal or otherwise of any Director or by an increase in the number of authorized Directors shall be filled by the Board, except that vacancies created by the removal of a Director may be filled only by the remaining Directors.

Section 4.18. Non-Liability of Directors. The Directors shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

Section 4.19. Loans to Directors and Officers. The Corporation shall not make any loan of money or property to or guarantee the obligation of any Director or officer, unless approved by the Attorney General of the State of California; provided, however, that the Corporation may advance money to a Director or officer of the Corporation for expenses reasonably anticipated to be incurred in the performance of the duties for such Director or officer upon the prior consent of the Chair of the Board, provided that in the absence of such advance, such Director or officer would be entitled to be reimbursed for such expenses by the Corporation.

Section 4.20. Nonvoting Resident Representative. The Board shall permit one resident of the Community who is elected by the other residents to attend, speak and participate as a nonvoting resident representative in all meetings of the Board (the "Nonvoting Resident Representative"); (b) the Corporation shall provide the Nonvoting Resident Representative with the same notice of Board meetings, Board packets, minutes and materials as are provided to the Directors, except as otherwise set forth in Section 1771.8(n); and (c) the Corporation shall permit the Nonvoting Resident Representative to attend meetings of the Board committee or committees that (i) review the annual budget for the Community and (ii) recommend increases, if any, in monthly care fees. Notwithstanding the foregoing, the Nonvoting Resident Representative shall not be deemed a "director" (as defined in California Corporations Code Section 5047) of the Corporation.

Section 4.21. Resident Director. One Director shall be a Resident Director. The Resident Director shall be a resident of the Community. The Board shall permit one resident of the Community (the "Resident Director") to be nominated to participate on the corporation's Board by the association of residents of the corporation's continuing care retirement community as set forth in Health & Safety Code section 1771.8. The resident association may nominate multiple nominees from which the Board may select the Resident Director. The Resident Director shall be approved by the Board from among the resident association's nominations. If the Board disapproves of the resident association's nominations, the resident association shall nominate additional residents for the Board's approval or disapproval until the Resident Director position is

filled. The Resident Director shall be a voting member of the Board and shall perform his or her duties in a manner that complies with the standards of conduct and fiduciary duties of all other members of the Board.

ARTICLE 5
INDEMNIFICATION BY CORPORATION OF DIRECTORS, OFFICERS,
EMPLOYEES AND OTHER AGENTS

Section 5.1. **Right to Indemnification.**

(a) Directors and Executive Officers. The Corporation shall indemnify its Directors and executive officers to the full extent permitted by the California Nonprofit Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said Law permitted the Corporation to provide prior to such amendment); provided, however, that the Corporation may limit the extent of such indemnification by individual contracts with its Directors and executive officers; and, provided, further, that the Corporation shall not be required to indemnify any Director or executive officer in connection with any proceeding (or part thereof) against the Corporation or its Directors, officers, employees or other agents unless (i) such indemnification is expressly required to be made by law, (ii) the proceeding was authorized by the Board, or (iii) such indemnification is provided by the Corporation, in its sole discretion, pursuant to the powers vested in the Corporation under the California Nonprofit Corporation Law.

(b) Other Officers, Employees and Other Agents. The Corporation shall have the power to indemnify its other officers, employees and other agents as set forth in the California Nonprofit Corporation Law.

(c) Good Faith. For purposes of any determination under this Bylaw, a Director or executive officer shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, to have had no reasonable cause to believe that his or her conduct was unlawful, if his or her action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him or her by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or another expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 5.1(c) shall mean any other corporation or any partnership, joint venture, trust or other enterprise, including any employee benefit plan, of which such person is or was serving at the request of the Corporation as a director, officer, employee or other agent. The provisions of this Section 5.1(c) shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be

deemed to have met the applicable standard of conduct set forth by the California Nonprofit Corporation Law.

Section 5.2. **Insurance.** The Corporation shall have power to purchase and maintain insurance on behalf of any Director, officer or agent of the Corporation, against any liability asserted against or incurred by the Director, officer, or agent in any such capacity or arising out of the Director, officer, or agent's status as such, whether or not the Corporation would have the power to indemnify the agent against such liability under Section 5.1.

ARTICLE 6 OFFICERS

Section 6.1. **Number of Officers.** The officers of the Corporation shall be a Chair of the Board, a Secretary (each of which shall be a member of the Board), a President & CEO and a chief financial officer who shall be designated the Treasurer (neither of which shall be a member of the Board), and such other officers as may be elected to offices created by the Board. Officers shall have powers and duties as specified herein and as may be additionally prescribed by the Board. One person may hold two or more offices, except neither the Secretary nor the Treasurer may serve concurrently as the Chair of the Board or the President & CEO, and no officer shall execute, acknowledge, or verify any instrument in more than one capacity, if such instrument is required to be executed, acknowledged, or verified by two or more officers. The Board (or a committee of the Board) shall review the compensation, including benefits, if any, of the President & CEO and Treasurer, as applicable, as and when required by state or federal law.

Section 6.2. **Qualification, Election, and Term of Office.** Any person over eighteen (18) years of age may serve as officer of this Corporation. Officers, other than the President & CEO and the Treasurer, shall be elected annually by the Board at the regular annual meeting of the Board. If the election of any officer shall not be held at such meeting, such election shall be held as soon thereafter as conveniently possible. Each officer shall hold office until he or she resigns, is removed, is otherwise disqualified to serve, or until his or her successor shall be elected and qualified, whichever occurs first.

Section 6.3. **Subordinate Officers.** The Board may appoint such other officers or agents as it may deem desirable, and such officers shall serve such terms, have such authority, and perform such duties as may be prescribed from time to time by the Board.

Section 6.4. **Removal and Resignation.** Any officer may be removed, with or without cause, by the Board at any time. Any officer may resign at any time by giving written notice to the Board or to the Chair of the Board or Secretary of the Corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later date specified therein, and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. The foregoing provisions of this Section shall be superseded by any conflicting terms of a contract which has been approved or ratified by the Board relating to the employment of any officer of the Corporation.

Section 6.5. **Vacancies.** Any vacancy caused by the death, resignation, removal, disqualification, or otherwise, of any officer shall be filled by persons appointed by the Board. In the event of a vacancy in any office other than that of Chair of the Board, such vacancy may be filled temporarily by appointment by the Chair of the Board until such time as the Board shall fill the vacancy. Vacancies occurring in offices of officers appointed at the discretion of the Board may or may not be filled as the Board shall determine.

Section 6.6. **Duties of the Chair of the Board.** The Chair of the Board shall preside at Board meetings and shall exercise and perform such other powers and duties as the Board may assign from time to time. When the President & CEO is unable to serve or when the President & CEO office is vacant, the Chair of the Board shall serve as the chief executive officer of the Corporation and, when so serving, shall have the powers and duties of the President & CEO set forth in these Bylaws.

Section 6.7. **Duties of Secretary.** The Secretary shall:

(a) Certify and keep at the principal office of the Corporation the original, or a copy, of these Bylaws as amended or otherwise altered to date.

(b) Keep at the principal office of the Corporation or at such other place as the Board may determine, a book of minutes of all meetings of the Directors, and, if applicable, meetings of committees of Directors, recording therein the time and place of holding, whether regular or special, how called, how notice thereof was given, the names of those present or represented at the meeting, and the proceedings thereof.

(c) See that all notices are duly given in accordance with the provisions of these Bylaws or as required by law.

(d) Be custodian of the records as authorized by law or by these Bylaws.

(e) Exhibit at all reasonable times to any Director of the Corporation, or to his or her agent or attorney, on request thereof, the Bylaws, and the minutes of the proceedings of the Directors of the Corporation.

(f) In general, perform all duties incident to the office of Secretary and such other duties as may be required by law, by the Articles of Incorporation of the Corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board.

Section 6.8. **Duties of the Treasurer.** Subject to the provisions of these Bylaws relating to the "Execution of Instruments, Deposits and Funds," the Treasurer shall:

(a) Have charge and custody of, and be responsible for, all funds and securities of the Corporation, and deposit all such funds in the name of the Corporation in such banks, trust companies, or other depositories as shall be selected by the Board.

(b) Receive, and give receipt for, moneys due and payable to the Corporation from any source whatsoever.

(c) Disburse or cause to be disbursed the funds of the Corporation as may be directed by the Board, taking proper vouchers for such disbursements.

(d) Keep and maintain adequate and correct accounts of the Corporation's properties and business transactions, including accounts of its assets, liabilities, receipts, disbursements, gains and losses.

(e) Exhibit at all reasonable times the books of account and financial records to any Director of the Corporation, or to his or her agent or attorney, on request thereof.

(f) Render to the President & CEO and Directors, whenever requested, an account of any or all of his or her transactions as Treasurer and of the financial condition of the Corporation.

(g) Prepare and certify, or cause to be prepared and certified, the financial statements to be included in any required reports.

(h) In general, perform all duties incident to the office of Treasurer and such other duties as may be required by law, by the Articles of Incorporation of the Corporation, or by these Bylaws, or which may be assigned to him or her from time to time by the Board. When invited or requested by the Board or the chair of a Board Committee, the Treasurer shall attend meetings of the Board and the Board Committee, but the Treasurer shall neither be a Director nor a member of any Board Committee.

Section 6.9. Duties of the President & CEO. The President & CEO shall be the chief executive officer of the Corporation and shall, subject to the control of the Board, supervise and control the affairs of the Corporation. He or she shall perform all duties incident to his or her office and such other duties as may be required by law, by the Articles of Incorporation of the Corporation, or by these Bylaws, or which may be prescribed from time to time by the Board. Except as otherwise expressly provided by law, by the Articles of Incorporation of the Corporation, or by these Bylaws, he or she shall, in the name of the Corporation, execute such deeds, mortgages, bonds, contracts, checks, or other instruments which may from time to time be authorized by the Board. When invited or requested by the Board or the chair of a Board Committee, the President & CEO shall attend meetings of the Board and the Board Committee, but the President & CEO shall neither be a Director nor a member of any Board Committee.

ARTICLE 7 COMMITTEES

Section 7.1. **Board Committees.** The Board may create an executive committee and such other Board committees as from time to time may be required. Each committee shall consist of at least three (3) members, all of whom shall be Directors of the Corporation.

Section 7.2. **Delegation of Authority to Board Committees.** The Board may delegate to any committees which consist solely of Directors any of the authority of the Board, other than that reserved to the Board under California Corporations Code Section 5212.

Section 7.3. **Advisory Committees.** The Board may establish one or more advisory committees to the Board. The members of any advisory committee may consist of Directors and non-directors and may be appointed as the Board determines. Advisory committees may not exercise the authority of the Board to make decisions on behalf of the Corporation, but shall be restricted to making recommendations to the Board or Board committees, and implementing Board or Board committee decisions and policies under the supervision and control of the Board or Board committee.

Section 7.4. **Audit Committee.** The Board shall establish an audit committee, either as a Board committee or an advisory committee, as and when required by Government Code Section 12586(e).

Section 7.5. **Meetings and Action of Committees.** Meetings and action of committees shall be governed by, noticed, held and taken in accordance with the provisions of these Bylaws concerning meetings of the Board, with such changes in the context of such Bylaw provisions as are necessary to substitute the committee and its members for the Board and its members, except that the time for regular meetings of committees and the calling of special meetings of committees may be set either by resolution of the Board or, if none, by resolution of the committee. The Board may also adopt rules and regulations pertaining to the conduct of meetings of committees to the extent that such rules and regulations are not inconsistent with the provisions of these Bylaws. Each committee created by the Board shall serve at the pleasure of the Board, and shall be subject to the control and direction of the Board. Each such committee shall act by not less than a majority of the whole authorized number of its members.

ARTICLE 8 EXECUTION OF INSTRUMENTS, DEPOSITS AND FUNDS

Section 8.1. **Execution of Instruments.** The Board, except as otherwise provided in these Bylaws, may by resolution authorize any officer or agent of the Corporation to enter into any contract or execute and deliver any instrument in the name and on behalf of the Corporation, and such authority may be general or confined to specific instances. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or

engagement or to pledge its credit or to render it liable monetarily for any purpose or in any amount.

Section 8.2. Checks and Notes. All checks, drafts or other orders for the payment of money issued in the name of the Corporation shall be signed by such person or persons and in such manner as shall be authorized from time to time by resolution of the Board; provided that, any such instrument for an amount in excess of ten thousand dollars (\$10,000) shall require the signatures of two (2) persons so authorized by the Board. The Board may, from time to time by resolution, change the monetary threshold above which said instruments require two (2) signatures.

Section 8.3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

Section 8.4. Gifts. The Board may accept on behalf of the Corporation any contribution, gift, bequest, or devise for the purposes of this Corporation.

Section 8.5. Voting Shares. The Corporation may vote any and all shares held by it in any other corporation by such officer, agent or proxy as the Board may appoint, or in default of any such appointment, by the President & CEO or his designee, and, in such case, such officers, or any of them, may likewise appoint a proxy to vote said shares.

ARTICLE 9 CORPORATE RECORDS AND REPORTS

Section 9.1. Maintenance of Corporate Records. The Corporation shall keep at its principal office in the State of California:

(a) Minutes of all meetings of Directors and committees of the Board, indicating the time and place of holding such meetings, whether regular or special, how called, the notice given, and the names of those present and the proceedings thereof.

(b) Adequate and correct books and records of account, including accounts of its properties and business transactions and accounts of its assets, liabilities, receipts, disbursements, gains and losses.

(c) A copy of the Articles of Incorporation of the Corporation and these Bylaws, as amended to date.

Section 9.2. Directors' Inspection Rights. Every Director shall have the right at any reasonable time to inspect and copy all books, records and documents of every kind and to inspect the physical properties of the Corporation.

Section 9.3. Annual Statement of Specific Transactions to Directors. This Corporation shall mail or deliver to all Directors a statement within one hundred and twenty (120) days after the close of its fiscal year which briefly describes the amount and circumstances of any indemnification or any transaction in which the Corporation, or its parent or its subsidiary was a party, and in which either of the following had a direct or indirect material financial interest:

(a) Any Director or officer of the Corporation, or its parent or subsidiary (a mere common directorship shall not be considered a material financial interest); or

(b) Any holder of more than ten percent (10%) of the voting power of the Corporation, its parent or its subsidiary.

The above statement need only be provided with respect to a transaction during the previous fiscal year involving more than FIFTY THOUSAND DOLLARS (\$50,000) or which was one of a number of transactions with the same person involving, in the aggregate, more than FIFTY THOUSAND DOLLARS (\$50,000).

Similarly, the statement need only be provided with respect to indemnification or advances aggregating more than TEN THOUSAND DOLLARS (\$10,000) paid during the previous fiscal year to any Director or officer.

Any statement required by this Section shall briefly describe the names of the interested persons involved in such transactions, stating each person's relationship to the Corporation, the nature of such persons interest in the transaction and, where practical, the amount of such interest; provided, that in the case of a transaction with a partnership of which such person is a partner, only the interest of the partnership need be stated.

Section 9.4. Annual Report.

The Treasurer of the corporation shall provide to the Directors, within 120 days after the close of its fiscal year, a report containing the following information in reasonable detail:

(a) The assets and liabilities, including the trust funds of the Corporation as of the end of the fiscal year,

(b) The principal changes in the assets and liabilities, including trust funds, during the fiscal year;

(c) The revenue or receipts of the Corporation, both unrestricted and restricted to particular purposes, for the fiscal year;

(d) The expenses or disbursements of the Corporation, for both general and restricted purposes, during the fiscal year; and

(e) Any information required by California Nonprofit Corporation Law Section 6322, as from time to time amended.

Any financial statements presented as part of the above-described report shall be prepared in accordance with generally accepted accounting principles.

Section 9.5. Conflicts of Interest. The Board shall adopt and enforce a policy on conflicts of interest and self-dealing that requires a disclosure by all Directors and officers of the Corporation and other persons in a position to influence Corporation decisions of actual and potential conflicts of interest and that will assure that no person holding such a position will be permitted to vote on any issue, motion or resolution that directly or indirectly inures to his or her benefit financially or with respect to which he or she shall have any other conflict or interest, except that such individual may be counted in order to qualify a quorum, and, except as the Board may otherwise direct, may participate in a discussion of such an issue, motion, or resolution if he or she first discloses the nature of his or her own interest.

Section 9.6. Appropriation of Business Opportunity and Confidential Information.

(a) No Director or officer of the Corporation may appropriate or divert to others any opportunity for profit in connection with a transaction in which it is known or could be anticipated that the Corporation is or would be interested. Such opportunities include but are not limited to, acquisition of real or personal property, appointment of suppliers, or design or development of new products, services or areas of business related to the Corporation's present or planned services or service areas.

(b) Each Director and officer of the Corporation with access to confidential information regarding the Corporation or the Corporation's business is expected to hold such information in confidence and to refrain from either using such information for personal gain or disclosing it unnecessarily outside the scope of the Director's or officer's duty with respect to the Corporation.

ARTICLE 10 FISCAL YEAR

Section 10.1. Fiscal Year. The fiscal year of the Corporation shall end on June 30 of each year.

ARTICLE 11 CONSTRUCTION AND DEFINITIONS

Section 11.1. Construction and Definitions. Unless the context requires otherwise, the general provisions, rules of construction, and definition in the California Nonprofit Corporation Law shall govern the construction of these bylaws.

ARTICLE 12
AMENDMENTS

Section 12.1. **Amendments by Directors.** New bylaws may be adopted or these Bylaws may be amended or repealed by a majority vote of the Directors actually in office. A copy of the proposed amendment or new bylaws shall be included in the notice of meeting given to each Director at which the amendment(s) are to be considered.


CERTIFICATE OF SECRETARY

I, David Grant, hereby certify:

(1) That I am the duly elected and acting Secretary of THE REUTLINGER COMMUNITY, a California nonprofit public benefit corporation; and

(2) That the foregoing Bylaws, consisting of seventeen (17) pages, including this one, constitute the Amended & Restated Bylaws of said Corporation, as duly adopted by the Directors effective as of October 16, 2018.

IN WITNESS WHEREOF, I have hereunto set my hand this 6th day of November 2018.



David Grant, Secretary

Title 11, Cal. Admin. Code, § 999.5(d)(4)(B)

Applicant's Plan for Use of Net Proceeds

As described in Section (1)(A) of this Application, the proposed transaction is a mission-driven affiliation in which no cash, property, stock, notes, forgiveness of debt, or other monetary consideration is to be received by the Applicant in exchange for the sale or transfer of the Applicant's assets. As a result, there will be no net proceeds from the proposed transaction.

To the extent that any of the Applicant's assets are subject to charitable trust restrictions at the time of the closing of the proposed transaction, each of those assets, including any and all donor-restricted assets, will retain all charitable trust restrictions following the completion of the proposed transaction.

Title 11, California Admin. Code, § 999.5(d)(5)

IMPACTS ON HEALTH CARE SERVICES

Title 11, Cal. Admin. Code, § 999.5(d)(5)(A)

Community Needs Assessments

Because the health facility at issue in the proposed transaction is a skilled nursing facility, there are no Community Needs Assessments prepared by Applicant for the Reutlinger Facility.

Title 11, Cal. Admin. Code, § 999.5(d)(5)(B)

Description of Charity Care

The Applicant does not provide charity care to residents of its facility, as that term is commonly understood in community benefit reports and hospital OSHPD reporting, and the Applicant does not report or track charity care in its financial statements.

Reutlinger does provide financial assistance and/or subsidies to continuing care residents of its facility with financial needs pursuant to its Financial Assistance Policy, a copy of which is attached to this section of the Application. This financial assistance is typically provided to the facility's assisted living residents, as Medi-Cal provides coverage for skilled nursing services provided to residents who become unable to cover the cost of their care (and such coverage is not available assisted living residents).

The Affiliation Agreement between Reutlinger and Eskaton requires Eskaton to maintain Reutlinger's policies and practices with respect to its Resident's Assistance Fund, including (without limitation) its Financial Assistance Policy, following the close of the proposed transaction.

Adding Life to Their Years

Our Enhanced Assisted Living residents benefit from a full spectrum of services and activities.

- Dedicated and caring staff
- Individualized care and protection
- Delicious chef prepared meals daily, snacks and beverages 24/7, and dietary management as ordered
- Round-the-clock activities
- WiFi, telephone and cable TV
- 24/7 Licensed nurse oversight
- Full-time transportation
- On-site physical, speech and occupational therapy
- Laundry and housekeeping services
- Diabetic management
- Emergency call system



A full spectrum of services that allows residents to enjoy life to its fullest, without worries, and with as much independence as possible.

Who We Are

CARING for a loved one requires more than just understanding the symptoms, its understanding the person. It's more than just medicine, it's an embrace that is real. A touch that is loving. At the Reutlinger Community, long before we provide any services we ask ourselves, what is best for your loved ones? For your family? Will it make life better for everyone? In your search for solutions and the ideal care setting, look beyond the walls. Look for that caring touch that's a complete experience and one that goes beyond just your medical concerns. This is who we are, and this is why we are here.

Contact Us

Tours Available and Encouraged
Call our Director of Marketing
925-964-2062


The Reutlinger
Community
SCHIFF CENTER FOR LIFE

4000 Camino Tassajara
Danville, CA 94506
www.rcjl.org

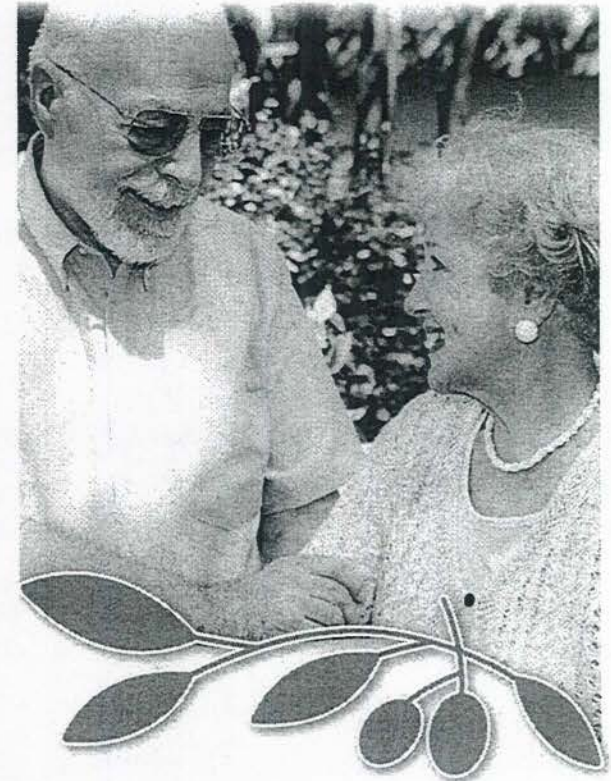


License #075600335



Enhanced Assisted Living

Adding Life to Their Years




The Reutlinger
Community
SCHIFF CENTER FOR LIFE

Our Mission

OUR MISSION in our Enhanced Assisted Living Unit is to allow our residents to live independently, but with a higher level of care than traditional assisted living can provide.



Our Care

WE OFFER A FULL SPECTRUM of care and assistance in this special unit. Enhanced Assisted Living at The Reutlinger is designed for residents who need a smaller group setting to thrive. Residents receive closer and more individualized attention from our skilled and dedicated staff; and, benefit from the availability of a large number of services that adapt to their changing needs. This allows you to best enjoy all that life has to offer, without worries, with as much independence as possible.

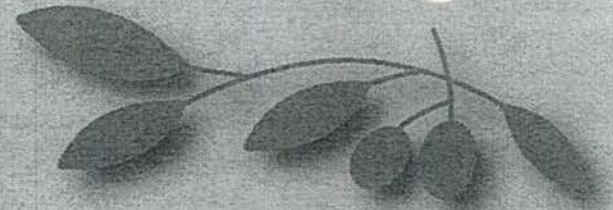
Our Community

We are an intimate community of residents aging in place, protected and supported by an attentive staff, 24 hours a day, 7 days a week.

Our Enhanced Assisted Living residents live in private or semi-private rooms, decorated to accentuate the peace and familiarity of home. Daily wellness, socialization, and physical activities that celebrate your well-being are of prime importance. We ensure our residents a variety of opportunities to interact and express themselves through our Life Enrichment Program.


The Reutlinger

Community





The Reutlinger Community

Financial Assistance Program

It is the desire of The Reutlinger Community ("Reutlinger") to provide financial assistance to residents ("Residents") that have outlived or depleted their financial resources and can no longer afford to pay the full current cost of residing at Reutlinger. The amount of funding available for the Financial Assistance Program ("Program") is determined annually by the Board ("Board"). Qualification for financial assistance is based on criteria and a screening process established by the Board. This document describes the Program, the application ("Application") needed for assistance and your responsibilities under the Program should you need or seek financial assistance from Reutlinger. Your signature at the end of this document signifies your understanding and agreement with the terms and conditions of the Program. Both Reutlinger and Residents agree that they will deal with each other honestly, fairly and in good faith.

1. Eligibility for Financial Assistance

- a. At the time Residents apply for admission to Reutlinger, they are assessed for their financial ability to pay privately using Finaid or other similar senior living software. Based on the results of their Finaid assessment, Prospective Residents must be able to prove they can pay privately all costs of residency at Reutlinger for their anticipated life expectancy. If and when Residents reach a sum equal to six (6) months of then current monthly rent in remaining assets, Residents become eligible to apply for financial assistance. Residents may also become eligible for financial assistance due to a significant negative change in assets or income that is beyond their control and as approved by Reutlinger. You agree to notify Reutlinger immediately of a material adverse change in your finances.
- b. Before you receive any financial assistance from Reutlinger, you must: (1) demonstrate your inability to pay your usual monthly fees and other charges at Reutlinger, including providing any financial statements Reutlinger reasonably requests documenting your financial activity in the current or previous years; (2) explore the availability of local, state and federal assistance, other public assistance programs, including Supplemental Security Income, and apply for such assistance; and (3) prove that you have exhausted all efforts to receive such assistance.
- c. If you are unable to pay your monthly fees or other charges promptly, Reutlinger may, in its sole discretion, grant you an extension of time to make payments that are due or work out another mutually acceptable arrangement for financial assistance. To qualify for and

maintain such assistance, you must comply with all the other provisions of the Program. You will not qualify for assistance if you: (1) have impaired your ability to meet your financial obligations by transferring your assets for less than their fair market value (e.g., by making gifts, bargain sales, bequests, donations, or other similar transfers); (2) encumber your assets or otherwise dilute their value; or (3) inappropriately spend your assets (e.g., by spending down, irresponsible expenditures, or waste) before or after you are accepted for residency at Reutlinger, which, in the reasonable judgment of Reutlinger, impairs your ability to pay all charges you may foreseeably incur while residing at Reutlinger.

- d. Except in certain cases, the maximum amount of financial assistance that may be provided to each applicant shall not exceed 33% of Resident's cost of care at Reutlinger.
- e. Residents and their responsible parties should anticipate a period of up to six (6) months between the time the application for financial assistance is submitted and the time the disposition of the application is provided. Accordingly, Residents and their responsible parties are encouraged to plan in advance and notify Reutlinger at least six months in advance of their anticipated need for financial assistance.
- f. To maintain any assistance arrangement, you must also report promptly to Reutlinger any material increase in your assets and their value, whether the increase occurs by way of gift, inheritance, appreciation in value, or otherwise.

2. Application for Financial Assistance

- a. Application forms may be obtained from the Reutlinger Administrator. By submitting an Application, you agree to move to the least expensive living accommodation available, which in some cases may be a shared apartment.
- b. The Application requires full disclosure of each Resident's income and assets for review to ensure that there has been no significant divestiture or waste of income and assets since the time Resident's financial ability to pay was initially assessed or since any subsequent disclosure of resident's assets or income. Resident and/or Resident's responsible party must certify that all information provided in the Application is complete, true, and correct, with the understanding that Reutlinger will rely on the provided information. In addition, Resident and/or Resident's responsible party agree to provide such additional and further information to Reutlinger upon request with respect to the information initially provided to Reutlinger in the Application. Reutlinger will do its best to promptly inform Residents and Residents' responsible party of the disposition of the Application.

3. Financial Assistance

- a. The amount of financial assistance will depend on the amount allocated by the Board, the availability of space in Program designated accommodations, need, medical acuity and anticipation of existing residents who may become eligible for financial assistance. If an

Application is approved, Reutlinger will provide financial assistance of up to one-third of the cost of Residents' current cost of care, including monthly rent, services and level of care fees. Financial assistance will not include incidental or other costs. Reutlinger retains full discretion in determining the percentage of financial assistance provided to each Resident. Reutlinger may increase its financial assistance if Resident's service needs increase or if the financial support of Resident's family members or others decrease. Reutlinger will provide such assistance only if it determines that it can do so without jeopardizing its own ability to operate on a sound financial basis.

- b. Reutlinger retains discretion to provide financial assistance of more than 33% of a resident's current cost of care for any resident who is a Holocaust Survivor.

4. Ongoing Obligations for Residents

- a. Residents who receive financial assistance agree to annual reviews of their financial status. The annual reviews shall occur during the period from October 1 through October 31 of each year that Residents reside at Reutlinger. During such reviews, recipients of financial assistance and/or their responsible parties must respond to a questionnaire regarding changes to income and/or transfers of assets, must provide financial statements, tax returns, banking and brokerage statements and any changes to their medical coverage and other verifying documents as required by Reutlinger.
- b. Residents of the Reutlinger Health Center receiving financial assistance must apply for Medi-Cal as soon as they become eligible.

5. Resident acknowledges and agrees that the following events may result in termination of Resident's Residency Agreement and Resident's residence at Reutlinger:

- a. Misrepresentations or omissions in the Application for residency at Reutlinger (including financial forms):
- b. Misrepresentations regarding Resident's financial condition after admission
- c. Breaches of the covenant of good faith and fair dealing as set forth above.
- d. Divestiture of assets or transfers for less than fair market value
- e. Failure to disclose material financial changes to Reutlinger in a timely manner
- f. Failure to furnish the financial information as required in section 4.a. above.

6. Repayment to Reutlinger

- a. You agree that the value of any subsidy or financial assistance that you receive through the Program shall be deemed a loan to you by Reutlinger at the maximum legal rate and

shall be a first lien against your estate. As such you agree to execute any instruments (including but not limited to promissory notes, assignments, security agreements and deeds of trust) that Reutlinger deems necessary to evidence or secure its claim for repayment of any sums due under the Program.

- b. If your financial situation improves while you are at Reutlinger, your financial assistance may be reduced or eliminated, as determined by Reutlinger in its sole discretion. In addition, if your financial situation improves to the extent that you are able to repay all or part of the value of the assistance, you will be required to make such repayment at a rate and on terms established by Reutlinger, in its sole discretion.

Resident/Responsible Party Signature

Reutlinger Witness

Date

Date

Amenities

- Private and semi-private rooms with cable television, Wi-Fi, and telephone
- Three delicious chef prepared meals served daily
- Personalized dietary counseling including gluten-free options
- Access to beauty salon including nail services
- Laundry services
- Complimentary snacks available 24 hours
- Stimulating activities and cultural opportunities
- Low patient to nurse ratio
- Complimentary salon service upon admission/discharge



FAMILY MEMBERS are an integral part of the treatment team. They are involved in the decisions, and made aware of daily progress and any changes in medical care. Families are invited and encouraged to participate in scheduled resident care planning meetings.

Who We Are

For patients discharging from a hospital stay or recovering from an injury or illness, The Reutlinger Community offers onsite Rehabilitation and Short Term Skilled Nursing. With comforting surroundings and a specially trained staff, patients can recover close to home and receive the therapy and care they need.

We are a participating provider for Medicare, Medi-Cal, Golden State, Humana, United Health, Health Net, Blue Shield and Veterans Administration.

Contact Us

Tours Available and Encouraged
Call our Admission Coordinator at
925-964-2036


The Reutlinger
Community

4000 Camino Tassajara
Danville, CA 94506
www.rcjl.org



License #075600335



Rehabilitation and Skilled Nursing

“Experience the Difference”



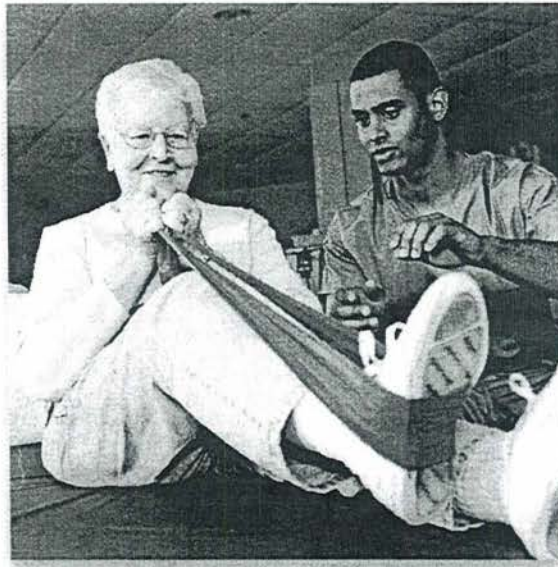
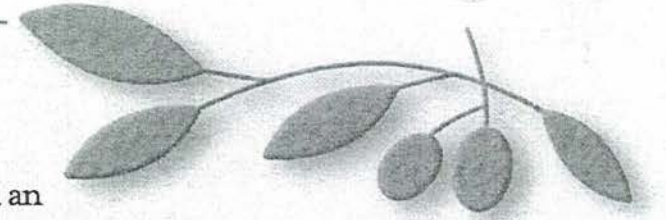

The Reutlinger
Community

SCHIFF CENTER FOR LIFE

Our Mission

OUR MISSION is to provide superior short term rehabilitation in a safe, comfortable and respectful environment.

Our 60 private and shared bed facility encourages and nurtures residents and their families in an environment that respects the dignity and lifestyle of each individual. We bring together a variety of expert clinicians who comprise a caring and dedicated team.



Our Services

- Fall prevention development
- Mobility equipment training
- Gait and ambulation improvement
- Individualized care plans
- Strengthening activities for daily living
- Speech & Language improvement
- Strengthening of muscles and coordination
- Pain Management
- Resident-centered care provided by licensed nurses and certified nursing assistants 24/7
- One-on-one Physical, Occupational, and/or Speech Therapy with a licensed therapist 3-5 times per week, 7 days a week
- Onsite Social Services Director providing discharge planning assistance




**The Reutlinger
Community**

"The best way home is through our doors."



Our Staff

OUR STAFF sets us apart. Many have been with us for more than 20 years as we have been helping those needing it for over 40 years. Quality care involves many elements. They range from comfortable surroundings and a home-like atmosphere to the expertise and care of nurses, physicians, therapists, nutritionist, social workers and certified nursing assistants.

Title 11, Cal. Admin. Code, § 999.5(d)(5)(C)

Description of Services to Medi-Cal, County Indigent and
Other Classes of Patients

A description of the medical services provided by Reutlinger to Medi-Cal patients, county indigent patients and other classes of patients is attached hereto, including payer mix data and demographic/zip code data. A revenue/cost chart by service line is included in this section of the Application. The data and/or information provided by the Applicant in response to this section represents its best estimate of the costs of the medical services provided by the Applicant to its Medi-Cal, Medicare, managed care, county indigent and other classes of patients. Generally, all types of medically necessary skilled nursing services are available to these classes of patients.

Reutlinger Payer Mix - (Based on Patient Days)

<u>PATIENT DAYS, SKILLED NURSING</u>	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Payer					
Private	5,995	4,641	3,972	4,133	4,984
Hospice	272	0	0	0	0
Medicare	2,394	2,719	3,234	3,523	3,532
Medi-Cal	11,604	13,610	12,521	10,577	8,790
Managed Care	74	129	586	1,224	1,297
Total Patient Days	20,339	21,099	20,313	19,457	18603

<u>MIX, SKILLED NURSING</u>	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Payer					
Private	29%	22%	20%	21%	27%
Hospice	1%	0%	0%	0%	0
Medicare	12%	13%	16%	18%	19%
Medi-Cal	57%	65%	62%	54%	47%
Managed Care	0%	1%	3%	6%	7%
Total Patient Days	100%	100%	100%	100%	100%

<u>PATIENT DAYS, ASSISTED LIVING</u>	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Payer					
Private	19,447	17,238	14,220	12,775	12,332
Semi-Private	0	0	386	365	421
Subsidized	2,233	2,362	2,897	3,285	1,735
Shared	0	0	306	730	0
Tikvah, Private	5,652	5,392	10,841	12,410	11,413
Tikvah, Subsidized	1,305	1,518	819	1,095	243
Total Patient Days	28,637	26,510	29,469	30,660	26,144

<u>MIX, ASSISTED LIVING</u>	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
Payer					
Private	68%	65%	48%	42%	47%
Semi-Private	0%	0%	1%	1%	2%
Subsidized	8%	9%	10%	11%	7%
Shared	0%	0%	1%	2%	0%
Tikvah, Private	20%	20%	37%	40%	44%
Tikvah, Subsidized	5%	6%	3%	4%	1%
Total Patient Days	100%	100%	100%	100%	100%

Payor Category

	<u>YE 6/30/2015</u>	<u>YE 6/30/2016</u>	<u>YE 6/30/2017</u>	<u>YE 6/30/2018</u>
Revenue				
SNF - Private pay	1,267,520	1,154,670	1,255,390	1,725,539
SNF - Medicare	2,023,306	2,739,955	3,096,526	2,974,950
SNF - Medical	3,624,871	3,505,659	3,066,619	2,401,728
SNF - Managed care	78,953	163,141	655,696	572,202
SNF - Ancillary	242,152	443,663	205,281	204,938
AL - Private pay	4,937,301	6,079,658	6,395,164	5,844,157
Memory care - Private pay	1,549,363	1,627,835	1,679,323	1,388,278
Total	<u>13,723,466</u>	<u>15,714,581</u>	<u>16,353,999</u>	<u>15,111,792</u>
Direct Expense				
SNF - Private pay	386,723.85	353,987.61	377,723.67	534,602.33
SNF - Medicare	617,316.24	839,989.02	931,687.49	921,691.84
SNF - Medical	1,105,958.14	1,074,731.18	922,689.03	744,097.58
SNF - Managed care	24,088.78	50,014.20	197,286.82	177,278.24
SNF - Ancillary	667,310	838,598	1,076,346	1,007,620
AL - Private pay	1,274,514	1,510,325	1,890,889	1,986,704
Memory care - Private pay	483,120	444,252	372,328	400,313
Total	<u>4,559,031</u>	<u>5,111,897</u>	<u>5,768,950</u>	<u>5,772,307</u>

* Does not include any administrative or overhead costs

** skilled nursing cost are allocated to pay type based on relative total revenues

*** All Med Assistance, Diabetes management, Delux services and Levels of Care revenue included under AL

YE 6/30/2019

1,432,895
2,842,248
2,922,946
769,493
229,770
6,189,394
1,466,851
15,853,597

486,395.36
964,799.40
992,192.29
261,203.94
1,029,630
2,145,282
441,000
6,320,503

private pay

Count of Race					
Gender	Race	Age	Area	Total	
F	American Indian or Alaska Native	68	SNF	1	
		68 Total		1	
		86	SNF	2	
		86 Total		2	
	American Indian or Alaska Native Total	91	SNF	1	
		91 Total		1	
	Asian	Asian	66	SNF	1
			66 Total		1
		68	SNF	1	
		68 Total		1	
		69	SNF	1	
		69 Total		1	
		71	SNF	1	
		71 Total		1	
		72	SNF	1	
		72 Total		1	
		73	SNF	2	
		73 Total		2	
		75	SNF	1	
		75 Total		1	
		76	SNF	1	
		76 Total		1	
		77	SNF	2	
		77 Total		2	
		79	SNF	2	
		79 Total		2	
		80	SNF	2	
		80 Total		2	
		82	SNF	1	
		82 Total		1	
		84	SNF	2	
		84 Total		2	
85		SNF	2		
85 Total			2		
87		SNF	2		
87 Total			2		
88		SNF	2		
88 Total			2		
89	SNF	2			
89 Total		2			
90	SNF	1			
90 Total		1			
93	SNF	1			
93 Total		1			
95	SNF	2			
95 Total		2			
96	SNF	2			
96 Total		2			
Asian Total			32		
Black or African American	74	SNF	1		
	74 Total		1		

F

Black or African American

74 Total	1
77 SNF	1
77 Total	1
80 SNF	1
80 Total	1
82 SNF	1
82 Total	1
83 SNF	2
83 Total	2
94 SNF	1
94 Total	1
95 SNF	1
95 Total	1

Black or African American Total

Hispanic or Latino

85 SNF	2
85 Total	2
89 SNF	2
89 Total	2
95 SNF	1
95 Total	1

Hispanic or Latino Total

White or Caucasian

52 SNF	1
52 Total	1
54 SNF	1
54 Total	1
55 SNF	2
55 Total	2
56 SNF	1
56 Total	1
58 SNF	1
58 Total	1
60 SNF	2
60 Total	2
61 SNF	2
61 Total	2
62 SNF	3
62 Total	3
63 SNF	2
63 Total	2
66 SNF	5
66 Total	5
67 SNF	1
67 Total	1
68 SNF	4
68 Total	4
69 SNF	5
69 Total	5
70 SNF	4
70 Total	4
71 SNF	3
71 Total	3
72 AL	2
SNF	9
72 Total	11
73 AL	1

F

White or Caucasian

73 SNF	6
73 Total	7
74 AL	2
SNF	8
74 Total	10
75 SNF	7
75 Total	7
76 SNF	5
76 Total	5
77 AL	1
SNF	3
77 Total	4
78 SNF	12
78 Total	12
79 AL	2
SNF	6
79 Total	8
80 AL	2
SNF	12
80 Total	14
81 AL	1
SNF	10
81 Total	11
82 AL	3
SNF	14
82 Total	17
83 AL	1
SNF	5
83 Total	6
84 AL	2
SNF	12
84 Total	14
85 AL	5
SNF	8
85 Total	13
86 AL	4
SNF	18
86 Total	22
87 AL	2
SNF	15
87 Total	17
88 AL	4
SNF	23
88 Total	27
89 AL	7
SNF	16
89 Total	23
90 AL	6
SNF	15
90 Total	21
91 AL	5
SNF	19
91 Total	24
92 AL	8
SNF	25

F

White or Caucasian

92 Total	33
93 AL	5
SNF	13
93 Total	18
94 AL	8
SNF	20
94 Total	28
95 AL	2
SNF	12
95 Total	14
96 AL	5
SNF	10
96 Total	15
97 AL	4
SNF	9
97 Total	13
98 AL	2
SNF	6
98 Total	8
99 SNF	3
99 Total	3
100 AL	1
SNF	3
100 Total	4
101 SNF	2
101 Total	2
102 SNF	4
102 Total	4
104 SNF	1
104 Total	1
106 SNF	1
106 Total	1
	454
51 SNF	1
51 Total	1
65 SNF	1
65 Total	1
69 SNF	1
69 Total	1
72 SNF	1
72 Total	1
73 SNF	1
73 Total	1
74 AL	1
74 Total	1
76 SNF	1
76 Total	1
77 SNF	1
77 Total	1
78 SNF	2
78 Total	2
79 SNF	2
79 Total	2
81 AL	1
SNF	2

White or Caucasian Total
Not disclosed

F

Not disclosed

81 Total	3
82 AL	1
SNF	2
82 Total	3
83 AL	2
SNF	3
83 Total	5
84 AL	1
SNF	1
84 Total	2
85 AL	1
SNF	2
85 Total	3
86 AL	1
SNF	1
86 Total	2
87 AL	1
SNF	2
87 Total	3
88 AL	2
SNF	2
88 Total	4
89 AL	2
89 Total	2
90 AL	1
SNF	1
90 Total	2
91 AL	2
SNF	2
91 Total	4
92 AL	1
92 Total	1
93 AL	3
SNF	2
93 Total	5
94 AL	3
SNF	4
94 Total	7
95 AL	2
SNF	2
95 Total	4
96 AL	2
SNF	3
96 Total	5
97 AL	2
SNF	3
97 Total	5
98 AL	3
SNF	2
98 Total	5
99 AL	1
SNF	1
99 Total	2
100 SNF	1
100 Total	1

F	Not disclosed	101 SNF	2
		101 Total	2
		104 AL	1
		104 Total	1
		N/A AL	1
		SNF	1
		N/A Total	2
		Not disclosed Total	85
F Total	588		
M	American Indian or Alaska Native	69 SNF	1
		69 Total	1
		72 SNF	1
		72 Total	1
		73 SNF	1
		73 Total	1
		82 SNF	1
		82 Total	1
		84 SNF	1
		84 Total	1
		86 SNF	2
		86 Total	2
		92 SNF	1
		92 Total	1
		93 SNF	1
	93 Total	1	
	American Indian or Alaska Native Total	9	
	Asian	58 SNF	1
		58 Total	1
		74 SNF	1
		74 Total	1
		75 SNF	1
		75 Total	1
		76 SNF	2
		76 Total	2
		77 SNF	1
		77 Total	1
		78 SNF	1
		78 Total	1
		82 SNF	1
		82 Total	1
		84 SNF	1
		84 Total	1
		85 SNF	2
		85 Total	2
		86 SNF	1
		86 Total	1
	87 SNF	2	
	87 Total	2	
	90 SNF	1	
	90 Total	1	
	91 SNF	1	
	91 Total	1	
	92 SNF	2	
	92 Total	2	
	93 SNF	1	

M	Asian	93 Total	1
		94 SNF	1
		94 Total	1
		96 SNF	1
		96 Total	1
		99 SNF	1
		99 Total	1
	Asian Total		22
	Black or African American	61 SNF	1
		61 Total	1
		73 SNF	1
		73 Total	1
		76 SNF	1
		76 Total	1
		99 SNF	1
		99 Total	1
	Black or African American Total		4
	Hispanic or Latino	88 SNF	1
		88 Total	1
		89 SNF	1
		89 Total	1
		91 SNF	1
	91 Total	1	
	93 SNF	1	
	93 Total	1	
	94 SNF	1	
	94 Total	1	
Hispanic or Latino Total		5	
Native Hawaiian or Other Pacific Islander	92 SNF	2	
	92 Total	2	
	100 SNF	1	
	100 Total	1	
Native Hawaiian or Other Pacific Islander Total		3	
White or Caucasian	56 SNF	2	
	56 Total	2	
	62 SNF	1	
	62 Total	1	
	63 SNF	2	
	63 Total	2	
	65 SNF	2	
	65 Total	2	
	66 AL	1	
	SNF	2	
	66 Total	3	
	67 SNF	4	
	67 Total	4	
	68 SNF	2	
	68 Total	2	
	70 SNF	2	
	70 Total	2	
	71 SNF	6	
	71 Total	6	
	72 AL	2	
	SNF	1	
	72 Total	3	

M

White or Caucasian

73 AL	1
SNF	4
73 Total	5
74 SNF	8
74 Total	8
75 SNF	15
75 Total	15
76 AL	1
SNF	4
76 Total	5
77 AL	1
SNF	8
77 Total	9
78 AL	2
SNF	9
78 Total	11
79 SNF	4
79 Total	4
80 SNF	7
80 Total	7
81 SNF	9
81 Total	9
82 AL	1
SNF	5
82 Total	6
83 SNF	6
83 Total	6
84 AL	2
SNF	7
84 Total	9
85 AL	1
SNF	6
85 Total	7
86 SNF	8
86 Total	8
87 AL	1
SNF	8
87 Total	9
88 AL	1
SNF	9
88 Total	10
89 AL	3
SNF	5
89 Total	8
90 SNF	8
90 Total	8
91 AL	5
SNF	8
91 Total	13
92 AL	1
SNF	5
92 Total	6
93 AL	3
SNF	5
93 Total	8

M

White or Caucasian

94 AL	1
SNF	7
94 Total	8
95 AL	1
SNF	5
95 Total	6
96 AL	4
SNF	7
96 Total	11
97 AL	2
SNF	7
97 Total	9
98 SNF	1
98 Total	1
99 AL	1
SNF	3
99 Total	4
101 SNF	1
101 Total	1
N/A AL	1
N/A Total	1

White or Caucasian Total

239

Not disclosed

61 SNF	1
61 Total	1
66 AL	1
SNF	1
66 Total	2
70 AL	1
70 Total	1
80 SNF	1
80 Total	1
81 SNF	2
81 Total	2
82 SNF	3
82 Total	3
83 SNF	1
83 Total	1
84 AL	1
84 Total	1
85 AL	1
SNF	2
85 Total	3
86 AL	1
SNF	1
86 Total	2
87 AL	1
87 Total	1
88 SNF	1
88 Total	1
89 SNF	1
89 Total	1
90 AL	2
SNF	4
90 Total	6
91 AL	2

M	Not disclosed	91 SNF	1
		91 Total	3
		92 SNF	1
		92 Total	1
		93 SNF	2
		93 Total	2
		94 SNF	2
		94 Total	2
		95 AL	1
		SNF	1
		95 Total	2
		97 AL	1
		SNF	2
		97 Total	3
		98 AL	1
		SNF	1
		98 Total	2
		99 SNF	1
		99 Total	1
		101 AL	1
	101 Total	1	
	N/A AL	2	
	SNF	1	
	N/A Total	3	
	Not disclosed Total	46	
M Total		328	
Grand Total		916	

Title 11, Cal. Admin. Code, § 999.5(d)(5)(D)

Community Benefit Programs

From 2014 to the present, Reutlinger has provided one community benefit program at a cost of more than \$10,000 annually called the Dementia Training & Support Group, which began in June 2018.

The Dementia Training & Support Group program consists of: (i) a support group run by a dementia care expert that is open to family members of residents and the outside community; (ii) ongoing dementia care training for staff, families of residents and the outside community; (iii) a two-hour basic training offered once per month to family members of residents and the outside community regarding dementia awareness; (iv) a one-hour consultation with a dementia care expert offered once per month to family members of residents (who have the option of receiving consultation in excess of one hour at no cost) and the outside community; and (v) assistance from a dementia care expert to a new resident of Reutlinger during the first thirty (30) days of such resident's arrival at the Reutlinger Facility.

Title 11, Cal. Admin. Code, § 999.5(d)(5)(E)

Description of Current Staffing Policies and Procedures, Employee Input on Health Quality and Staffing Issues, and Employee Wages, Salaries, Benefits, Working Conditions and Employment Protections

Staffing for Patient Care Area / Employee Input and Staffing Issues

Reutlinger has established policies and procedures to ensure adequate staffing levels for its patient care areas. A description of those staffing policies and procedures are attached to this Section (5)(E). In addition, a description of employee input on health and staffing issues is included in Reutlinger's "Employee Handbook," a copy of which is also attached hereto.

Employee Wages, Salaries, Benefits, Working Conditions, and Employment Protections

A description of employee wages, salaries, benefits, working conditions and employment protections are set forth in Reutlinger's "Employee Handbook" and Benefit Plan for 2019, copies of which are attached hereto.

List of all Staffing Plans, Policy and Procedure Manual, and Employee Handbooks

Copies of Reutlinger's staffing plans and "Employee Handbook," are attached hereto.

Collective Bargaining Agreements or Similar Employment Related Documents

Reutlinger entered into a Collective Bargaining Agreement with SEIU effective as of January 1, 2018, as well as a Memorandum of Understanding RE: Section 20. Health Program dated November 28, 2018.

**THE REUTLINGER COMMUNITY
HOUSEKEEPING AND LAUNDRY
July 1, 2019 - June 30, 2020**

Housekeeping & Laundry

SNF - Housekeeping

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tuesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wednesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Thursday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Friday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Saturday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sunday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total Weekly FTE's	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00

AL - Housekeeping

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Tuesday	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Wednesday	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Thursday	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Friday	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Saturday	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Sunday	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Total Weekly FTE's	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00

Floating - Housekeeping

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sunday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total Weekly FTE's	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

Laundry - Days

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tuesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wednesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Thursday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Friday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Saturday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sunday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Total Weekly FTE's	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00	14.00

Laundry - PM's

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sunday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total Weekly FTE's	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

Department Totals

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Department Totals	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00	77.00

ASSUMPTIONS:
Added an additional Floating - House Keeper to bring FTE up to 2 per Department's request

**THE REUTLINGER COMMUNITY
COOKS
July 1, 2019 - June 30, 2020**

Cooks Staffing

<u>Days</u>	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tuesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wednesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Thursday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Friday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Saturday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sunday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
PM's												
Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sunday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Prep Cook Hours

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sunday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

Total Weekly FTE's

28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00	28.00
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Nutrition Site Cook

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	-	-	-	-	-	-	-	-	-	-	-	-
Tuesday	-	-	-	-	-	-	-	-	-	-	-	-
Wednesday	-	-	-	-	-	-	-	-	-	-	-	-
Thursday	-	-	-	-	-	-	-	-	-	-	-	-
Friday	-	-	-	-	-	-	-	-	-	-	-	-
Saturday	-	-	-	-	-	-	-	-	-	-	-	-
Sunday	-	-	-	-	-	-	-	-	-	-	-	-
Total Weekly FTE's	-	-	-	-	-	-	-	-	-	-	-	-

ASSUMPTIONS:
Per Sonia's email 4/17/2019
Cooks we always have 2 cooks in the am and 1 cook in the pm and 1 prep cook in the pm. Total of 3 cooks a day and 1 prep cook a day. Both Prep cooks and cooks make the same salary.

**THE REUTLINGER COMMUNITY
DIETARY AIDES
July 1, 2019 - June 30, 2020**

Diet Aides Staffing

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Days												
Monday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tuesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wednesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Thursday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Friday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Saturday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Sunday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
PM's												
Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sunday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Adjustments (Coldprep/AMShift)												
Monday	-	-	-	-	-	-	-	-	-	-	-	-
Tuesday	-	-	-	-	-	-	-	-	-	-	-	-
Wednesday	-	-	-	-	-	-	-	-	-	-	-	-
Thursday	-	-	-	-	-	-	-	-	-	-	-	-
Friday	-	-	-	-	-	-	-	-	-	-	-	-
Saturday	-	-	-	-	-	-	-	-	-	-	-	-
Sunday	-	-	-	-	-	-	-	-	-	-	-	-
Total Weekly FTE's	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00	21.00

ASSUMPTIONS:
Per Sonia's email 4/17/2019
Dietary Aides we are missing 1 FTE 7 days a week to make it a total of 3 FTE dietary aides; 1 am dishwasher, 1 pm dishwasher, 1 am utility all 7 days a week ; utility position is for deep cleaning the kitchen and putting away inventory, we had this position on the budget before.

**THE REUTLINGER COMMUNITY
WAIT STAFF
July 1, 2019 - June 30, 2020**

Wait Staff

<u>Days</u>	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Tuesday	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Wednesday	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Thursday	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Friday	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Saturday	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Sunday	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00

PM's

Monday	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Tuesday	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Wednesday	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Thursday	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Friday	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Saturday	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50
Sunday	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50	3.50

Adjustments

Monday												
Tuesday												
Wednesday												
Thursday												
Friday												
Saturday												
Sunday												
Total Weekly FTE's	52.50	52.50	52.50	52.50	52.50	52.50	52.50	52.50	52.50	52.50	52.50	52.50

Delivery Driver

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday												
Tuesday												
Wednesday												
Thursday												
Friday												
Saturday												
Sunday												
Total Weekly FTE's	-	-	-	-	-	-	-	-	-	-	-	-

ASSUMPTIONS:
Per Sonia's email 4/17/2019

**THE REUTLINGER COMMUNITY
TRAYLINERS
July 1, 2019 - June 30, 2020**

<u>Trayliners</u>	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<u>Days</u>												
Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sunday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<u>PM's</u>												
Monday	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Tuesday	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Wednesday	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Thursday	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Friday	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Saturday	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Sunday	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
<u>Other Server</u>												
Monday												
Tuesday												
Wednesday												
Thursday												
Friday												
Saturday												
Sunday												
Total Weekly FTE's	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50	17.50

ASSUMPTIONS:
Per Sonia's email 4/17/2019

**THE REUTLINGER COMMUNITY
LIFE ENRICHMENT STAFF
July 1, 2019 - June 30, 2020**

SNF Coordinator

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	-	-	-	-	-	-	-	-	-	-	-	-
Sunday	-	-	-	-	-	-	-	-	-	-	-	-
Total Weekly FTE's	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

AL/Tikvah Coordinator

Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	-	-	-	-	-	-	-	-	-	-	-	-
Sunday	-	-	-	-	-	-	-	-	-	-	-	-
Total Weekly FTE's	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Traditions Coordinator

Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	-	-	-	-	-	-	-	-	-	-	-	-
Sunday	-	-	-	-	-	-	-	-	-	-	-	-
Total Weekly FTE's	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00

Life Enrichment Assistants

Monday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Tuesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wednesday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Thursday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Friday	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Saturday	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Sunday	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Total Weekly FTE's	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00

ASSUMPTION:

Life Enrichment:
 1 FTE Life Enrichment Director
 1 FTE SNF Coordinator
 1 FTE Trad Coordinator
 1 FTE AL/Tik Coordinator
 1 FTE SNF Assistant M-F
 1 FTE AL Assistant M-F
 3 FTE Assistant Sat-Sun

**THE REUTLINGER COMMUNITY
CONCIERGE
July 1, 2019 - June 30, 2020**

Concierge	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
<u>Days</u>												
Monday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Tuesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Wednesday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Thursday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Friday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Saturday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Sunday	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<u>PM's</u>												
Monday	-	-	-	-	-	-	-	-	-	-	-	-
Tuesday	-	-	-	-	-	-	-	-	-	-	-	-
Wednesday	-	-	-	-	-	-	-	-	-	-	-	-
Thursday	-	-	-	-	-	-	-	-	-	-	-	-
Friday	-	-	-	-	-	-	-	-	-	-	-	-
Saturday	-	-	-	-	-	-	-	-	-	-	-	-
Sunday	-	-	-	-	-	-	-	-	-	-	-	-
<u>Adjustments</u>												
Monday	-	-	-	-	-	-	-	-	-	-	-	-
Tuesday	-	-	-	-	-	-	-	-	-	-	-	-
Wednesday	-	-	-	-	-	-	-	-	-	-	-	-
Thursday	-	-	-	-	-	-	-	-	-	-	-	-
Friday	-	-	-	-	-	-	-	-	-	-	-	-
Saturday	-	-	-	-	-	-	-	-	-	-	-	-
Sunday	-	-	-	-	-	-	-	-	-	-	-	-
Total Weekly FTE's	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00

ASSUMPTION:
CONCIERGE:
1.4 FTE (Monday – Sunday 9am – 530pm)

Reutlinger Community Plan Year 2019

Kaiser Permanente - 604306-00			
<u>Coverage</u>	<u>Full Premium:</u>	<u>Employer Contribution</u>	<u>Employee Monthly Cost</u>
Employee Only	\$495.18	\$495.18	\$0.00
Employee + Spouse	\$1,078.59	\$495.18	\$583.41
Employee + Children	\$981.36	\$495.18	\$486.18
Family	\$1,467.53	\$495.18	\$972.35

Sutter Health Plus - 193802-0001			
<u>Coverage</u>	<u>Full Premium:</u>	<u>Employer Contribution</u>	<u>Employee Monthly Cost</u>
Employee Only	\$621.91	\$621.91	\$0.00
Employee + Spouse	\$1,347.30	\$621.91	\$725.39
Employee + Children	\$1,226.41	\$621.91	\$604.50
Family	\$1,830.90	\$621.91	\$1,208.99

Delta Dental Low Option			
<u>Coverage</u>	<u>Full Premium:</u>	<u>Employer Contribution</u>	<u>Employee Monthly Cost</u>
Employee Only	\$33.83	\$30.75	\$3.08
Employee + One	\$63.97	\$30.75	\$33.22
Employee + Two+	\$108.08	\$30.75	\$77.33

Delta Dental High Option			
<u>Coverage</u>	<u>Full Premium:</u>	<u>Employer Contribution</u>	<u>Employee Monthly Cost</u>
Employee Only	\$45.68	\$30.75	\$14.93
Employee + One	\$84.96	\$30.75	\$54.21
Employee + Two+	\$148.55	\$30.75	\$117.80

VSP Vision			
<u>Coverage</u>	<u>Full Premium:</u>	<u>Employer Contribution:</u>	<u>Employee Monthly Cost</u>
Employee Only	\$8.95	\$8.95	\$0.00
Employee + One	\$14.67	\$8.95	\$5.72
Employee + Two+	\$26.32	\$8.95	\$17.37

Reliance Life and AD&D			
<u>Coverage</u>	<u>Full Premium:</u>	<u>Employer Contribution:</u>	<u>Employee Monthly Cost</u>
Employee Coverage	\$2.20	\$2.20	\$0.00



The Reutlinger Community

SECTION 1

ORIENTATION PLANS AND SCHEDULES

SECTION I
ORIENTATION PLAN AND SCHEDULES
TABLE OF CONTENTS

- General Orientation Policy
 - General Orientation Program
 - Orientation Program for Nursing Assistants
 - Orientation Program for Licensed Staff
 - Physician Orientation Program
 - Temporary or Contract Staff Orientation
- General Orientation Schedule (“Day One”)
- C.N.A & Nursing Assistant Orientation Schedule (“Day Two”)
- General Orientation Checklist
- Nursing Assistant Orientation Checklist
- Licensed Nurse Orientation Checklist
- Temporary or Contract Staff Orientation Checklist

GENERAL ORIENTATION POLICY

POLICY

It is the policy of this facility to give a thorough and appropriate orientation to each newly hired employee in coordination with all applicable local, state, and federal guidelines and regulations.

PURPOSE

The purpose of the orientation program is to help each new employee understand the expectations of their job and to provide each employee with a feeling of confidence and security to increase their job performance.

GENERAL ORIENTATION PROGRAM

Each new employee, regardless of department, shall complete a day of general orientation as part of their first day of employment and prior to assuming any role, task, or function within the facility. The first day of orientation shall include, but may not be limited to, the following:

- Facility Administrative structure
- Organization of staff
- Services offered
- Employee job descriptions
- Personnel policies, including personal appearance
- The role of federal and state regulation in the provision of care by employees
- Residents' Rights
- Legal and ethical considerations of health care
- Tour of facility, including a description of resident population, daily routines for residents and use of equipment such as call lights and intercommunication system
- Emergency procedures
- Unusual occurrences with residents, such as choking
- Fire and Disaster
- Resident comfort and environment
- The facility's philosophy of care
- Elder abuse reporting requirements
- Facility theft and loss policies and procedures
- Dementia Training
- Infection Control

In addition to the General Orientation Program listed above, all employees will receive at least one day of orientation to the expectations and responsibilities of their specific job.

ORIENTATION PROGRAM FOR NURSING ASSISTANTS

Each new nursing assistant will receive at least sixteen (16) hours of orientation during the first forty (40) hours after hiring.

In addition to the General Orientation Program provided to all new employees as their first day of employment, the Nursing Assistant orientation program may include orientation designed to introduce new nursing assistants to key clinical procedures, philosophies of care, and facility practices. This orientation may include, but not be limited to, the following:

- The role of nursing assistants including job description and team concept
- Review of Clinical Systems Manual and Nursing Policies and Procedures
- Demonstration of basic resident care
- Demonstration of use of resident care equipment
- Completion of Skills Inventory for Nursing Assistants

ORIENTATION PROGRAM FOR LICENSED STAFF

Each new Licensed Nurse (Licensed Vocational Nurse or Registered Nurse) will receive at least sixteen (16) hours of orientation during the first forty (40) hours after hiring.

In addition to the General Orientation Program provided to all new employees as their first day of employment, the Licensed Nurse orientation program may include several phases of orientation to introduce new licensed staff to key clinical procedures, philosophies of care, and facility practices. These phases will include in totality, at least, the following:

Phase 1

- The role of Licensed Staff including job description and team concept
- Review Clinical Systems Manual and Nursing Policies and Procedures
- Demonstration of basic resident care
- Demonstration of use of resident care equipment
- Completion of Skills Inventory for Licensed Staff

Phase 2

- Lab and X-ray Policy and Procedure
- Pharmacy protocols
- Introduction to Electronic Medical Records
- Resident assessment
- Nursing Care Plans
- Restraints

Phase 3

- Orientation to Floor

PHYSICIAN ORIENTATION PROGRAM

It is the policy of the facility that new physicians shall have the opportunity to read our policies and procedures and to take a tour of the facility at their discretion.

All facility policies and procedures will be available for review by physicians.

TEMPORARY AND CONTRACT STAFF ORIENTATION

POLICY

It is the policy of this facility to orient all temporary and/or contract Licensed Staff, CNA's and NA's to this facility at the beginning of the shift.

PROCEDURE

Temporary and/or contract shall comply with all facility policies and procedures and be subject to the same expectations for performance and commitment to the facility's Vision, Mission, and Values. Temporary and/or contract staff must complete orientation to the facility prior to having any direct resident contact. Temporary or contract licensed staff must have the attached "Orientation Checklist" completed and maintained on file in the "Registry" binder stored at the Nurse's Station

LICENSED STAFF

1. The Charge Nurse being relieved will orient Registry to unit
2. Introduce to shift supervisor
3. Orient nurse to the unit assigned (see orientation checklist for details)
4. Instruct licensed nurse to the role and responsibilities assigned
5. Review shift routine
6. Review documentation including, but not limited to, the following:
Resident care plans, Nurses notes, Med Sheets, Treatment sheets, I&O, Weekly summaries and Skin sheets.
7. Demonstrate use of Glucometer and feeding pumps.

NURSING ASSISTANT

1. Introduce to charge nurse
2. Introduce to "buddy"* nurse
3. "Buddy" will orient registry to unit assigned and shift routine
4. Charge nurse assign resident assignment – include special needs of the resident, i.e., feet elevated while in bed, HOB elevated to approximately 30 degrees for tube feeders
5. "Buddy" will orient to required documentation.

*A Buddy nurse is an employed Nursing Assistant who may be assigned to the temporary or contract Nursing Assistant. A "Buddy System" is in place to assure the availability of another person to assist in the movement of residents. The "Buddy" shall be called upon to help move any helpless resident in turning and repositioning while in bed and for the transfer in and out of bed for any resident who cannot bear his/her own weight on standing with assistance. The "Buddy" is identified on the assignment sheet that is posted on each station.

Services Offered Department Managers
Description of services offered by department

Lunch (provided by facility)

Infection Control Director of Staff Development

Resident Rights Director of Social Services

HIPAA Privacy Rule

Abuse Director of Staff Development

Policy & Procedure

Elder Abuse Law & Reporting Responsibilities

Mandated Reporting

Break

Dementia Training

Final Comments & Questions Director of Staff Development

DAY TWO – CERTIFIED NURSING ASSISTANT & NURSING ASSISTANT ORIENTATION

8:00am	Welcome, Introductions	Director of Staff Development
8:15am	Facility Philosophy of Care & More Detailed Description of Resident Population	Director of Staff Development
8:30am	Resident Daily Routine Resident comfort & resident environment Daily Routine Exercise (GENIE)	Director of Staff Development
9:00am	Nursing Assistant Role Job Description Team approach to care Resident-centered care	Director of Staff Development
10:00am	Break	
10:15am	Resident Care Equipment Demonstration	Director of Staff Development
11:15am	Return Demonstration of Resident Care Equipment Use C.N.A Skills Inventory	Director of Staff Development
12:00pm	Lunch (facility to provide)	
12:30pm	Federal & State Regulations Affecting Care	Director of Staff Development
1:15pm	Resident Care Policies & Procedures	Director of Staff Development
2:00pm	Break	
2:15pm	Introduction of Basic Resident Care	Director of Staff Development
3:00pm	Return Demonstration of Basic Resident Car Use C.N.A Skills Inventory	Director of Staff Development
4:15pm	Final Comments and Questions	Director of Staff Development
4:30pm	Close for Day	

*Nursing Assistants continue basic resident care instruction for one more day

GENERAL ORIENTATION CHECKLIST

A. _____ I have received my job description, duties and responsibilities, and understand my relationships with other facility department and personnel.

B. _____ I have reviewed and understand the facility personnel policies, including the house rules and dress code, and will perform according to the guidelines outlined.

C. _____ I have had a tour of the facility and can locate the following:

_____ The fire alarm boxes	_____ The fire extinguisher
_____ Emergency exits	_____ Designated Smoking areas
_____ The Disaster/Emergency Evacuation Plan	

D. _____ I understand the definition of and have received instruction regarding what action should be taken if/when the following occurs:

_____ Fire	_____ Unusual occurrence
_____ Disaster	_____ Error in providing care or services
_____ Choking Procedure	_____ Patient Accident
_____ Suspected Resident Abuse	

E. _____ I have received a copy of the "Residents Bill of Rights" and understand my responsibility to carry them out.

F. _____ I have read and understand the facility Resident Abuse policy and procedure and reporting requirements.

G. _____ I have received a copy of the "Elder Abuse" law and understand its importance.

H. _____ I have reviewed regulations regarding HIPPA ("Health Information Privacy and Portability Act") and understand my role in maintaining resident confidentiality.

I. _____ I have reviewed and understand the facility policy relating to "harassment". I have received a copy of the harassment information printed by the DFEH.

J. _____ I have reviewed the Safety policies and procedures including the proper use of equipment and Infection Control and understand my role in maintaining a safe and sanitary environment.

K. _____ I have reviewed the facility's theft and loss policies and procedures.

Date: _____

Employee Signature _____

Instructor Signature _____

NURSING ASSISTANT ORIENTATION CHECKLIST

- A. _____ I have reviewed the description of the patient population.
- B. _____ I have reviewed the daily patient routine.
- C. _____ I am aware that maintaining a comfortable, safe environment for all residents is one of my primary responsibilities.
- D. _____ I have reviewed the facility's philosophy of care and will provide care and services according to the guidelines outlined.
- E. _____ I have toured the facility and can operate resident care equipment as necessary.
- F. _____ I have received an introduction to patient care and have a basic understanding of human needs.
- G. _____ I understand that the facility is governed by State and Federal regulations and that I must perform my duties according to these regulations.
- H. _____ I understand the difference between a legal requirement and ethical consideration and will perform my duties according to these guidelines.
- I. _____ I have received _____ and a copy of HIPAA Mandated Reporting requirements.
- J. _____ I know where to find the Nursing policies and procedures manual, and have been given instruction on how to use these manuals.
- K. _____ I have been instructed and understand how to access the facility Electronic Medical Record system.

Date: _____

Employee Signature _____

Instructor Signature _____

LICENSED NURSE ORIENTATION CHECKLIST

- A. ____ I have reviewed the description of the patient population.
- B. ____ I have reviewed the daily patient routine.
- C. ____ I am aware that maintaining a comfortable, safe environment for all residents is one of my primary responsibilities.
- D. ____ I have reviewed the facility's philosophy of care and will provide care and services according to the guidelines outlined.
- E. ____ I have toured the facility and can operate resident care equipment as necessary.
- F. ____ I have received an introduction to patient care and have a basic understanding of human needs.
- G. ____ I understand that the facility is governed by State and Federal regulations and that I must perform my duties according to these regulations.
- H. ____ I understand the difference between a legal requirement and ethical consideration and will perform my duties according to these guidelines.
- I. ____ I have received and a copy of HIPAA Mandated Reporting requirements.
- J. ____ I know where to find the Nursing policies and procedures manual, and have been given instruction on how to use these manuals.
- K. ____ I have been instructed and understand how to access the facility Electronic Medical Record system.
- L. ____ I have reviewed the following policies and procedures and am confident of my ability to complete requirements appropriately:
 - 1. ____ Lab and X-ray procedures
 - 2. ____ Nursing care plans
 - 3. ____ Resident assessments and MDS
 - 4. ____ Medical Records procedures
 - 5. ____ Pharmacy procedures

Date: _____
Employee Signature _____
Instructor Signature _____

TEMPORARY OR CONTRACT STAFF ORIENTATION CHECKLIST

- I have provided copies of my current license to the facility
- I have received and accepted a description of the resident population
- I have received a tour of the facility and confirm my ability to:
 - Access and appropriately utilized the Electronic Medical Record System
 - Operate the resident call system
 - Operate the phone system
 - Identify smoking and non-smoking areas
 - Operate resident beds including proper use of side rails
 - Locate the fire alarm boxes
 - Locate the fire extinguishers
 - Locate the emergency exits
 - Locate the emergency crash cart
 - Locate emergency outlets and/or extension cords
- I have received a copy of the facility's Personnel Policies and will enforce and follow them
- If there is an unusual occurrence, I will report it immediately to facility leadership
- If I make an error in providing care or services, I will report it immediately to the DON
- If any resident has an accident, I will report it immediately to facility leadership and complete the appropriate documentation
- I am aware that maintaining a comfortable, safe environment for all residents is one of my primary responsibilities
- I understand that theft of any amount shall be reported immediately to facility leadership
- I understand that if there is a procedure for which I have not been trained, I will notify the Director of Nurses before attempting that procedure
- I have not been previously employed by this facility
- I understand the Elder Abuse law and will comply by it
- I have been informed of the facility's Abuse Protocol and will comply by it
- I have been informed of HIPPA and will comply by it
- I have read and understand the Resident's Rights and will do my best to enforce them
- I understand that before starting any work, I have to receive the 24-hour report from the appropriate licensed personnel
- I understand that I may be required to return to this facility to finish any incomplete work
- I understand that I will not dispense of any medication or treatment without an appropriate physician's order

Date _____

Signature of Temporary/Contract Staff

Signature of Supervisor/Oriantator

*Temporary or Contract staff includes registry, home health, hospice, or other contracted personnel

NOTES:



The Reutlinger Community

SECTION 2

ORGANIZATIONAL STRUCTURE AND APPROACH

SECTION 2
ORGANIZATIONAL STRUCTURE AND APPROACH
TABLE OF CONTENTS

Organizational Chart
Vision, Mission, and Values
Customer Service Sheets
Don't Pass Rule
Religious and Cultural Orientation
Description of General Resident Population
Knowledge of Older Adults Quiz

ORGANIZATIONAL CHART

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History

The Reutlinger Community represents the evolution of a dream that began more than fifty years ago in Oakland. It was there in September 1950 that a dedicated group of Jewish leaders placed the cornerstone for the first Jewish Home for the Aged in the East Bay. In the years that followed, the renamed Home for Jewish Parents expanded, but was unable to accommodate the growing number of elders who wished to live there. During the 1980s, therefore, efforts to build a new home were initiated, and a site in Danville was purchased through the overwhelming generosity of contributors in the largest capital campaign in regional history. Major gifts from Harry and Jeanette Weinberg Foundation, the Koret Foundation, and Jacques Reutlinger enabled the project to be brought to fruition, establishing the Ester and Jacques Reutlinger Community for Jewish Living, the Harry and Jeanette Weinberg Campus, and the Koret Senior Live Center, which welcomed its first residents in 1999.

RCJL was originally an agency of the Jewish Community Federation of the Great East Bay, but it became an independent not-for-profit entity in the early 1990's. It now retains a close working relationship with the Federation as it serves elders throughout our area. From decades past to decades in the future, we will continue the long history of caring for elders combining Jewish culture and tradition with respect for all cultures and beliefs with premier services in a community our residents call home.



**The Reutlinger
Community**

OUR VISION

***“To build and maintain a reputation as a world class organization
serving the Jewish community and its elders.”***

OUR VALUES

Jewish Environment

Reflected by: Religious Services and Observance
Traditions and Culture
Art, Music, and Entertainment
Observances of Kashrut

Excellence

Demonstrated by: Genuinely personalized services
Consistent quality care
Dedicated, innovative team
Fiscal responsibility

Respect

For: All individuals
Diverse cultures and beliefs
Our home



The Reutlinger Community

OUR MISSION

The mission of Community for Jewish Living is to provide a life-enhancing and stimulating Jewish environment with respect and dignity for all individuals.

We shall provide the highest quality health care and social support services in a safe and caring home.

We shall enrich the Jewish community through cultural programming, religious observances, and kashrut.

OUR COMMITMENT TO EXCELLENCE

- ◆ To remember that we are in the business of caring. When dealing with a customer, we will never underestimate the importance of taking a few extra seconds to listen, smile, or hold a hand.
- ◆ To remember that although our customers may not always be right, they are always our customers.
- ◆ To remember that when a customer identifies a problem or concern, that this provides us with an opportunity for improvement.
- ◆ To spend a majority of our time finding out what is being done right and then recognize and reward it.
- ◆ To treat every Resident as we would want to be treated if we were they.
- ◆ To treat every employee with the same dignity, respect, and privacy with which we expect them to treat our residents
- ◆ To remember that good communication is essential between employees of all levels in order for everyone to do their best.
- ◆ To better train our employees so they will be able to better perform their duties.
- ◆ To recognize that the expert in any job is most often the person performing it.
- ◆ To recognize that in order to achieve great success and excellence, we must sometimes experience failure.

CUSTOMER SERVICE SHEETS

PURPOSE

It is a commitment of this facility "To recognize that when a customer identifies a problem or concern, that this provides us with an opportunity for improvement." The facility has instituted the use of Customer Service Sheets to identify those concerns, complaints, or compliments that require follow up attention from facility leadership.

Customer Service Sheets are a critical tool in assisting facility staff to identify, document, and resolve customer issues. This tool is essential in insuring quality assessments and continuous quality improvement as it relates to every day facility operations and appropriate customer service solutions.

POLICY

It is the policy of the facility to identify customer concerns, complaints, or compliments and enact measures to resolve issues immediately and appropriately. When addressing customer service issues, facility staff should complete a Customer Service Sheet to insure appropriate follow up. It is strongly encouraged for staff to complete the Customer Service Sheet not to assign this to the resident, family member, or other customer.

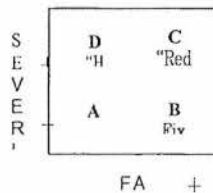
Customer Service Sheets should be initiated by facility staff for the following situations:

- A repeated or unresolved customer concern
- Resident items witnessed destroyed or otherwise removed by facility staff
- A situation that has the potential to affect other residents
- Any situation in which the facility staff member does not have authority to resolve satisfactorily
- Any situation assessed to be a C ("Red Carpet") or D ("Hero") on the Decision Making Grid (see below)

Customer Service Sheets should *NOT* be initiated for the following situations:

- Resident items missing or misplaced (use "Theft and Loss" form)
- Items in need of repair or replacement (use facility maintenance log)
- Allegations of potential resident abuse
- Emergency situations

Decision Making Grid



PROCEDURE

When a customer identifies a problem or concern, the facility staff member should make customer service LAST.

Listen – Listen to the customer. Give them your complete attention. Do not speak unless asked a question.

Apologize – Apologize for whatever has occurred to make the customer feel the way they do. You do not have to accept blame to acknowledge one's feelings.

Solve – Solve the problem. Facility staff may have the authority to commit up to \$100 to solve a customer's concern or complaint. If the problem cannot be solved immediately, let the customer know that it will be forwarded to facility leadership.

Thank – Thank the customer for bringing the issue to our attention. Remember that when a customer identifies a problem or concern, that this provides us with an opportunity for improvement.

After interacting with the customer, the facility staff member should spend 2 – 5 minutes completing a Customer Service Sheet. Key information to be included is the complainant's name, date, a description of the issue, and what action had been taken by the employee to resolve the issue. The initiated Customer Service Sheet shall then be forwarded to the Administrator for follow up.

THE DON'T PASS RULE



No employee shall pass:

- 1. A resident or guest of the facility without smiling and greeting.**
- 2. A call light without answering it and responding to the resident's need.**
- 3. A piece of paper, spill or trash on the floor without taking care of it.**

JEWISH RELIGIOUS AND CULTURAL ORIENTATION

THE SYNAGOGUE

The Jewish place of worship, variously called Synagogue, Schul, Temple, but not Church, is the center of Jewish religious activity. As an institution, it dates back some 2600 years when it served as a substitute for the destroyed Jerusalem Temple. Among Babylonian (modern day Iraq) exiles, it was used as a place of Prayer, Study and Public Assembly.

The common practice at HJP is to have afternoon and morning services for the Jewish Sabbath (Friday/Saturday) and the Major Jewish holidays. (NOTE: All observances begin the previous afternoon.) While attendance is not compulsory, those residents wishing to attend should be given every opportunity and such assistance, as necessary, to do so. Therefore it is important that whenever Synagogue services are to be held:

- a) the residents are made aware of this;
- b) the residents are clean and appropriately dressed;
- c) the residents are assisted, if necessary, to the Synagogue before the start of the services – usually the afternoon service starts at 4:00pm and the morning service at 9:15am.

(NOTE: Residents wanting to attend, can and should be brought in, at any time during the services with minimum noise and/or disruption.)

At the conclusion, residents needing help should be looked after. Though the length of service varies according to the occasion and other variables, the afternoon service lets out around 4:30pm and the morning service around 10:45am. Schedules for the major holidays will be posted as needed.

Statement of Kashrut

The Reutlinger Community maintains a Kosher kitchen and several Kosher dining rooms (RCFE Main Dining Room, Traditions and Tikvah Dining Room, Schiff Dining Room and Skilled Nursing Main Dining Room), It is absolutely essential that the integrity of these facilities is maintained at all times without exception.

The word “Kosher” literally means “fit to eat”, but in reality refers to the entire spectrum of the Jewish dietary laws and practices. The word “Kashrut” is used in connection with the maintenance of such practices.

Categories

Meat is considered Kosher, hence, fit to eat if it comes from an animal that has both a completely cloven (split) hoof and chews its cud. However, such animals, as well as poultry, have to be slaughtered and inspected according to Jewish tradition. Meat which can be considered Kosher such as all beef hot dogs, but not processed in accordance with Jewish law, is unacceptable as Kosher, and cannot be used in or admitted into the Home’s Kosher facilities.

Fish, to be considered Kosher, must have both scales and fins. Therefore, by definition, all shellfish are excluded and cannot be used in or admitted into the Home's Kosher facilities.

Meat and Milk mixtures: This is the category that impinges most upon us and requires the most scrutiny and strictness of observance. Meat products must be absolutely separated from dairy products and cannot be prepared, cooked, or even eaten together. To insure this separation, different sets of dishes, utensils, cooking ware, etc. have to be used.

DIETARY LIST OF KOSHER ITEMS USED		
	Meat	Dairy
Plates	White with pink/green trim	Pastel Blue
Silverware	Fluted Pattern	Frosted Pattern
Therm Bowls	Dark Cranberry	Light Pink
Trays	Green	Blue
Coffee Cups	White with Pink/Green trim	Pastel Blue

Guidelines for Alternative Eating Situation

Kosher areas include the following (and as such, only Kosher foods and/or utensils may be brought into these areas):

- a) Kitchen and Pantries
- b) RCFE Main Dining Room
- c) Traditions and Tikvah Dining Room
- d) Schiff Dining Room
- e) SNF Main Dining Room

It is imperative that all Kosher utensils (including trays, dishes, silverware, etc.) stay within these areas, and are not introduced into other sections of the Home (unless under direct supervision of the Rabbi and/or Food Service Director). Employees wishing to have an Alternative Eating Situation can do so by using the Employee Lounge or the Patio. In such cases, no use can be made of any of the kitchen's or dining room's utensils and/or implements (trays, dishes, silverware, etc.) but use of the paper and plastic goods is entirely acceptable.

If any question or concerns arise, please consult with the Dietary Supervisor or the Rabbi immediately.

Employee Signature: _____ Date: _____

DESCRIPTION OF THE GENERAL RESIDENT POPULATION

Bed Size: _____

In this facility you will find many geriatric or elderly residents ranging from 65 to 90 years of age. Many have various degrees of disability. Some are confined to wheelchairs, some can walk with assistance, and some can't talk very well. Some are hard of hearing while some are confused, forgetful or senile.

Problems and Needs of the Aged

Understanding the Elderly

Growing old is part of all life. Some need to be helped to accept physical effects of aging, the dimming vision, loss of hearing, stiffening of joints, slacking of energy. Some age faster than others do. Aging, however, in itself does not affect personality. One's personality remains the same, only more so. The charming become more charming, or the difficult, more difficult.

Attitudes and behaviors reflect ability or inability to adjust to the stresses of declining physical strength, to retirement from work and family responsibility, to decreased economic security, curtailed patterns of living and loss of friends and marriage partners. Being shut off from accustomed social relationships are often more damaging psychologically than is physical illness.

To understand the person, previous experiences, health, personality and stresses of the present must be considered in addition to outward behavior. A cheerful understanding person visiting regularly and developing a close relationship often prevents emotional deterioration, and aides even those who seem to have lost all zest for living.

The following attitudes may be encountered in the visits and need to be carefully evaluated and taken into consideration.

Growing Old Gracefully

Those persons, who have had a mature, happy outlook on life despite hardships, will continue to see the bright side of the present situation. They may express few needs, but they will need continuous reassurance, comfort and new interests in the Visitor can introduce.

Losing Interest in Life

Lack of stimulation is a major contributing factor, which may eventually lead toward senility. What seems like withdrawal and narrowing of interests is often a kind of self-protection, the inability to cope with the insecure feelings of possible failure in trying new experiences. A real interest, coupled with patience, understanding and encouragement often can change a seemingly hopeless person to a more alert happy individual. To know when to motivate and encourage an older person to try a new experience, and when to support with approval a more passive attitude – such as listening to account of past experience – is a skill every Visitor should strive for.

Showing Progressing Physical Disability

These persons frequently suffer from feelings of futility. They see in the future only increased dependence and loneliness with growing discomfort and pain. Happiness, self-respect, love and

response from others seem to be related only to the past. Warm encouragement by a Visitor, suggestions of opportunity for achievement, even in very small ways, may result in the renewal of interest in life. Most important is the satisfying contact with the Visitor, a companionship that can be depended upon.

Developing Inflexible Attitudes

The individuals who offer the most challenge to a Visitor are those who have become rigid in their thought patterns, attitudes and behavior. They think they cannot learn anything new. Contrary to general belief the aging do not lose the ability to learn new things. They may need a stronger incentive and more time, but they can learn if they are helped to change through gentle encouragement and understanding.

DESCRIPTION OF THE DAILY ROUTINE OF THE RESIDENTS

Basic Standards:

- Three meals a day are served to the residents
- Between meal snacks are provided
- Nourishments are provided
- Every resident is to be turned and repositioned at least every two hours either by themselves or by a staff member
- All residents are to be up and dressed and groomed by 11:00am each day unless the charge nurse gives you specific instructions to the contrary.
- Residents are encouraged to stay up until after dinner (6:00pm) and residents are to go to bed when they want to, not at the convenience of the staff.
- All residents should be up and out of bed for dinner.

Knowledge of Older Adults Quiz

- T/F 1. In 2010, more people were age 65 and older than in any previous census year.
- T/F 2. From 2000 to 2010 the rate of increase of people 65 and older exceeded the rate of increase of the general population in the United States.
- T/F 3. The number of females aged 65 and older continues to outpace the number of males of the same age.
- T/F 4. By the year 2030, older adults may represent over 1/5 of the U.S. population.
- T/F 5. One out of 12 Americans was over the age of 85 in 2010.
- T/F 6. The number of Americans over age 85 is expected to double within the next 10 years.
- T/F 7. The average life expectancy in the United States reached an all time high of 78.8 years according to studies in 2012.
- T/F 8. The average Social Security benefits for older women is only 75% of the Social Security benefits for similarly aged men..
- T/F 9. The most common health problem among older adults is arthritis.
- T/F 10. 50% of all older adults have diabetes.
- T/F 11. About 33% of older adults have significant hearing impairments.

✓



The Reutlinger Community

SECTION 3

EMPLOYEE POLICIES

SECTION 3
EMPLOYEE POLICIES
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Personnel Policies (Insert)
Benefits at a Glance
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PERSONNEL POLICIES

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Insert Personnel Policies Here

THE REUTLINGER COMMUNITY
Benefits at a Glance

Benefit	Description	When Eligible
Health Insurance	Kaiser Permanente – 100% paid for employee, family has the option to enroll (at employee’s expense) United Health Care – employees may enroll but must pay the difference from Kaiser	60 days Must be regular, full time employee to be eligible
Vision Insurance	VSP – 100% paid for employee, only employees can enroll	60 days All employees eligible
Dental Insurance	Delta Dental – 100% paid for employees / dependent children	60 days Must be regular, full time employee to be eligible
Retirement – non-union employees	Tax-deferred savings (403B) through Principal;	Day one of Hire, non-union employees
Retirement – union employees	Refer to Collective Bargaining Agreement	
Life Insurance – union employees	Refer to Collective Bargaining Agreement	
Holiday Pay	8 paid holidays (+3 additional floating holidays added for years of service)	90 days Prorated for part time employees
Vacation Pay	6.66 hours/month – 16.67 hours /month (based on yrs of service)	90 days (Prorated for part time)
Vacation Pay – Cash Out	Up to 96 hours annually may be cashed out if accrued.	90 days
Sick Pay	1 day/month	90 days (Prorated for part time)
AFLAC	Offered at employee’s expense.	90 days
Leaves of Absence	See policies	
Jury Duty	12 days/calendar year	90 days
Bereavement Leave	3 days in-state funerals 5 days out-of-state funerals	90 days
Scholarship Program	Reimbursement for education of employees up to \$2000 per year.	6 months
Certification	CPR recertifications for current employees paid for by facility	immediately
On-Site Education	No/low-cost classes offered onsite (stress, yoga, etc.)	Immediately

KEY EMPLOYMENT PRACTICES

The following policies are taken from "Section 50 – Employment Practices" of the facility Administrative Policy and Procedure Manual:

Paychecks
Time Card Policy and Procedure
Attendance Policy (Excessive Absenteeism)
On Duty Meal Period
Minimum Availability
No Retaliation (Whistleblower Policy)
Employee Injury Procedure
English Speaking Policy for Employees
Code for Dress and Hygiene
Cell Phone Policy
Use of Computers
Employee Visitor Policy
Employee Access to Employee Files
No Solicitation/No Distribution Policy
Accepting Gifts, Tips, and Donations
Travel Policy
Workplace Violence
Drug and Alcohol Free Workplace

PAYCHECKS

Policy

All paychecks produced by this facility shall comply with California Labor Code section 226 which requires the employer to provide to its employees an accurate itemized statement in writing showing:

- 1) gross wages earned;
- 2) total hours worked by the employee;
- 3) the number of piece rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis;
- 4) all deductions;
- 5) net wages earned;
- 6) the inclusive dates of the period for which the employee is paid;
- 7) the name of the employee and specified identifying information;
- 8) the name and address of the legal entity that is the employer; and
- 9) all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

EMPLOYEE TIME CARD POLICIES AND PROCEDURES

Purpose

The purpose of this policy and procedure is to insure the accurate timekeeping of employee hours worked and ensure the accurate payment for such hours.

Policy

It is the policy of this facility to pay every employee completely, accurately, and timely for all hours worked.

Procedure

Badges, Biometric, and Timecards

Every employee shall be assigned a unique "badge number" within the payroll program. Those facilities with biometric identification devices shall have employee fingers scanned and registered and badge numbers confirmed within 48 hours of employment. Facilities and/or departments within facilities without access to biometric identification devices shall assign a timecard to each individual employee within 48 hours of employment. This time card shall be identified by the facility with the employee's name only. Time cards shall never be removed from the facility and shall be kept in the provided time card rack at all times.

Every employee shall receive an orientation to the time clock and instructions on how to punch in and out.

Punching In and Out

It is the employee's responsibility to maintain an accurate and complete record of their hours worked.

Employees shall signify their presence at the workstation and readiness for assigned duties by "punching" in. Every hourly employee must "punch" in/out at the time clock for the following events:

- Beginning scheduled shift of work
- Taking scheduled lunch break
- Returning from scheduled lunch break
- At the end of a scheduled shift of work

No employee shall be relieved of the responsibility for punching in or out on any of these occasions except Licensed Nurses for whom coverage is not available and who have signed the "On-Duty Meal Period Agreement." Failure by an employee to punch in or out, for any reason, is a violation of facility personnel policies and may result in progressive discipline. Excessive missed punches are defined as more than one (2) missed punches per pay period.

TIME CARD ADJUSTMENT SHEETS

Time Card Adjustment Sheets shall be completed by the employee to ensure appropriate payment for hours worked and/or the use of appropriate and available sick time.

Time Card Adjustment Sheets shall only be completed for the following reasons:

- Request for payment of sick time
- 1st day of Orientation
- Working within a department other than employee's home department
- Failure to punch in or out for assigned shift or meal ("missed punches")
- Training provided outside of the facility

Requests for payment of sick time must be submitted prior to the end of the pay period for which the employee was absent due to illness. Requests for payment of sick time that are not submitted timely will be processed during the next payroll period.

Time Card Adjustment Sheets shall not be used to change an employee's existing punch within the payroll system. Time Card Adjustment Sheets shall NOT be filled out for the following reasons:

- Overtime for sixth or seventh consecutive days worked or completed double shifts
- Holiday pay
- Vacation requests
- Requests for days off
- Leave of absence requests
- To alter an existing punch for any reason

If there are missed punches or a need for clarification of an employee's time card, it is the employee's responsibility to fill out a Time Card Adjustment Sheet. The employee must:

- 1 Fill out the Time Card Adjustment Sheet within the current pay period
- 2 Have the omissions or clarifications confirmed by the employee's immediate Supervisor, Department Manager or Administrator by signature of the sheet
- 3 Sign and date the adjustment sheet

If an employee fails to complete a Time Card Adjustment sheet with the required documentation and according to the timelines listed above, then payment of the hours in question will be provided on the following paycheck.

If an employee is not paid accurately for hours worked within a pay period, they must notify the Business Office Manager or designated Payroll Representative immediately. Every effort will be made to correct any inaccuracies and provide appropriate payment as soon as possible.

The Time Card Adjustment Sheets shall be made available to all employees.

ATTENDANCE POLICY

In order to provide excellence in clinical care and services, it is necessary for employees to work every day they are scheduled and be present at their workstation, ready to work, at the time they are scheduled.

The facility acknowledges that there are times when an employee may become ill or when other circumstances beyond their control make it impossible for them to report to work on a timely basis or at all. If an employee is absent from a scheduled workday, they must notify their supervisor at least two (2) hours before the shift from which they will be absent. This provides the facility with an opportunity to coordinate appropriate coverage for the missed shift. To be absent and not call the facility at all is grounds for termination ("No Call, No Show").

When appearing ready to work, employees will be allowed a "grace period" of 3 minutes before and 3 minutes after the start time of the scheduled shift. Employees that clock in up to 3 minutes early or 3 minutes late will not be considered tardy and shall not be disciplined. The grace period applies only to the start of shift and not to meal periods, the end of shift, or other instances. Employees who punch in for work more than 3 minutes after the scheduled start time shall be considered tardy and subject to progressive discipline.

When patterns or trends form regarding employee absences or instances of tardiness, it may be considered excessive and/or abusive and be subject to progressive discipline.

Employees may be considered in violation of this attendance policy according to the following criteria:

- More than two (2) absences* or instances of tardiness in a month;
- More than two (2) occasions of clocking in before the start-of-shift grace period;
- Calling in absent or coming to work tardy the same day every week during a four (4) week period is excessive;
- Coming to work tardy two (2) days in a row is excessive;
- Calling in absent in conjunction with scheduled days off;
- Three (3) spells of illness in a 6 month period is excessive;
- Other patterns or trends that indicate the unreliability of an employee to be excessive or abusive.

*Consecutive days off due to one spell of illness shall count as one absence.

ON DUTY MEAL PERIOD

Purpose

It is the purpose of this policy to insure appropriate coverage of essential resident services while providing the required meal periods for employees.

Policy

It is the policy of this facility to allow employees to take their assigned and required meal period. There are specific positions which are required, due to the nature of the services provided at the facility, to remain available during their meal period. Employees within these pre-determined positions shall be entitled to take an on-duty meal period.

Procedure

The facility Administrator shall identify which positions are eligible for on-duty meal period agreement. These shall be positions which are required to be available and for which there is no alternate coverage available. For example, facilities which schedule only one licensed nurse at any time must make the on-duty meal period available to that licensed position.

Employees will be offered the "On-Duty Meal Period Agreement." Employees who confirm acceptance of the agreement will be paid for their meal period and should be exempted from the requirement of punching in and out for such meal period.

ON-DUTY MEAL PERIOD AGREEMENT

I, _____, understand and agree that the nature of my work as a _____ prevents me from being relieved of all duties and requires me to remain on-duty during meal periods. I voluntarily agree to work an on-duty meal period. I understand that any on-duty meal period is to be recorded on my time records as time worked, and that I will be paid for such time. I further understand that I will be given the opportunity to eat a meal while on duty. Finally, I understand that, by signing this on-duty meal period agreement, I will not be entitled to receive the one hour of pay provided by Labor Code section 226.7 as a penalty for situations when a meal period is not provided.

I understand that I may revoke this agreement at any time by providing written notice in advance to my supervisor. As an option, I further understand that I may revoke this agreement by signing the revocation section below and returning this Agreement to my supervisor. I also understand that I may work on-duty meal periods after revoking the agreement by signing a new on-duty meal period agreement.

Employee signature

Date

Print employee's name

ON-DUTY MEAL PERIOD AGREEMENT REVOCATION

I revoke my On-Duty Meal Period Agreement. I acknowledge that this revocation is not complete until I sign below and return this form to my supervisor. I also further understand that this revocation only applies to meal periods to which I otherwise would be entitled after I submit this signed revocation to my supervisor.

Employee signature

Date

Print employee's name

MINIMUM AVAILABILITY POLICY

Purpose

The purpose of this policy is to set guidelines regarding the availability of part-time or per diem/on call employees to report to work.

Policy

This policy only applies to regular part-time and on-call employees that do not have a regular schedule of work. All regular part-time and on-call employees must make themselves available to work a minimum of:

Four (4) shifts per month, including one (1) weekend

Although employees must make themselves available to work the minimum amounts detailed above, the employer does neither guarantee that these shifts will be scheduled nor hours of work granted.

Procedure

Every regular part-time and on-call employee must provide their supervisor with their list of available shifts for work at least two (2) weeks prior to the beginning of the month.

If an employee does not meet the availability requirements listed above for three (3) consecutive months a certified letter (sample attached) will be sent to the employee's address on file requesting a call to the Administrator with current availability within 10 calendar days.

If the employees fail to call within 10 days or otherwise make themselves available, the facility will have the understanding that the employee has voluntarily resigned their employment, and the termination process will take place.

NO RETALIATION POLICY (WHISTLEBLOWER POLICY)

Policy

It is the intent of the facility to adhere to all laws and regulations that apply to the organization and the underlying purpose of this policy is to support the organization's goal of legal compliance. The support of all employees is necessary in achieving compliance with various laws and regulations. An employee is protected from retaliation only if the employee brings that alleged unlawful activity, policy, or practice to the attention of the facility and provides the facility with a reasonable opportunity to investigate and correct the alleged unlawful activity. The protection described below is only available to employees that comply with this requirement.

If an employee reasonably believes that some policy, practice, or activity of the facility is in violation of law, that employee must file a written complaint with the Administrator, Executive Director, or the President.

The facility will not retaliate against an employee who in good faith, has made a protest or raised a complaint against some practice of the facility, or of another individual or entity with whom the facility has a business relationship, on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of public policy.

The facility will not retaliate against employees who disclose or threaten to disclose to a supervisor or a public body, any activity, policy, or practice of the facility that the employee reasonably believes is in violation of a law, or a rule, or regulation mandated pursuant to law or is in violation of a clear mandate of public policy concerning the health, safety, welfare, or protection of the environment.

ENGLISH SPEAKING POLICY FOR EMPLOYEES

Policy

It is the policy of this facility to affirm the rights of our residents and employees including the right to be free from discrimination. Consequently, each resident has a right to receive communication in a language that he or she understands and all employees have the right to communicate in their primary language consistent with the detailed guidelines.

Guidelines

Our services are designed to promote dignity and respect in full recognition of each resident's individuality. With this consideration, employees are allowed to communicate with each other in their primary language when not engaged in direct communication with, or providing care to a resident, while being aware that they should not engage in conversation of a social nature that does not relate to the resident¹.

The following list provides guidelines of where English-Only may apply for employees when dealing with residents whose primary language is English:

- When engaged in direct communication with resident
- When providing direct care to resident
- When communicating with staff in a common area and within earshot of resident or resident room (common areas including dining rooms, activity rooms, nursing stations, and hallways)

Employees have the right to communicate with each other in their primary language when not involved in situations detailed above, when in break areas, or within closed offices or rooms where residents are not present.

It is appropriate and allowable for employees to communicate with non-English speaking residents in the resident's native language at any time.

Failure to follow this policy constitutes a Group I violation of facility house rules and may result in progressive discipline for the offending employee.

CODE FOR DRESS AND HYGIENE

Our health care environment demands that all staff dress safely, with careful attention to cleanliness, neatness and the image presented by their appearance.

All staff must wear a facility-approved badge which identifies their name and position. Additionally, general dress and grooming requirements are specified by classification below:

Department Managers & Professional Staff

Including: Administrator, Director of Nursing, Admissions Coordinator, Business Office Manager, Director of Staff Development, Social Services Coordinator, Activities Director, Medical Records Coordinator, MDS Coordinator and Therapy Personnel

- Shoes: Clean, rubber-soled shoes. No open toe shoes.
Dress: Must be clean, neat, and professional in appearance.
No t-shirts other than corporate approved logos.
Dresses and skirts should be appropriate in length and fit
No jeans, shorts, or sweat pants.
Grooming: Facial hair must be clean shaven or neatly trimmed.
Accessories: Tattoos should be covered at all times.
Cologne and make-up should be kept simple and minimal.
No buttons, pins, or other protruding accessories.
No hats.

Nursing Staff

Including: Licensed Nursing Staff, Certified Nursing Staff, and Restorative Nursing Staff.

- Shoes: Clean, rubber-soled shoes. No open toe shoes.
Uniform: Must be clean, neat, and professional in appearance.
Nursing scrubs recommended.
Smocks must be worn when assigned and supplied by the facility.
No t-shirts other than corporate approved logos.
No jeans, shorts, or sweat pants.
Grooming: Facial hair must be clean shaven or neatly trimmed.
Fingernails not to exceed ¼ inch from tip of finger.
Accessories: Tattoos should be covered at all times.
Jewelry must be kept to a minimum. No dangling jewelry or protruding rings.
Cologne and make-up should be kept simple and minimal.
No buttons, pins, or other protruding accessories.
No hats.

Dietary Staff

Including: Cooks, kitchen helpers, trayliners, wait staff.

- Shoes: Clean, rubber soled shoes. No open toe shoes.
- Uniform: Must be clean, neat, and professional in appearance.
No t-shirts other than corporate approved logos.
Pants and top should be neutral in color (white, pastels, nature tones, etc.).
No jeans, shorts, or sweat pants.
- Grooming: Facial hair must be clean-shaven or neatly trimmed.
Fingernails not to exceed ¼ inch from tip of finger.
- Accessories: Tattoos should be covered at all times.
Jewelry must be kept to a minimum. No dangling jewelry.
Hat or hair net must be worn at all times.
Cologne and make-up should be kept simple and minimal.
No buttons, pins, or other protruding accessories.

Environmental Services

Including: Maintenance Supervisor, Housekeepers, janitors, and laundry personnel.

- Shoes: Clean, rubber soled shoes. No open toe shoes.
- Uniform: Must be clean, neat, and professional in appearance.
Shirt or smocks must be worn when assigned and supplied by the facility.
No t-shirts other than corporate approved logos.
No jeans, shorts, or sweat pants.
- Grooming: Facial hair must be clean-shaven or neatly trimmed.
Fingernails not to exceed ¼ inch from tip of finger.
- Accessories: Tattoos should be covered at all times.
Jewelry must be kept to a minimum. No dangling jewelry.
Cologne and make-up should be kept simple and minimal.
No buttons, pins, or other protruding accessories.
No hats.

Dress Down Days

There are no provisions to allow for on-going “Dress Down Days.” Facilities may allow staff to participate in themed dress for special events (i.e. Halloween).

USE OF CELLULAR TELEPHONES

Policy

It is the policy of this facility to affirm the rights of our residents and employees including the right to have access to a telephone and opportunity for communication as necessary. The employee’s right to communication must not infringe upon the right of residents or other employees to dignity, privacy, and respect. This policy identifies the guidelines for use of a cellular telephone by employees within the facility.

Guidelines

Use of a cellular telephone by employees, including the making or receiving of calls and/or text messages, shall be permitted under the following conditions:

Inside the employee lounge, the employee's office, or outside the facility
-and-
only during the employee's assigned lunch and break times.

Use of a cellular telephone is *not* permitted in resident care areas including resident rooms, nurse's stations, activity and dining rooms, rehabilitation room, hallways, or other areas designated for resident use. To promote the safety of our employees and others, use of a cellular telephone is *not* permitted in the kitchen and laundry or other work areas where work is produced.

Employees are not allowed to wear Bluetooth or other hands-free devices within the facility while scheduled for work.

In case of an emergency, the use of cellular phones is permitted by employees to make or receive communication as appropriate and necessary.

Administrators, Directors of Nursing, Admissions Coordinators, and/or other individuals whose jobs necessitate availability and constant accessibility for professional matters will be provided reasonable allowances to answer critical calls via cellular telephone while in common areas. These designated individuals must acknowledge resident and employee dignity, privacy, and respect and use cellular telephones accordingly.

Employees shall never use resident cell phones for any reason.

Failure to follow this policy constitutes a Group I violation of facility house rules and may result in progressive discipline for the offending employee.

USE OF COMPUTERS

Policy

It is the policy of this facility to provide employees with the equipment and resources necessary to be efficient and productive in the course of their work. There are many job responsibilities that require or benefit from access to a computer. This policy identifies the guidelines for use of a computer by employees as necessary and appropriate.

Guidelines

Use of a computer by employees shall be permitted during the course of their daily work. Employees shall not use computers, including both hardware and software, to produce items for personal, non-professional purposes.

In most cases, computers will have access to the internet. Employees shall only access the internet

for professional purposes including, but not limited to: update of the Resident Management Program, review of organizational website or other informational material, research, review of industry-related websites such as www.CAHF.org or www.AHCA.org. Employees shall not access websites or use the internet for personal, non-professional matters.

Key leadership personnel within the facility and corporate structure will be provided with an e-mail account for use in communicating professional matters. Employees shall not use assigned e-mail addresses for personal, non-professional purposes including, but not limited to: the dissemination or receipt of mass communication, use as a personal e-mail account, or as contact information for personal registrations or purchases. Furthermore, communications directed into or out of professional e-mail accounts shall not, without the authorization of employee's supervisor, be forwarded to any other e-mail account.

Employees shall never use resident computers for any reason.

Failure to follow this policy constitutes a Group I violation of facility house rules and may result in progressive discipline for the offending employee.

EMPLOYEE VISITOR POLICY

Policy

It is the purpose of this policy to outline rules and restrictions regarding visitors of employees appearing at the facilities.

The employee may receive visitors at the facility as long as the visit:

1. Does not impact resident care;
2. Does not occupy the time of employees not on a current break or meal period;
3. Is not by anyone that requires supervision;
4. Is solely for the purpose of social interaction and not for political or business purposes.
5. Is periodic and does not occur on a regular basis.

Employees' visitors must be 10 years of age or older and must be present only in public areas. Visitors should not have access to resident or employee information and should not be present for meetings or other non-public events.

EMPLOYEE ACCESS TO EMPLOYEE FILES POLICY

Policy

It is the policy of this facility to grant employees with the opportunity to review their personnel file and request copies of items contained therein as appropriate or necessary.

An employee may review his/her employee file with reasonable notice to the employer. The facility may set specific times for employees to review files or may request an appointment in advance of the review. Employees do not have the right to review files while they are currently working.

The employee may review the entire file, with the exception of: letters of reference, reference notes and investigation notes. These should be removed from the file before review or should be kept separately.

A representative from the facility (Administrator, Director of Nursing, or designee) should remain in the room at all times while the employee reviews his/her file. An employee may not add, remove, or change anything in the file.

An employee has the right to receive copies of anything in the employee file that he/she has signed. Copies will be provided to the employee within a reasonable timeframe. The facility has the option to charge the employee for copying fees for this service.

NO SOLICITATION/NO DISTRIBUTION

Policy

Employees are not to solicit or distribute information or materials for the purposes of soliciting during working time or on facility premises. Employees are not to engage in commercial, faith-based, charitable, political, or civic solicitations and/or distributions while on facility premises.

Working time shall be defined as the time when the performance of job duties is expected and does not include unpaid time such as meal periods or before or after scheduled shifts. Facility premises shall include all areas inside the facility including patient care areas, offices, break rooms, restrooms, and common areas such as lounges, lobbies, and hallways.

Facility assets such as stationery, meeting rooms, bulletin boards, telephones, computers, and copiers, are not to be used for purposes of solicitation or distribution other than company approved business.

Violation of this "No Solicitation/No Distribution Policy" is considered a Group I offense and violating employees may be subject to progressive discipline.

ACCEPTING GIFTS, TIPS, AND DONATION

Policy

Employees are prohibited from personally accepting any gifts, tips or donations from residents, their family members, vendors, or the public without the expressed consent of facility administration.

Procedure

From time to time, individuals may be inclined to offer the facility and/or its staff gifts, tips, or donations as a means of conveying appreciation for their efforts and services provided. Acceptance of such tokens without the expressed consent of facility administration is prohibited.

If a resident, family member, vendor, or member of the public offers a gift, tip or donation to an employee, that employee must immediately report such attempt to their immediate supervisor or facility Administrator. The employee's supervisor or the facility Administrator must expressly consent to acceptance of such token.

If facility administration receives gifts or donations designated for general or specific use by the facility or a group of employees, the facility Administrator must notify their Regional Administrator or the President of such receipt. The use of these funds must be detailed and approved by the Regional or President prior to the purchase of goods and/or services.

Employees are prohibited from requesting or soliciting gifts, tips, or donations on their behalf or the behalf of co-workers or the facility unless it is identified as a primary responsibility in their job description.

TRAVEL POLICY

Policy

It is the policy of the company to provide employees with comfortable and safe accommodations when travel is required as part of their job functions.

Guidelines

Any employee required to travel between locations as a key element of their job function may receive a monthly car allowance. If an employee receives a car allowance it is to cover all costs associated with work-related travel within 300 miles from their primary work site. The employee should not submit any additional travel related expenses for reimbursement, including, but not limited to; auto repairs, gas, and bridge fare.

Employees who do not receive a car allowance but who may, from time to time, require travel that is considered to be within the scope of their primary job responsibilities shall be reimbursed at a rate of \$0.50 ½ per mile. An appropriate mileage sheet shall be completed, approved by the employee's supervisor and submitted with the employee's request for reimbursement. Travel to or from the primary site of work on any given day shall not be reimbursed (this includes travel to or from alternate work sites such as the Corporate Office or another facility). The only exception to the primary site of work requirement is an employee who is called to work during their regularly scheduled day off.

If, during the course of travel as part of an employee's primary job responsibilities, damage is sustained to the employee's vehicle or any other incident/accident shall occur, it shall be the

employee's responsibility to request and receive a police report. If necessary and appropriate, a claim may be submitted to the employer's insurance carrier to determine if coverage is available for any damage incurred. The employer shall never be responsible for moving violations or damage to third parties that are the result of the employee's actions.

Occasionally, employees may be required to travel (whether to a facility site or directed training site) to a location more than 300 miles from their primary work site. When this is necessary, the designated Travel Coordinator shall make arrangements for such travel and any overnight accommodations. The Travel Coordinator shall identify travel options such as method (airplane or train including airline options), total travel time, and cost in providing the traveling employee with choices for their approval. The Travel Coordinator may, at his or her discretion, allow the traveling employee to register and pay for the approved travel arrangements through the employee's personal benefit program (e.g. frequent flyer program). The costs for such consideration shall not exceed the cost of making said travel arrangements independently through the company and shall be reimbursed to the employee within thirty (30) days of submission of appropriate receipts for expenses paid. If the employee and the company mutually agree that travel to a work location further than 300 miles from their primary work site is preferred to be made by auto, then the traveling employee shall receive reimbursement for mileage from their primary work site to the travel site regardless of whether the employee receives a car allowance.

Accommodations for overnight stay near facilities less than 300 miles from a primary work site should be pre-approved by the employee's immediate supervisor or company President. Such occasions should be limited in frequency as much as possible.

WORKPLACE VIOLENCE

Policy

It is the policy of this facility to prevent workplace violence and to maintain a safe work environment to the highest degree possible. Conduct that threatens, intimidates, or coerces another employee, a resident, or a member of the public will not be tolerated. This prohibition includes all acts of harassment, including harassment that is based on an individual's sex, race, age, or any characteristic protected by federal, state, or local law.

Procedure

All employees, including supervisors and temporary employees, should be treated with courtesy and respect at all times. The following conduct will not be tolerated at this facility:

- Threatening, violent, or intimidating behavior
- Verbal or physical abuse
- Vandalism or arson
- Any other coercive act against a person or property while on facility premises or on working time
- Joking about, making light of, or making offensive comments regarding violent acts or situations

- Fighting, “horseplay” or other conduct that may be dangerous to self or others
- Possession of firearms, weapons, and other dangerous or hazardous devices or substances

All threats of (or actual) violence, both direct and indirect, should be reported as soon as possible to your immediate supervisor or any other member of management. This includes threats by employees, as well as threats by customers, vendors, solicitors, or other members of the public. All suspicious individuals or activities should also be reported as soon as possible. If you witness a disturbance or altercation near your workstation, do not try to intercede but report the incident immediately. When reporting a threat of violence, the employee should be as specific and detailed as possible.

All reports of threats of (or actual) violence and of suspicious individuals or activities will be promptly and thoroughly investigated. The identity of the individual making a report will be protected as much as is practical. In order to maintain workplace safety and the integrity of any investigation, employees may be placed on Administrative Leave, with pay, pending completion of the investigation.

Anyone determined to be responsible for threats of (or actual) violence or other conduct that is in violation of these guidelines will be subject to prompt disciplinary action in accordance with facility personnel policies up to and including termination of employment.

Employees are encouraged to bring their disputes or differences with other employees to the attention of their supervisors, the facility Administrator, or the Director of Human Resources before the situation escalates into potential violence. Employees shall not be disciplined for bringing such concerns to the attention of management.

DRUG AND ALCOHOL FREE WORKPLACE

Policy

This policy outlines the practice and procedure designed to correct instances of identified alcohol and/or drug use in the workplace. This policy applies to all employees and all applicants for employment.

The facility will assist and support employees who voluntarily seek help for such problems before becoming subject to discipline and/or termination under this policy. Such employees may be required to document that they are successfully following prescribed treatment and to take and pass follow-up tests if they hold jobs that are safety-sensitive or require driving, or have violated this policy previously. Once a drug test has been scheduled, the employee will have forfeited their right to be granted a leave of absence for treatment and possible discipline, up to and including discharge, will be unavoidable.

Employees should report to work fit for duty and free of any adverse effects of illegal drugs or alcohol. This policy does not prohibit employees from the lawful use and possession of prescribed medications. Employees must, however, consult with their doctors about the medications' effect on their fitness for duty and ability to work safely and promptly disclose any work restrictions to their supervisor. Employees should not, however, disclose underlying medical conditions unless directed

to do so.

Purpose

In compliance with the Drug-Free Workplace Act of 1988, the facility has a commitment to provide a safe and productive work environment consistent with the value-based standards of the organization. Alcohol and drug abuse pose a threat to the health and safety of employees and residents and to the security of our equipment and facilities. For these reasons, this facility is committed to the elimination of drug and/or alcohol use and abuse in the workplace.

Work Rules

Whenever employees are working, are present on facility premises, or are conducting company related work off-site, they are prohibited from using, possessing, buying, selling, manufacturing or dispensing an illegal drug (to include possession of drug paraphernalia); being under the influence of alcohol or an illegal drug as defined in this policy; and possessing or consuming alcohol.

The presence of any detectable amount of any illegal drug or illegal controlled substance in an employee's body system, while performing company business or while in a company facility, is prohibited.

The facility will not allow any employee to perform their duties while taking prescribed drugs that are adversely affecting the employee's ability to safely and effectively perform their job duties. Employees taking a prescribed medication must carry it in the container labeled by a licensed pharmacist or be prepared to produce this if requested.

Any illegal drugs or drug paraphernalia will be turned over to an appropriate law enforcement agency and may result in criminal prosecution.

Medicinal marijuana, even with a physician's recommendation, is considered an illegal drug and will not be allowed.

Required Testing

All applicants must pass a drug test before beginning work in accordance with this facility's "Pre-Employment Drug Screening" policy.

Employees who are suspected to be under the influence of substances that may affect their work are subject to testing. If an employee is suspected to be under the influence, the "Observation Checklist" must be used to document specific observations and behaviors that create a reasonable suspicion that the person is under the influence of illegal drugs and/or alcohol. If the results of the "Observation Checklist" indicate further action is justified, the manager/supervisor should confront the employee with the documentation and with another member of management present as a witness. Union employees may be allowed to have a union representative present. Human Resources, the Administrator, or the Regional Administrator shall be consulted before sending an employee for testing.

Under no circumstances will the employee be allowed to drive himself or herself to the testing facility. A member of supervision/management and a union rep (if appropriate) must escort the employee; the supervisor/manager will make arrangements for the employee to be transported home.

Collection and Testing Procedures

Employees subject to alcohol testing shall be driven to a Foresight designated facility and directed to provide breath specimens. Breath specimens shall be tested by trained technicians using federally approved breath alcohol testing devices capable of producing printed results that identify the employee. If an employee's breath alcohol concentration is .04 or more, a second breath specimen shall be tested approximately 20 minutes later. The results of the second test shall be determinative. Alcohol tests may, however, be a breath, blood or saliva test, at the company's discretion. For purposes of this Policy, test results generated by law enforcement or medical providers may be considered by the company as work rule violations.

Employees subject to drug testing shall be driven to a designated medical facility and directed to provide urine specimens. Employees may provide specimens in private unless they appear to be submitting altered, adulterated or substitute specimens. The laboratory shall screen all specimens and confirm all positive screens. There shall be a chain of custody from the time specimens are collected through testing and storage.

The laboratory shall transmit all positive drug test results to a Medical Review Officer ("MRO"), who shall offer persons with positive results a reasonable opportunity to rebut or explain the results. Persons with positive test results may also ask the MRO to have their split specimen sent retested at the employee's own expense. Such requests must be made within 72 hours of notice of test results. If the second facility fails to find any evidence of drug use in the split specimen, the employee or applicant will be treated as passing the test. In no event shall a positive test result be communicated to the facility until such time that the MRO has confirmed the test to be positive.

Employees who test positive for alcohol or illegal drug use under this policy will be subject to progressive discipline. Employees who refuse to cooperate in required tests or who use, possess, buy, sell, manufacture or dispense an illegal drug in violation of this policy will be subject to progressive discipline. If the employee refuses to be tested yet we believe they are impaired, under no circumstances will the employee be allowed to drive himself or herself home.

Employees will be paid for time spent in alcohol/drug testing and then suspended pending the results of the drug/alcohol test. After the results of the test are received, a date/time will be scheduled to discuss the results of the test; this meeting will include a member of management/supervision, and a union representative (if requested).

Confidentiality

Information and records relating to positive test results, drug and alcohol dependencies and legitimate medical explanations provided to the MRO shall be kept confidential to the extent required by law and maintained in secure files separate from normal personnel files. Such records and information may be disclosed among managers and supervisors on a need-to-know basis and may also be disclosed where relevant to a grievance, charge, claim or other legal proceeding initiated by or on behalf of an employee or applicant.

Inspections

The facility reserves the right to inspect all portions of its premises for drugs, alcohol or other contraband; affected employees may have union representation involved in this process. All employees, contract employees and visitors may be asked to cooperate in inspections of their persons, work areas, and property that might conceal a drug, alcohol, or other contraband. Employees who possess such contraband or refuse to cooperate in such inspections are subject to appropriate

discipline, up to and including discharge.

Reasonable Suspicion Testing Protocol (“Observation Checklist”)

1. The employee will be advised that the facility believes that there is reasonable suspicion to believe that he/she is affected by illegal drugs or alcohol and that this test is being offered to confirm or deny this suspicion.
2. The employee will be transported to any one of the company’s contracted testing facilities. One member of management/designated attendant will accompany the employee. Under no circumstances will the employee be allowed to drive himself or herself to the testing facility.
3. Prior to leaving for the testing facility, supervision/management will contact the testing facility to inform them that staff from the facility will be arriving and will need a drug and/or alcohol test completed.
4. The employee to be tested **MUST** present a PHOTO ID (i.e., a driver’s license or state ID card) to the testing facility staff before the specimen can be obtained. Ensure that the employee brings this with them when leaving the facility premises.
5. The employee to be tested must sign a consent form provided by/at the testing facility. Refusal to sign will result in progressive discipline up to and including termination.
6. The supervisor/manager **MUST** make arrangements to transport the person safely home. Under no circumstances will the tested employee be allowed to drive himself or herself home.

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Insert "Time Off Request" Here



THE REUTLINGER COMMUNITY

PERSONNEL POLICIES

4000 CAMINO TASSAJARA

DANVILLE, CA

925-648-2800

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EMPLOYEE ACKNOWLEDGMENT FORM

These Personnel Policies describe important information about The Reutlinger Community ("TRC") and I understand that I should consult my supervisor regarding any questions not answered in the handbook. There are other policies, including those contained within the Collective Bargaining Agreement, which may affect my employment at TRC.

I have entered into my employment relationship with TRC voluntarily and acknowledge that there is no specified length of employment.

Since the information, policies, and benefits described here may be subject to change, I acknowledge that revisions to these policies and those contained elsewhere may occur at any time. All such changes will be communicated through office notices, and I understand that revised information may supersede, modify, or eliminate existing policies.

I acknowledge that I have received these policies, and I understand that it is my responsibility to read and comply with the policies contained herein and any revisions made to it.

Employee's Name (printed); _____

Employee's Signature; _____

Date; _____

101 Union Recognition

This facility recognizes the union as the exclusive bargaining representative for certain employees of the facility except for, but not limited to, registered nurses, licensed vocational nurses, confidential employees, professional employees, supervisory employees and guards as defined by the National Labor Relations Act. If you are unsure whether you would be represented by the union, please consult your supervisor or facility administrator.

Employees represented by the union will be subject to additional terms and conditions of employment which shall be stated in the Collective Bargaining Agreement (“CBA”) between the employer and the union. Any employee may request a copy of the CBA from the facility business office manager or union representative.

102 Employee Relations

TRC believes that the work conditions, wages, and benefits it offers to its employees are competitive with those offered by other employers in this area and in this industry. If employees have concerns about work conditions or compensations, they are strongly encouraged to voice these concerns openly and directly to their supervisors.

Our experience has shown that when employees deal openly and directly with supervisors, the work environments can be excellent, communications can be clear, and attitudes can be positive. We believe that we amply demonstrate our commitment to employees by responding effectively to employee concerns.

103 Equal Employment Opportunity

In order to provide equal employment and advancements opportunities to all individuals, employment decisions at TRC will be based on merit, qualifications, and abilities. This facility does not discriminate in employment opportunities or practices on the basis of race, color, religion, sex, national origin, age or any other characteristic protected by law.

This policy governs all aspects of employment, including selections, job assignment, compensation, discipline, terminations, and access to benefits and training.

Any employee with questions or concerns about any type of discrimination in the workplace is encouraged to bring these issues to the attention of his/her immediate supervisor, union representative or the facility Administrator. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

104 Hiring and Non-discrimination

This shall not discriminate for or against any employee or applicant for employment on account of race, color, religion, national origin, age, sex, sexual preference, or physical handicap.

There shall not be any distinction between wages paid to men and wages paid to women for the performance of comparable quality and quantity of work on the same or similar jobs.

No employee or applicant for employment covered by a Collective Bargaining Agreement shall be discriminated against because of membership in the Union or activities performed on behalf of the Union.

106 Introductory Period

The introductory period is intended to give new employees the opportunity to demonstrate their ability to achieve a satisfactory level of performance and to determine whether the new position meets their expectations. The facility uses this period to evaluate employee capabilities, work habits, and overall performance.

All new and rehired employees work on an introductory basis for the first 90 calendar days after their date of hire. If it is determined that the designated introductory period does not allow sufficient time to thoroughly evaluate the employee's performance, the introductory period may be extended for a specific period. During such introductory period, the employee may be discharged for any reason, which in the opinion of the Employer is just and sufficient without regard to the grievance procedure.

Upon satisfactory completion of the introductory period, employees enter the "regular" employment classification and seniority shall date back to the hire date.

During the introductory period, new employees are eligible for those benefits that are required by law, such as, worker's compensation insurance and social security. After becoming regular employees, they may also be eligible for other employer-provided benefits, subject to the terms and conditions of each benefit program.

110 Hours of Work

It is the intent of this policy to define hours of work so that the employees understand their obligation regarding attendance, performance, and calculation of compensation for completion of their duties.

Salaried, exempt employees shall discuss with their supervisor the expected start and end time of their regularly scheduled shift. Salaried, exempt employees may be required to

work hours beyond those for which they are regularly scheduled. A salaried, exempt employee's annual salary is inclusive of all hours worked.

For hourly, non-exempt employees the following policies exist:

A workweek shall be defined as 12:00am Sunday through 11:59pm Saturday. A workday shall be defined as the consecutive 24-hour period beginning at 12:00am on each calendar day. Hours worked shall be counted, in totality, on the day in which the employee punches out to end a shift.

A straight-time day's work shall consist of not more than eight (8) hours and the straight-time workweek shall not be more than forty (40) hours per week.

If an employee is required to work in excess of the straight time eight (8) hour day's work within a consecutive 24-hour period or the 40 hour work week, he/she shall be paid overtime at the rate of time and one-half (1 ½). If the hours worked exceed 12 hours, the employee shall be paid double the straight time regular rate of pay. An employee may be scheduled to work six (6) or more consecutive days only if mutually agreed upon between the employer and employee. If a full-time employee is required to work for seven (7) consecutive days within the same work week, he/she shall be paid at the rate of double-time (2) for all hours worked on that seventh (7th) day.

No regular full-time employee shall be required to work on his/her day off. Any employee who works on their day off shall be compensated at the overtime rate of one and one-half (1 ½) times of their straight time rate of pay for all hours worked that exceed the straight-time work week.

Any employee, who is called in and reports within one (1) hour after being called, shall receive an additional one (1) hour pay at the straight-time rate.

A shift differential of twenty-five cents (\$0.25) per hour in addition to the hourly rate of pay shall be paid to all employees working a shift which commences on or after 2:00pm or before 11:59pm.

Any employee working a second consecutive shift after completing a full eight (8) hour shift shall be paid at the appropriate overtime rate of pay for all hours worked during that second shift.

Each employee shall be granted a rest period of 15 minutes during each half shift without deduction in pay. Such rest periods shall be taken at a time specified by the employer so as not to disrupt the efficient patient care of the hospital. However, these rest periods must be taken individually during each half shift and shall not be used to extend the meal break. It shall be the employee's responsibility to ensure that each rest period is taken appropriately.

Each employee shall be entitled to receive a meal break of 30 minutes for each shift exceeding four (4) hours. Meal breaks shall be taken at a time specified by the employer so as not to disrupt the efficient patient care of the hospital. It shall be the employee's responsibility to ensure that each meal period is taken appropriately. It is the employee's responsibility to clock in/out for meal periods

111 Wages and Paydates

It is the intent of this policy to define hours of work so that the employees understand the calculation of compensation for completion of their duties.

All wages shall be paid on a semi-monthly basis. Paydays shall be on the 10th and 25th of each month.

If payday falls on a Saturday or Sunday, paychecks will be made available on the preceding work day. If payday falls on a national holiday, paychecks will be made available on the preceding work day. Paychecks for all employees shall be available by 8:00 a.m. on payday. In the event that payroll checks are to be unavailable on the above dates and times, the employees shall be notified in advance as soon as the Employer has knowledge of the delay.

It is the employee's responsibility to clock in at start of shift, out at end of shift and in/out for meal periods. If the employee fails to do so he/she must have the supervisor initial a recording of the accurate punch on the standard authorized form and submit to the payroll department prior to the end of the pay period. Failure to do so will result in any appropriate payroll adjustment to be made on the next payroll.

Employees relieving an employee in a higher classification will be paid at the rate of the higher classification.

Any regular, full-time employee who elects to not receive benefits (including health, dental, vacation, holiday, and sick benefits) shall receive an "in lieu" premium of \$2.00 added to their base hourly wage. Any regular, part-time employee who elects to not receive benefits (including vacation, holiday, and sick benefits) shall receive an "in lieu" premium of \$1.00 added to their base hourly wage.

Any employee who attains an anniversary date noting an increase in pay according to the published wage scale shall receive that wage increase the next full pay period after the date of anniversary.

All employees in the dietary department shall be entitled to a regular meal occurring within their shift. No deductions will be made for such meals. All employees shall be entitled to coffee free of charge.

Sick Leave and Vacation hours available shall be reported on employee paychecks.

Any employee who trains a new employee shall receive seventy-five cents (\$0.75) per hour in addition to their hourly rate of pay for training new employees for up to three (3) days of that training. The Employer is the sole judge of who will be selected for training of new staff.

112 Categories of Employment

It is the intent of this policy to define employment classifications so that the employees understand their employment status and benefit eligibility.

Each employee is designated either as **non-exempt** or **exempt** according to all applicable state and/or federal regulations.

Non-exempt employees shall be compensated on an hourly basis for all hours worked and are entitled to overtime pay as outlined in the "Work Hours" Section of the facility Personnel Policies and according to all applicable state and/or federal regulations. Non-exempt employees may not be salaried.

Exempt employees shall be compensated on a salaried basis and are excluded from specific provisions of federal and state wage and hour laws. To be categorized as an Exempt, an employee must meet criteria established by the Division of Labor Standards Enforcement including, but not necessarily limited to: 1) employee must earn a monthly salary equivalent to no less than two (2) times state minimum wage for full-time employment; and 2) employee must be primarily engaged in administrative, executive, or professional duties. Exempt employees may not be Part-Time.

In addition to the above categories, each employee will belong to one other category:

A **regular full-time** employee is one who works a regular, consistent work schedule totaling thirty (30) or more hours per week. Regular, full-time employees are eligible for full benefits.

A **regular part-time** employee is one who works a consistent work schedule totaling an average of twenty (20) or more hours per week but less than thirty (30) hours per week. Regular part-time employees are eligible for pro-rated vacation, holiday, and sick benefits calculated at half of the full time accrual. Regular, part-time employees are not eligible for health or dental insurance benefits.

An **on-call** employee is one who works intermittently as required and averages less than twenty (20) hours per week. Casual or on-call employees are not eligible for benefits.

Introductory employees are those who are within their first ninety (90) days of employment and whose performance is being evaluated to determine whether continued employment with the organization is appropriate.

The facility may review an employee's status as full-time, part-time, or casual/on-call on a regular basis or as determined necessary by management. A determination of the employee's "consistent work schedule" shall be made by reviewing the hours worked on a weekly basis for the previous 12 weeks.

113 Timekeeping

Accurately recording time worked is the responsibility of every non-exempt employee. Federal and state laws require that accurate records of time worked be kept in order to calculate employee pay and benefits. Time worked is all the time actually spent on the job performing assigned duties.

It is the employee's responsibility to clock in at start of shift, out at end of shift and in/out for meal periods. Each employee shall be entitled to receive a meal break of 30 minutes for each shift exceeding four (4) hours. It shall be the employee's responsibility to ensure that each meal period is taken appropriately. It is the employee's responsibility to clock in/out for meal periods

Altering, falsifying, tampering with time records or recording time on another employee's time record may result in disciplinary action, up to and including termination of employment.

114 Administrative Pay Corrections

TRC takes all reasonable steps to ensure that employees receive the correct amount of pay in each paycheck and that employees are paid promptly on the scheduled payday.

It is the employee's responsibility to clock in at start of shift, out at end of shift and in/out for meal periods. If the employee fails to do so he/she must have the supervisor initial a recording of the accurate punch on the standard authorized form and submit to the payroll department prior to the end of the pay period.

In the unlikely event that there is an error in the amount of pay, the employee should promptly bring the discrepancy to the attention of the Payroll Department so that corrections can be made as quickly as possible. Failure to do so will result in any appropriate payroll adjustment to be made on the next payroll.

115 Vacation

Vacation time is a benefit intended to provide employees with paid time away from work.

Once an employee enters an eligible employment classification, they begin to earn vacation time according to the schedule below. An employee can request the use of vacation time only after it is earned.

Regular full-time employees shall be granted vacation time as follows:

- Upon initial eligibility and up to three (3) years of service the employee is entitled to 10 days of vacation each year, accrued monthly at the rate of 6.67 hours.
- After three (3) years of service and up to six (6) years of service the employee is entitled to 15 days of vacation each year, accrued monthly at the rate of 10 hours.
- After six (6) years of service and up to nine (9) years of service the employee is entitled to 20 days of vacation each year, accrued monthly at the rate of 13.33 hours.
- After nine (9) years of service the employee is entitled to 25 days of vacation each year, accrued monthly at the rate of 16.67 hours.

Regular part-time employees are eligible for pro-rated vacation benefits calculated at half of the full time accrual.

Vacation can be used in minimum increments of one-half day. Employees who have an unexpected need to be absent from work should notify their direct supervisor before the scheduled start of their workday, if possible. The direct supervisor must also be contacted on each additional day of unexpected absence.

For vacation requests of more than one week off, employees shall submit vacation requests at least three months in advance of the requested time away from work. The Employer will notify each employee in writing of the approval or denial within one month of receipt of the request for time away from work. Employees shall be given preference on the basis of seniority in the choice of vacation period. Vacation requests for vacation periods of more than one week shall be given preference over vacation requests of one week or less. Vacation requests shall not be unreasonably denied.

Unused and accrued vacation time shall accumulate to a maximum of forty (40) days, equivalent to three hundred twenty (320) hours.

In the event that accrued vacation time is not used by the end of the benefit year, employees may carry unused time forward to the next benefit year.

Employees shall be entitled to cash out all of the accrued vacation hours up to a maximum of 96 hours annually by providing two (2) weeks written notice to their supervisor.

116 Sick Leave

Sick leave is a benefit intended to provide employees with paid time away from work caused by an injury or illness.

Regular, full-time employees shall accrue sick leave at the rate of eight (8) hours for each month of continuous employment. Regular part-time employees shall accrue sick leave at the rate of 4 hours for each month of continuous employment. On-call employees who work thirty (30) or more days within a year and are not covered by the collective bargaining agreement shall accrue sick leave at the rate of one hour for every thirty (30) hours worked.

An employee can request the use of sick time only after it is earned.

Unused sick leave shall accumulate to a maximum of fifty (50) days.

Sick leave may be used in two (2) hour increments only (e.g. 2 hours, 4 hours, 6 hours).

If there is reasonable doubt as to the validity of an employee's injury or illness, the employer may require a doctor's certification as a condition of granting sick leave pay for absences of two (2) days or more.

For illnesses or non-work-related injuries which extend beyond five (5) working days, employees may be required to file to State Disability Insurance benefits. Employees may be granted a maximum of forty (40) hours of sick pay prior to the employee's filing for State Disability Insurance benefits. In cases where an employee is eligible to receive State Disability Insurance benefits or Worker's Compensation benefits, the employee shall receive their full benefit payment, plus that portion of their sick leave pay that shall aggregate to an amount equal to but not exceeding the employee's regular rate of pay for any missed time.

NOTE: THIS SECTION HAS BEEN ELIMINATED FROM THE NEW CBA. Employees with at least (30) days (two hundred forty {240} hours) of accrued unused sick time may cash out up to a maximum of sixteen (16) hours annually. Requests for cashing unused sick time must be made in writing to the supervisor and/or payroll department at least two (2) weeks in advance of June 1 or December 1 of each year.

117 Holidays

The following days shall be recognized as paid holidays, provided that the employee has been on the payroll ninety (90) days prior to the holiday:

- New Year's Day (January 1)
- Martin Luther King, Jr. Day (third Monday in January)

- Presidents' Day (third Monday in February)
- Memorial Day (last Monday in May)
- Independence Day (July 4)
- Labor Day (First Monday in September)
- Thanksgiving (fourth Thursday in November)
- Christmas (December 25)
- Floating Holiday, after one (1) year of employment
- Additional Floating Holiday, after (3) years of employment
- Additional Floating Holiday, after (5) years of employment

Regular, part-time employees are eligible for pro-rated holiday benefits calculated at half of the full time accrual.

In order to qualify for the holiday pay provided in this Section, an employee must work the scheduled day before and the scheduled day following the holiday and the holiday, if scheduled.

An employee must notify their supervisor in writing of their desire to take an earned Floating Holiday as time away from work at least two (2) weeks in advance.

All Floating Holidays must be requested and taken in the calendar year within which they are accrued. Floating Holidays may not be carried over to a new calendar year.

If a salaried, exempt employee works on a recognized holiday, they will receive another day off with pay at the straight time rate of pay within thirty (30) days of the holiday. Time off for holidays not taken within the specified time shall be forfeited. To schedule an exchange of days off for a holiday, employees should request advance written approval from their supervisors using the forms provided by company.

If an hourly, non-exempt employee is required to work on a recognized holiday, they will be compensated at the rate of time and one-half (1 ½) for all hours worked for the following holidays:

- New Year's Day (January 1)
- Independence Day (July 4)
- Thanksgiving (fourth Thursday in November)
- Christmas (December 25)

If a recognized holiday falls during an eligible employee paid absence (such as paid time-off), holiday pay will be provided instead of the paid time off benefit that would otherwise have applied.

Paid time off for holidays will not be counted as hours worked for the purpose of determining overtime.

118 Leave of Absence

Military Leave

There shall be no time limit on a leave of absence due to military service or a job disability arising out of disability occurring while on the job for the Employer.

Personal Leave

Personal leaves may be granted for just and sufficient cause. Leaves must be requested, in writing, at least fourteen (14) days in advance of requested time away. Such personal leaves may be granted up to thirty (30) days and are subject to prior approval by the Employer.

Employees on any of the aforementioned leaves of absence shall not be entitled to paid holidays or accumulate vacation or sick time for the period of time they are on leave of absence.

Employees on a leave of absence shall maintain their seniority but shall not accrue tenure toward wage increases and shall not accrue benefits including, but not limited to, vacation and sick time.

The employee, at the employee's option, may assume payment of fringe benefits they desire to maintain during leave of absence in excess of one month. Employer will advise the employee of the need to exercise this option.

119 Bereavement Leave

Employees who wish to take time off due to the death of an immediate family member should notify their supervisor immediately.

A leave of absence of up to 3 days of paid bereavement leave will be provided to eligible regular full-time employees. When the funeral occurs outside of the state, two (2) additional days of leave shall be granted.

“Immediate family” is defined as the employee’s spouse, sister, brother, son, step-son, daughter, step-daughter, parents, grandparents, step-parents, mother-in-law, father-in-law, son-in-law, daughter-in-law, grandchildren, legal guardian and registered domestic partner.

The Employer may request verification of an out of state funeral prior to payment of bereavement leave. Payment for Bereavement Leave shall only be for time that was scheduled to be worked. All bereavement leaves must be taken within thirty (30) days from the time of death of the immediate family member of the employee.

120 Union Leave

One union steward/member per facility, selected by the Union, shall be granted one (1) day off per month for the purpose of conducting union business. This union leave shall be paid by deduction from employee's accrued sick. If a union steward/member does not use the day in a given month, he/she may bank up to three (3) days for later use. Union release time may only be used with written authorization from the Union and approval from the employer. Such approval shall not be unreasonably denied.

Employees may request an unpaid leave of absence to perform work for the union with thirty (30) days notice to the employer. Such leaves are subject to approval from the employer and may be for any duration up to three (3) months with mutual consent. Seniority will not accrue during the leave of absence. At the completion of an approved leave, the employee shall be returned to a position that is the same or equivalent to the position employee held prior to the leave.

121 Family and Medical Leave Act

This facility shall make every effort to comply with the Family and Medical Leave Act and agrees to abide by State and Federal Laws in regard to the Act.

To be eligible for FMLA leave, an employee must have worked for at least twelve (12) months at TRC and collected twelve hundred and fifty (1,250) hours on the clock in the prior twelve (12) months.

There are four qualifying reasons to consider taking FMLA leave:

- 1) The birth of a child to employee;
- 2) The placement of a child with employee for adoption or foster care;
- 3) To provide care for an employee's son, daughter, spouse, or parent who has a serious health condition, and
- 4) The serious health condition of employee which prevents the employee from working.

The Family and Medical Leave Act provides strict definitions for "son", "daughter", "parent", or "spouse". Although the definition does not entitle an employee to take family or medical leave due to a serious health condition of a "significant other" or a "registered domestic partner" consideration is provided to employees on an individual basis in these matters.

A serious health condition is one which involves either inpatient care or the continuing treatment by or under supervision of a health care provider. The continuing treatment must consist of a period of incapacity of more than three (3) consecutive calendar days and any subsequent treatment or period of incapacity relating to the same condition.

For example:

- Any period of incapacity due to pregnancy, or for prenatal care,
- Any period of incapacity or treatment for such incapacity due to a chronic serious health condition,
- A period of incapacity which is permanent or long-term due to a condition for which treatment may not be effective, or
- Any period of absence to receive multiple treatments by a health care provider, or for a condition that would likely result in a period of incapacity of more than three (3) consecutive calendar days in absence of medical treatment.

The employee must provide completed documentation to TRC which fulfills one (or more) of the following four conditions:

- 1) A doctor's certificate which includes the actual date the serious health condition began,
- 2) A statement by the health care provider as to the probable duration of treatment for the care of the serious condition,
- 3) A statement that the eligible employee is needed to care for a spouse, child, or parent and an estimate of the amount of time that the employee will need to care for a spouse, child, or parent,
- 4) A statement that the employee is unable to perform his/her job at Foresight.

FMLA leave is unpaid leave. Eligible employees are entitled to up to a total of twelve (12) workweeks of FMLA leave per a twelve (12) month period.

The employee is required to provide TRC with at least thirty (30) days' notice (where the necessity for leave is foreseeable) and, as soon as practicable if the need for leave is not foreseeable. TRC will inform an employee who requests an FMLA leave thirty (30) days in advance with a response in two (2) business days..

Employees on a leave of absence shall maintain their seniority but shall not accrue tenure toward wage increases and shall not accrue benefits including, but not limited to, vacation and sick time.

Prior to being placed on the schedule to return to work from any disability leave, an employee must submit a doctor's statement which indicates that the employee may return in full and unrestricted duties in the same job classification.

122 Health and Dental Insurance

Employer shall cover all eligible regular, full-time employees under Kaiser Health Plan and Delta Dental Plans or equivalents. Employee shall be provided the option of enrollment in these plans after sixty (60) days of employment in the regular full-time status.

For non-bargaining unit employees, Employer agrees to pay 100% of the cost of maintaining benefit coverage for the *employee only* under a Kaiser Health Plan or equivalent. The cost of maintaining benefit coverage for any and all dependents shall be the responsibility of the employee. Employer also agrees to pay 100% of the cost of maintaining benefit coverage for the employee and dependent children under a Delta Dental Plan

For bargaining unit employees, Employer agrees to cover all eligible regular, full-time employees under Kaiser Health Plan (Group #600819-001) or equivalent. Employer agrees to pay 100% of the cost of maintaining benefit coverage for the *employee only* under the identified group health plan. The cost of maintaining benefit coverage for any and all dependents shall be the responsibility of the employee. Employer also agrees to cover all eligible regular, full-time employees under Delta Dental Plan (Delta Dental PPO \$1,000 Max) or equivalent. The Employer agrees to pay 50% of the cost of maintaining benefit coverage for the *employee only* under the specified dental plan. The cost of maintaining benefit coverage for any and all dependents shall be the responsibility of the employee.

The facility may offer additional health plans for employees to choose from, the employee is responsible for any additional cost associated with the selection of a non-Kaiser health plan

A change in employment classification that would result in the loss of eligibility to participate in the health insurance plan may qualify an employee for the benefits of the Consolidated Omnibus Budget Reconciliation Act (COBRA). Refer to the Benefit Continuation (Cobra) policy for more information.

125 Modified Duty

TRC promotes a safe working environment for all employees. At times, it may be appropriate to consider the modification of job responsibilities for employees who have limiting physical restrictions. TRC shall attempt to accommodate employees who have such restrictions and a request for modified duty documented by a physician with the following guidelines:

- Modified duty shall only be offered to one (1) employee per job classification at a time
- Modified duty for any employee shall not be extended beyond four (4) weeks
- Modified duty may be restricted to certain days and/or times of day to ensure accommodation and supervision of the modified work

138 Jury Duty

TRC encourages employees to fulfill their civic responsibilities by serving jury duty when required. An employee required to report for jury selection shall be paid the difference between his/her jury fees and his/her pay for straight time hours lost from his/her regular work schedule because of jury duty. As a condition of receiving jury pay, the employee must produce a receipt from the Jury Commissioner that he/she has been called to serve. The maximum time an employee may be excused for jury duty is twelve (12) days within any twelve (12) consecutive month period.

139 Retirement (403(b) and Pension)

TRC may be a participating employer in the Service Employees International Union National Industry Pension Fund for all eligible employees. Please see the Administrative Department or the Collective Bargaining Agreement for specific details.

For those employees not eligible for the SEIU National Industry Pension Fund, the facility has established a 403(b) savings plan to provide employees the potential for future financial security for retirement.

To be eligible to join the 403(b) savings plan, you must be 18 years of age or older and have satisfactorily completed six months of employment. You may join the plan only during open enrolment periods. Eligible employees may participate in the 403(b) plan subject to all terms and conditions of the plan.

TRC may establish, at its sole discretion, to match any amounts put into the employee's 403(b). Employees shall be notified of any change to the established employer match for 403(b) contributions.

143 Benefits Continuation (COBRA)

The federal Consolidated Omnibus Budget Reconciliation Act (COBRA) gives employees and their qualified beneficiaries the opportunity to continue health insurance coverage under the facility's health plan when a "qualifying event" would normally result in the loss of eligibility. Some common qualifying events are resignation, termination of employment, or death of an employee; a reduction in an employee's hours or a leave of absence; an employee's divorce or legal separation; and a dependent child no longer meeting eligibility requirements.

Under COBRA, the employee or beneficiary pays the full cost of coverage at the facility's group rate plus an administration fee. The facility provides each eligible employee with a written notice describing rights granted under COBRA when the employee becomes eligible for coverage under the facility's health insurance plan. The notice contains important information about the employee's rights and obligations.

148 Cafeteria Plan

TRC has established an employee Cafeteria Plan. This plan allows employees to pay for some expenses such as dependent health care in pre-tax dollars. By participation in this program, employees can reduce their tax liability. In addition to dependent health coverage, there are other insurance programs that are part of the Cafeteria plan that are available for the benefit of the employee and at the employee's expense. These include; AFLAC – health, dental, disability, etc.

201 Employee Conduct

To ensure orderly operations and provide the best possible work environment, TRC expects employees to follow rules of conduct that will protect the interests and safety of all employees and the organization.

It is the intent of the TRC to emphasize corrective actions and progressive discipline and to exercise fair and reasonable judgment in carrying out disciplinary matters.

TRC has the right to discharge or discipline any employee for proven dishonesty, insubordination, insobriety, incompetence, willful negligence, failure to perform work as required or for violation of the house rules set forth in these policies, or any other justifiable cause.

An employee who believes they have been disciplined without just cause may file a grievance challenging the disciplinary action and as detailed within these policies.

202 Gratuities

From time to time, individuals may be inclined to offer the facility and/or its staff gifts, tips, or donations as a means of conveying appreciation for their efforts and services provided. Acceptance of such tokens without the expressed consent of facility administration is prohibited.

If a resident, family member, vendor, or member of the public offers a gift, tip or donation to an employee, that employee must immediately report such attempt to their immediate supervisor or facility Administrator. The employee's supervisor or the facility Administrator must expressly consent to acceptance of such token.

If facility administration receives gifts or donations designated for general or specific use by the facility or a group of employees, the facility Administrator must notify their Regional Administrator or the President of such receipt. The use of these funds must be detailed and approved by the Regional or President prior to the purchase of goods and/or services.

Employees are prohibited from requesting or soliciting gifts, tips, or donations on their behalf or the behalf of co-workers or the facility unless it is identified as a primary responsibility in their job description.

203 No Solicitation/No Distribution

Employees are not to solicit or distribute information or materials for the purposes of soliciting during working time or on facility premises. Employees are not to engage in commercial, faith-based, charitable, political, or civic solicitations and/or distributions while on facility premises.

Working time shall be defined as the time when the performance of job duties is expected and does not include unpaid time such as meal periods or before or after scheduled shifts. Facility premises shall include all areas inside the facility including patient care areas, offices, break rooms, restrooms, and common areas such as lounges, lobbies, and hallways.

Facility assets such as stationery, meeting rooms, bulletin boards, telephones, computers, and copiers, are not to be used for purposes of solicitation or distribution other than company approved business.

Violation of this "No Solicitation/No Distribution Policy" is considered a Group I offense and violating employees may be subject to progressive discipline.

205 Cell Phone Policy

Employees are not permitted to use personal cellular telephones in resident care areas including resident rooms, nurse's stations, activity and dining rooms, rehabilitation room, hallways, or other areas designated for resident use. Employees are also not permitted to use cellular telephones in the kitchen, laundry, or other work areas where work is produced. Employees are not allowed to wear Bluetooth or other hands-free devices within the facility while scheduled for work.

Employees may use cellular telephones only inside the employee lounge, the employee's office, or outside the facility AND only during the employee's assigned lunch and break times.

Employees shall never use resident cell phones for any reason.

The complete Cell Phone Policy may be referenced in Section 50 of the facility's Administrative Policies and Procedures. Copies are available upon request.

207 Use of Computers

Employees are permitted to use facility computers during the course of their daily work as defined in their job description. Employees shall not use computers, including both hardware and software, to produce items for personal, non-professional purposes.

Employees shall only access the internet from facility computers for professional purposes.

Employees who are provided organizational e-mail addresses shall not use assigned addresses for personal or non-professional purposes. Furthermore, communications directed into or out of professional e-mail accounts shall not, without the authorization of employee's supervisor, be forwarded to any other e-mail account.

Employees shall never use resident computers for any reason.

The complete Computer Use Policy may be referenced in Section 50 of the facility's Administrative Policies and Procedures. Copies are available upon request.

210 Excessive Absenteeism

In order to provide excellence in clinical care and services, it is necessary for employees to work every day they are scheduled and be present at their workstation, ready to work, at the time they are scheduled.

The facility acknowledges that there are times when an employee may become ill or when other circumstances beyond their control make it impossible for them to report to work on a timely basis or at all. If an employee is absent from a scheduled workday, they must notify their supervisor at least two (2) hours before the shift from which they will be absent. This provides the facility with an opportunity to coordinate appropriate coverage for the missed shift. To be absent and not call the facility at all is grounds for termination ("No Call, No Show").

When appearing ready to work, employees will be allowed a "grace period" of 3 minutes before and 3 minutes after the start time of the scheduled shift. Employees that clock in up to 3 minutes early or 3 minutes late will not be considered tardy and shall not be disciplined. The grace period applies only to the start of shift and not to meal periods, the end of shift, or other instances. Employees who punch in for work more than 3 minutes after the scheduled start time shall be considered tardy and subject to progressive discipline.

When patterns or trends form regarding employee absences or instances of tardiness, it may be considered excessive and/or abusive and be subject to progressive discipline.

Employees may be considered in violation of this attendance policy according to the following criteria:

- More than two (2) absences* or instances of tardiness in a month;
- More than two (2) occasions of clocking in before the start-of-shift grace period;
- Calling in absent or coming to work tardy the same day every week during a four (4) week period is excessive;
- Coming to work tardy two (2) days in a row is excessive;
- Calling in absent in conjunction with scheduled days off;
- Three (3) spells of illness in a 6 month period is excessive;
- Other patterns or trends that indicate the unreliability of an employee to be excessive or abusive.

*Consecutive days off due to one spell of illness shall count as one absence.

212 Minimum Availability

All regular part-time and on-call employees who do not have a regular, recurring work schedule must make themselves available to work a minimum of four (4) shifts per month, including one (1) weekend.

Although employees must make themselves available to work the minimum amounts detailed above, the employer does neither guarantee that these shifts will be scheduled nor hours of work granted.

215 Sexual and Other Unlawful Harassment

This facility is committed to providing a work environment that is free from all forms of discrimination and conduct that can be considered harassing, coercive, or disruptive, including sexual harassment. Actions, words, jokes, or comments based on an individual's sex, race, color, national origin, age, religion, disability, or any other legally protected characteristics will not be tolerated.

Sexual harassment is defined as unwanted sexual advances, or visual, verbal, or physical conduct of a sexual nature. This definition includes many forms of offensive behavior

and includes gender-based harassment of a person of the same sex as the harasser. The following is a partial list of sexual harassment examples:

- Unwanted sexual advances

- Offering employment benefits in exchange for sexual favors
- Making or threatening reprisals after a negative response to sexual advances
- Visual conduct that includes leering, making sexual gestures, or displaying of sexually suggestive objects or pictures, cartoons or posters.
- Verbal conduct that includes making or using derogatory comments, epithets, slurs, or jokes.
- Verbal sexual advances or propositions
- Verbal abuse of a sexual nature, graphic verbal commentaries about an individual's body, sexually degrading words being used to describe an individual, or suggestive or obscene letters, notes or invitations.
- Physical conduct that includes touching, assaulting, or impeding or blocking movements. Unwelcome sexual advances (either verbal or physical), requests for sexual favors, and other verbal or physical conduct of a sexual nature constitute sexual harassment when: (1) submission to such conduct is made either explicitly or implicitly a term or condition of employment; (2) submission or rejection of the conduct is used as a basis for making employment decisions; or (3) the conduct has the purpose or effect of interfering with work performance or creating an intimidating, hostile, or offensive work environment.

If you experience or witness sexual harassment or other unlawful harassment in the workplace, report it immediately to your supervisor. If the supervisor is unavailable or you believe it would be inappropriate to contact that person, you should immediately contact the Ombudsperson or any other member of management. You can raise concerns and make reports without fear of reprisal or retaliation.

All allegations of sexual harassment will be quickly and discreetly investigated. To the extent possible, your confidentiality and that of any witnesses and the alleged harasser will be protected against unnecessary disclosure. When the investigation is completed, you will be informed of the outcome of the investigation.

Any supervisor or manager who becomes aware of possible sexual or other unlawful harassment must immediately advise the President or any other member of management so it can be investigated in a timely and confidential manner. Anyone engaging in sexual or other unlawful harassment will be subject to disciplinary action, up to and including termination of employment.

220 No Retaliation (Whistleblower Policy)

It is the intent of the facility to adhere to all laws and regulations that apply to the organization and the underlying purpose of this policy is to support the organization's goal of legal compliance. The support of all employees is necessary in achieving compliance with various laws and regulations. An employee is protected from retaliation

only if the employee brings that alleged unlawful activity, policy, or practice to the attention of the facility and provides the facility with a reasonable opportunity to investigate and correct the alleged unlawful activity. The protection described below is only available to employees that comply with this requirement.

If an employee reasonably believes that some policy, practice, or activity of the facility is in violation of law, that employee must file a written complaint with the Administrator, Executive Director, or the President.

The facility will not retaliate against an employee who in good faith, has made a protest or raised a complaint against some practice of the facility, or of another individual or entity with whom the facility has a business relationship, on the basis of a reasonable belief that the practice is in violation of law, or a clear mandate of public policy.

The facility will not retaliate against employees who disclose or threaten to disclose to a supervisor or a public body, any activity, policy, or practice of the facility that the employee reasonably believes is in violation of a law, or a rule, or regulation mandated pursuant to law or is in violation of a clear mandate of public policy concerning the health, safety, welfare, or protection of the environment.

222 Violence in the Workplace

It is the policy of our facility to maintain a safe, healthy and productive workplace for all workers. Intimidation, threats and violent acts threaten the quality of our work and the safety our staff and customers. At TRC we will not tolerate:

- Threatening, violent or intimidation behavior
- Verbal or physical abuse
- Verbal threats or possession on company property (even if you are licensed to carry a concealed weapon)
- Vandalism or arson
- Any other coercive act against person or property while on facility property or on working time which management believes is inappropriate in the workplace
- Joking about, making light of, or making offensive comments regarding violent acts or situations

Threats or acts of violence outside the facility, but related to your employment, may also be a violation of this policy.

225 Drug and Alcohol Use

TRC recognizes drug and alcohol abuse as potential health, safety, and security problems to our residents, their guests, and our employees. We expect all employees to assist in maintaining a work environment free from the effects of drugs, alcohol, or other intoxicating substances. The following principles will govern our substance-abuse policy:

1. Employees are prohibited from the manufacture, possession, use, distribution, or purchase of non-prescribed drugs and intoxicants on company premises and from working under the influence of alcohol, illegal drugs, or intoxicants.
2. Any employee coming to work under the influence of a mind altering substance will be asked to leave and will meet with the Manager before returning to work.
3. TRC reserves the right to send an employee for drug or alcohol testing at its sole discretion if administration has reason to believe that an employee may be under the influence.
4. Any employee convicted of any violation of any criminal drug statute occurring on company property or during working time shall notify the company within 5 days of the date of conviction.
5. Violation of the substance-abuse policy will result in discipline, up to and including discharge.
6. Any employee who asks for treatment or who is diagnosed as being drug-dependent will be given the same consideration and offer of assistance presently given to all employees with any kind of disease or medical problem.

The individual employee is responsible for deciding whether to request diagnosis and accept treatment for drug dependence. Individuals who refuse to accept referral for diagnosis or treatment will be handled just like any other employee whose job performance is declining.

240 Work Rules and Progressive Discipline

It is the intent of this policy to emphasize corrective actions and progressive discipline and to exercise fair and reasonable judgment in carrying out disciplinary matters. However, The facility shall retain the right to discharge or discipline any employee for just cause.

It is the duty and the responsibility of every employee to be aware of and abide by existing rules and regulations. If an employee does not follow rules and regulations, and does not perform his/her duties to the best of his/her ability, the employee may be subject to progressive discipline.

If a supervisor finds it necessary to use formal disciplinary measures, it is intended that the discipline will be administered fairly, without prejudice and only for cause.

Progressive discipline is not required for all situations. When progressive discipline is considered, it will be categorized into two separate tracks: 1) Excessive Absenteeism and Tardiness; and 2) Other Performance Issues.

In all matters of progressive discipline, only notices of action and disciplinary documentation maintained within the employee's personnel file which have occurred within the previous eighteen (18) months shall be considered.

It is not possible to list all forms of behavior that are considered unacceptable in the workplace. For purposes of progressive discipline, violations of any of the Work Rules within a group are cumulative, regardless of the nature of the particular act.

WORK RULES

It is not possible to list all forms of behavior that are considered unacceptable in the workplace. For purposes of progressive discipline, violations of any of the Work Rules within a group are cumulative, regardless of the nature of the particular act.

EXCESSIVE ABSENTEEISM AND TARDINESS

PENALTIES FOR VIOLATIONS

First Offense	-	Written warning
Second Offense	-	Final Written warning
Third Offense	-	Two (2) day suspension without pay.
Fourth Offense	-	Termination of Employment

JOB PERFORMANCE ISSUES

GROUP I

1. Unsatisfactory Work. Work performance determined to be below facility expectations or an acceptable standard of practice.
2. Failure to be at the workstation ready to work at starting time.
3. Failure to perform work duties while on the clock.
4. Leaving work area or facility premises during working hours without the permission of a supervisor.
5. Leaving work area prior to the end of scheduled shift without the permission of a supervisor.
6. Failure to notify supervisor of absence at least two (2) hours before the scheduled shift.
7. Failure to accurately maintain time record (excessive missed punches).
8. Creating or contributing to unsanitary conditions.
9. Failure to maintain a safe environment.
10. Not reporting injury to self or resident(s) to your supervisor immediately (within 24

hours).

11. Unsatisfactory or uncooperative attitude.
12. Use of profane language.
13. Inconsiderate treatment of residents, staff, or discourtesy to the public.
14. Violation of facility dress code.
15. Violation of "No Solicitation/No Distribution" Policy.
16. Accepting loans, gifts, tips or gratuities of any kind from residents, residents' family members, visitors, or vendors without prior written permission of facility Administrator.
17. Using facility or resident technology (e.g. computers, cell phones) for personal matters and/or failure to abide by facility Cell Phone or Computer Use policies.
18. Posting or removal of notices, signs or writing in any form on any bulletin board in the facility property without permission of management.
19. Failure to follow other facility rules, regulations or job requirements not specifically mentioned herein.
20. Other acts or omissions which represent significant departures from generally accepted standards of practice in our industry, not specifically mentioned herein.

PENALTIES FOR GROUP I VIOLATIONS

First Offense	-	Written warning
Second Offense	-	Final Written warning
Third Offense	-	Two (2) day suspension without pay.
Fourth Offense	-	Termination of Employment.

GROUP II

1. Failure to contact your supervisor to inform him/her that you are not reporting for scheduled work. ("No Call/No Show")
2. Abusive treatment of a resident.
3. Intimidation (verbal or physical) of employees, customers, or general public while on facility premises.
4. Inflicting or attempting to inflict bodily injury on another, threatening bodily harm, fighting of any type on facility premises, or bringing weapons onto facility premises.
5. Gross incompetence or negligence in the performance of duties.
6. Sleeping on the job.
7. Making or using falsified records, material requisitions, passes, or other standard facility documentation.
8. Falsification of the working time record of self or another.
9. Punching in for work when not scheduled or requested to do so by supervisor.
10. Unauthorized leave of absence and/or job abandonment.
11. Insubordination: Failure to follow a directive from supervisor.
12. Refusal to accept work assignments where personal safety is not an issue.
13. Theft or destruction of any facility, resident, or employee property.
14. Unauthorized taking of food for personal use.
15. Unauthorized taking, waste or misuse of resident or facility supplies.

16. Concerted or deliberate restriction of output (slowing down, delaying other employees' work, etc.).
17. Reporting to work under the influence of alcoholic beverages or illegal drugs, or using, selling or distributing intoxicating liquids or narcotic drugs of any kind on the facility premises.
18. Improperly disclosing confidential resident or family information to unauthorized personnel.
19. Improperly disclosing or accessing confidential employee information, or removing any material from personnel files.
20. Unauthorized or inappropriate dispensing of medicine or administration of treatments to residents.
21. Any action that is outside the scope of practice or industry standards for the employee's profession.
22. Falsifying I-9 Employment Eligibility Verification information
23. Providing false, significantly inaccurate or misleading information on employment documentation or any other misrepresentation or omission on an employment application.
24. Violation of facility policies on harassment.
25. Engaging in any activity that constitutes fraud of the Medicare and/or Medi-Cal programs.
26. Any other actions or omissions which result in significant harm to the facility, its residents, staff or visitors, or have the potential for significant harm, not specifically mentioned herein.

PENALTIES FOR GROUP II VIOLATIONS

First Offense	Termination of Employment
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245 Grievance Procedure

TRC is committed to providing the best possible working conditions for its employees. Part of this commitment is encouraging an open and honest atmosphere in which any problem, complaint suggestion, or question receives a timely response from supervisors and management. It is agreed that speedy resolution of grievances is in the best interest of all parties. Before the formal grievance procedure outlined is below is invoked, disputes should be settled whenever possible between the employee and immediate supervisor.

For employees not covered by a Collective Bargaining Agreement, if a situation occurs when employees believe that conditions of employment or a decision affecting them is unjust or inequitable, and informal resolution attempts have failed, the following formal grievance procedure shall be followed:

1. Employee presets problem to Administrator within twenty (20) calendar days from the date of the occurrence except in cases of termination where a written grievance must be presented within seven (7) calendar days of termination.

2. Facility Administrator shall respond to the grievance within five (5) business days, after consulting with appropriate management, when necessary.
3. If grievance remains unresolved, the employee shall provide a written grievance to Company President within five (5) business days.
4. Company President shall review the employee grievance and meet with all appropriate parties. President shall provide a decision, in writing, within fourteen (14) calendar days of receipt of the grievance. The President has full authority to make any adjustments deemed appropriate to resolve the problem.

For employees covered by the Collective Bargaining Agreement the follow procedure shall be established:

Disputes arising in connection with the application or interpretation of the provisions in this Agreement may be submitted in the form of a written grievance no later than twenty (20) calendar days from the date of the occurrence except in cases of termination where a written grievance must be presented in writing within seven (7) calendar days of the termination (Step One). The Employer and the Union shall exercise their best efforts to reach a settlement within ten (10) business days of submission of the grievance. Time limits specified in this section may be waived or modified by mutual agreement, in writing, of both parties.

If the grievance cannot be amicably adjusted at Step One, it may be referred in writing by either party, within five (5) business days of the decision at Step One, to an Adjustment Board (Step Two) composed of two (2) representatives of the Employer and two (2) representatives of the Union. The Board shall exercise their best efforts to take up the matter within ten (10) business days after submission. Any decision by a majority of votes shall be final and binding upon both parties, provided that the Adjustment Board shall have no jurisdiction or authority to add to, subtract from, or to alter in any way the provisions of this Agreement.

If the grievance cannot be settled at Step Two, either party may request in writing, within five (5) working days of the Step Two decision, that the Adjustment Board select a fifth (5th) member who shall serve as impartial chairman of a Board of Mediation (Step Three). The Mediation Board shall exercise their best efforts to meet within thirty (30) calendar days of the request. A decision by a majority of the five (5) members of the Board shall be final and binding upon both parties, subject to the limitation or jurisdiction and authority contained in the preceding paragraph.

Each party shall bear all the expenses of its own members and witnesses at Step Three. Any fee, if applicable, of the impartial chairman, as well as other expenses connected with the formal hearing, shall be borne equally by both parties.

Not every problem can be resolved to everyone's total satisfaction, but only through understanding and discussion of mutual problems can employees and management develop confidence in each other. This confidence is important to the operation of an efficient and harmonious work environment, and helps to ensure everyone's job security.



The Reutlinger
Community

SECTION 4

SAFETY

SECTION 4
SAFETY
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The KEY to Service

When you are confronted by a situation which may not have been included in your initial job training, the “KEY to Service” should guide you in making an appropriate decision.

When making decisions you should consider the three KEY points in the order listed, with the first being the most important. All of the KEY points are essential elements in providing excellent clinical care and services.



Kee *it Safe*

The Safety and Health of our Residents, Employees, and other Customers should be the first priority in all that we do. This should never be sacrificed.

Emphasize Dignity, Respect and Privacy

A Resident and/or Visitor should always be treated with dignity and respect in full recognition of his or her individuality. Each Resident’s personal privacy and comfort must be preserved.

You Must Be Efficient

In order to complete the volume of work necessary to manage the facility and maintain its financial health, we need to complete our daily duties in organized, established ways.

ACCIDENT PREVENTION PROGRAM

STANDARD

In accordance with federal regulations regarding Resident Rights, Quality of Life, and Quality of Care, the facility strives to provide an environment that is as free from hazards as is reasonable and to provide care and services that prevent avoidable accidents and minimize the potential for unavoidable accidents.

DEFINITIONS

Accident hazards are defined as physical features in the facility's environment that can endanger a resident's safety. These hazards may include, but are not limited to:

- Uneven walking surfaces;
- Physical restraints;
- Poorly maintained patient care equipment;
- Bathing facilities that do not have non-skid surfaces;
- Hazards such as frayed electrical cords, accessible cleaning supplies, wet floors not properly designated with a "wet floor" sign.

Accidents are defined as unexpected, unintended events that can cause a resident bodily injury. It does not include adverse outcomes associated as a direct consequence of treatment or care (reference Long Term Care Survey: Guidance to Surveyors, pp104 -105).

POLICY

The care and services offered in the facility are designed to maximize the safety of the environment, to identify residents who are at risk for accidents and/or falls and to plan care and implement procedures to prevent avoidable accidents and/or falls. In addition, the facility's care and services are designed to identify residents who present risks for unavoidable accidents and/or falls and to plan care and implement procedures to minimize unavoidable accidents and/or falls.

INCIDENT AND ACCIDENT EVALUATION, DOCUMENTATION, AND REPORTING

STANDARD

It is the standard in this facility that resident, visitor, volunteer and employee accidents and incidents are properly evaluated, documented and reported.

DEFINITIONS

An **incident** is an unusual event or happening involving a resident, volunteer, visitor or employee with unintended, undesirable, and/or unexpected results or outcomes.

A **medical device** is any apparatus, implement, machine, implant or related article for use in diagnosing, treating, curing or preventing disease or intended to affect the body's function or structure which achieves its intended purposes without chemical or metabolic action within the body. Anything that is not a drug is a medical device. Some examples of medical devices are catheters, thermometers,

pacemakers, contact lenses, hearing aids, physical restraints, blood glucose monitoring machines, wheelchairs, beds, infusion and feeding pumps and disposable items.

A **serious illness or injury** are those illnesses or injuries that may be

1. Life threatening
2. Result in permanent impairment to the resident's body structure or functions
3. Require immediate medical or surgical interventions to prevent permanent illness or injury

POLICY

The facility will maintain a system for evaluating, documenting and reporting various types of incidents.

PROCEDURE

1. When a resident, visitor, volunteer or employee incident occurs, the employee making the discovery initiates an Incident Report (Briggs # 775). If this employee does not feel comfortable completing the form or is unsure if an incident report is required, the employee contacts his/her immediate supervisor. Medication errors are documented on the Medication Error Report form (Briggs # 3118)
2. In the case of a resident incident, pertinent clinical observations and information are documented in the medical record. These entries should be factual statements of clinical information and observations. Neither the Incident Report nor the Medication Error Report becomes part of the resident's medical record.
3. The completed Incident Report form is given to the Director of Nursing or the Administrator within 24 hours of the incident. The Director of Nursing or a designee reviews the incident report, reviews the documentation in the medical record and completes any investigation required. Follow up is completed in 24 hours and 72 hours.
4. An investigation is completed on all serious, questionable or unusual incidents. The Regional Administrator and the Clinical Services Coordinator are contacted in these situations.
5. The Administrator notifies the Department of Health Services, Licensing and Certification, in a timely manner, by telephone and in writing of reportable occurrences (Refer to the Department of Health Services "List of Examples of Unusual Occurrences" for guidance in determining whether or not an incident is reportable to the Department of health Services).
6. Incidents within the facility are tracked through the use of an Incident & Accident Tracking Log.
7. The Medical Director reviews the Incident & Accident Tracking Log at least monthly
8. The Incident Reports are confidential internal documents used by the Quality Improvement Committee to monitoring and trending purposes.
9. An analysis of the Incident & Accident Tracking Log is presented to the Quality Improvement Committee monthly for the purpose of minimizing the number and severity of facility incidents.

IDENTIFYING RESIDENTS AT RISK FOR ACCIDENTS

PROCEDURE

1. The interdisciplinary team will evaluate accident potential during admission, quarterly and annual assessments; and when a resident experiences a significant change of condition.
2. Special emphasis will be given to identification of frail skin, sensory deficits, cognitive deficits, behavior management issues, restraint use, and medication related hazards.
3. Accident hazards identified by the interdisciplinary team will be recorded on the Interdisciplinary Team Notes.
4. The plan of care developed by the interdisciplinary team will be recorded on the resident care plan.

EMPLOYEE INJURY PROCEDURE

Policy

In accordance with the Occupational Safety and Health Act of 1970, it is our policy to provide a safe and healthful working environment. It is every employee's responsibility to help maintain a safe environment by practicing the first element of the "*KEY to Service*" and Keep it Safe. It is also every employee's responsibility to report a work related injury to his or her supervisor.

Procedure

If an employee sustains a work related injury, they must proceed with the following:

Reporting

By Employee:

- Notify the employee's direct supervisor of the injury immediately.
- The employee must complete and submit to their Supervisor or Administrator within 24 hours:
 - 1) An incident report
 - 2) An Employee Claim for Worker's Compensation Benefit (Form DWC-1), the employee section

By Direct Supervisor:

- If the Administrator or Director of Nursing is on-site, notify them both immediately. If not, contact the Administrator to inform them of the injury. **Do not** consent to treat until the Administrator or Director of Nursing has been contacted.
- Complete an Accident Investigation and submit to Administrator before the end of shift.

Treatment and Documentation

If the injury appears minor, the Registered Nurse and/or Charge Nurse Supervisor on duty shall conduct an initial assessment of the employee's injury.

- If the injury requires **First Aid treatment only**, this is to be provided on-site by the nurse in Safety for JRC

- charge.
- If the injury is more serious and **requires medical attention** the employee must receive an Authorization for Treatment form signed by their direct supervisor and report to the medical center listed below.
 - After receiving treatment, the employee must report to the Administrator the results of employee's treatment.
 - The employer must complete Employer's Report of Injury (Form SCIF 3067), as well as the employer section of the Employee Claim for Worker's Compensation Benefit.

NOTE: Failure to follow the established procedures could result in lost benefits and/or disciplinary action.

Medical Treatment Center

Name: _____

Address: _____

Telephone #: _____

Administrator Action

Administrators must investigate every incident and submit a copy of the Incident Report, Incident/Accident Investigation Report, Employer Notice of Injury form, Employee Claim for Worker's Compensation Benefits form, and any supporting documentation to the Facility office within 48 hours. Any employee injury is considered a risk management event and proper notification to corporate support staff should be provided.

If any employee sustains an injury resulting in a hospital stay, Cal OSHA must be notified of the injury.

Administrator Completion of OSHA Log

Every Work Related Injury or Illness must be recorded on the OSHA 300 Log. Update the 300 Log each time you have an employee injury. This information can be used when completing your monthly indicators for number of workdays lost.

At the end of the year the Administrator shall complete the Summary Sheet form 300A and post, in a conspicuous area, beginning in February.

UNUSUAL OCCURRENCES

POLICY

Any unusual occurrence, threatening the life or health of the resident's, shall be reported to the proper authorities within 24 hours of the occurrence.

PROCEDURE

Contact shall be made with the local health authorities and the Department of Public Health within 24 hours of any occurrence endangering or potentially endangering the life or health of the residents in the facility (a sample list is included below). The initial contact shall be by phone followed by a written report. Every fire or explosion shall be reported to the local fire department. A report of such occurrences shall be kept on file in the facility for at least one year.

LIST OF EXAMPLES OF UNUSUAL OCCURRENCES

This list contains examples of events that should be reported as Unusual Occurrences. The examples listed below are not intended as an all inclusive list and are not intended to replace good judgment.

1. Earthquakes, floods, gas explosions, severe fires, power outages or other calamities which cause damage to the facility or threaten the welfare, safety or health of patients/residents, personnel and/or visitors.
2. An epidemic outbreak of any disease, prevalence of communicable disease, or infestation by parasites or vectors.
3. Poisonings
4. Death of a patient/resident, personnel or visitor because of unusual causes (suicide, homicide, accidents).
5. Actual or threatened employee strike/walkout, or other curtailment of services, or interruption of essential services provided by the facility/agency (i.e. heating, air conditioning, food, water, linens, sewage backflow, or needed medical supplies).
6. Inoperable emergency systems, equipment or resident call systems, where correction if not instituted will cause an immediate threat to life, or have strong potential to become an immediate threat to life.
7. Other occurrences that constitute an interference with facility operations that affect the welfare, safety, or health of patients/residents, personnel or visitors.

RETURN TO WORK POLICY (MODIFIED DUTY)

Purpose

The purpose of the Return to Work Policy is to return workers to employment at the earliest possible date following an injury or illness. The policy applies to all eligible workers and will be followed whenever appropriate.

Policy

Transitional work is defined as temporary, modified work assignments within the workers physical abilities, knowledge and skills. Where possible, transitional positions will be made available to injured workers to minimize or eliminate time lost. The facility may, at its sole discretion, elect to change the conditions of transitional positions such as the working shift, location, etc. based on the needs of the company. Employees are not guaranteed a transitional position and there is no obligation by the organization to offer, create or encumber any specific position for purposes of offering placement to employees returning from an injury or illness.

This policy is not intended to instruct the procedures applicable to employees eligible for reasonable accommodation or covered under the Americans with Disabilities Act (ADA) or leave benefits under the Family Medical Leave Act (FMLA).

This policy only applies to regular full-time and part-time employees who are on leave as a result of injury or illness and who are receiving workers' compensation benefits.

In the event an employee refuses transitional work (outside the employees' FMLA benefits period) and the employees restrictions do not inhibit their ability to perform the transitional position, the facility is not obligated to provide an alternative position. In such cases, the insurance carrier will be notified of the employee's refusal.

Procedure

If an employee is scheduled to return to work following an injury or illness but he/she is determined to be incapable of assuming full duties, they may request a transitional assignment. To be eligible for a transitional assignment the attending physician must provide the facility with a statement of restrictions relating to that employee's specific job functions and a date on which the employee may return to work under modified duty. The employee cannot return to work without the release of the attending physician.

The Administrator will review the physician's release and determine if a transitional position is available based on employee's job description and the restrictions provided by the attending physician.

Transitional positions are developed based on the physical capability of the worker, the business needs of the company and availability of transitional work. The facility will determine appropriate work hours, shifts, duration and locations of all transitional work assignments. The facility reserves the right to determine availability, appropriateness and continuation of all transitional work assignments and job offers. There shall not be more than two (2) employees per job classification with transitional positions at any time.

It is the responsibility of the employee to provide the Administrator with a current telephone number and address so the employee may be contacted. The employee must notify Administrator within 24 hours of any and all changes in medical conditions or work restrictions.

It is the responsibility of the worker and/or supervisor to immediately notify the Administrator of any work-related injuries, if the employee is missing time from work or of any changes to transitional work assignments. The Administrator will communicate with the insurance carrier or attending physician as necessary.

Upon confirmation by the attending physician of an employee's work restrictions and release to return to work, a written job offer letter will be prepared by the employer and provided to the employee either in person or mailed to employee's last known address. The letter will note the doctor's detailed restrictions and release, start date, hours, wage, duration and location of the transitional work assignment. The employee will be asked to sign the bottom of the letter indicating acceptance or refusal of the job offer and to return the letter to the Administrator. Copies of the Job Description, doctor's note and Job Offer Letter will be forwarded to the insurance carrier.

Any employee returning to a transitional position must not exceed the duties of the position or go beyond the doctor's restrictions. If any medical restrictions change, the employee must notify their supervisor immediately and provide the supervisor a copy of the new medical release. Supervisors will monitor work performance to ensure the employee does not exceed the requirements set by the attending physician.

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The Reutlinger Community

SECTION 5

FIRE AND DISASTER

SECTION 5
FIRE AND DISASTER
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Fire Safety
Earthquake

*Note: Please see Section 75 of the Administrative Policies and Procedures for complete Fire and Disaster policies and procedures.

FIRE SAFETY

PREPAREDNESS, PREVENTION, AND PROCEDURES

PREPAREDNESS

Fire preparedness drills shall be conducted at least monthly. Each individual shift shall participate in a Fire drill at least quarterly. The actual evacuation of residents to safe areas during a drill is optional.

A dated, written report of each drill and rehearsal shall be maintained. Copies of completed drills shall be maintained for a minimum of two (2) years.

PROCEDURE IN CASE OF FIRE

Fire Emergency Response



R *Rescue*



A *Alarm*



C *Contain*



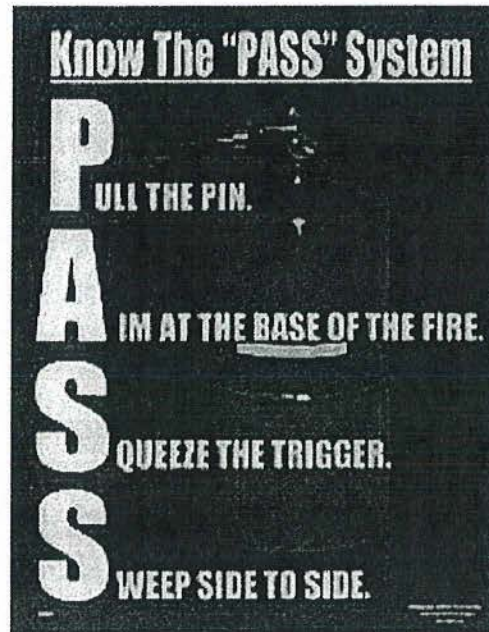
E *Extinguish*



Upon discovery of fire, personnel shall immediately take the following actions:

1. If any person is involved in the fire, the discoverer shall go to the aide of that person calling aloud the established code phrase, "CODE RED", and state the location, three times.
2. Call 911
3. Any person in the area, upon hearing the "CODE RED" called aloud, shall activate the fire alarm by pulling the nearest manual alarm station.

4. If a person is not involved in the fire, the discoverer shall activate the fire alarm by pulling the nearest manual alarm station.
5. Personnel, upon hearing the alarm signal, shall immediately execute their duties as outlined under "Assignment of Personnel" Policy.
6. **IF TIME AND SAFETY PERMIT**, personnel should attempt to contain the fire until the Fire Department arrives. All doors to the fire area, along with doors adjoining rooms should be closed. Fire extinguisher should be used if needed.



USE OF ALARM SYSTEMS, SIGNALS, AND EXTINGUISHERS

Fire Alarm System

The fire alarm system at the facility is connected to an outside monitoring system. In the event the system is activated, the alarm company will automatically notify the fire department.

Activation of the Fire Alarm System results when:

1. There is a flow of water in the sprinkler system
2. Any one of the fire alarm boxes is pulled
3. One of the smoke or heat (if available) detectors is activated

Activation of the Fire Alarm System results in:

1. Continuous alarm sounded throughout the affected area of the facility
2. Flashing strobe light throughout the affected area of the facility
3. All fire doors in the affected area of the facility will close automatically

Flammable Liquids

1. gasoline
 2. alcohol
 3. oil, etc.
- Type "B"

Electrical Equipment

1. television
 2. appliances
 3. motors, etc.
- Type "C"

Kitchen –High Temp

Type "K"

Location of fire extinguishers within the facility are noted on the facility evacuation plan and posted throughout the facility.

METHODS OF FIRE CONTAINMENT

REMEMBER, EACH FIRE IS DIFFERENT !!

SAFETY OF RESIDENTS AND STAFF IS ALWAYS OUR FIRST PRIORITY

CALL 9-1-1 FIRST

Cooking Fires (fat, grease, oil)

SMOTHER small fires

1. Turn off stove or appliance and cover pan (or close oven) or;
2. Use fire extinguisher located in kitchen, or;
3. Pour baking soda on fire.

NEVER USE WATER.....It scatters the flames.

Clothing Fires (yours or any other person's)

1. **STOP** where you are. Do not run; it fans the flame.
2. **DROP**. Carefully lie down and;
3. **ROLL**. Side to side, keeping your eyes covered with your hands.
4. Treat for burns and/or shock.
5. Call 9-1-1.

Electric Fires (wires, motors, etc.)

To extinguish:

1. Unplug appliance if possible.
2. Use class "B" or "C" extinguisher, or;
3. Use baking soda.

NEVER USE WATER.....on live wires or you may get an electric shock.

Outside Fires (grass, leaves, brush)

Fight flying sparks by:

1. Wetting down nearby buildings, yards, surroundings.
2. Close windows and doors nearby.
3. Get rid of any rubbish piles nearby.

Attack the fire by teamwork:

1. **Call 9-1-1**
2. Knock down flames with broom, shovel or water.
3. Have someone follow up to put out the sparks.
4. Wear sturdy clothes, shoes.

REMEMBER... Don't take chances; always know two ways to **escape**.

LOCATION OF FIRE FIGHTING EQUIPMENT

Fire Extinguishers

Fire Extinguishers are located throughout the entire facility. The locations are noted on the evacuation plans. The types are as follows;

Kitchen	Type: K
All Other Areas as Noted	Type: ABC

Fire Alarm Boxes

Fire Alarm Boxes are located throughout the entire facility. The locations are noted on the evacuation plans.

Fire Doors

Fire Doors are those doors held open magnetically. Upon activation of the fire alarm system the doors close automatically. Fire doors are located throughout the entire facility. The locations are noted on the evacuation plans.

Audio/Visual Alarm

Audio/Visual alarms are located throughout the facility. When the fire alarm system is activated the alarm system sounds. Flashing lights and chimes are sounded in the facility.

EARTHQUAKE

PURPOSE

It is the purpose of this policy to protect residents, staff, and visitors during and after experiencing an earthquake.

POLICY

The facility will implement measures to ensure the residents' health and safety during and after experiencing an earthquake.

PROCEDURE

Earthquakes can be a frightening event. Every effort needs to be made to comfort, reassure and protect persons from injury.

When a Noticeable Earthquake Takes Place;

1. DUCK. Personnel should protect themselves from falling objects (fixtures, plaster, etc.)
2. COVER. Get under a table, desk or something strong. If not available, lie face down on the floor next to an interior wall. Cover the back of your head for protection.
3. HOLD. Hold on to whatever you are under. Things tend to shift during earthquakes.
4. DO NOT RUN OUTDOORS! You may be hit by falling debris or electrical wires.
5. DO NOT STAND IN THE DOORWAYS OR DOOR FRAMES. Not all door frames are designed as weight bearing.

When Initial Quake Stops;

1. Personnel should make an immediate check of all persons and report any injuries or damage to the Person-in-Charge. Administer First Aid as necessary.
2. If necessary, remove the injured or those in dangerous areas.
3. Make a check of the facility for any of the following:
 - a. Fires.
 - b. Doors not operable.
 - c. Weakness of walls or ceilings.
 - d. Broken glass or spilled liquids.
 - e. Electrical shorting or power failures.
 - f. Ruptured Gas or Water lines.
4. Move all beds a minimum of three feet from window areas. Close all drapes or curtains. This will protect room occupants from the danger of falling glass during after shocks. Leave all undamaged room doors open.
5. Make every effort to calm persons' fears and keep them away from large windows, skylights and overhead lighting fixtures.
6. Turn on portable Battery Operated Radio or T.V. for knowledge of extent of damage. Car Radio or C.B. unit may be available.
7. Flashlights and spare batteries should be provided at the Nurse's Station.
8. Notify Fire, Police and any other necessary Governmental Agencies for assistance. (See emergency phone # list)
9. Notify off duty Personnel. (See policy)

10. Make every effort to carry out routine procedures and return facility to normal operations.

Evacuation After an Earthquake

Should the facility be damaged severely enough to require evacuation:

1. Person-in-Charge shall make the determination of when to evacuate from an unsafe to a safe area.
2. Evacuation should **ONLY** be attempted when you are certain that the area chosen for the evacuees is safer than the area you are leaving.
3. See Evacuation Policies and Procedures

BE PREPARED FOR AFTER SHOCKS--They could be large enough to cause further extensive damage.

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The Reutlinger Community

SECTION 6

RESIDENT RIGHTS AND GENIE

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RESIDENT RIGHTS AND GENIE
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Exercise of Rights
Resident Bill of Rights
HIPAA
Dignity and Respect
Free Choice
GENIE Philosophy
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EXERCISE OF RIGHTS

Each resident in the facility has a right to a dignified existence, self-determination, and communication with and access to persons and services inside and outside the facility. The facility and our staff shall protect and promote the rights of each resident, including each of the following rights:

1. To exercise his or her rights as a citizen or resident of the United States.
2. To be free of interference, coercion, discrimination, or reprisal from the facility in exercising his or her rights.
3. In the case of a resident adjudged incompetent under the laws of this state by a court of competent jurisdiction, the rights of the resident are exercised by the person appointed under State law to act on the resident's behalf.
4. In the case of a resident who has not been adjudged incompetent by the State court, any legal-surrogate designated in accordance with State law may exercise the resident's rights to the extent provided by State law.

RESIDENT BILL OF RIGHTS

POLICY

Residents have the rights enumerated in this section and it is the policy of this facility to ensure that these rights are not violated.

Residents shall have the right to:

- 1) To be fully informed as evidenced by the patient's written acknowledgement prior to or at the time of admission and during stay, of these rights and of all rules and regulations governing patient conduct.
- 2) To be fully informed, prior to or at the time of admission and during stay, of services available in the facility and of related charges, including any charges for service not covered by the facility's basic per diem rate or not covered under Title XVIII or XIX of the Social Security Act.
- 3) To be fully informed by a physician of his or her total health status and to be afforded the opportunity to participate on an immediate and ongoing basis in the total plan of care including the identification of medical, nursing and psychosocial needs and the planning of related services.
- 4) To consent to or to refuse any treatment or procedure of participation in experimental research.
- 5) To receive all information that is material to an individual resident's decision concerning whether to accept or refuse any proposed treatment or procedure. The disclosure of material information for administration of psychotherapeutic drugs or physical restraints or the prolonged use of a device that may lead to the inability to regain use of a normal bodily function shall include the disclosure of information listed in section 72528(b) *California Administrative Code, Title 22, Division 5.*

- 6) To be transferred or discharged only for medical reasons or the resident's welfare or that of other residents or for nonpayment for his or her stay and to be given reasonable advance notice to ensure orderly transfer on discharge. Such actions shall be documented in the residents' health record.
- 7) To be encouraged and assisted throughout the period of stay to exercise rights as a resident and as a citizen, and to this end to voice grievances and recommend changes in policies and services to facility staff and/or outside representatives of the residents choice free from restraint, interference, coercion, discrimination or reprisal.
- 8) To manage personal financial affairs, to be given at least a quarterly accounting of financial transactions made on the resident's behalf should the facility accept written delegation of this responsibility subject to the provisions of section 72529.
- 9) To be free from mental and physical abuse.
- 10) To be assured confidential treatment of financial and health records and to approve or refuse their release, except as authorized by law.
- 11) To be treated with consideration, respect and full recognition of dignity and individuality, including privacy in treatment and in care for personal needs.
- 12) Not to be required to perform services for the facility that are not included for therapeutic purposes in the resident's plan of care.
- 13) To associate and communicate privately with persons of the residents' choice and to send and receive personal mail unopened.
- 14) To meet with others and participate in activities of social, religious, and community groups.
- 15) To retain and use personal clothing and possessions as space permits, unless to do so would infringe upon the health, safety or rights of the resident or other residents.
- 16) If married, to be assured privacy for visits by the residents spouse and if both are residents in the facility, to be permitted to share a room.
- 17) To have daily visiting hours established.
- 18) To have visits from members of the clergy at any time at the request of the resident or the resident's representative.
- 19) To have visits from persons of the resident's choosing at any time if the resident is critically ill unless medically contraindicated.
- 20) To be allowed privacy for visits with family, friends, clergy, social workers or for professional or business purposes.
- 21) To have reasonable access to telephone both to make and receive confidential calls.
- 22) To be free from any requirement to purchase drugs or rent or purchase medical supplies or equipment from any particular source in accordance with the provisions of section 1320 of the Health and Safety Code.
- 23) To be free from psychotherapeutic drugs and physical restraints used for the purpose of resident discipline or staff convenience and to be free from psychotherapeutic drugs used as a chemical restraint as defined in section 72018, except in an emergency which threatens to bring immediate injury to the resident or others. If a chemical restraint is administered during an emergency, such medication shall be only that which is required to treat the emergency condition and shall be provided in ways that are least restrictive of the personal liberty of the resident and used only for a specified and limited period of time.
- 24) Other rights as specified in the Health and Safety Code, Section 1599.I.

- 25) Other rights as specified in Welfare and Institutions Code, Sections 5325 and 5325.1, for persons admitted for psychiatric evaluations of treatment.
- 26) Other rights as specified in Welfare and Institutions Code Sections, 4502, 4503, and 4505 for resident's who are developmentally disabled as defined in section 4512 of the Welfare and Institutions Code.

RESIDENT RESPONSIBILITIES

POLICY

In addition to the rights outlined above, each resident and/or responsible party has certain responsibilities to help assure that highest quality of care and attention can be provided to the resident.

Each resident and/or responsible party is responsible for the following:

- 1) Providing, to the best of his/her knowledge, accurate and complete information about present complaints, past illnesses and hospitalizations, medications, and other matters relating to his/her health.
- 2) Reporting unexpected changes in his/her condition to the facility nursing staff.
- 3) Making it known whether he/she clearly comprehends a contemplated course of action and what is expected of him/her.
- 4) Following both the treatment plan recommended by the practitioner primarily responsible for his/her care and the facility's rules and regulations affecting resident care and conduct.
- 5) This responsibility includes following the instructions of nurses and other health care professional as they carry out the plan of care and implement the responsible practitioner's orders and as they enforce the applicable organization rules and regulations.
- 6) Understanding the consequences if treatment is refused or if the practitioner's instructions are not followed.
- 7) Being considerate of the rights of other residents and facility personnel and responsible for his/her behavior in the control of noise, smoking, and number of visitors.
- 8) Being respectful of the property of others and of the facility.
- 9) Assuring that the financial obligations for his/her health care are fulfilled as promptly as possible.
- 10) Informing the facility of any insurance policies or coverage that may affect the resident's billing status and filing claims to insurance companies (other than Medicare) for any potential reimbursement for services provided.
- 11) Payment of the account in full upon scheduled discharge unless other arrangements have been made. In the event of any unscheduled discharge payment of the account is due within fourteen (14) days of discharge.

HIPAA SUMMARY

STANDARD

The facility is committed to training all employees and volunteers regarding the HIPAA Privacy Rule.

What Is HIPAA?

The privacy rule is the *Standards for Privacy of Individually Identifiable Health Information*. It can be found in the Health Insurance Portability and Accountability Act.

This rule provides full protection for the privacy of health information by the federal government. It ensures that medical information that is shared with doctors, hospitals and other individuals who provide and pay for healthcare is protected.

The Privacy Rule does the following:

- Places limits on how personal health information is used and made public
- Gives individuals greater access to their medical records
- Gives individuals greater protection of their medical records
- Gives individuals more control over their health information
- It makes individuals who break the rule accountable with civil and criminal penalties

What Is Protected Health Information?

Protected health information, referred to as PHI, is any personal information that an individual gives to a covered entity. Protected health information includes any information about a person's physical or mental health, services provided, or payment for those services. PHI also includes any personal information that connects the individual to his or her records. This information may be written, oral, recorded or sent electronically

PHI is any information that would connect the individual to the health information. Examples include:

- ❖ Name and address
- ❖ Social Security and other identification numbers
- ❖ Billing information
- ❖ Birth date
- ❖ Medical record information
- ❖ Shower schedules
- ❖ CNA Assignment Sheets
- ❖ 24 Hour Report
- ❖ Diet cards

What Are the Rules For The Use And Disclosure Of Protected Health Information?

The need for quick access to treatment and efficient payment systems for health care are necessary to effectively operate the health care system. Certain healthcare procedures, such as quality improvement activities, are essential to support treatment and payment. To this end the Privacy Rule has balanced the need for protecting health information with the need to use and disclose this information.

Covered entities are allowed to use and disclose protected health information, with certain limits and protections, for treatment, payment and health care operations activities.

Protected health information is used when it is:

- Shared
- Examined
- Applied
- Analyzed

Protected health information is disclosed when it is:

- Released
- Transferred
- In any way made available to anyone outside the covered entity

The covered entity can use or disclose PHI, without authorization from the resident, for:

- Treatment, payment, and healthcare operations
- With authorization or agreement from the individual resident
- For disclosure to the individual resident
- For incidental uses such as nurses discussing a resident's condition with a physician at the nurses station

The covered entity is required to release PHI for use and disclosure:

- When requested or authorized by the individual
- When required by state, federal, and local agencies for compliance and investigation

The individual has the right to request restrictions on how PHI will be used and disclosed. Individuals may also request to receive confidential communications at alternative locations or by alternative means.

What Can You Do to Protect Residents' Privacy and Confidentiality?

Protecting our residents' privacy and confidentiality is every employee's responsibility. To do your part, you will need to:

- Make sure you fully understand the facility's privacy practices
- Make the privacy practices a part of your daily routine
- Keep your residents' health information protected by:
 - a. thinking about what you are saying and to whom you are saying it
 - b. being watchful about where you leave information about your residents
 - c. following facility policies and practices related to privacy and confidentiality
 - d. being a role model for other employees

Privacy Officers assess each category of employee to identify the level of training needed to assist them in protecting the health information of residents. The assessment is completed using the minimum necessary principle outlined in the Privacy Rule. Employees are placed into one of three categories based on the level of access to protected health information that they need and the level of knowledge they need in order to do their jobs right. The levels are categorized as follows:

1. High Need to Know – staff with no access limitations to protected health information
2. Moderate Need to Know – staff with some limits on their access to protected health information
3. Low Need to Know – staff with access to only limited protected health information

High Need to Know	Moderate Need to Know	Low Need to Know
Administrator or CEO	Business Office Manager	Receptionist
Medical Director	Admission Coordinator	Housekeepers
Clinical Consultants	Activity Director	Laundry workers
Director of Nursing	Dietary Services Supervisor	Maintenance Supervisor
Assistant Director of Nursing	Certified Nursing Assistant	Receptionist
Charge Nurses	Nursing Assistant	Clergy
Director of Staff Development	Dietary Staff	Volunteers
MDS Coordinator	Student Instructor	
Health Information Director	Students	
Social Services Director		
Rehabilitation Therapist		

HIPAA TRAINING

PRE/POST - TEST

DIRECTIONS

Read each statement. If you believe that statement is correct, draw a circle around the word "True". If you believe the statement is not correct, draw a circle around the word "False".

- | | | |
|---|------|-------|
| 1. The HIPAA Privacy Rule protects a resident's fundamental right to privacy and confidentiality. | True | False |
| 2. You are called a covered entity if you are a healthcare provider, health plan, or healthcare clearinghouse who transmits health information in an electronic form. | True | False |
| 3. Protected health information is anything that connects a resident to his or her health information | True | False |
| 4. Protected health information includes all health information that is used or disclosed except if it is spoken. | True | False |
| 5. Protected health information is disclosed when it is shared, examined, applied, or analyzed. | True | False |
| 6. Protected health information is used when it is released, transferred, or allowed to be accessed or divulged outside the covered entity. | True | False |
| 7. You are permitted to use or disclose protected health information, resident treatment, payment, or healthcare operations. | True | False |
| 8. You are required to use or disclose health information when authorized or requested by the resident. | True | False |
| 9. Using protected health information for purposes not specified by the rule requires covered entities to get resident authorization. | True | False |
| 10. Authorization must be obtained for any use or disclosure of protected health information for marketing purposes. | True | False |
| 11. An authorization must contain an expiration date. | True | False |
| 12. After signing an authorization, a resident can decide to cancel it. | True | False |
| 13. You must obtain a resident's agreement to use or disclose protected health information for public health activities related to disease prevention. | True | False |

14. You can use or disclose protected health information without resident agreement to report victims of abuse or neglect. True False
15. Minimum necessary means that the least amount of protected health information is disclosed in order to get the job done right. True False
16. The Notice of Privacy Practices gives residents information about the use and disclosure of their health information as well as their rights in general. True False
17. The Privacy Rule gives residents the right to request a history of routine disclosures. True False
18. The Privacy Rule gives residents the right to take action if their privacy is violated. True False
19. The Department of Public Health is required to give assistance in understanding the rules. True False
20. Protecting residents' privacy and confidentiality is every employee's responsibility. True False

DIGNITY AND RESPECT

POLICY

It is the policy of this facility to treat every resident with the highest level of dignity and respect.

The facility shall promote care for residents in a manner and in an environment that maintains or enhances each resident's dignity and respect in full recognition of his or her individuality. Employees shall be encouraged to treat every resident with the same dignity, privacy, and respect with which they would want to be treated.

FREE CHOICE

POLICY

The resident has the right to freedom of choice and it is the policy of this facility to maintain this right to highest level possible.

Each resident has the right to: 1) Choose and retain his or her own attending physician, subject to that physician's compliance with the facility's policies for physician practice; and 2) Be fully informed in advance about care and treatment and of any changes in that care or treatment that may affect his or her well-being; and unless adjudged incompetent or otherwise found to be incapacitated under the laws of the state, to participate in planning care and treatment or changes in care and treatment.



Our facilities approach to resident-centered care is GENIE.

Generating
Environments
Nurturing
Individuals'
Expectations

Restoring Resident Independence and Choice.

What are your three wishes?

ALONE

I'm sitting alone in a chair down the hall,
Can't seem to talk, pushed next to a wall,
Though I seem numb to all those around me,
I can hear, I can feel, I can think, I can see.
How I would love to have someone to care,
To give me a smile or time with me to share,
My face may seem blank, my hair look a sight,
Would you believe if I said I know things aren't right,
I can remember the time I did all my own work,
Made meals, scrubbed floors, never a task did I shirk.
But then came the day I became dizzy and fell,
And that was the end of all things I did well.
I cried to myself when they put me in here.
And they left and they said, "it's for the best dear."
I lost so much. My home and my friends.
Many time did I wish that my life would just end.
So now when you pass me won't you touch my hand?
I'll sure feel better, I know you'll understand.

Author: Unknown Long Term Care Facility Resident

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The Reutlinger Community

SECTION 7

ABUSE

SECTION 7
ABUSE
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Resident Abuse Policy
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RESIDENT ABUSE POLICY

STANDARD

Every resident has the right to be free from physical, verbal, sexual and mental abuse, corporal punishment, involuntary seclusion and neglect. Residents must not be subjected to abuse by anyone while residing at this facility.

POLICY

Abuse, neglect, isolation, abandonment and misappropriation of property will not be tolerated in this facility at any time. The facility will take every proactive measure to prevent the occurrence of alleged abuse to any resident. This policy applies to all facility staff, residents, consultants, physicians and contracted resources, volunteers, staff of other agencies serving the individual, family members and/or legal guardians, friends, or other individuals.

RESPONSIBILITY

The Administrator has overall responsibility and accountability for implementation and oversight of the Abuse Prevention Program and is assisted by the following team members:

- The Director of Staff Development and individual department managers assure that all pre-employment screening is complete and reviewed prior to hiring an individual
- The Social Services Director works directly with the resident and family throughout any investigation
- The Director of Nursing or designee, with physician input and nursing staff implementing the plan of care, attends to resident needs during an investigation
- The Admission Coordinator or designee informs new residents and their families about the facility's abuse prevention program
- The Activity Director, in collaboration with the Social Services Director, educates and informs residents about the facility's abuse prevention program through the Resident Council.
- The Quality Improvement Committee analyzes and revises this policy and procedure as is necessary to ensure maximum protection for residents

Copies of the facility Abuse Protocol shall be conspicuously located and available to all staff at all times.

DEFINITIONS

FEDERAL DEFINITIONS

483.13

1. **Abuse** – The willful infliction of injury, unreasonable confinement, intimidation, or punishment with resulting physical harm or mental anguish. This also includes deprivation by an individual, including a caregiver, of goods and services that are necessary to attain or maintain physical, mental and psychosocial well-being.

- A. verbal abuse – the use of oral, written or gestured language that willfully includes disparaging and derogatory terms to residents or their families or within their hearing distance, regardless of their age, ability to comprehend or disability.
 - B. sexual abuse – includes but is not limited to sexual harassment, sexual coercion, or sexual assault
 - C. physical abuse – includes hitting, spitting, pinching and kicking. It also includes controlled behavior through corporal punishment
 - D. mental abuse – includes, but is not limited to, humiliation, harassment, threats of punishment or deprivation
 - E. involuntary seclusion – separation of a resident from other residents or from his/her room or confinement to his/her room against a resident’s will, or the will of the resident’s legal representative
2. **Neglect** – failure to provide goods and services necessary to avoid physical harm, mental anguish, or mental illness
 3. **Misappropriation of Resident Property** – the deliberate misplacement, exploitation, or wrongful, temporary or permanent use of a resident’s belongings or money without the resident’s consent

STATE DEFINITIONS

Welfare and Institutions Codes (WIC)

1. **Elder** – any person residing in California, 65 years or older (Section 15610.27)
2. **Dependent Adult** – any person residing in California, between the ages of 18 to 64 years, who have physical or mental limitations that restrict his or her ability to carry out normal activities or to protect his or her rights including, but not limited to, persons who have physical or developmental disabilities or whose physical or mental abilities have diminished because of age (Section 15610.23)
3. **Abuse** of an elder or dependent adult means either of the following (Section 15610.07):
 - a. physical abuse, neglect, financial abuse, abandonment, isolation, abduction, or other treatment with resulting physical harm or pain or mental suffering
 - b. the deprivation, by a care custodian, of goods or services that are necessary to avoid physical harm or mental suffering
4. **Physical Abuse** means any of the following (Section 15610.63):
 - a. assault – an unlawful attempt, coupled with a present ability, to commit a violent crime on the person of another (Penal Code, Section 240)
 - b. battery – any willful and unlawful use of force or violence upon the person of another (Penal Code, Section 242)
 - c. assault with a deadly weapon or force likely to cause bodily harm

- d. unreasonable physical constraint, or prolonged or continual deprivation of food or water
 - e. sexual assault
 - f. sexual battery
 - g. use of physical restraint or psychotropic medication under any of the following conditions:
 - 1. for punishment
 - 2. for a period beyond that for which the medication was ordered
 - 3. for any reason not authorized by the physician or surgeon
5. **Neglect** means either of the following (Section 15610.57):
- a. the negligent failure of any person having the care or custody of an elder or a dependent adult to exercise that degree of care that a reasonable person in a like position would exercise
 - b. the negligent failure of the person themselves to exercise that degree of care that a reasonable person in a like position would exercise
 - c. neglect includes, but is not limited to, the following:
 - 1. failure to assist in personal hygiene, or in the provision of food, clothing, or shelter
 - 2. failure to provide medical care for physical and mental health needs. No person shall be deemed neglected or abused for the sole reason that he or she voluntarily relies on treatment by spiritual means through prayer alone or in lieu of medical treatment.
 - d. failure to protect from health and safety hazards
 - e. protection from malnutrition or dehydration
 - f. failure of a person to provide for his or her needs as described in a – e above due to ignorance, illiteracy, incompetence, mental limitation, substance abuse or poor health
6. **Goods and Services Necessary to Avoid Physical Harm or Mental Suffering**, include, but are not limited to, all of the following (Section 15610.35):
- a. provision of medical care for physical and mental health needs
 - b. assistance in personal hygiene
 - c. adequate clothing
 - d. adequately heated and ventilated shelter
 - e. protection from health and safety hazards
 - f. protection from malnutrition, under those circumstances where the results include, but are not limited to, malnutrition and deprivation of necessities or physical punishment
 - g. transportation and assistance necessary to secure any of the needs identified above
7. **Financial Abuse** occurs when an individual or an entity does the following (Section 15610.30):
- a. takes, hides, appropriates, or retains real or personal property of an elder or dependent adult to a wrongful use or with intent to defraud

- b. assists in taking, hiding, appropriating, or retaining real or personal property of an elder or dependent adult to a wrongful use or with intent to defraud
- 8. **Abandonment** – desertion or willful forsaking of an elder or dependent adult by anyone having care or custody of that person under circumstances in which a reasonable person would continue to provide care and custody (Section 15610.05)
- 9. **Isolation** – acts intentionally committed for the purpose of (Section 15610.43):
 - a. preventing an elder or dependent adult from receiving his or her mail or telephone calls
 - b. telling a caller or prospective visitor that an elder or dependent adult is not available or does not want to talk with the caller, or does not wish to meet the visitor when the statement is false, is contrary to the express wishes of the elder or dependent adult, whether he or she is competent or not, and is made for the purpose of preventing the individual from having contact with family, friends or concerned persons
- 10. **Abduction** – the removal from this state and restraint from returning hereof any elder or dependent person who does not have the capacity to consent
- 11. **Mental Suffering** – fear, agitation, confusion, severe depression, or other forms of emotional distress that is brought about by forms of intimidating behavior, threats, harassment or by deceptive acts or false or misleading statements made with malicious intent to agitate, confuse, frighten or cause severe depression or serious emotional distress of the elder or dependent adult
- 12. **Mandated Abuse Reporter** – any person who has assumed full or intermittent responsibility for care or custody of an elder or dependent adult, whether or not that person receives compensation, including administrators, supervisors, and any licensed staff who provide care or services for elders or dependent adults, or any elder or dependent adult care custodian, health practitioner, or employee of a county adult protective services agency or local law enforcement agency (Section 15630(a))
- 13. **Care Custodian** – an administrator or an employee of any of the public or private facilities or agencies defined in section 15610.17 or persons providing care or services for elders or dependent adults, including members of the support staff and maintenance staff (Section 15610.17)

IDENTIFICATION

POLICY

The facility shall attempt to identify events and occurrences that may constitute abuse, neglect and/or misappropriation of resident property.

PROCEDURE

1. Falls, bruises and skin tears of unknown origin will be investigated to rule out abuse/neglect
2. Review quality improvement reports and audits related to care and services provided in the facility
3. Identify trends and patterns that indicate the need for further review and intervention
4. Investigate potential problems identified through review and analysis
5. Develop action plans to resolve identified concerns
6. Report ongoing concerns to the Quality Improvement Committee for further action and resolution

PROTECTION

POLICY

The facility shall take any necessary and appropriate action to protect a resident identified in an abuse investigation.

PROCEDURE

If a resident incident is reported, discovered or suspected, where the health or safety of the resident is involved, the facility will provide a safe environment for resident(s) as determined by the facility Interdisciplinary Team, Administration, or designee and as indicated by the circumstances of the situation.

If the suspected perpetrator is another resident, separate the residents so that they do not interface with each other until circumstances of the reported incident can be determined. If a room change is necessary, advise residents' responsible parties of the change in room. If the resident is a danger to himself or others, take action to assist the resident to regain control or remove the resident from the facility

If the suspected perpetrator is an employee, immediately remove the employee from the care of the resident and suspend the employee until the investigation can be completed.

If the suspected perpetrator is a visitor, facility staff shall attempt to positively identify the individual. If the individual is present, facility staff shall escort the visitor out of the facility. Contact the local law enforcement agency if assistance is needed and/or as required by current law.

Social Services will evaluate the psychosocial impact of the incident on the resident and develop a plan to meet the psychosocial needs of the resident.

REPORTING

POLICY

Any employee, visitor or Healthcare Practitioner who witnesses, is informed of, or suspects that abuse, neglect or misappropriation of resident property is occurring or has occurred will report this information to the Administrator and the Director of Nursing. If the Administrator and/or Director of Nursing are unavailable, the information is to be reported to the individual(s) acting on their behalves.

The investigation that is carried out in response to this information will be documented in accordance with facility procedures.

PROCEDURE

1. Report all incidents of alleged or suspected abuse and injuries of unknown origin to the Administrator and Director of Nursing
2. If the Administrator and/or Director of Nursing are unavailable, the person designated to act on his/her behalf will contact him/her immediately, by telephone if necessary.
3. All suspected abuse/neglect or injuries of unknown origin will be reported verbally and documented on an Incident Report.
4. The Administrator and the Director of Nursing or their designees shall notify the California Department of Public Health, Licensing and Certification via telephone immediately or as soon as is practically possible within 24 hours
5. The Administrator and the Director of Nursing shall notify the Ombudsman and/or the local law enforcement agency (as required by law) via telephone immediately or as soon as practically possible.
6. The Administrator and the Director of Nursing shall notify the Regional Administrator and the Clinical Services Coordinator in accordance with the facility's Risk Management Protocol.
7. A physical assessment of the resident(s) involved shall be completed and documented according to facility policy. Only objective data should be recorded.
8. Licensed Staff shall notify the resident's primary care physician regarding the alleged incident and the physical findings.
9. Licensed Staff or designee shall notify the resident's responsible party regarding the alleged incident and the physical findings. Inform the individual that an investigation has been initiated and that appropriate action will be taken.

MANDATED REPORTING

DEFINITIONS

Mandated Abuse Reporter – any person who has assumed full or intermittent responsibility for care or custody of an elder or dependent adult, whether or not that person receives compensation, including administrators, supervisors, and any licensed staff who provide care or services for elders or dependent adults, or any elder or dependent adult care custodian, health practitioner, or employee of a county adult protective services agency or local law enforcement agency (Section 15630(a))

Care Custodian – an administrator or an employee of any of the public or private facilities or agencies defined in section 15610.17 or persons providing care or services for elders or dependent adults, including members of the support staff and maintenance staff (Section 15610.17)

POLICY

All suspected or alleged abuse will be investigated and reported to the local ombudsman and/or local law enforcement agency by telephone immediately or as soon as is practically possible, and by written report sent within two working days. A mandated reporter shall not be required to report, as suspected abuse/neglect, an incident where all of the following conditions are met:

- a. the mandated reporter is aware that there is a proper plan of care
- b. the mandated reporter is aware that the plan of care was properly provided or executed
- c. a physical, mental, or medical injury occurred as a result of care provided pursuant to the above previous points
- d. the mandated reporter reasonably believes that the injury was not the result of abuse/neglect

A mandated reporter is not required to notify facility management that he/she has reported the suspected abuse/neglect to the local ombudsman or local law enforcement agency. However, if an employee observes abuse, suspects that abuse is occurring or receives an allegation of abuse/neglect, he/she must report this to the Administrator and Director of Nursing or their designees so that the facility's abuse protocols can be initiated.

PROCEDURE

1. Notify the local ombudsman office or the local law enforcement agency via telephone.
2. REPORT OF SUSPECTED DEPENDENT ADULT/ELDER ABUSE (form SOC 341) forms are located in the facility at the _____.
3. Obtain and complete form SOC 341 and send it to the agency notified

POSSIBLE PHYSICAL ABUSE PATH

DEFINITION

Physical abuse includes hitting, slapping, pinching, kicking and controlling behavior through corporal punishment

PROCESS

1. Complete a full body exam and check range of motion.
2. Consult with the physician to identify the need for further diagnostic testing and/or x-rays.
3. Monitor resident closely for at least seventy-two (72) hours. If a head injury is suspected, monitor neurological status.
4. Review the medical record to identify any medical conditions that would cause, exacerbate or influence an injury or bruising.
5. Review facility incident reports, safety reports and Continuous Quality Improvement records for incidents of explained or unexplained injuries to other residents.

6. Determine if the allegation of physical abuse stemmed from willful hitting, slapping, pinching, kicking or corporal punishment or from accidental improper handling.

DECISION TO PROCEED

If there is reason to suspect that abuse occurred based on facts, begin investigation process.

DECISION NOT TO PROCEED

If the facts indicate that abuse did not occur, complete final investigation report. If resident injuries were not willful but were the result of improper handling, it is necessary to complete training and performance counseling for the individual(s) involved.

POSSIBLE SEXUAL ABUSE PATH

DEFINITION

Sexual abuse includes but is not limited to sexual harassment, sexual coercion, or sexual assault.

PROCESS

1. Determine if the allegation involves physical sexual contact with penetration, verbal harassment or physical contact that did not involve penetration.
2. If an allegation with physical sexual contact with penetration is involved:
 - do not shower, bathe or change the clothes of the alleged victim. If clothing has been removed, save it for examination
 - contact the police
 - in cooperation with the police, make arrangements for the victim to be examined at a hospital
 - leave any bed lines in place; do not touch or move anything in the area of the alleged offense pending direction from law enforcement officers
3. If the allegation is verbal sexual harassment or physical contact that did not involve penetration proceed directly to investigation procedures

DECISION TO PROCEED

If there is reason based on facts to suspect that sexual assault, coercion or harassment occurred, proceed with the investigative process in cooperation with the local law enforcement personnel and the Regional Administrator and Clinical Services Coordinator

DECISION NOT TO PROCEED

If there is no reason to suspect that sexual abuse occurred, complete the final investigation report.

POSSIBLE VERBAL OR MENTAL ABUSE PATH

DEFINITION

Verbal abuse is the use of oral, written or gestured language that willfully disparages or degrades residents or families, or is within their hearing distance, regardless of age, ability to comprehend or disability. Mental abuse includes but is not limited to humiliation, harassment and threat of punishment or deprivation.

PROCESS

Determine whether the reported comments or gestures were intentionally abusive in content, intent and effect:

- Content: Were the comments disparaging, threatening, humiliating, or derogatory to a resident?
- Intent: Were the comments willfully and intentionally designed to inflict mental harm?
- Effect: How did the resident respond to the comments? Was the resident humiliated, upset, frightened?

DECISION TO PROCEED

Regardless of the resident's ability to comprehend and react, verbal and mental abuse may have taken place if the action was willful and the content abusive. If the content, intent or effect indicate that possible verbal abuse occurred proceed with the investigation and monitor the victim for potential catastrophic reactions.

DECISION NOT TO PROCEED

If the comments were unintentional but inappropriate or insensitive, provide the employee with performance counseling and individual training. Complete the final investigation report.

NEGLECT PATH

Definition

Neglect is considered the failure to provide the care necessary to avoid physical harm, mental anguish, mental illness, or the deterioration of the resident's physical or mental condition.

Process

Determine whether the reported negligence is intentionally abusive with regard to content, intent and effect:

- Content: What care was not provided to the resident?
- Intent: Was care not provided because of a pattern of deliberate negligence, carelessness, or indifference?
- Effect: What physical harm, mental anguish, mental illness, or deterioration in the resident's physical and/or mental condition resulted from failure to provide care?

DECISION TO PROCEED

If care was not provided and harm resulted because of deliberate intent, neglect may have taken place. Proceed with the investigation.

DECISION NOT TO PROCEED

If there is not a pattern of deliberate negligence or harm to the resident but merely an accidental oversight in the provision of care complete final investigative report. Undertake performance counseling and individualized training for the employee involved.

POSSIBLE THEFT PATH

DEFINITION

Misappropriation of resident property is the deliberate misplacement, exploitation or wrongful temporary or permanent use of a resident's belongings or money without the resident's consent.

PROCESS

1. Determine if a missing item has been stolen. All missing items should be investigated in accordance with facility protocol. However, the loss of an item in and of itself is not indicative of theft. The "theft" of socks, underwear, housecoats, glasses or dentures is very unlikely, as residents often misplace these items
2. If a confused resident takes the property of another resident without permission, it is not seen a deliberate act of misappropriation falling under the protocol
3. Any missing money or items of value such as jewelry, watches, or large fixed property) e.g. radios, televisions) should be treated and considered as a possible theft until there is clear indications otherwise
4. Regardless of the value of the property, eyewitness accounts that might indicate possible theft should be taken seriously
5. Items lost in the laundering process are not considered stolen. Administrative action will be taken to protect resident clothing, but this does not fall under the deliberate misappropriation of resident property.

DECISION TO PROCEED

If there is suspicion that theft has occurred, initiate the investigative process and search for the missing item(s). It may be necessary to involve the local law enforcement agency if the item is very valuable.

DECISION NOT TO PROCEED

If the item appears to be lost but not stolen, complete final investigation report but continue to look for the item.

RESIDENT TO RESIDENT ABUSE PATH

STANDARD

Every resident has the right to be free from physical, verbal, sexual and mental abuse, corporal punishment, involuntary seclusion and neglect. Residents must not be subjected to abuse by anyone including other residents.

POLICY

Facility staff will monitor residents for aggressive and/or inappropriate behaviors towards other residents, family members, visitors or toward staff. Occurrences of such behaviors will be reported promptly to the Nursing Manager, Director of Nursing and the Administrator.

PROCEDURE

1. Report any observation or allegation of aggressive or inappropriate behaviors of a resident to the Nursing Manager, Director of Nursing and Administrator
2. Should a resident be observed or accused of abusing another resident remove the aggressor from the situation if the individual is still in the area where the incident occurred
3. Temporarily separate the resident from the other residents as a therapeutic intervention to help lower the agitation until the interdisciplinary team can develop a plan of care to meet the needs of the resident.
4. Counsel the resident to determine the cause of the behavior.
5. Notify each residents' responsible party, the attending physician and the Medical Director of the incident.
6. Evaluate the circumstances leading up to the incident.
7. Develop a plan of care that includes measures to prevent recurrence of the behavior
8. Inform all staff involved in the resident's care of the plan to be implemented and to promptly report behavioral changes to the Charge Nurse
9. Document pertinent, objective data regarding the incident, findings and any corrective measures taken in both residents' medical records
10. Request a psychiatric evaluation if appropriate or if assistance is needed in developing a plan for interventions and management of the behaviors)
11. Complete an incident report.
12. Transfer the resident for psychiatric evaluation if deemed to be a danger to himself/herself or others by the interdisciplinary team, the primary care physician and/or the Medical Director.
13. Follow the Resident To Resident Abuse Determination Protocol in determining whether or not abuse has occurred.
14. If the interdisciplinary team determines that abuse has occurred follow the facility's abuse policies and procedures

RESIDENT TO RESIDENT ABUSE DETERMINATION PATH

POLICY

The interdisciplinary team, using the criteria set forth in the attached protocol, will evaluate each resident-to-resident incident involving dysfunctional behavior symptoms.

CRITERIA

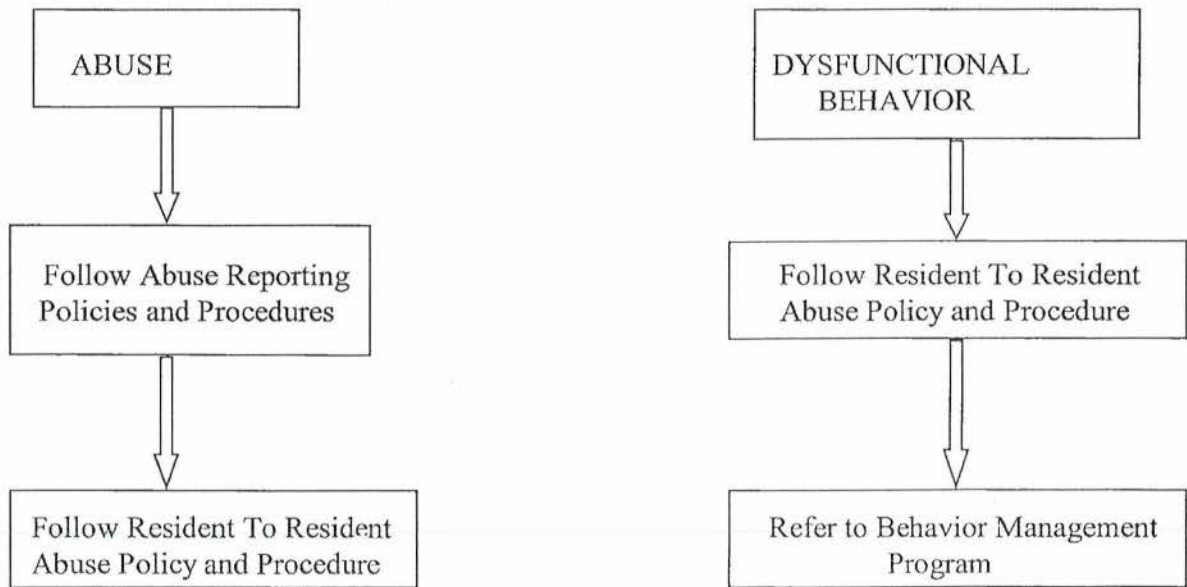
Abuse: Incident which demonstrated a willfulness to harm action towards another resident, who either provoked the action or is in the area surrounding the provoking environmental stimulus

Willfulness to Harm: Resident has the capacity to reason and make cognitive decisions to inflict or attempt to inflict physical or mental harm as determined by the interdisciplinary team.

Behavioral Incident: Incident was the result of an environmental stimulus eliciting a dysfunctional behavior wherein the resident lacks capacity to cognitively decide to respond with a willful intent to harm towards the individual provoking or surrounding the stimulus

PROCEDURE

1. Report of resident to resident altercation is received
2. Investigation is immediately initiated following Abuse policy and procedure
3. Interdisciplinary team initiates assessment
4. Interdisciplinary team assesses surrounding factors and considers the criteria identified above to determine how to proceed



UNEXPLAINED INJURIES PATH

POLICY

When a resident sustains an unexplained injury including skin tears, bruises and abrasions, an investigation to establish the cause and rule out possible abuse will be completed.

PROCEDURE

1. The individual noticing the injury reports it to the Charge Nurse immediately
2. The Charge Nurse examines the resident and begins a preliminary investigation that includes:
 - a. interviewing the resident, if possible, to determine whether or not he/she knows the cause of the injury
 - b. interviewing caregivers assigned to the resident

- c. interviewing other residents who may have knowledge of how the injury occurred (i.e. room-mate) or be aware of anything out of the ordinary
 - d. interviewing other caregivers on duty who may be aware of anything out of the ordinary
3. After completing the preliminary investigation, the Charge Nurse makes a determination as to whether or not there is evidence to suggest that abuse has occurred
 4. If there is strong evidence to suggest that abuse may have occurred, abuse policies and procedures are initiated.
 5. If evidence does not suggest abuse has occurred, the incident is reviewed at the next interdisciplinary team meeting held each morning, except holidays and weekends. Review of the incident will not exceed seventy-two (72) hours.
 6. The Director of Nursing follows up on the preliminary investigation. If he/she determines that there is evidence to suggest that abuse has occurred, abuse policies and procedures are initiated.
 7. Documentation includes the following:
 - a. completion of the incident report
 - b. notification of the resident's physician and the responsible party
 - c. logging the incident on the Twenty-Four Hour Report
 - d. completion of a summary of the findings from the preliminary investigation
 - e. pertinent objective data entered in the medical record and development of a plan of care to address the management of the injury
 - f. other documentation as warranted by initiation of the abuse policies and procedures

ELDER JUSTICE ACT 2010 – REPORTING CRIMES SUMMARY

1. Elder Justice Act 2010 – Brief summary:
 - a. Part of the 2010 Health Care Reform Act
 - b. Went into effect 3/23/2010 (no implementation regulations yet)
 - c. Requires that any “reasonable suspicion of a crime” being committed against a nursing home resident to local law enforcement and secretary of HHS
2. Timely reporting requirements:
 - a. Serious Bodily injury – Must be reported immediately but not later than 2 hours after forming the suspicion. Defined as an injury
 - i. involving extreme physical pain;
 - ii. substantial risk of death,
 - iii. protracted loss or impairment of function of a bodily member, organ, or mental faculty
 - iv. requiring medical intervention(surgery, hospitalization, or physical rehabilitation)
 - b. No Serious Bodily injury – Must be reported not later than 24 hours after forming suspicion.

3. How is this different then current reporting responsibilities:
 - a. Currently, under other Federal and State regulations the facility is required to report to governing entities when there is : “reasonable cause to believe” that a nursing home resident has been “physically abused, mistreated or neglected”; Injuries of unknown origin; Misappropriation of resident property; Verbal Abuse.
 - b. Elder Justice Act - Applies only to acts that are criminal in nature (requires elements of intent and or willfulness).
 - c. Also the Elder Justice Act requires the “Covered Individual” – NOT THE FACILITY – to report suspected crimes to local law enforcement and the Health Department.

4. “Covered Individuals” Responsibilities for Reporting:
 - a. Each and every “Covered Individual” (Owner, Operator, Employee, Manager, Agent, Contractor) who has reasonable suspicion that a crime has been committed is required to make a report to local law enforcement (911) and NYS Health Department;
 - b. “Covered Individuals” can either report individually (5 people/5 reports) or;
 - c. Multiple “Covered Individuals” can file a single report that includes each person’s information about the suspected crime.
 - d. “Covered Individuals” must abide by the timelines set forth in the law.
 - e. A single or multiple reports will not preclude anyone from reporting individually.
 - f. Either a single or multiple reports will meet your reporting obligation under the elder justice act.
 - g. An incident that would be captured by the Elder Justice Act will also (majority of the time) gives the individual “reasonable cause to believe” that a nursing home resident has: been “physically abused, mistreated or neglected”; Injuries of unknown origin; Misappropriation of resident property; Verbal Abuse. Therefore, the incident must also report the incident to the supervisor so that an “abuse investigation” can be initiated.

5. How to make a report:
 - a. Facility reporting is not required as part of this EJA act; only individuals are required to report suspicion of a crime. However, Federal, state regulations require facilities to report abuse, neglect or misappropriation of resident property to the Health Department.
 - b. Covered Individuals can use the facility reporting form to report “a suspicion of a crime.” However, this is not a requirement. Call the police and CDPH
 - c. When calling the police state that it is not an emergency.
 - d. The facility will file a report on behalf of staff to Health Department and Police Department. This does not alleviate an individual from filing an individual report. Witness reports will be in writing. Witnesses will be required to sign and date such reports. A copy of such reports must be attached to the Alleged Resident Abuse/Crime Investigation Report Form when staff becomes aware of a suspicion

of a crime. During normal business hours the Administrator or his designee will file the report. During off shifts the nursing supervisor or designee will file the report.

- e. The facility will keep a record of these reports.
6. Penalties for not reporting (at all or on time):
 - a. Civil Monetary Penalty – up to \$200,000
 - b. If failure to report results in increased harm to the resident then Civil Monetary Penalty increases to \$300,000
 - c. The facility could be rendered ineligible to receive Federal Funds
 - d. Survey and Certification Violations for the Facility
 7. “No Retaliation” – The facility will not retaliate in any way against any employee who files a report of “a suspicion of a crime.” In that the facility will not
 - a. Discharge, demote, suspend, threaten, harass, or deny a promotion or other employment related benefit to any employee.
 - b. Will not discriminate in any manner against the employee
 - c. Will not file a complaint or report against a nurse or other employee with state professional disciplinary agency
 - d. Allow retaliation from individual employees
 8. What consists of a crime
 - a. The act must include requires elements of intent and or willfulness.
 - b. A crime is a wrongdoing classified by the state or Congress as a felony or misdemeanor.



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SECTION 9

SKILLS CHECKS

SECTION 9
SKILLS CHECKS
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- Integumentary System
- Tube Feeding

SKILLS INVENTORY FOR NURSING ASSISTANTS

New Hire Orientation

Annual Competency Skills Checklist

Employee Name: _____ Position: _____ Date of Hire: _____

DSD/Supervisor: _____ Employee Signature: _____

Orientation items to be reviewed and Competency Skills to be demonstrated.	INSTRUCTED		DEMONSTRATED		COMPLETED	
	DATE	INITIAL	DATE	INITIAL	DATE	INITIAL
1. Communication boards						
2. Getting to know your residents <ul style="list-style-type: none"> • CNA Assignment sheets • Bath Schedules • Shift-to shift report from peers • Report from Charge Nurse 						
3. Giving report to the Charge Nurse						
4. Mandatory Meetings/In-services						
5. Pager usage if applicable						
6. Telephone system and etiquette						
7. Personal phone call Policy.						
8. Cell phone Policy.						
SAFETY/INFECTION CONTROL						
1. Fire alarm panel/pull boxes.						
2. Wanderguard and door alarm systems.						
3. Elopements Procedures.						
4. Fall prevention Techniques.						
5. Gait Belt application, Policy						
6. Side rails guidelines.						
7. Handwashing/Gloving Techniques.						
8. Cleaning up spills.						
9. Biohazard kits, usage and storage.						

Orientation items to be reviewed and Competency Skills to be demonstrated.	INSTRUCTED		DEMONSTRATED		COMPLETED	
	DATE	INITIAL	DATE	INITIAL	DATE	INITIAL
10. Disaster preparedness instructions. <ul style="list-style-type: none"> • Fire Response and Drills. 						
11. Incident reporting process <ul style="list-style-type: none"> • Resident incidents • Observation report • Employee incidents 						
CLINICAL SKILLS						
1. Privacy/confidentiality when giving care.						
2. Vital signs/weights and documentation <ul style="list-style-type: none"> • Scale location • Weight due dates • Documentation 						
3. Body Mechanics						
4. Mechanical Lifts <ul style="list-style-type: none"> • How to use mechanical lifts • Charging lift batteries • Cleaning mechanical lifts • Storage of mechanical lifts. 						
5. Splints/Special devices <ul style="list-style-type: none"> • Applied on scheduled hours per MD order. • Removed at specified times per MD order. Check individual resident's care plan.						
6. Pressure relieving equipment <ul style="list-style-type: none"> • Low air Loss Mattresses- (correct pressure and function) • Other type of equipment and use 						
7. Personal alarms <ul style="list-style-type: none"> • Types of alarms (bed, chair, etc.) • Where are they stored? • How do they operate? • How are they positioned? 						
8. Compression stockings <ul style="list-style-type: none"> • Wash out every night • Hang to dry. • Skin/pressure monitoring. 						
9. Skin Care and Related Issues. Report skin						

Orientation items to be reviewed and Competency Skills to be demonstrated.	INSTRUCTED		DEMONSTRATED		COMPLETED	
	DATE	INITIAL	DATE	INITIAL	DATE	INITIAL
issues to Licensed Nurse immediately. <ul style="list-style-type: none"> • Daily care • Products • Positioning/repositioning 						
10. Peri-care <ul style="list-style-type: none"> • Reporting changes to Licensed Nurse • Daily care • Products 						
11. Bowel/Bladder program <ul style="list-style-type: none"> • Documentation • Toileting schedules/Voiding Patterns. • Foley catheter care • Changing leg bags and bag covers • Drainage bag location and bag covers • Measuring output and storing measuring equipment. 						
12. Range of motion <ul style="list-style-type: none"> • Passive Range • Active Range 						
13. ADL's (Activities of daily living) <ul style="list-style-type: none"> • Bathing/Showers • Oral care including brushing teeth, denture care, and use of toothettes • Shaving including use of safety razors • Sharps containers (use and procedure for emptying) • Dressing/Grooming • Fingernails-cleaning/trimming. *Licensed Nurse must trim nails of Diabetic residents. • Eating/Feeding. Follow all orders including dietary restrictions, swallowing precautions, adaptive equipment. Check mouth for food pocketing. • Tube feeders Only the Licensed Nurse can connect/disconnect/put on hold feeding pumps. • Recording intake amounts. • Offering drinks and snacks. 						

Orientation items to be reviewed and Competency Skills to be demonstrated.	INSTRUCTED		DEMONSTRATED		COMPLETED	
	DATE	INITIAL	DATE	INITIAL	DATE	INITIAL
<ul style="list-style-type: none"> • Giving refrigerated dietary supplements. • Serving meal 						
14. Respiratory issues <ul style="list-style-type: none"> • Application and storage of nasal cannulas, masks and tubing. • Location of portable oxygen tanks and nebulizers. • Cleaning equipment. 						
15. Behaviors <ul style="list-style-type: none"> • Report any behavior that makes you uncomfortable to Licensed Nurse. • Report any refusal of medication, meals, and/or care to Licensed Nurse. • Documenting/Behavior 						
OTHER CARE RELATED AREAS						
1. New admissions. <ul style="list-style-type: none"> • Get room ready (the room should be welcoming) • Personal care items • Inventory resident belongings • Weigh resident the day after admission, weekly x 4 weeks then monthly thereafter, unless specified by the physician. • Orient resident and family to surroundings including call light and meal times 						
2. Discharges <ul style="list-style-type: none"> • Assist with packing • Final inventory of resident belongings. • Do not send our equipment with discharged resident (i.e. water pitcher, telephone, TV remote, wanderguard) • Assist resident to the transportation area. Do not leave the resident until safely seated inside the Car. 						
3. Assisting with activities <ul style="list-style-type: none"> • Parties and Outings • Resident requests 						
4. Social Services <ul style="list-style-type: none"> • Complaints and Concerns process • How to handle requests for residents. 						

Orientation items to be reviewed and Competency Skills to be demonstrated.	INSTRUCTED		DEMONSTRATED		COMPLETED	
	DATE	INITIAL	DATE	INITIAL	DATE	INITIAL
5. Medical supplies <ul style="list-style-type: none"> • Central supply and procedures • Oxygen room • Oxygen E-tanks must be stored on the proper case/rack. 						
6. Point of Care Documentation <ul style="list-style-type: none"> • User Log in • Password Protection • Required Daily Documentations • Password Lockout 						

I have been oriented to _____ (facility) Administrative and Clinical processes and understand my job responsibilities.

Employee signature

Date

I have oriented this employee to the Administrative and Clinical processes and the employee has performed his/her duties in an acceptable manner. I believe the employee can work independently.

DSD/Supervisor

Date

SKILLS INVENTORY FOR NURSING ASSISTANTS

Name _____ Orientation _____ Annual _____ Other _____

Date	Skill	E	G	P	Notes	Signature
	Handwashing					
	Measure and record Vital Signs Timely and Accurately					
	Proper Handling of Linen					
	Standard Precaution - PPE, red bag					
	Maintain Privacy - Knocks on door, use of privacy curtain					
	Resident Rights - Treat resident with respect and dignity					
	Keeps information confidential					
	Encourages resident to make decision					
	Explains procedure to resident					
	Positions call bell /remote within resident's reach					
	Transfers -use of gait belt (body mechanics)					
	Bed to Wheelchair or Chair/Gerichair					
	Chair/ Gerichair or Wheelchair to Bed					
	Use of Mechanical Lift					
	Turning and Positioning the resident					
	Moving resident up to the head of the bed, use of lift sheets					
	Accurately completes ROM Exercise					
	Assists with ambulation using gait belt/ walker/cane/assistive device					
	Applies safety device properly					
	Describes or Demonstrates application of artificial limb					
	Describes or Demonstrates application of splint					
	Applies/ removes hearing aide					
	Removing, cleaning, reinserting artificial eye					
	Skin Care - applies skin protectant					
	Able to describe Stage I/II pressure ulcers					
	Able to describe 5 Risk Factors for pressure ulcers					
	Hygiene - Oral Hygiene (mouth care, denture care)					
	Nail Care					
	Hair Care (combs, shampoos hair)					

Date	Skill	E	G	P	Notes	Signature
	Shaving use of electric/disposable razor					
	Bathing - demonstrate back Rub					
	Bed bath/Partial Bath					
	Demonstrates Tub Bath/ Shower					
	Dressing - Partially dependent residents					
	Resident with IV/ GT					
	Bowel/ Bladder - assist in use of urinal/ bedpan					
	Assists to commode/toilet					
	Completes Perineal Care					
	Foley Catheter Care					
	Measures Food & Fluid intake and output accurately					
	Measures Height and Weight of Resident					
	Feeding - provides assistance/ cueing , sets up meal tray					
	Demonstrates use of feeding assistance device					
	Safety - Performs Heimlich maneuver					
	Performs Fire / Disaster Procedures					
	Handles Oxygen Safely					
	Demonstrates use of Fire Extinguisher					
	Collecting and identifying Laboratory Specimens					
	Sputum					
	Urine - clean catch and routine UA					
	Stool					
	Care of resident with Tubing (oxygen, IV, GT, catheter)					
	Applies anti-embolic stocking					
	Admission/Transfers/Discharges - does inventory, assists resident					
	Reporting incidents, change of conditions, change in behavior or function to charge nurse					
	Participates in resident Care planning					
	CPR - Describes and demonstrates steps in CPR					
	Demonstrates ability to assemble ambu bag					
	Identifies Location of Crash Cart					
	Social Interaction with Residents					
	Skill with Dementia Residents					
	Verbalizes Organization's Mission and Values					

Title 11, Cal. Admin. Code, § 999.5(d)(5)(F)

Employee Guarantees

While there are no documents setting forth guarantees relating to job security, retraining, retention of current staffing levels and policies, wages/salaries, benefits, working conditions and employment protections, it is the intent of the Parties that the staff of Reutlinger will remain the same immediately before and after the closing of the proposed affiliation, except that certain management positions will be eliminated to the extent that they are redundant with services provided under Eskaton's management structure, and that staffing may be adjusted to meet the needs of residents as required by applicable regulations. In addition, Reutlinger's Collective Bargaining Agreement with SEIU, as referenced in Section 5(E) of this Application, will remain in full force and effect with its existing terms following the close of the proposed transaction.

Title 11, Cal. Admin. Code, § 999.5(d)(5)(G)

Reproductive Health Services

The Applicant does not provide reproductive health care services. Therefore, there will be no impact on the availability or accessibility of reproductive health care services.

As a result, this Section is inapplicable.

Title 11, Cal. Admin. Code, § 999.5(d)(5)(H)

Statement Describing Material Effects of Proposed Transaction on
Delivery of Health Care Services to the Community

As explained in Sections (1)(A) and (1)(C), the proposed affiliation is expected to allow Reutlinger to preserve its mission and core business, provide Reutlinger with the resources, strength and scale to expand services for community residents and increase its presence in the East Bay of California, and ensure Reutlinger's future as a provider of mission-based quality services. As a result, the proposed transaction is expected to have a substantially positive effect on the delivery of health care services to the communities served by Reutlinger and Eskaton and their related health care facilities and skilled nursing homes, and should materially improve the availability and accessibility of health care in Northern California.

Title 11, Cal. Admin. Code, § 999.5(d)(5)(I)

Contracts with Cities and Counties

The Applicant does not maintain contracts with local cities or counties in the State of California concerning the provision of health care services.

As a result, this Section is inapplicable.

Title 11, Cal. Admin. Code, § 999.5(d)(5)(J)

Description of Seismic Compliance

Reutlinger is not required to comply with the Alfred E. Alquist Hospital Facilities Safety act of 1983, as amended by the California Hospital Facilities Seismic Safety Act (Health & Safety Code, §§ 129675-130070).

As such, this Section of the Application is not applicable.

Title 11, Cal. Admin. Code, § 999.5(d)(5)(K)

Description of Measures Proposed By Applicant to Mitigate or Eliminate Adverse Effects on Health Care Services Provided to the Community that May Result from the Proposed Transaction

Reutlinger does not anticipate that there will be any adverse effects on the availability or accessibility of health care in the community as a result of the proposed transaction. As described in Section (1)(A) of this Application, the proposed affiliation is expected to allow Reutlinger to preserve its mission and core business, provide Reutlinger with the resources, strength and scale to expand services for community residents and increase its presence in the East Bay of California, and ensure Reutlinger's future as a provider of mission-based quality services.

The proposed transaction affects only governance control relating to Reutlinger, which will become a subsidiary of Eskaton. The proposed transaction does not effect a change in the scope or type of any medical services currently provided by Reutlinger.

Moreover, as set forth in Sections (1)(C) and (5)(H) of this Application, the proposed transaction is expected to have a substantially positive effect on the delivery of health care services to the communities served by Reutlinger.

Title 11, California Admin. Code, § 999.5(d)(6)

POSSIBLE EFFECT ON COMPETITION

Title 11, Cal. Admin. Code, § 999.5(d)(6)(A)

Analysis on the Possible Effect of the Proposed Transaction on Competition

The Applicant does not expect the proposed transaction to have any anti-competitive effects, as Reutlinger is a single-site facility and has only a small fraction of the continuing care, assisted living and skilled nursing facility market space.

Title 11, Cal. Admin. Code, § 999.5(d)(6)(B)

Premerger Notification and Report Form Pursuant to the Hart-Scott-Rodino Antitrust
Improvement Act of 1976

This Section is not applicable. The Applicant is not required to submit a Premerger Notification and Report Form to the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvement Act of 1976 in connection with the Proposed Transaction.

Title 11, California Admin. Code, § 999.5(d)(7)

OTHER PUBLIC INTEREST FACTORS

Title 11, Cal. Admin. Code, § 999.5(d)(7)

Other Public Interest Factors

As discussed in Sections (5)(G) and (5)(H) above, this transaction will ensure that assisted living and skilled nursing services remain available in the East Bay Area for the foreseeable future. Reutlinger will continue to provide high quality care at its facility. Eskaton will also bring efficiencies of scale, which will benefit the community by keeping skilled nursing services affordable.

Title 11, California Admin. Code, § 999.5(d)(8)

RESOLUTION OF THE BOARD OF DIRECTORS

Title 11, Cal. Admin. Code, § 999.5(d)(8)

Board Resolution / Board Chair Statement

Please see the attached documents.

**THE REUTLINGER COMMUNITY
BOARD OF DIRECTORS
RESOLUTION TO APPROVE
AFFILIATION WITH ESKATON**

April 9, 2019

The Board of Directors (the "Board") of The Reutlinger Community, a California nonprofit public benefit corporation (the "Corporation") hereby consents to and adopts the following resolutions:

AFFILIATION WITH ESKATON

WHEREAS, the Board has remained attentive to the rapidly changing trends, market conditions and challenges in the senior housing and health care industry and how such developments have impacted the Corporation's mission, vision and strategy;

WHEREAS, the Board has determined that the Corporation would benefit from affiliating with a capable and experienced nonprofit provider so that the Corporation is able to continue to: (i) preserve its mission and core business; (ii) maintain the current level of services and quality of care offered to its residents; and (iii) ensure the future of the Corporation as a provider of mission-based quality services.

WHEREAS, on March 13, 2018, the Board passed a motion for the President and CEO of the Corporation, Jay Zimmer ("Zimmer"), to open discussions as to a possible strategic affiliation with such third parties as the Board may determine to be appropriate;

WHEREAS, on April 10, 2018, the Board passed a resolution to allow two of its directors, Jordan Rose ("Rose") and David Grant ("Grant"), as well as Zimmer (collectively, the "Affiliation Committee"), to explore potential affiliates. The Board identified three key criteria for such potential affiliates, including that they would: (i) preserve the Corporation's charitable mission, vision and values, including its Jewish values and identity (Mission Alignment/Non-Profit – Jewish Identity); (ii) maintain the Corporation's core services and quality of its care for its residents (Quality of Care); and (iii) be willing and able to access their own capital to further the interests of the Corporation and its mission (Access to Capital);

WHEREAS, the Affiliation Committee subsequently engaged in discussions with various potential third-party affiliates whom the Corporation believed to most appropriately fit the key criteria specified by the Board (collectively, the "Potential Affiliates"), including Eskaton, a California nonprofit public benefit corporation ("Eskaton");

WHEREAS, the Board determined that Eskaton: (i) would be the strongest financial affiliate; (ii) is willing to access its own capital for the benefit of the Corporation; (iii) would remain committed to the Corporation's charitable mission, as well as its religious values and identity, as demonstrated through its prior experience with other faith-based organizations; and (iv) is strongly positioned to maintain the current level of services and quality of care provided by the Corporation to its residents;

WHEREAS, on November 7, 2018, the Board passed a motion for the Corporation to further negotiate a non-binding Letter of Intent (the "LOI") with Eskaton in an attempt to reach a binding affiliation agreement;

WHEREAS, on November 13, 2018, the Board authorized execution of the LOI (subject to certain restrictions), and on November 30, 2018, Zimmer executed the LOI on behalf of the Corporation;

WHEREAS, the Affiliation Committee has negotiated the material terms of the affiliation agreement with Eskaton, which would be binding once finalized and executed, pursuant to which: (i)

Eskaton would become the sole member of the Corporation; and (ii) the parties would make various commitments and undertakings with respect to: (x) the governance of the Corporation; (y) certain financial and operational support of the Corporation; and (z) the maintenance of the Corporation's Jewish values, practices and traditions;

WHEREAS, on April 9, 2019, Grant presented the material terms of the affiliation agreement, attached hereto as Exhibit A, to the Board for approval and the Board had an opportunity to ask factual questions of Grant concerning the material terms of the affiliation agreement and proposed affiliation with Eskaton;

WHEREAS, in addition to internal discernment, in reviewing the material terms of the affiliation agreement attached hereto as Exhibit A and in making the determinations and resolutions set forth below, the Board relied upon and/or considered information provided by members of the Board who negotiated the material terms of the affiliation agreement (specifically, Rose and Grant, neither of whom will receive, directly or indirectly, any salary, compensation, payment or other form of remuneration from Eskaton following the close of the transaction), and did not rely upon or consider any information or opinions from any member of management of the Corporation (except that members of management were available to provide exclusively factual information as described in Health & Safety Code Section 1260.1(d)); and

WHEREAS, the Board has determined that the Corporation would benefit from an affiliation with Eskaton because Eskaton has the ability to provide the Corporation with additional health care expertise, resources, strength and scale to influence and expand services for the Corporation's residents and increase the Corporation's presence in the East Bay Area of San Francisco while also preserving the Corporation's Jewish values, practices and traditions.

THEREFORE, IT IS RESOLVED THAT:

1. The Board makes and sets forth the following findings: (i) the material terms of the affiliation agreement represent a transaction that is fair and reasonable; and (ii) it is in the best interests of the Corporation, in furtherance of its nonprofit corporate mission and charitable purposes to authorize and approve the affiliation between the Corporation and Eskaton on the material terms and conditions presented to the Board by the Affiliation Committee, as set forth in Exhibit A;

2. The Board hereby approves, adopts and ratifies the material terms of the affiliation agreement and hereby specifically directs and authorizes: (i) the Affiliation Committee to finalize an affiliation between the Corporation and Eskaton; and (ii) the President and CEO of the Corporation to execute a binding affiliation agreement with Eskaton consistent with the material terms set forth in Exhibit A, subject to final approval by the Board, prior to closing, of any subsequent material changes to the material terms of the affiliation agreement, as presented, or new material terms if any;

3. The Board hereby authorizes, empowers and directs the authorized officers of the Corporation to do any perform any and all such acts, including execution of any and all documents necessary to carry out the purposes and intent of the foregoing resolutions, including, but not limited to the following:

(a) Prepare, execute and file written notice, application and other related materials (including, without limitation, with the California Attorney General regarding the affiliation of the Corporation and Eskaton pursuant to the requirements of California Corporations Code sections 5920 et seq. and the regulations promulgated in the California Administrative Code related thereto);

(b) Prepare, execute and file a written notice seeking a waiver from the California Attorney General, pursuant to California Corporations Code section 5920 and Title 11,

California Administrative Code section 999.5(a)(5) regarding the affiliation between the Corporation and Eskaton; and

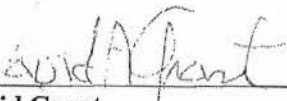
(c) Prepare, negotiate, execute and deliver all related documents, and take all other actions, as may be reasonably necessary or appropriate and in the best interest of the Corporation to obtain all approvals or consents to the affiliation between the Corporation and Eskaton;

4. The Board is hereby authorized to execute and deliver for and on behalf of the Corporation, all such instruments, certificates, agreements and documents, and to do and perform all such acts and things, including the incidence and payment of expenses, as may be necessary or desirable to carry out the intent and accomplish the purposes of the foregoing resolutions; and

5. Any actions taken by the Board prior to the date of the foregoing resolutions adopted hereby that are within the authority conferred thereby are hereby ratified, confirmed and approved as acts and deeds of the Corporation.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the foregoing resolutions are adopted by the Board as of the date set forth above.



David Grant
Secretary of the Board

EXHIBIT A
(Copy of the Material Terms of the Affiliation Agreement)

323126804.9

AFFILIATION AGREEMENT
BETWEEN
ESKATON
AND
THE REUTLINGER COMMUNITY

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Exhibit 1.3 Eskaton Articles and Bylaws

Exhibit 1.4(a) Reutlinger's Jewish Values, Practices and Policies

Exhibit 1.4(b) Reutlinger CAPEX Plan and Capital Reserve Study

Exhibit 1.5 Eskaton Management Agreement

Exhibit 2.3(d) List of Eskaton Bonds and Certificates of Participation

AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT (this "Agreement") is entered into as of this ____ day of _____, 2019 ("Effective Date"), by and between Eskaton ("Eskaton") and The Reutlinger Community ("Reutlinger"), each of which is a California nonprofit public benefit corporation, (collectively, the "Parties").

RECITALS

WHEREAS, Eskaton owns and operates independent living and continuing care retirement communities, residential care facilities for the elderly, and skilled nursing facilities (collectively referred to herein as the "Eskaton Facilities");

WHEREAS, Reutlinger owns and operates a continuing care retirement community and skilled nursing facility located in Danville, California (the "Reutlinger Facilities");

WHEREAS, the Parties desire to affiliate in order to consolidate service lines, expand their respective missions, permit them to continue to deliver services in their respective areas of expertise, and permit the vertical integration of corporate support functions; and

WHEREAS, the Parties desire to accomplish the affiliation by, among other things, entering into a transaction pursuant to which Eskaton shall become the sole member of Reutlinger and the Parties will make various commitments and undertakings as described herein with respect to the governance of Reutlinger and certain financial and operational support of Reutlinger (the "Transaction"), and the conduct of Reutlinger's business operations going forward (the "Affiliation");

NOW THEREFORE, in consideration of the mutual covenants hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto agree as follows:

ARTICLE I AFFILIATION FORMATION AND STRUCTURE

Section 1.1 Affiliation Transaction. The Parties shall take such actions, and enter into such transactions, as are more fully set forth in this Agreement to enter into and establish the Affiliation effective as of the Closing Date. With respect to amendments to the governing documents of Reutlinger and Eskaton provided for in this Agreement, the Parties shall model such changes so as, to the extent possible, to preclude any requirement that Eskaton hold either a Certificate of Authority or license as a Residential Care Facility for the Elderly for the Reutlinger Facilities.

Section 1.2 Amendment of Reutlinger Governing Documents.

(a) Effective on the Closing Date, Reutlinger shall adopt an amendment to its Articles of Incorporation ("Amended Reutlinger Articles") and Bylaws ("Amended Reutlinger Bylaws") substantially in the form attached hereto as **Exhibit 1.2**, which amendments shall, among other things, (i) designate Eskaton, or an affiliate of Eskaton approved by Reutlinger, as its sole member,

(ii) provide that the Directors of Reutlinger are identical to the Directors of Eskaton, including the Reutlinger Designee, described in **Section 1.3(b)** of this Agreement, and any person replacing the Reutlinger Designee from time to time and (iii) provide that a breach of any of Reutlinger's obligations pursuant to Section 1.4 shall be enforceable by the Reutlinger Designee or the Designator Organization, as applicable, as a breach of a charitable trust under Section 5142 of the California Corporations Code.

(b) Effective as of the Closing Date, Reutlinger shall remain in existence as a California nonprofit public benefit corporation and an affiliate of Eskaton. All assets and liabilities of Reutlinger will remain the assets and liabilities of Reutlinger after closing of the Transaction, except to the extent the Parties agree in writing otherwise.

Section 1.3 Amendment of Eskaton Governing Documents.

(a) Effective as of the Closing Date, Eskaton shall remain in existence as a California nonprofit public benefit corporation.

(b) Eskaton's Articles and Bylaws shall be amended substantially in the form attached hereto as **Exhibit 1.3**, which amendments shall, among other things, (i) provide for a Director to the Eskaton Board who shall be designated by the Board of Reutlinger as constituted immediately prior to the Closing of the Transaction (the "Reutlinger Designee") for a three-year term, renewable for two (2) additional three-year terms, (ii) upon the death, incapacity, resignation or removal of the Reutlinger Designee for any reason, the right to designate and renew his or her replacement shall be vested in an organization selected by Reutlinger prior to the Closing Date (the "Designator Organization"), to be named in such amendment to the Eskaton's Articles and Bylaws provided for in this Section 1.3 and (iii) provide that a breach of any of Eskaton's obligations pursuant to Section 1.4 shall be enforceable by the Reutlinger Designee or the Designator Organization, as applicable, as a breach of a charitable trust under Section 5142 of the California Corporations Code.

Section 1.4 Additional Agreements

(a) Eskaton and Reutlinger will preserve the name and identity of Reutlinger as a skilled nursing and residential care facility with a commitment to the Jewish values, policies and practices that have defined Reutlinger since its inception. Reutlinger's mission statement, its written policies and its practices specifically designed to preserve Jewish values and practices, as in effect on the Closing Date, shall be maintained. Such policies and practices include (without limitation), the policies respecting the Residents' Assistance Fund and those respecting Holocaust Survivors. All of such policies and practices shall continue in full force and effect. No material modifications to said mission statement, written policies or practices may be made without the prior written consent of the Reutlinger Designee, which consent may be granted or withheld in the sole and absolute discretion of the Reutlinger Designee. The full text of the mission statement and a list of all such written policies and the practices relating to Reutlinger's Jewish values are attached hereto as **Exhibit 1.4(a)**.

(b) Eskaton and Reutlinger agree that (i) Reutlinger shall (A) operate in the manner specified in this Agreement, including, but not limited to as specified in this Section 1.4 and (B) expend its own capital to honor all of its obligations and to carry out the capital expenditures

contemplated in Reutlinger's CAPEX plan and capital reserve study as in effect on the Closing Date, a copy of which is attached hereto as **Exhibit 1.4(b)** (the "CapEx Plan"), (ii) Eskaton will not exercise any reserved power to impede or prevent the expenditure by Reutlinger of its own capital to honor all of its obligations and/or to carry out the capital expenditures contemplated in the CapEx Plan, (iii) Eskaton will expend its own capital (to the extent Reutlinger's is insufficient) to honor all of Reutlinger's obligations and to carry out the capital expenditures contemplated in the CapEx Plan, provided that such expenditures by Eskaton of its own capital over the five (5) year period following the Closing Date shall not be required by reason of the foregoing to exceed Five Million Dollars (\$5,000,000.00), (iv) Eskaton shall cause Reutlinger to be operated in the manner specified in this Agreement, including but not limited to as specified in this Section 1.4, and (v) Reutlinger shall not, and Eskaton shall not cause Reutlinger to, distribute or otherwise transfer Reutlinger funds or assets to Eskaton or any of its affiliates during the five (5) year period following the Closing Date.

(c) Eskaton and Reutlinger will continue to operate the Reutlinger Facilities under the name "The Reutlinger Community." A change affecting such operating name shall only be made with the prior written consent of the Reutlinger Designee, which consent may be granted or withheld in the sole and absolute discretion of the Reutlinger Designee.

(d) Eskaton and Reutlinger will honor the intent of and any restrictions imposed on any philanthropic gifts donated to Reutlinger.

(e) Neither Eskaton nor Reutlinger will sell, transfer, dispose of or otherwise change control of Reutlinger during the five (5) year period following the Closing Date.

(f) During the five (5) year period following the Closing Date, Eskaton and Reutlinger will cause the principal business and operations of Reutlinger to be conducted at the Reutlinger Facilities in a manner substantially similar to that conducted by Reutlinger immediately prior to the Closing Date and as specified in this Agreement, including but not limited to as specified in this Section 1.4. Eskaton and Reutlinger may, after the end of such 5-year period, relocate the principal business and operations of Reutlinger to another comparable facility located in the East Bay of the San Francisco Bay Area, provided that all of the then-residents of Reutlinger are provided comparable accommodations and services at comparable costs at such new facility and such new facility is operated as specified in this Agreement, including but not limited to as specified in this Section 1.4.

(g) If, at any time after the Closing Date, the Reutlinger Designee, or the Designator Organization in the event that there is no Reutlinger Designee at such time for any reason (or no reason), determines that Eskaton and/or Reutlinger have breached their obligations and commitments described in this Section 1.4 (the "Fundamental Commitments"), then the Reutlinger Designee or the Designator Organization, as applicable, shall provide written notice thereof to Eskaton and Reutlinger, describing in reasonable detail the nature of the alleged breach and other information pertinent thereto (a "Breach Notice"). Upon receipt of a Breach Notice, representatives of Eskaton and Reutlinger, and the Reutlinger Designee or the Designator Organization, as applicable, (along with their respective advisors) shall meet on a regular basis to discuss and resolve the alleged breach identified in the Breach Notice. If Eskaton and/or Reutlinger and the Reutlinger Designee or the Designator Organization, as applicable, are unable to resolve the alleged breach by Eskaton and/or Reutlinger identified in the Breach Notice to the reasonable satisfaction of the Reutlinger Designee

or the Designator Organization, as applicable, within thirty (30) days of the delivery of the Breach Notice, then the Reutlinger Designee or the Designator Organization, as applicable, may bring and pursue any lawsuit, alternative dispute resolution process or similar proceeding brought by, and at the election of, the Reutlinger Designee or the Designator Organization, as applicable, pursuant to this Section 1.4(g) hereof in order to enforce one or more of the Fundamental Commitments (an "Enforcement Action"). The Reutlinger Designee or the Designator Organization, as applicable, shall have the exclusive right and authority to make any and all decisions with respect to the prosecution of such Enforcement Action, including the decision to engage or dismiss legal counsel representing the Reutlinger Designee or the Designator Organization, as applicable, and Reutlinger in connection therewith and decisions to enter into settlement negotiations and to make and accept settlement offers with respect thereto. Eskaton and Reutlinger acknowledge and agree the Reutlinger Designee or the Designator Organization, as applicable, has standing to assert and bring an Enforcement Action on behalf of Reutlinger. Upon the completion of the term of the Reutlinger Designee, the Designator Organization shall exercise the authority of the Reutlinger Designee under this Section 1.4(g) to enforce the Fundamental Commitments.

(h) In the event that the Reutlinger Designee or the Designator Organization, as applicable, incurs expenses following the submission of a Breach Notice to enforce the Fundamental Commitments, Eskaton shall be fully responsible for the expenses incurred by such person in connection therewith. Eskaton agrees to advance to the Reutlinger Designee or the Designator Organization, as applicable, funds as and when required by such person following the submission of a Breach Notice to pursue the enforcement of such Fundamental Commitment. Upon each written request for funding of such expenses delivered by the Reutlinger Designee or the Designator Organization, as applicable, (which shall be supported by invoices or other written documentation of such reasonable expenses) and subject to the aforementioned limitation, Eskaton shall either deposit the requested funds into a segregated bank account under the control of the Reutlinger Designee or the Designator Organization, as applicable, within ten (10) days of such request or directly pay such expenses on behalf of such person as and when due. In the event that the Reutlinger Designee or the Designator Organization, as applicable, does not prevail in a dispute raised by it, then any such funds advanced or paid by Eskaton to pay the expenses of such person in connection therewith will be credited against any unfunded portion of the capital commitment described in Section 1.4(b). In the event that the Reutlinger Designee or the Designator Organization, as applicable, prevails in such dispute, then such funds advanced by Eskaton to pay the expenses of such person in connection therewith will not be credited against such capital commitment.

(i) The Reutlinger Designee and the Designator Organization shall be afforded reasonable access to all information that is reasonably necessary for it to carry out its duties and responsibilities under this Section 1.4, and each of Eskaton and Reutlinger (as the case may be) shall provide or make available such information to the Reutlinger Designee and the Designator Organization as is reasonably requested by such person to the extent such information is available or reasonably accessible to such party. None of Eskaton, Reutlinger or their officers, directors or other agents will be deemed in violation of any agreement protecting the confidentiality of information as a result of providing information to the Reutlinger Designee or the Designator Organization for proper purposes under this Section 1.4(i). Notwithstanding anything to the contrary, this Agreement and the organizational documents of Eskaton and Reutlinger shall not restrict the use or disclosure of any such information as may be necessary in connection with an Enforcement Action.

(j) For the avoidance of doubt, the Reutlinger Designee and the Designator Organization are third party beneficiaries of this Agreement.

Section 1.5 Operational Management. All operations of Reutlinger shall be performed by and at the direction of the Board of Directors of Reutlinger, provided that certain operational tasks may be delegated to Eskaton pursuant to a written management agreement to be entered into between the Parties substantially in the form attached hereto as **Exhibit 1.5**, which agreement shall, among other things, (i) provide for a management fee not to exceed [____ Dollars (\$____)] per annum and (ii) shall not be amended without the consent of the Reutlinger Designee.

Section 1.6 Third Party Approvals; Further Assurances. Reutlinger and Eskaton agree to use their best efforts to obtain any and all necessary third party approvals or waivers, including approvals from the California Department of Social Services, the California Department of Public Health, and the California Attorney General's office. The Parties shall execute and deliver such documents and obtain such consents as are necessary to bring about the Affiliation set forth in this Agreement. The Parties shall cooperate reasonably with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other Party may reasonably request for the purpose of carrying out the intent of this Agreement and the Transaction.

Section 1.7 Reutlinger and Eskaton Assets.

(a) On the Closing Date, Reutlinger shall retain its right, title and interest in and to the Reutlinger Facilities and all rights, claims, property and assets, real, personal or mixed, tangible and intangible, of every kind and description whatsoever and wherever located, owned, leased or held by Reutlinger and related to the operation of the Reutlinger Facilities and any other business or businesses conducted by Reutlinger, including, without limitation, the following (collectively, the "Reutlinger Assets"):

(i) All of the real property, whether owned, under contract to acquire or leased by Reutlinger and used in, or necessary or intended for the operation of the Reutlinger Facilities and any other business or businesses conducted by Reutlinger, all of which is more particularly described in **Schedule 1.7(a)(i)** (collectively, the "Reutlinger Real Property"), including, without limitation, all buildings, structures, improvements, construction in progress and fixtures (collectively, the "Reutlinger Improvements") of every kind and nature now or hereafter located on the Reutlinger Real Property (the Reutlinger Real Property and the Reutlinger Improvements are hereinafter collectively referred to as the "Reutlinger Premises"), together with, if applicable, (1) all options, including options to purchase and renew, or other rights thereunder; (2) all right, title and interest of Reutlinger in and to any land in any adjacent streets, alleys, easements and rights-of-way; (3) all tenements, hereditaments, easements, privileges and appurtenances belonging to the Reutlinger Premises or any portion thereof, including without limitation all titles, estates, interests, licenses, agreements, air rights, water and canal rights, mineral rights, and all other rights at any time acquired by Reutlinger in and to any of the foregoing; and (4) all right, title and interest of Reutlinger in and to all leases, subleases, licenses, tenancies, agreements, contracts or grants of right

made by Reutlinger or at any time granted or acquired by Reutlinger with respect to the Reutlinger Premises or any portion thereof.

(ii) All tangible personal property (the "Reutlinger Personal Property") of every kind and nature, comprising, located at, or used in or necessary or intended for the operation of or relating to the Reutlinger Facilities and any other business or businesses conducted by Reutlinger, whether owned or leased by Reutlinger, including without limitation all of the furniture, fixtures, equipment machinery, vehicles, owned or licensed computer systems, software and documentation thereof, whether or not attached to the Reutlinger Premises and whether located in the Reutlinger Premises or in transit to the Reutlinger Facilities.

(iii) All inventories of supplies, parts, pharmaceuticals, drugs, food and other disposables and consumables useable and on hand at the Reutlinger Facilities on the Closing Date (collectively, the "Reutlinger Inventory"), together with all rights of Reutlinger under express or implied warranties or guarantees from the suppliers of Reutlinger with respect to the Reutlinger Inventory.

(iv) The original or true and correct copies of all documents, books, records, forms and files relating to the Reutlinger Assets or the operation of the Reutlinger Facilities or the operation of any other business or businesses conducted by Reutlinger, including, without limitation, the following:

(1) All patient, resident and medical records and all other medical and financial information regarding patients and residents at the Reutlinger Facilities;

(2) Patient and resident lists;

(3) Correspondence from families, relatives, friends and interested parties for patients and residents entering the Reutlinger Facilities;

(4) Employment and personnel records related to past and current employees of Reutlinger;

(5) Personnel policies and manuals, electronic data processing materials, books of account, accounting books, financial records, journals and ledgers;

(6) All of Reutlinger's budgets, accounting and financial data, business plans and projections, supplier lists, whether in paper or electronic form, correspondence, records, files and information regarding the operation, repair, maintenance, construction and renovation of the Reutlinger Premises, the mechanical, electrical and water systems at the Reutlinger Premises, as well as floor plans and other plans detailing the operation of the Reutlinger Premises, building and construction plans and specifications, building permits, zoning and land use approvals and variances, utility allocations and reservations, surveys, designs or drawings related to the operation or business of the Reutlinger Premises; and

(7) All existing past and present reports from consultants dealing with services offered, admissions, medical records and patient processing, as well as posting documents

concerning equal employment affirmative action, wage and hour information and any and all documents pertaining to state and federal regulatory requirements.

(v) All intangible personal property of every kind and nature used in, derived from or necessary or intended for the operation of the Reutlinger Facilities and any other business or businesses conducted by Reutlinger, wherever located, including, without limitation, the following:

(1) All accounts and accounts receivable generated by Reutlinger in connection with the business or operation of the Reutlinger Facilities, including without limitation all patient accounts receivable, and all security held by Reutlinger in relation thereto;

(2) All cash on hand or in banks, all cash equivalents, certificates of deposit, securities, performance and other bonds, accounts, notes receivable and other evidence of indebtedness, advances, bank accounts, deposits, prepaid items, choses in action, lock boxes, post office boxes, safe deposit boxes and the contents thereof that are maintained for use in the conduct of business or which contain any Reutlinger Assets;

(3) All proprietary rights, patents, trademarks, trade names, business names, all rights in internet web sites and internet domain names presently used by Reutlinger, service marks, trade secrets and all applications and registrations therefor and licenses thereof, including, without limitation, all of Reutlinger's right, title and interest in and to the name "Reutlinger," all derivations and variations thereof, all logos with respect to the Reutlinger Assets and the Reutlinger Facilities, all copyrights, whether published or unpublished, including rights to prepare, reproduce and distribute copies, compilations and derivative works, and all other proprietary information, processes, formulas, technology, research and development, and intellectual property rights relating to or connected with the Reutlinger Assets or the operation of the Reutlinger Facilities;

(4) All telephone numbers and email addresses used in connection with the operation of the Reutlinger Facilities;

(5) All licenses, permits, certificates, franchises, registrations, authorizations, filings, consents, accreditations, approvals and other indicia of authority relating to business operations, renovation or construction on the Reutlinger Facilities (collectively, the "Reutlinger Licenses and Permits"), which Reutlinger Licenses and Permits, including the expiration dates thereof, if any, are listed on Schedule 1.7(a)(v)(5) hereto;

(6) All refunds, if any, pertaining to tax obligations of Reutlinger;

(7) All benefits, proceeds, or any other amounts payable under any policy of insurance maintained by Reutlinger with respect to the Reutlinger Assets;

(8) All deposits held by Reutlinger in connection with future services to be rendered by Reutlinger and all prepaid items and deposits held by third parties as of the Closing for the account of Reutlinger as security for Reutlinger's performance of its obligations, including, without limitation, deposits on Reutlinger Contracts and Reutlinger Leases and deposits for utilities with respect to the Reutlinger Premises;

(9) All rights or obligations of Reutlinger under all contracts, agreements, options, commitments, instruments and plans, oral or written, including contracts, agreements and instruments relating to the construction, renovation, ownership, servicing, maintenance, occupancy and operation of the Reutlinger Facilities, or the Reutlinger Assets, or any part thereof (collectively, the “Reutlinger Contracts”) and all rights or obligations of Reutlinger under all real property leases and personal property leases (where appropriate the real property leases and personal property leases shall collectively be referred to as the “Reutlinger Leases”), which Reutlinger Contracts and Reutlinger Leases are listed in **Schedule 1.7(a)(v)(9)**;

(10) All rights or obligations under all contracts with residents residing in or having the right to occupy the Reutlinger Facilities;

(11) All technical and marketing information used in the operation of or relating to operations, including new developments, inventions, ideas and documentation thereof, and all claims or rights related thereto;

(12) Reutlinger’s goodwill in connection with the Reutlinger Facilities and the Reutlinger Assets; and

(13) The rights of Reutlinger under all manufacturers’ warranties and guarantees relating to the Reutlinger Assets.

(vi) All other assets, property, rights and claims of every kind, character or description, tangible and intangible, known or unknown, owned or leased by Reutlinger and used or held for use in the operation of the Reutlinger Facilities or any other business or businesses conducted by Reutlinger, and whether or not described on Reutlinger’s financial statements, or in this Agreement.

(vii) All additions, substitutions, replacements, repossessions, and products of any of the Reutlinger Assets described above.

(b) On the Closing Date, Eskaton (which shall include, as applicable, its affiliated and subsidiary corporations other than Reutlinger) shall retain their respective right, title and interest in and to each and all of the Eskaton Facilities and all rights, claims, property and assets, real, personal or mixed, tangible and intangible, of every kind and description whatsoever and wherever located, owned, leased or held by Eskaton and related to the operation of the Eskaton Facilities and any other business or businesses conducted by Eskaton, including without limitation the following, but expressly excluding the Reutlinger Assets (collectively, the “Eskaton Assets”):

(i) All of the real property, whether owned, under contract to acquire or leased by Eskaton and used in, or necessary or intended for the operation of the Eskaton Facilities and any other business or businesses conducted by Eskaton, all of which is more particularly described in **Schedule 1.7(b)(i)** (collectively, the “Eskaton Real Property”), including, without limitation, all buildings, structures, improvements, construction in progress and fixtures (collectively, the “Eskaton Improvements”) of every kind and nature now or hereafter located on the Eskaton Real Property (the Eskaton Real Property and the Eskaton Improvements are hereinafter collectively referred to as the “Eskaton Premises”), together with (1) all options, including options to purchase and renew, or other rights thereunder; (2) all right, title and interest of Eskaton in and to

any land in any adjacent streets, alleys, easements and rights-of-way; (3) all tenements, hereditaments, easements, privileges and appurtenances belonging to the Eskaton Premises or any portion thereof, including without limitation all titles, estates, interests, licenses, agreements, air rights, water and canal rights, mineral rights, and all other rights at any time acquired by Eskaton in and to any of the foregoing; and (4) all right, title and interest of Eskaton in and to all leases, subleases, licenses, tenancies, agreements, contracts or grants of right made by Eskaton or at any time granted or acquired by Eskaton with respect to the Eskaton Premises or any portion thereof.

(ii) All tangible personal property (the "Eskaton Personal Property") of every kind and nature, comprising, located at, or used in or necessary or intended for the operation of or relating to the Eskaton Facilities, and any other business or businesses conducted by Eskaton, whether owned or leased by Eskaton, including without limitation all of the furniture, fixtures, equipment, machinery, vehicles owned or licensed computer systems, software and documentation thereof, whether or not attached to the Eskaton Premises and whether located in the Eskaton Premises or in transit to the Eskaton.

(iii) All inventories of supplies, parts, pharmaceuticals, drugs, food and other disposables and consumables useable and on hand at the Eskaton Facilities on the Closing Date (collectively, the "Eskaton Inventory"), together with all rights of Eskaton under express or implied warranties or guarantees from the suppliers of Eskaton with respect to the Eskaton Inventory.

(iv) The original or true and correct copies of all documents, books, records, forms and files relating to the Eskaton Assets or the operation of the Eskaton Facilities or the operation of any other business or businesses conducted by Eskaton, including, without limitation, the following:

(1) All patient, resident and medical records and all other medical and financial information regarding patients at the Eskaton Facilities;

(2) Patient and resident lists;

(3) Correspondence from families, relatives, friends and interested parties for patients and residents entering the Eskaton Facilities;

(4) Employment and personnel records related to past and current employees of Eskaton;

(5) Personnel policies and manuals, electronic data processing materials, books of account, accounting books, financial records, journals and ledgers;

(6) All of Eskaton's budgets, accounting and financial data, business plans and projections, supplier lists, whether in paper or electronic form, correspondence, records, files and information regarding the operation, repair, maintenance, construction and renovation of the Eskaton Premises, the mechanical, electrical and water systems at the Eskaton Premises, as well as floor plans and other plans detailing the operation of the Eskaton Premises, building and construction plans and specifications, building permits, zoning and land use approvals and variances, utility allocations and reservations, surveys, designs or drawings related to the operation or business of the Eskaton Premises; and

(7) All existing past and present reports from consultants dealing with services offered, admissions, medical records and patient processing, as well as posting documents concerning equal employment affirmative action, wage and hour information and any and all documents pertaining to state and federal regulatory requirements.

(v) All intangible personal property of every kind and nature used in, derived from or necessary or intended for the operation of the Eskaton Facilities and any other business or businesses conducted by Eskaton, wherever located, including, without limitation, the following:

(1) All accounts and accounts receivable generated by Eskaton in connection with the business or operation of the Eskaton Facilities, including without limitation all patient accounts receivable, and all security held by Eskaton in relation thereto;

(2) All cash on hand or in banks, all cash equivalents, certificates of deposit, securities, performance and other bonds, accounts, notes receivable and other evidence of indebtedness, advances, bank accounts, deposits, prepaid items, choses in action, lock boxes, post office boxes, safe deposit boxes and the contents thereof that are maintained for use in the conduct of business or which contain any Eskaton Assets;

(3) All proprietary rights, patents, trademarks, trade names, business names, all rights in internet web sites and internet domain names presently used by Eskaton, service marks, trade secrets and all applications and registrations therefor and licenses thereof, including, without limitation, all of Eskaton's right, title and interest in and to the name "Eskaton," all derivations and variations thereof, all logos with respect to the Eskaton Assets and the Eskaton Facilities, all copyrights, whether published or unpublished, including rights to prepare, reproduce and distribute copies, compilations and derivative works, and all other proprietary information, processes, formulas, technology, research and development, and intellectual property rights relating to or connected with the Reutlinger Assets or the operation of the Eskaton Facilities;

(4) All telephone numbers and email addresses used in connection with the operation of the Eskaton Facilities;

(5) All licenses, permits, certificates, franchises, registrations, authorizations, filings, consents, accreditations, approvals and other indicia of authority relating to business operations, renovation or construction on the Eskaton Facilities (collectively, the "Eskaton Licenses and Permits"), which Eskaton Licenses and Permits, including the expiration dates therefor, if any, are listed on **Schedule 1.7(b)(v)(5)**;

(6) All refunds, if any, pertaining to tax obligations of Eskaton;

(7) All benefits, proceeds, or any other amounts payable under any policy of insurance maintained by Eskaton with respect to the Eskaton Assets;

(8) All deposits held by Eskaton in connection with future services to be rendered by Eskaton and all prepaid items and deposits held by third parties as of the Closing for the account of Eskaton as security for Eskaton's performance of its obligations, including, without limitation, deposits on Eskaton Contracts and Eskaton Leases and deposits for utilities with respect to the Eskaton Premises;

(9) All rights or obligations of Eskaton under all contracts, agreements, options, commitments, instruments and plans, oral or written, including contracts, agreements and instruments relating to the construction, renovation, ownership, servicing, maintenance, occupancy and operation of the Eskaton Facilities, or the Eskaton Assets, or any part thereof (collectively, the "Eskaton Contracts") and all rights or obligations of Eskaton under all real property leases and personal property leases (where appropriate the real property leases and personal property leases shall collectively be referred to as the "Eskaton Leases"), which Eskaton Contracts and Eskaton Leases are listed in **Schedule 1.7(b)(v)(9)**;

(10) All rights or obligations under all contracts with residents residing in or having the right to occupy the Eskaton Facilities;

(11) All technical and marketing information used in the operation of or relating to operations, including new developments, inventions, ideas and documentation thereof, and all claims or rights related thereto;

(12) Eskaton's goodwill in connection with the Eskaton Facilities and the Eskaton Assets; and

(13) The rights of Eskaton under all manufacturers' warranties and guarantees relating to the Eskaton Assets.

(vi) All other assets, property, rights and claims of every kind, character or description, tangible and intangible, known or unknown, owned or leased by Eskaton and used or held for use in the operation of the Eskaton Facilities or any other business or businesses conducted by Eskaton, and whether or not described on Eskaton's financial statements, or in this Agreement.

(vii) All additions, substitutions, replacements, repossessions, and products of any of the Eskaton Assets described above.

ARTICLE II CLOSING

Section 2.1 Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall be held on the date which is the latest to occur of (a) the fifth (5th) business day immediately following satisfaction of all conditions precedent to the Closing (or waiver by the party entitled to satisfaction thereof), and (b) such other date mutually agreed to by the parties (the "Closing Date"). The Closing shall be held on the Closing Date at the offices of Hanson Bridgett in San Francisco, California, at 10:00 a.m., local time, or on such other date, or at such other time and place, as the parties may agree upon in writing.

Section 2.2 Deliveries of Reutlinger. In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing, Reutlinger shall execute and deliver (as applicable) all such deeds, endorsements, assignments, documents as shall be necessary to effect the Affiliation, including, but not limited to, the following (the "Reutlinger Closing Documents"):

(a) A certificate of the Secretary of Reutlinger certifying, as complete and accurate as of the Closing, attached copies of the governing documents, certifying and attaching all requisite

resolutions or actions of Reutlinger's board of directors approving the execution and delivery of this Agreement and the consummation of the transactions contemplated thereby and certifying to the incumbency and signatures of the officers of Reutlinger executing this Agreement and any other document relating to the contemplated transactions and accompanied by the requisite documents for amending the relevant governing documents of Reutlinger required to effect such changes necessitated by this Agreement for filing with the appropriate governmental body.

(b) A certificate of the President or a Vice President of Reutlinger certifying that as of the Closing all of the representations and warranties by or on behalf of such party contained in this Agreement are true and correct in all respects and each and every covenant and agreement of each such party to be performed prior to or as of the Closing pursuant to this Agreement has been performed.

(c) Certificates of corporate existence and good standing of Reutlinger from its state of incorporation dated not more than three (3) business days prior to the Closing Date;

(d) A certificate of the President or a Vice President of Reutlinger certifying that all Eskaton and disclosures and schedules and exhibits are acceptable or waived.

(e) A certificate of the President or a Vice President of Reutlinger certifying that the due diligence is complete and the results thereof are acceptable.

(f) Such other certificates, affidavits, consents, approvals, instruments and documents as are necessary to effect the contemplated transactions.

Section 2.3 Deliveries of Eskaton. In addition to any other documents to be delivered under other provisions of this Agreement, at the Closing, Eskaton shall execute and deliver (as applicable) all such deeds, endorsements, assignments, documents as shall be necessary to effect the Affiliation, including, but not limited to, the following (the "Eskaton Closing Documents"):

(a) A certificate of the Secretary of Eskaton certifying, as complete and accurate as of the Closing, attached copies of the governing documents, certifying and attaching all requisite resolutions or actions of Eskaton's board of directors approving the execution and delivery of this Agreement and the consummation of the transactions contemplated thereby and certifying to the incumbency and signatures of the officers of Eskaton executing this Agreement and any other document relating to the contemplated transactions and accompanied by the requisite documents for amending the relevant governing documents of Eskaton required to effect such changes necessitated by this Agreement for filing with the appropriate governmental body.

(b) A certificate of the President or a Vice President of Eskaton certifying that as of the Closing all of the representations and warranties by or on behalf of such party contained in this Agreement are true and correct in all respects and each and every covenant and agreement of each such party to be performed prior to or as of the Closing pursuant to this Agreement has been performed.

(c) Certificates of corporate existence and good standing of Eskaton from its state of incorporation dated not more than three (3) business days prior to the Closing Date;

(d) The opinion of Meyers Nave, the designated Bond Counsel (“Eskaton Bond Counsel”) that nothing contemplated in the Agreement will cause any bonds or certificates of participation of Eskaton as described in and provided for in **Exhibit 2.3(d)** to become taxable, constitute an event of default or otherwise require them to be redeemed.

(e) A certificate of the President or a Vice President of Eskaton certifying that all Reutlinger disclosures and schedules and exhibits are acceptable or waived.

(f) A certificate of the President or a Vice President of Eskaton certifying that the due diligence is complete and the results thereof are acceptable.

(g) Such other certificates, affidavits, consents, approvals, instruments and documents as are necessary to effect the contemplated transactions.

ARTICLE III REPRESENTATIONS AND WARRANTIES OF REUTLINGER

The truth, accuracy and completeness of the representations, warranties and covenants of each entity comprising Reutlinger contained in this Agreement shall, subject to Section 3.21, be conditions precedent to Eskaton’s obligation to close under this Agreement; provided, however, that Eskaton shall have no obligation to investigate the truth, accuracy or completeness of said representations, warranties and covenants. As an inducement to Eskaton to enter into this Agreement and to consummate the contemplated transactions, Reutlinger (which shall include, as applicable, its affiliated and subsidiary corporations) hereby jointly and severally represent, warrant and covenant to Eskaton as to the following matters as of the Effective Date. Except as otherwise supplemented or amended by the parties on or prior to the Closing Date in accordance with the terms of this Agreement, Reutlinger shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

Section 3.1 Organization and Power. Reutlinger is a non-profit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, with power and authority to conduct the business in which each is engaged, to lease and own the properties leased or owned by it and to enter into and perform its obligations under this Agreement. Reutlinger is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”), as a public charity described in Section 509(a)(2) or (3) of the Code. There is no actual or, to the Knowledge of Reutlinger based upon information and belief, any threatened challenge to the tax-exempt status of Reutlinger. Reutlinger does not have any affiliates or subsidiary(ies) except as disclosed in **Schedule 3.1**. For purposes of this Agreement, the term “Knowledge of Reutlinger” means the actual knowledge of Jay Zimmer, Reutlinger Chief Executive Officer, and Brian Morrow, Chief Financial Officer.

Section 3.2 Authorization. The execution and delivery of this Agreement and the Reutlinger Closing Documents by Reutlinger, and the performance by Reutlinger of its obligations under this Agreement and the Reutlinger Closing Documents have been duly authorized by all necessary corporate action (including any necessary approval by the Reutlinger Board) on the part of Reutlinger. The execution and delivery of this Agreement and the Reutlinger Closing Documents have been duly authorized by all necessary corporate action on the part of Reutlinger. This

Agreement and the Reutlinger Closing Documents have been or will be duly executed and delivered by each entity comprising Reutlinger, where applicable.

Section 3.3 No Violation. This Agreement is, and the Reutlinger Closing Documents will be, the lawful, valid and legally binding obligations of each entity comprising Reutlinger, enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the Reutlinger Closing Documents by each entity comprising Reutlinger, and the consummation by Reutlinger of the contemplated transactions will not, with or without the giving of notice and/or the passage of time: (a) violate or conflict with the governing documents of any entity comprising Reutlinger, (b) conflict with or result in the breach or violation of any of the terms or conditions of, or create rights of acceleration or constitute a default under, any indenture, mortgage, deed of trust, instrument, contract or other agreement to which Reutlinger is a party or by which Reutlinger is bound, or result in the creation or imposition of any lien, charge or encumbrance upon any of the Reutlinger Assets, (c) violate any legal requirement to which Reutlinger is subject, or (d) violate or conflict with any judgment, writ, decree, franchise, order, license or permit applicable to Reutlinger.

Section 3.4 Consents. Except as set forth in Schedule 3.4, no consent, approval, permit, waiver, license, authorization or action of any third party or governmental body is required in connection with the execution, delivery and performance of this Agreement by Reutlinger.

Section 3.5 Reutlinger Real Property.

(a) At or prior to the Closing, and except for the Reutlinger Premises that are leased by Reutlinger, Reutlinger shall have good and marketable fee simple title to the Reutlinger Premises, subject to all matters of record. Except as set forth on Schedule 3.5(a), to the Knowledge of Reutlinger, (i) none of the Reutlinger Premises that are owned by Reutlinger are or, as of the Closing Date will be, subject to any security interest, mortgage, pledge, liens, restriction, covenant, charge or encumbrance and (ii) there are no purchase contracts, options or other agreements of any kind, oral or written, formal or informal, choate or inchoate, recorded or unrecorded, or claims whereby any person other than Reutlinger will have acquired or will have any basis to assert any right, title or interest in, or right to the possession, use, enjoyment or proceeds of, any part or all of the Reutlinger Premises.

(b) Schedule 3.5(b) sets forth an accurate and complete list of all contracts, agreements, leases, subleases, options and commitments, oral or written, affecting any Reutlinger Real Property that has been financed with tax exempt bond proceeds and Reutlinger is not the lessee or sublessee of any real property other than as set forth in Schedule 3.5(b) ("Reutlinger Real Property Leases"). Reutlinger has provided Eskaton with complete and correct copies of all Reutlinger Real Property Leases.

(c) Except as set forth in Schedule 3.5(c), to the Knowledge of Reutlinger, there are no material facts that would adversely affect the possession, use or occupancy of the Reutlinger Premises.

(d) Reutlinger holds all valid and effective certificates, approvals and other permits and licenses required by applicable law relating to the operation of the Reutlinger Premises, including without limitation a license from the California Department of Public Health and California

Department of Social Services, all certificates of occupancy, underwriters' certificates relating to electrical work, zoning, building, housing, safety, fire and health approvals.

(e) To the Knowledge of Reutlinger, the zoning of each parcel of Reutlinger Real Property permits the presently existing Reutlinger Improvements and the continuation of the business of the Reutlinger Facilities presently being conducted on such parcel, without variances or conditional use permits. Reutlinger has not commenced, nor has Reutlinger received notice of the commencement of, any proceeding that would affect the present zoning classification of any such parcel.

Section 3.6 Reutlinger Personal Property.

(a) Except for the Reutlinger Personal Property that is leased by Reutlinger, Reutlinger has good and marketable title to all of the Reutlinger Personal Property.

(b) Schedule 3.6(b) sets forth an accurate and complete list of all leases of personal property in excess of \$100,000 per item that are currently binding on Reutlinger. Reutlinger has provided Eskaton with complete and correct copies of such Reutlinger personal property leases.

Section 3.7 Reutlinger Financial Statements.

(a) Attached as Schedule 3.7(a) are copies of the audited balance sheet and statement of income and cash flows of each entity comprising Reutlinger as of June 30, 2018, and the unaudited balance sheet and statement of income and cash flows of each entity comprising Reutlinger for the most recent month end (collectively referred to as the "Reutlinger Financial Statements"). In addition, Reutlinger shall provide to Eskaton, as promptly as each becomes available prior to the Closing Date, all other interim financial statements (the "Reutlinger Interim Financial Statements") with respect to the operation of the Reutlinger Facilities, updated to the penultimate month prior to the Closing Date. Reutlinger shall also provide to Eskaton as promptly as each becomes available, all financial statements prepared prior to Closing with respect to the operation of the Reutlinger Facilities as of and for the period ending on the Closing Date. The Reutlinger Financial Statements and Reutlinger Interim Financial Statements referred to in this Section are and will be true, complete and correct in all material respects and present fairly and accurately the financial condition of Reutlinger and the results of its operations at the dates and for the periods indicated and will have been prepared in accordance with GAAP. From and after the date of the Reutlinger Interim Financial Statements, Reutlinger has not (and at Closing shall not have) made any material changes in its accounting methods or practices.

(b) Except as set forth on Schedule 3.7(b) or as may be incurred in the ordinary course of business or pursuant to an approved budget, Reutlinger does not know of any fact, circumstance, event, occurrence, contingency or condition that might reasonably be expected to result in a change greater than \$250,000 in value, before or after the Closing Date, whether or not covered by insurance, in the working capital, financial condition, assets, liabilities (whether absolute, accrued, contingent or otherwise), reserves, business, operations or prospects of Reutlinger.

Section 3.8 Insurance. Schedule 3.8 sets forth a complete and accurate list and brief description of all insurance policies and self-insurance arrangements currently held by Reutlinger, including, without limitation, to the extent applicable, fire, medical malpractice and professional

liability, general liability, casualty and property damage, business interruption, extended coverage, products liability, and workers' compensation and any and all other kinds of insurance held by Reutlinger related to the Reutlinger Facilities, or any of the Reutlinger Assets. The description of the insurance policies and arrangements provided in **Schedule 3.8** shall include a statement specifying the name of the insurer, the amount of coverage and any deductibles, the type of insurance, the amount of the premiums and dates when they are due, the policy numbers, any previously filed or pending claims thereunder, and the expiration date of such policies. True and correct copies of all such insurance policies or arrangements previously have been provided to Eskaton by Reutlinger. Except as set forth in **Schedule 3.8**, such insurance policies are in full force and effect and shall remain in full force and effect through the Closing Date. Certificates of insurance evidencing such insurance coverages shall be delivered to Eskaton by Reutlinger, respectively, at or prior to the Closing. Reutlinger is not delinquent with respect to any premium payments thereon nor is Reutlinger in default or breach with respect to any provision contained in any such insurance policies. To the Knowledge of Reutlinger, Reutlinger has not received any notice or request, formal or informal, from any insurance company identifying any defects in the Reutlinger Assets that would adversely affect the insurability of the Reutlinger Assets, canceling or materially amending or materially increasing the annual or other premiums payable under any such policy, or threatening any such cancellation, amendment or increase of premiums. Reutlinger has not been refused any insurance with respect to the Reutlinger Assets to which it has applied for insurance within three (3) years prior to the Closing Date.

Section 3.9 **Litigation**. Except as set forth in **Schedule 3.9** (said matters set forth in **Schedule 3.9** being collectively referred to herein as "Reutlinger Pending Litigation"), neither Reutlinger, nor the Reutlinger Facilities, nor any of such party's respective properties, businesses or assets is engaged in or a party to or threatened with any proceeding, claim or demand or legal, administrative, arbitration or other method of settling disputes or disagreements, and Reutlinger does not know, anticipate or have notice of any such action. Except as set forth on **Schedule 3.9**, Reutlinger has not received notice of any investigation, threatened or contemplated, by any federal or state governmental body that remains unresolved, involving Reutlinger or the Reutlinger Facilities. None of the Reutlinger Pending Litigation has created a lien or a claim therefor against the Reutlinger Assets. Set forth in **Schedule 3.9** is a complete and accurate description of each outstanding order, writ, injunction or decree of any court, arbitrator, or governmental body against or affecting Reutlinger, the Reutlinger Assets or the operation of the Reutlinger Facilities. Reutlinger has provided Eskaton with complete and correct copies of all such orders, writs, injunctions and decrees, and will make available upon request, copies of all correspondence, reports, memoranda and files related thereto.

Section 3.10 **Licenses and Permits**. True and correct copies of the Reutlinger Licenses and Permits have been delivered to Eskaton by Reutlinger. Except as set forth in **Schedule 3.10**, Reutlinger has all licenses, permits and franchises required by all applicable legal requirements from all applicable governmental bodies necessary or proper in order to own and lease the Reutlinger Assets and to conduct and operate the Reutlinger Facilities and each of its departments as currently operated. Except as set forth in **Schedule 3.10**, to the Knowledge of Reutlinger, no notice from any authority with respect to pending or possible revocation, termination, suspension or limitation of any of the Reutlinger Licenses and Permits has been issued or given, nor is Reutlinger aware of the proposed or threatened issuance of any such notice. Except as set forth in **Schedule 3.10**, Reutlinger has no reason to believe that such Reutlinger Licenses and Permits would not be eligible for renewal

upon their expiration. Reutlinger has previously delivered to Eskaton true, correct and complete copies of the Reutlinger Facilities' most recent state licensing survey reports, as well as any statements of deficiencies and plans of correction in connection with such reports. Except as set forth in **Schedule 3.10**, the most current state licensing survey did not require that capital expenditures aggregating in excess of Ten Thousand Dollars (\$10,000) be made in order to ensure continued licensure of the Reutlinger Facilities.

Section 3.11 Government Program; Third Party Payors.

(a) Except as set forth on **Schedule 3.11(a)** the Reutlinger Facilities has for at least the past three (3) years received reimbursement under Medicare, are eligible to receive payment without restriction from Medicare, and are "providers" with valid and current provider agreements and with one or more provider numbers with Medicare, through intermediaries. A true and correct copy of each such provider agreement has been previously delivered to Eskaton by Reutlinger. Reutlinger has previously delivered to Eskaton true, correct and complete copies of the Reutlinger Facilities' most recent certification survey reports under Medicare, including any statements of deficiencies and plans of correction for the past three years. The most recent certification survey reports under Medicare did not require that capital expenditures aggregating in excess of Ten Thousand Dollars (\$10,000) be made in order to ensure continued participation in Medicare. The Reutlinger Facilities has not received notice of pending, threatened or possible investigation by, or loss of participation in, Medicare, except as set forth in **Schedule 3.11(a)**.

(b) **Schedule 3.11(b)** sets forth an accurate, complete and current list of all current participation agreements with health maintenance organizations, insurance programs, any other participation agreements with third party payors and all agreements with preferred provider organizations and ACOs with respect to the Reutlinger Facilities. Reutlinger has previously delivered to Eskaton true and correct copies of all such agreements listed in **Schedule 3.11(b)**.

(c) Except as set forth in **Schedule 3.11(c)**, there is no dispute between the Reutlinger Facilities or Reutlinger and any governmental body or quasi-governmental authority or the Medicare fiscal intermediary regarding cost reports other than with respect to adjustments thereto made in the ordinary course of business. Except as set forth in **Schedule 3.11(c)**, Reutlinger has not received any notices that Medicare has any claims against such party or the Reutlinger Facilities that could result in offsets against future Community accounts receivable above any amounts reserved therefore.

Section 3.12 Compliance with Law. Except as disclosed in **Schedule 3.12** or elsewhere in this Agreement, Reutlinger, and each entity constituting Reutlinger and the Reutlinger Facilities and the operation thereof are, to the best knowledge of Reutlinger in material compliance in all respects with any applicable legal requirements or orders of any court or federal, state, county, municipal or other governmental body, including the fraud and abuse laws, and Reutlinger has not received any notice, written or otherwise, of noncompliance with respect thereto. To the Knowledge of Reutlinger, neither Reutlinger, nor any of its affiliates, nor any member, director, officer or employee of Reutlinger, or any of its affiliates, is a party to any contract, lease agreement or other arrangement (including any joint venture or consulting agreement) related to Reutlinger or any of the Reutlinger Assets with any physician, health care facility, hospital, nursing facility, home health agency or other person who is in a position to make or influence referrals to or otherwise generate business for Reutlinger with respect to any of the Reutlinger Assets, to provide services, lease space,

lease equipment or engage in any other venture or activity, to the extent that any of the foregoing is prohibited by applicable legal requirements. All patient records and any other documents required to be maintained by law by Reutlinger or the Reutlinger Facilities have been maintained by Reutlinger for a period of at least seven (7) years from the date of creation of such document, or if in existence for less than seven (7) years, have been and will be maintained to the Closing Date.

Section 3.13 Employment Obligations. All obligations of Reutlinger with respect to any of Reutlinger's employees, whether arising by operation of law, by contract, by past custom or otherwise, for salaries, accrued vacation and holiday pay, and other termination benefits, and other forms of compensation payable to such employees in respect of the services rendered by any of them prior to the Closing Date have been or will be paid by Reutlinger either prior to the Closing Date, or within due course thereafter.

Section 3.14 Employment Matters.

(a) To the Knowledge of Reutlinger and except as set forth on Schedule 3.14(a): (i) there is no unfair labor practice complaint against Reutlinger pending before the National Labor Relations Board; (ii) there is no labor strike, dispute, slowdown or stoppage actually pending or, to the Knowledge of Reutlinger, threatened against or involving or affecting Reutlinger ; (iii) no representation question exists respecting the employees of Reutlinger; (iv) no grievance or any arbitration proceeding is pending; (v) Reutlinger has not experienced any labor stoppage during the last five (5) years; and (vi) Reutlinger is in full compliance with all union contracts and collective bargaining agreements;

(b) Except as set forth on Schedule 3.14(b), no changes in the basis for remuneration of employees of Reutlinger has been made, promised or authorized by Reutlinger since September 30, 2014, except in the ordinary and usual course of business, in accordance with past practices, or in furtherance of this Affiliation. Except as set forth on Schedule 3.14(b), Reutlinger has no written employment contracts, including any employment contract with any officer, consultant, director or employee; any plan, arrangement or contract providing for options, bonuses, stock purchases, deferred compensation or the like; or any restrictive covenants or agreements with any former employees, officers, consultants or directors of Reutlinger and no agreement of any nature that provides for employment for any particular period of time or that provides any restrictions upon Reutlinger's right to terminate employment without any post-termination payment obligation, with any person whomsoever relating to the Reutlinger Facilities. Other than in the ordinary course of business, or in furtherance of the Affiliation, no binding agreements have been made or entered into between Reutlinger and any employee involved in the Reutlinger Facilities regarding changes in compensation, promotion or any other change in status.

Section 3.15 Tax Returns and Liabilities. Except as set forth in Schedule 3.15, all federal, state, county and other tax returns of every nature (including, without limitation, income, employment, payroll, excise, property, sales and use taxes, unemployment contributions) required to be filed by or on behalf of, or with respect to Reutlinger, the Reutlinger Assets have been duly and timely filed, or will be filed (within the time periods required by law) by Reutlinger on or before the Closing Date. Except as set forth in Schedule 3.15, copies of all such tax returns have been provided to Eskaton and are true and correct in all respects. There are no tax liens on any of the Reutlinger Assets, other than tax liens for obligations that are not yet due and payable. Reutlinger does not

have any dispute with any taxing authority as to taxes of any nature. Except as set forth in **Schedule 3.15**, there is no unassessed tax deficiency proposed or, to the Knowledge of Reutlinger, threatened against Reutlinger, and no proceeding or audit of any tax returns of either Reutlinger by any governmental body is pending or, to the Knowledge of Reutlinger, threatened by any governmental body for assessment, reassessment or collection of any taxes affecting Reutlinger, the Reutlinger Facilities, and its operations.

Section 3.16 Employee Benefit Plans.

(a) For purposes of this Section, the term “Benefit Plan” means any plan, program, arrangement, practice or contract which provides benefits or compensation to or on behalf of employees or former employees, whether formal or informal, whether or not written, including, but not limited to, the following types of Benefit Plans: retirement, vacation, profit sharing, deferred compensation, incentive compensation, sick pay, scholarship, severance pay or other fringe benefit plan, program, arrangement, contract or practice.

(b) Except as set forth on **Schedule 3.16(b)**, Reutlinger does not have any Benefit Plan or arrangement covering Reutlinger’s employees or relating to the operations of the Reutlinger Facilities. All contributions and other payments required to be made by Reutlinger to any Benefit Plan, if any, for or on behalf of any employees or former employees of Reutlinger has been made or reserves adequate for such purposes have been set aside therefore in accordance with the terms of each such plan. Eskaton shall have no liability or obligation to Reutlinger, or Reutlinger’s employees in connection with termination of Reutlinger’s employees from the Benefit Plans as a result of this Affiliation.

Section 3.17 Contracts and Commitments. **Schedule 3.17** sets forth an accurate and complete list of all of the Reutlinger Contracts that involves performance of services or delivery of goods or materials by Reutlinger, or warranties with respect to the same, of an aggregate amount or value in excess of \$50,000 and which cannot be terminated by Reutlinger at any time without cause and without obligation to pay a termination fee or penalty upon notice of ninety (90) days or less that are currently in force in the following categories:

- (i) food and dining service;
- (ii) maintenance and housekeeping services;
- (iii) therapy services;
- (iv) physician services;
- (v) acute care facility services; and
- (vi) other medical provider contracts.

Except as set forth in **Schedule 3.17**, Reutlinger has provided Eskaton with complete and correct copies of all such Reutlinger Contracts. Except as set forth in **Schedule 3.17**, Reutlinger has received no notice of any default, offset, counterclaim or defense under any Contract.

Section 3.18 Brokers' and Finders' Fees. Reutlinger has not entered into any contracts, agreements, arrangements or understandings with any person that could give rise to any claim for a broker's, finder's or agent's fee or commission or other similar payment in connection with the negotiations leading to this Agreement or the consummation of the contemplated transactions.

Section 3.19 Immigration Act. To the Knowledge of Reutlinger, Reutlinger is in compliance in all material respects with the terms and provisions of the Immigration Reform and Control Act of 1986, as amended (the "Immigration Act"). Reutlinger has not been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order (as such terms are defined in the Immigration Act) at the Reutlinger Facilities, nor, to the Knowledge of Reutlinger, has any proceeding been initiated or threatened against Reutlinger in connection with its operation of the Reutlinger Facilities, by reason of any actual or alleged failure to comply with the Immigration Act.

Section 3.20 Reutlinger Boards of Directors. **Schedule 3.20** contains a true and complete list of the current members of the Boards of Directors of each entity constituting Reutlinger, respectively, immediately prior to the Closing Date.

Section 3.21 No Untrue or Inaccurate Representation or Warranty. The representations and warranties of Reutlinger contained in this Agreement, and each exhibit, schedule, certificate or other written statement delivered pursuant to this Agreement, or in connection with the contemplated transactions do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. Those representations and warranties set forth in this Article III shall be based upon the current actual knowledge of Reutlinger's Chief Executive Officer (the "CEO"), after an inquiry only of the most senior management executive responsible for each of the following disciplines regarding the representations pertinent to those disciplines: Operations, Human Resources, Facilities/Physical Plant, Finance, Medicare Claims, and Information Technology. There is no fact that adversely affects or in the future may, to the Knowledge of Reutlinger, adversely affect the ability of Reutlinger fully to perform this Agreement and the contemplated transactions, that has not been set forth and described in this Agreement or in a certificate, exhibit, schedule or other written statement furnished to Eskaton, pursuant to this Agreement.

Section 3.22 AS IS Affiliation; Release; Indemnity; Representations, Warranties and Covenants of Reutlinger.

(a) Eskaton acknowledge that, neither Reutlinger nor any of Reutlinger's employees, agents or representatives has made any representations, warranties or agreements to or with Eskaton on behalf of Reutlinger as to any matters concerning the Reutlinger Assets, the present use thereof, or the suitability of Eskaton's intended use. IT IS UNDERSTOOD AND AGREED THAT (A) THE REUTLINGER ASSETS ARE BEING ACCEPTED BY ESKATON ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS" BASIS, SUBJECT TO ANY CONDITION WHICH MAY EXIST, AND WITHOUT THE EXISTENCE OF AND WITHOUT RELIANCE UPON ANY REPRESENTATION, WARRANTY, AGREEMENT, OR STATEMENT BY REUTLINGER, OR ANYONE ACTING ON BEHALF OF REUTLINGER EXCEPT THOSE REPRESENTATIONS, WARRANTIES AND AGREEMENTS SPECIFICALLY SET FORTH IN THIS AGREEMENT; (B) ESKATON ARE BEING GIVEN THE OPPORTUNITY TO THOROUGHLY INSPECT AND EXAMINE REUTLINGER'S ASSETS TO THE EXTENT DEEMED NECESSARY BY

ESKATON IN ORDER TO ENABLE ESKATON TO EVALUATE ITS AFFILIATION WITH REUTLINGER ON THE FOREGOING BASIS; AND (C) ESKATON ARE RELYING SOLELY UPON SUCH INSPECTIONS, EXAMINATION, AND EVALUATION OF THE REUTLINGER ASSETS BY ESKATON IN COMPLETING THE AFFILIATION ON AN "AS IS", "WHERE IS" AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATION, WARRANTY, AGREEMENT OR STATEMENT BY REUTLINGER OR ANYONE ACTING ON BEHALF OF REUTLINGER, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE, EXCEPT AS MAY BE SET FORTH IN THIS AGREEMENT.

(b) Except as to (i) any material default by Reutlinger in the performance of any of Reutlinger's obligations under this Agreement or(ii) the fraud of Reutlinger; (collectively, the "Reutlinger Liabilities"), Eskaton acknowledges and agrees that Reutlinger is not personally liable or responsible for any damages that Eskaton may suffer as the result of this transaction. Except as to any Reutlinger Liabilities, Eskaton hereby release Reutlinger and Reutlinger's agents, affiliates, successors and assigns, from any claims, actions, causes of action, liabilities, fees, costs and expenses, whether to person or property, arising out of or in any way relating to the Reutlinger Assets, the condition thereof, and the development or construction of any improvements on the Reutlinger Assets or any off-site improvements related to the Reutlinger Assets. Such release applies to all claims, whether such claims, damages, or losses are known or unknown, foreseen or unforeseen, or patent or latent, that Eskaton may have against Seller. Eskaton waive application of California Civil Code Section 1542, which states:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or releasing party."

As a consequence of the foregoing waiver, Eskaton understand that even if Eskaton eventually incurs any damages arising from the affiliation with Reutlinger, Eskaton will not be able to make any claim after Closing against Reutlinger and Reutlinger's agents, affiliates, successors and assigns for those damages, except as to Reutlinger Liabilities. Further, Eskaton acknowledge that Eskaton understand these consequences even as to claims against Reutlinger and Reutlinger's agents, affiliates, successors and assigns for damages that may exist as of the date of this release but which Eskaton does not know exist, and which, if known, would materially affect Eskaton's decision to execute this release, regardless of whether Eskaton's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

Eskaton's Initials: _____

The provisions of this Section 3.22 shall survive the Closing.

ARTICLE IV REPRESENTATIONS AND WARRANTIES OF ESKATON

The truth, accuracy and completeness of the representations, warranties and covenants of each entity comprising Eskaton contained in this Agreement shall, subject to Section 4.23, be conditions precedent to Reutlinger's obligation to close under this Agreement; provided, however, that Reutlinger shall have no obligation to investigate the truth, accuracy or completeness of said

representations, warranties and covenants. As an inducement to Reutlinger to enter into this Agreement and to consummate the contemplated transactions, Eskaton hereby jointly and severally represent, warrant and covenant to Reutlinger as to the following matters, and, except as otherwise provided herein, shall be deemed to remake all of the following representations, warranties and covenants as of the Effective Date. Except as otherwise supplemented or amended by the parties on or prior to the Closing Date in accordance with the terms of this Agreement, Eskaton, as applicable, shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

Section 4.1 Organization and Power. Eskaton is a non-profit public benefit corporation duly organized, validly existing and in good standing under the laws of the State of California, with power and authority to conduct the business in which each is engaged, to lease and own the properties leased or owned by it and to enter into and perform its obligations under this Agreement. Eskaton is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 509(a)(2) or (3) of the Code. There is no actual, or to the Knowledge of Eskaton based on information and belief, threatened challenge to the tax-exempt status of Eskaton. Eskaton has no subsidiary or affiliate except as disclosed in **Schedule 4.1**. For purposes of this Agreement, the term "Knowledge of Eskaton" means the actual knowledge of [_____].

Section 4.2 Authorization. The execution and delivery of this Agreement and the Eskaton Closing Documents by Eskaton, and the performance by Eskaton of its obligations under this Agreement and the Eskaton Closing Documents have been duly authorized by all necessary corporate action (including any necessary approval by the Eskaton Board) on the part of Eskaton. This Agreement and the Eskaton Closing Documents have been or will be duly executed and delivered by each entity comprising Eskaton, as applicable.

Section 4.3 No Violation. This Agreement is, and the Eskaton Closing Documents will be, the lawful, valid and legally binding obligations of each entity comprising Eskaton, enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the Eskaton Closing Documents by each entity comprising Eskaton, and the consummation by Eskaton of the contemplated transactions will not, with or without the giving of notice and/or the passage of time: (a) violate or conflict with the governing documents, of either entity comprising Eskaton, (b) conflict with or result in the breach or violation of any of the terms or conditions of, or create rights of acceleration or constitute a default under, any indenture, mortgage, deed of trust, instrument, contract or other agreement to which Eskaton is a party or by which Eskaton is bound, or result in the creation or imposition of any lien, charge or encumbrance upon any of the Eskaton Assets, (c) violate any legal requirement to which Eskaton is subject, or (d) violate or conflict with any judgment, writ, decree, franchise, order, license or permit applicable to Eskaton.

Section 4.4 No Violation. This Agreement is, and the Eskaton Closing Documents will be, the lawful, valid and legally binding obligations of each entity comprising Eskaton, enforceable in accordance with their respective terms. The execution and delivery of this Agreement and the Eskaton Closing Documents by each entity comprising Eskaton, and the consummation by Eskaton of the contemplated transactions will not, with or without the giving of notice and/or the passage of time: (a) violate or conflict with the governing documents, of either entity comprising Eskaton, (b) conflict with or result in the breach or violation of any of the terms or conditions of, or create rights

of acceleration or constitute a default under, any indenture, mortgage, deed of trust, instrument, contract or other agreement to which Eskaton is a party or by which Eskaton is bound, or result in the creation or imposition of any lien, charge or encumbrance upon any of the Eskaton Assets, (c) violate any legal requirement to which Eskaton is subject, or (d) violate or conflict with any judgment, writ, decree, franchise, order, license or permit applicable to Eskaton.

Section 4.5 Consents. Except as set forth in **Schedule 4.5**, no consent, approval, permit, waiver, license, authorization or action of any third party or governmental body is required in connection with the execution, delivery and performance of this Agreement by Eskaton.

Section 4.6 Eskaton Real Property.

(a) At or prior to the Closing, and except for the Eskaton Premises that are leased by Eskaton, Eskaton shall have good and marketable fee simple title to the Reutlinger Premises. Except as set forth on **Schedule 4.6(a)** (the "Eskaton Real Property Permitted Exceptions"), none of the Eskaton Premises that is owned by Eskaton is, or as of the Closing Date will be, subject to any security interest, mortgage, pledge, liens, restriction, covenant, charge or encumbrance. There are no purchase contracts, options or other agreements of any kind, oral or written, formal or informal, choate or inchoate, recorded or unrecorded, or claims whereby any person other than Eskaton will have acquired or will have any basis to assert any right, title or interest in, or right to the possession, use, enjoyment or proceeds of, any part or all of the Eskaton Premises. A true, correct and complete copy of the documents giving rise to each Eskaton Real Property Permitted Exception has heretofore been delivered to Reutlinger.

(b) **Schedule 4.6(b)** sets forth an accurate and complete list of all contracts, agreements, leases, subleases, options and commitments, oral or written, affecting any Eskaton Real Property that has been financed with tax exempt bond proceeds and Eskaton is not the lessee or sublessee of any real property other than as set forth in **Schedule 4.6(b)** ("Eskaton Real Property Leases"). Eskaton has provided Reutlinger with complete and correct copies of all Eskaton Real Property Leases.

(c) Except as set forth in **Schedule 4.6(c)** there are no facts that would adversely affect the ownership, possession, use or occupancy of the Eskaton Premises.

(d) Eskaton holds all valid and effective certificates, approvals and other permits and licenses required by applicable law relating to the operation of the Eskaton Premises, including without limitation a license from the California Department of Public Health and California Department of Social Services, all certificates of occupancy, underwriters' certificates relating to electrical work, zoning, building, housing, safety, fire and health approvals.

(e) The zoning of each parcel of Eskaton Real Property permits the presently existing Eskaton Improvements and the continuation of the business of the Eskaton Facilities presently being conducted on such parcel, without variances or conditional use permits. Eskaton has not commenced, nor has Eskaton received notice of the commencement of, any proceeding that would affect the present zoning classification of any such parcel.

Section 4.7 Eskaton Personal Property. Except for the Eskaton Personal Property that is leased by Eskaton, Eskaton has good and marketable title to all of the Eskaton Personal Property. **Schedule 4.7** sets forth an accurate and complete list of all leases of personal property currently

binding on Eskaton. Eskaton has provided Reutlinger with complete and correct copies of such Eskaton personal property leases.

Section 4.8 Eskaton Financial Statements.

(a) Attached as Schedule 4.8(a) are copies of the audited balance sheet and statement of income and cash flows of each entity comprising Eskaton as of December 31, 2017, and the unaudited balance sheet and statement of income and cash flows of each entity comprising Eskaton for the most recent month end (collectively referred to as the "Eskaton Financial Statements"). In addition, Eskaton shall provide to Reutlinger, as promptly as each becomes available prior to the Closing Date, all other interim financial statements (the "Eskaton Interim Financial Statements") with respect to the operation of the Eskaton Facilities, updated to the penultimate month prior to the Closing Date. Eskaton shall also provide to Reutlinger as promptly as each becomes available, all financial statements prepared prior to Closing with respect to the operation of the Eskaton Facilities as of and for the period ending on the Closing Date. The Eskaton Financial Statements and Eskaton Interim Financial Statements referred to in this Section are and will be true, complete and correct in all material respects and present fairly and accurately the financial condition of Eskaton and the results of its operations at the dates and for the periods indicated and will have been prepared in accordance with GAAP. From and after the date of the Eskaton Interim Financial Statements, Eskaton has not (and at Closing shall not have) made any material changes in its accounting methods or practices. Except as set forth on Schedule 4.8(a) or as may be incurred in the ordinary course of business or pursuant to an approved budget, Eskaton does not know of any fact, circumstance, event, occurrence, contingency or condition that might reasonably be expected to result in a change greater than \$250,000 in value, before or after the Closing Date, whether or not covered by insurance, in the working capital, financial condition, assets, liabilities (whether absolute, accrued, contingent or otherwise), reserves, business, operations or prospects of Eskaton.

Section 4.9 Insurance. Schedule 4.9 sets forth a complete and accurate list and brief description of all insurance policies and self-insurance arrangements currently held by Eskaton, including, without limitation, to the extent applicable, fire, medical malpractice and professional liability, general liability, casualty and property damage, business interruption, extended coverage, products liability, and workers' compensation and any and all other kinds of insurance held by Eskaton related to the Eskaton Facilities, or any of the Eskaton Assets. The description of the insurance policies and arrangements provided in Schedule 4.9 shall include a statement specifying the name of the insurer, the amount of coverage and any deductibles, the type of insurance, the amount of the premiums and dates when they are due, the policy numbers, any previously filed or pending claims thereunder, and the expiration date of such policies. True and correct copies of all such insurance policies or arrangements previously have been provided to Reutlinger by Eskaton. Except as set forth in Schedule 4.9, such insurance policies are in full force and effect and shall remain in full force and effect through the Closing Date. Certificates of insurance evidencing such insurance coverages shall be delivered to Reutlinger by Eskaton, respectively, at or prior to the Closing. Eskaton is not delinquent with respect to any premium payments thereon nor is Eskaton in default or breach with respect to any provision contained in any such insurance policies. Eskaton has not failed to give any notice or to present any claim under such policies in a due and timely fashion within three (3) years prior to the Closing Date. To the Knowledge of Eskaton, Eskaton has not received any notice or request, formal or informal, from any insurance company identifying any defects in the Eskaton Assets that would adversely affect the insurability of the Eskaton Assets,

canceling or materially amending or materially increasing the annual or other premiums payable under any such policy, or threatening any such cancellation, amendment or increase of premiums. Eskaton has not been refused any insurance with respect to the Eskaton Assets to which it has applied for insurance within three (3) years prior to the Closing Date.

Section 4.10 Litigation. Except as set forth in **Schedule 4.10** (said matters set forth in **Schedule 4.10** being collectively referred to herein as “Eskaton Pending Litigation”), neither Eskaton, nor the Eskaton Facilities, nor any of such party’s respective properties, businesses or assets is engaged in or a party to or threatened with any proceeding, claim or demand or legal, administrative, arbitration or other method of settling disputes or disagreements, and Eskaton does not know, anticipates or has notice of any reasonable basis for any such action. Except as set forth on **Schedule 4.10**, Eskaton has not received notice of any investigation, threatened or contemplated, by any federal or state governmental body that remains unresolved, involving Eskaton or the Eskaton Facilities. No circumstances exist involving the safety aspects of the respective businesses and operations of Eskaton that would cause any obligation to report to any state, local or federal governmental body. None of the Eskaton Pending Litigation has created a lien or a claim therefor against the Eskaton Assets. Set forth in **Schedule 4.10** is a complete and accurate description of each outstanding order, writ, injunction or decree of any court, arbitrator, or governmental body against or affecting Eskaton, the Eskaton Assets or the operation of the Eskaton Facilities. Eskaton have provided Reutlinger with complete and correct copies of all such orders, writs, injunctions and decrees, and will make available upon request, copies of all correspondence, reports, memoranda and files related thereto.

Section 4.11 Licenses and Permits. True and correct copies of the Eskaton Licenses and Permits have been delivered to Reutlinger by Eskaton. Except as set forth in **Schedule 4.11**, Eskaton has all licenses, permits and franchises required by all applicable legal requirements from all applicable governmental bodies necessary or proper in order to own and/or lease the Eskaton Assets and to conduct and operate the Eskaton Facilities and each of its departments as currently operated. Except as set forth in **Schedule 4.11**, to the Knowledge of Eskaton, no notice from any authority with respect to pending or possible revocation, termination, suspension or limitation of any of the Eskaton Licenses and Permits has been issued or given, nor is Eskaton aware of the proposed or threatened issuance of any such notice. Except as set forth in **Schedule 4.11**, Eskaton has no reason to believe that such Eskaton Licenses and Permits would not be eligible for renewal upon their expiration. Eskaton has previously delivered to Reutlinger true, correct and complete copies of the Eskaton Facilities’ most recent state licensing survey reports, as well as any statements of deficiencies and plans of correction in connection with such reports. Except as set forth in **Schedule 4.11**, the most current state licensing survey did not require that capital expenditures aggregating in excess of Ten Thousand Dollars (\$10,000) be made in order to ensure continued licensure of the Eskaton Facilities. .

Section 4.12 Government Program; Third Party Payors.

(a) Except as set forth on **Schedule 4.12(a)** the Eskaton Facilities have historically received reimbursement under Medicare, are eligible to receive payment without restriction from Medicare, and are “providers” with valid and current provider agreements and with one or more provider numbers with Medicare through intermediaries. A true and correct copy of each such provider agreement has been previously delivered to Reutlinger by Eskaton. Eskaton has previously

delivered to Reutlinger true, correct and complete copies of the Eskaton Facilities' most recent certification survey reports under Medicare, including any statements of deficiencies and plans of correction for the past three (3) years. The most recent certification survey reports under Medicare did not require that capital expenditures aggregating in excess of Ten Thousand Dollars (\$10,000) be made in order to ensure continued participation in Medicare. The Eskaton Facilities have not received notice of pending, threatened or possible investigation by, or loss of participation in, Medicare, except as set forth in **Schedule 4.12(a)**.

(b) **Schedule 4.12(b)** sets forth an accurate, complete and current list of all participation agreements with health maintenance organizations, insurance programs, any other participation agreements with third party payors and all agreements with preferred provider organizations and ACOs with respect to the Eskaton Facilities. Eskaton has previously delivered to Reutlinger true and correct copies of all such agreements listed in **Schedule 4.12(b)**.

(c) Except as set forth in **Schedule 4.12(c)**, there is no dispute between the Eskaton Facilities or Eskaton and any governmental body or quasi-governmental authority or the Medicare fiscal intermediary regarding such cost reports other than with respect to adjustments thereto made in the ordinary course of business. Except as set forth in **Schedule 4.12(c)**, Eskaton has not received any notices that Medicare has any claims against such party or the Eskaton Facilities that could result in offsets against future Eskaton Facilities accounts receivable above any amounts reserved therefore.

Section 4.13 **Compliance with Law**. Except as disclosed in **Schedule 4.13** or elsewhere in this Agreement, Eskaton, and each entity constituting Eskaton and the Eskaton Facilities and the operation thereof are, to the Knowledge of Eskaton in material compliance in all respects with any applicable legal requirements or orders of any court or federal, state, county, municipal or other governmental body, including the fraud and abuse laws, and Eskaton has not received any notice, written or otherwise, of noncompliance with respect thereto. To the Knowledge of Eskaton, neither Eskaton, nor any of its affiliates, nor any member, director, officer or employee of Eskaton, or any of its affiliates, is a party to any contract, lease agreement or other arrangement (including any joint venture or consulting agreement) related to Eskaton or any of the Eskaton Assets with any physician, health care facility, hospital, nursing facility, home health agency or other person who is in a position to make or influence referrals to or otherwise generate business for Eskaton with respect to any of the Eskaton Assets, to provide services, lease space, lease equipment or engage in any other venture or activity, to the extent that any of the foregoing is prohibited by applicable legal requirements. All patient records and any other documents required to be maintained by law by Eskaton or the Eskaton Facilities have been maintained by Eskaton for a period of at least seven (7) years from the date of creation of such document, or if in existence for less than seven (7) years, have been and will be maintained to the Closing Date.

Section 4.14 **Employment Obligations**. All obligations of Eskaton with respect to any of Eskaton's employees, whether arising by operation of law, by contract, by past custom or otherwise, for salaries, accrued vacation and holiday pay, and other termination benefits, and other forms of compensation payable to such employees in respect of the services rendered by any of them prior to the Closing Date have been or will be paid by Eskaton either prior to the Closing Date, or within due course thereafter.

Section 4.15 Employment Matters.

(a) To the Knowledge of Eskaton and except as set forth on **Schedule 4.15(a)**: (i) Eskaton is in compliance in all material respects with all federal and state laws respecting employment and employment practices, terms and conditions of employment, and wages and hours, and are not engaged in any unfair labor practice; (ii) there is no unfair labor practice complaint against Eskaton pending before the National Labor Relations Board; (iii) there is no labor strike, dispute, slowdown or stoppage actually pending or, to the Knowledge of Eskaton, threatened against or involving or affecting Eskaton; (iv) no representation question exists respecting the employees of Eskaton; (v) no grievance or any arbitration proceeding is pending; (vi) Eskaton has not experienced any labor stoppage during the last five (5) years; and (vii) Eskaton is in full compliance with all union contracts and collective bargaining agreements.

(b) Except as set forth on **Schedule 4.15(b)**, no changes in the basis for remuneration of employees of Eskaton has been made, promised or authorized by Eskaton since September 30, 2014, except in the ordinary and usual course of business, in accordance with past practices. Except as set forth on **Schedule 4.15(b)**, Eskaton has no written employment contracts, , including any employment contract with any officer, consultant, director or employee; any plan, arrangement or contract providing for options, bonuses, stock purchases, deferred compensation or the like; or any restrictive covenants or agreements with any former employees, officers, consultants or directors of Eskaton and no agreement of any nature that provides for employment for any particular period of time or that provides any restrictions upon Eskaton's right to terminate employment without any post-termination payment obligation, with any person whomsoever relating to the Eskaton Facilities. Other than in the ordinary course of business, no binding agreements have been made or entered into between Eskaton and any employee involved in the Eskaton Facilities regarding changes in compensation, promotion or any other change in status.

Section 4.16 Tax Returns and Liabilities. Except as set forth in **Schedule 4.16**, all federal, state, county and other tax returns of every nature (including, without limitation, income, employment, payroll, excise, property, sales and use taxes, unemployment contributions) required to be filed by or on behalf of, or with respect to Eskaton or the Eskaton Assets have been duly and timely filed, or will be filed (within the time periods required by law) by Eskaton on or before the Closing Date. Except as set forth in **Schedule 4.16**, copies of all such tax returns have been provided to Reutlinger and are true and correct in all respects. There are no tax liens on any of the Eskaton Assets, other than tax liens for obligations that are not yet due and payable, and no basis exists for the imposition of any such liens. Eskaton does not have any dispute with any taxing authority as to taxes of any nature. Except as set forth in **Schedule 4.16**, there is no unassessed tax deficiency proposed or, to the Knowledge of Eskaton, threatened against Eskaton, and no proceeding or audit of any tax returns of either Eskaton by any governmental body is pending or, to the Knowledge of Eskaton, threatened by any governmental body for assessment, reassessment or collection of any taxes affecting Eskaton, or the Eskaton Facilities, and its operations.

Section 4.17 Employee Benefit Plans.

(a) For purposes of this Section, the term "Benefit Plan" means any plan, program, arrangement, practice or contract which provides benefits or compensation to or on behalf of employees or former employees, whether formal or informal, whether or not written, including, but

not limited to, the following types of Benefit Plans: retirement, vacation, profit sharing, deferred compensation, incentive compensation, sick pay, scholarship, severance pay or other fringe benefit plan, program, arrangement, contract or practice

(b) Except as set forth on **Schedule 4.17(b)**, Eskaton does not have and has never had any Benefit Plan or arrangement covering Eskaton's employees or relating to the operations of the Eskaton Facilities. All contributions and other payments required to be made by Eskaton to any Benefit Plan, if any, for or on behalf of any employees or former employees of Eskaton have been made or reserves adequate for such purposes have been set aside therefore in accordance with the terms of each such plan. Eskaton shall have no liability or obligation to Eskaton, or Eskaton's employees in connection with such termination of Eskaton's employees from the Benefit Plans.

Section 4.18 Contracts and Commitments.

(a) **Schedule 4.18(a)** sets forth an accurate and complete list of all of the Eskaton Contracts currently in force in the following categories:

- (i) food and dining service;
- (ii) maintenance and housekeeping services;
- (iii) therapy services;
- (iv) physician services;
- (v) acute care facility services; and
- (vi) other medical provider contracts.

Except as set forth in **Schedule 4.18**, Eskaton has provided Reutlinger with complete and correct copies of all Eskaton Contracts. Except as set forth in **Schedule 4.18**, Eskaton has received no notice of any default, offset, counterclaim or defense under any Contract.

Section 4.19 Brokers' and Finders' Fees. Eskaton has not entered into any contracts, agreements, arrangements or understandings with any person that could give rise to any claim for a broker's, finder's or agent's fee or commission or other similar payment in connection with the negotiations leading to this Agreement or the consummation of the contemplated transactions.

Section 4.20 Immigration Act. To the Knowledge of Eskaton, Eskaton is in compliance in all material respects with the terms and provisions of the Immigration Act. For each employee of Eskaton employed in the Reutlinger Facilities for whom compliance with the Immigration Act by Reutlinger is required, Eskaton has obtained and retained a complete and true copy of each such employee's Form I-9 (Employment Eligibility Verification Form) and all other records or documents prepared, procured or retained by Eskaton pursuant to the Immigration Act to the extent Eskaton is required to do so under the Immigration Act. Eskaton has not been cited, fined, served with a Notice of Intent to Fine or with a Cease and Desist Order (as such terms are defined in the Immigration Act) at the Reutlinger Facilities, nor, to the Knowledge of Eskaton, has any proceeding been initiated or

threatened against Eskaton in connection with its operation of the Eskaton Facilities, by reason of any actual or alleged failure to comply with the Immigration Act.

Section 4.21 Eskaton Boards of Directors. Schedule 4.22 contains a true and complete list of the current members of the Boards of Directors of each entity constituting Eskaton, respectively, immediately prior to the Closing Date.

Section 4.22 No Untrue or Inaccurate Representation or Warranty. The representations and warranties of Eskaton contained in this Agreement, and each exhibit, schedule, certificate or other written statement delivered pursuant to this Agreement, or in connection with the contemplated transactions, are accurate, correct and complete, and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. Those representations and warranties set forth in this Article IV that are specifically limited to the "Knowledge of Eskaton," shall be made to the party's best knowledge after due investigation, and such party shall be responsible for all facts which such party knew, or should have known as a result of such due investigation. There is no fact that adversely affects or in the future may, to the Knowledge of Eskaton, adversely affect the ability of Eskaton fully to perform this Agreement and the contemplated transactions, that has not been set forth and described in this Agreement or in a certificate, exhibit, schedule or other written statement furnished to Reutlinger, pursuant to this Agreement.

Section 4.23 AS IS Affiliation; Release; Indemnity; Representations, Warranties and Covenants of Eskaton.

(a) Reutlinger acknowledges that, except as specifically provided in this Agreement, neither Eskaton nor any of its employees, agents or representatives has made any representations, warranties or agreements to or with Reutlinger on behalf of Eskaton as to any matters concerning the Eskaton Assets, the present use thereof, or the suitability of Reutlinger's intended use. IT IS UNDERSTOOD AND AGREED THAT EXCEPT AS MAY BE EXPRESSLY SET FORTH IN THIS AGREEMENT, (A) THE ESKATON ASSETS ARE BEING ACCEPTED BY REUTLINGER ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS" BASIS, SUBJECT TO ANY CONDITION WHICH MAY EXIST, AND WITHOUT THE EXISTENCE OF AND WITHOUT RELIANCE UPON ANY REPRESENTATION, WARRANTY, AGREEMENT, OR STATEMENT BY ESKATON, OR ANYONE ACTING ON BEHALF OF THEM EXCEPT THOSE REPRESENTATIONS, WARRANTIES AND AGREEMENTS SPECIFICALLY SET FORTH IN THIS AGREEMENT; (B) REUTLINGER IS BEING GIVEN THE OPPORTUNITY TO THOROUGHLY INSPECT AND EXAMINE ESKATON'S ASSETS TO THE EXTENT DEEMED NECESSARY BY REUTLINGER IN ORDER TO ENABLE REUTLINGER TO EVALUATE ITS AFFILIATION WITH ESKATON ON THE FOREGOING BASIS; AND (C) REUTLINGER IS RELYING SOLELY UPON SUCH INSPECTIONS, EXAMINATION, AND EVALUATION OF THE ESKATON ASSETS BY REUTLINGER IN COMPLETING THE AFFILIATION ON AN "AS IS," "WHERE IS" AND "WITH ALL FAULTS" BASIS, WITHOUT REPRESENTATION, WARRANTY, AGREEMENT OR STATEMENT BY ESKATON OR ANYONE ACTING ON BEHALF OF THEM, EXPRESS OR IMPLIED, OF ANY KIND OR NATURE, EXCEPT AS MAY BE SET FORTH IN THIS AGREEMENT.

(b) Except as to (i) any material default by Eskaton in the performance of any of its other obligations under this Agreement or (ii) the fraud of Eskaton (collectively, "Eskaton Liabilities") Reutlinger acknowledges and agrees that Eskaton are not personally liable or responsible for any damages that Reutlinger may suffer as the result of this transaction. Except as to any Eskaton Liabilities, Reutlinger hereby releases Eskaton and its agents, affiliates, successors and assigns, from any claims, actions, causes of action, liabilities, fees, costs and expenses, whether to person or property, arising out of or in any way relating to the Eskaton Assets, the condition thereof, and the development or construction of any Improvements on the Eskaton Assets or any off-site improvements related to the Eskaton Assets. Such release applies to all claims, whether such claims, damages, or losses are known or unknown, foreseen or unforeseen, or patent or latent, that Reutlinger may have against Eskaton. Reutlinger waives application of California Civil Code Section 1542, which states:

"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or releasing party."

As a consequence of the foregoing waiver, Reutlinger understands that even if Reutlinger eventually incurs any damages arising from the affiliation with Eskaton, Reutlinger will not be able to make any claim after Closing against Eskaton or its agents, affiliates, successors and assigns for those damages, except as to Eskaton Liabilities. Further, Reutlinger acknowledges that Reutlinger understands these consequences even as to claims against Eskaton and its agents, affiliates, successors and assigns for damages that may exist as of the date of this release but which Reutlinger does not know exist, and which, if known, would materially affect Reutlinger's decision to execute this release, regardless of whether Reutlinger's lack of knowledge is the result of ignorance, oversight, error, negligence, or any other cause.

The provisions of this Section 4.24 shall survive the Closing.

Reutlinger's Initials: _____

ARTICLE V COVENANTS OF REUTLINGER

Reutlinger, as indicated below, shall keep, perform and fully discharge the following covenants, unless Eskaton consent otherwise in writing. Eskaton may grant or withhold any such consent requested by Reutlinger in Eskaton's sole discretion:

Section 5.1 Access and Investigation. During the period between the Effective Date and the Closing Date, and upon two (2) business days advance notice received from Eskaton, Reutlinger shall (a) afford Eskaton and its representatives and prospective lenders and their representatives (collectively, "Eskaton Group") full and free access, during regular business hours, to Reutlinger's personnel, properties, Reutlinger Contracts, Reutlinger Leases, Reutlinger Licenses and Permits, books and records and other documents and data, such rights of access to be exercised in a manner that does not unreasonably interfere with the operations of Reutlinger; (b) furnish Eskaton Group with copies of all such Reutlinger Contracts, Reutlinger Leases, Reutlinger Licenses and Permits,

books and records and other existing documents and data as Eskaton may reasonably request and in Reutlinger's possession; (c) furnish Eskaton Group with such additional financial, operating and other relevant data and information as Eskaton may reasonably request and in Reutlinger's possession; and (d) otherwise cooperate and assist, to the extent reasonably requested by Eskaton, with Eskaton's investigation of the properties, assets and financial condition related to Reutlinger. In addition, Eskaton shall have the right to have the Reutlinger Real Property and Reutlinger Personal Property inspected by Eskaton Group, at Eskaton's sole cost and expense, for purposes of determining the physical condition and legal characteristics of the Reutlinger Real Property and Reutlinger Personal Property. Eskaton shall reimburse Reutlinger for any damage caused to Reutlinger's property by such inspection. Reutlinger's Pre-Closing Activities. From the Effective Date to the Closing Date, Reutlinger will identify in **Schedule 5.2** any expenditure, commitment or undertaking that is not in conformance with an approved budget, or in the ordinary course of business, and that has a value in excess of \$250,000, including a renewal, extension or amendment of Reutlinger Leases or Reutlinger Contracts, other than on commercially reasonable terms, and recognition of any union or labor organization as the exclusive representative of any employees.

Section 5.3 Reutlinger's Commercially Reasonable Efforts. Reutlinger covenants and agrees to use its commercially reasonable efforts to cause all of its covenants and agreements and all conditions precedent to Eskaton's and Reutlinger's obligations to close hereunder to be performed, satisfied and fulfilled.

Section 5.4 Managed Care Contracts. Reutlinger agrees to use its commercially reasonable efforts to assist Eskaton in causing Reutlinger to maintain, after the Closing Date, the various managed care contracts in which the Reutlinger Facilities now participates.

Section 5.5 Required Approvals. As promptly as practicable after the date of this Agreement, Reutlinger shall make all filings required by law to be made by it in order to consummate the contemplated transactions. Reutlinger shall cooperate with Eskaton and its representatives with respect to all filings that Eskaton elects to make or by law shall be required to make in connection with the contemplated transactions. Reutlinger shall cooperate with Eskaton and its representatives in obtaining all Material Consents.

Section 5.6 Notification. Between the Effective Date and the Closing, Reutlinger shall promptly notify Eskaton in writing if any of them becomes aware of (a) any fact or condition that causes or constitutes a breach of any of Reutlinger's representations and warranties made as of the date of this Agreement or (b) the occurrence after the date of this Agreement of any fact or condition that would or be reasonably likely to (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had that representation or warranty been made as of the time of the occurrence of, or Reutlinger's discovery of, such fact or condition. Should any such fact or condition require any change to any of the schedules attached hereto, Reutlinger shall promptly deliver to Eskaton a supplement to such schedule specifying such change. During the same period, Reutlinger also shall promptly notify Eskaton of the occurrence of any breach of any covenant of Reutlinger in Articles III and V or of the occurrence of any event that may make the satisfaction of the conditions in Article VIII impossible or unlikely.

Section 5.7 No Negotiation. Until such time as this Agreement shall be terminated, Reutlinger shall not directly or indirectly solicit, initiate, encourage or entertain any inquiries or

proposals from, discuss or negotiate with, provide any nonpublic information to or consider the merits of any inquiries or proposals from any person (other than Eskaton) relating to any business combination transaction involving Reutlinger, including the merger or consolidation of Reutlinger or the sale of Reutlinger's business or any of the Reutlinger Assets (other than in the ordinary course of business). Reutlinger shall notify Eskaton of any such inquiry or proposal within twenty-four (24) hours of receipt or awareness of the same by Reutlinger .

Section 5.8 Payment of Liabilities. Reutlinger shall pay or otherwise satisfy in the ordinary course of business all of its liabilities. Eskaton and Reutlinger hereby waive compliance with Bulk Sales Laws in connection with the contemplated transactions.

ARTICLE VI COVENANTS OF ESKATON

Eskaton, as indicated below, shall keep, perform and fully discharge the following covenants, unless Reutlinger consent otherwise in writing. Reutlinger may grant or withhold any such consent requested by Eskaton in Reutlinger's sole discretion:

Section 6.1 Access and Investigation. During the period between the Effective Date and the Closing Date, and upon reasonable advance notice received from Reutlinger and Eskaton shall (a) afford Reutlinger and its representatives and prospective lenders and their representatives (collectively, "Reutlinger Group") full and free access, during regular business hours, to Eskaton's personnel, properties, Eskaton Contracts, Eskaton Leases, Eskaton Licenses and Permits, books and records and other documents and data, such rights of access to be exercised in a manner that does not unreasonably interfere with the operations of Eskaton; (b) furnish Reutlinger Group with copies of all such Eskaton Contracts, Eskaton Leases, Eskaton Licenses and Permits, books and records and other existing documents and data as Reutlinger may reasonably request; (c) furnish Reutlinger Group with such additional financial, operating and other relevant data and information as Reutlinger may reasonably request; and (d) otherwise cooperate and assist, to the extent reasonably requested by Reutlinger, with Reutlinger's investigation of the properties, assets and financial condition related to Eskaton. In addition, Reutlinger shall have the right to have the Eskaton Real Property and Eskaton Personal Property inspected by Reutlinger, at Reutlinger's sole cost and expense, for purposes of determining the physical condition and legal characteristics of the Eskaton Real Property and Eskaton Personal Property

Section 6.2 Eskaton Pre-Closing Activities. From the Effective Date to the Closing Date, Eskaton will identify in **Schedule 6.2** any expenditure, commitment or undertaking that is not in conformance with an approved budget, or in the ordinary course of business, and that has a value in excess of \$250,000, including a renewal, extension or amendment of Eskaton Leases or Eskaton Contracts, other than on commercially reasonable terms, and recognition of any union or labor organization as the exclusive representative of any employees.

Section 6.3 Eskaton's Commercially Reasonable Efforts. Eskaton covenants and agrees to use its commercially reasonable efforts to cause all of its covenants and agreements and all conditions precedent to Reutlinger's and Eskaton's obligations to close hereunder to be performed, satisfied and fulfilled.

Section 6.4 Required Approvals. As promptly as practicable after the date of this Agreement, Eskaton shall make all filings required by law to be made by them in order to consummate the contemplated transactions. Eskaton shall cooperate with Reutlinger and its representatives with respect to all filings that Reutlinger elects to make or by law shall be required to make in connection with the contemplated transactions. Eskaton shall cooperate with Reutlinger and its representatives in obtaining all Material Consents.

Section 6.5 Notification. Between the Effective Date and the Closing, Eskaton shall promptly notify Reutlinger in writing if any of them becomes aware of (a) any fact or condition that causes or constitutes a breach of any of Eskaton's representations and warranties made as of the date of this Agreement or (b) the occurrence after the date of this Agreement of any fact or condition that would or be reasonably likely to (except as expressly contemplated by this Agreement) cause or constitute a breach of any such representation or warranty had that representation or warranty been made as of the time of the occurrence of, or Eskaton's discovery of, such fact or condition. Should any such fact or condition require any change to any of the schedules attached hereto, Eskaton shall promptly deliver to Reutlinger a supplement to such schedule specifying such change. During the same period, Eskaton also shall promptly notify Reutlinger of the occurrence of any breach of any covenant of Eskaton in Articles IV and VI or of the occurrence of any event that may make the satisfaction of the conditions in Article VII impossible or unlikely.

ARTICLE VII CONDITIONS PRECEDENT TO OBLIGATIONS OF REUTLINGER

The obligations of Reutlinger hereunder are, at the option of Reutlinger, subject to the satisfaction, on or prior to the Closing Date, of all of the following conditions unless waived in writing by Reutlinger:

Section 7.1 Assurance of Facility License. Reutlinger shall have received assurances satisfactory to Reutlinger and their counsel from the California Department of Public Health and Department of Social Services, that Reutlinger shall maintain the right to continue to operate the Reutlinger Facilities.

Section 7.2 Representations/Warranties. The representations and warranties of Eskaton contained in this Agreement shall be true in all material respects when made and on and as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date; and each and all of the terms, covenants and conditions of this Agreement to be complied with or performed by Eskaton on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

Section 7.3 Governmental Approvals. Reutlinger shall have received all governmental approvals or waivers listed on Schedule 7.3¹ necessary for Reutlinger to consummate the transactions described herein.

¹ List to include all agencies listed in Section 1.6 hereof.

Section 7.4 Action/Proceeding. No proceeding shall have been instituted or threatened to restrain or prohibit the contemplated transactions, and no governmental body shall have taken any other action or made any request of Reutlinger or Eskaton as a result of which Reutlinger reasonably and in good faith deem it inadvisable to proceed with the transactions hereunder.

Section 7.5 Closing Documents. Eskaton shall have executed and delivered to Reutlinger at Closing all of the Eskaton Closing Documents.

Section 7.6 Consents. Each of the consents identified in Schedule 7.6 (the "Material Consents") shall have been obtained and shall be in full force and effect.

Section 7.7 No Material Adverse Change. There shall not have been a material adverse change in the Eskaton Assets or the Eskaton business or operations.

ARTICLE VIII CONDITIONS PRECEDENT TO OBLIGATIONS OF ESKATON

The obligations of Eskaton hereunder are, at their option, subject to the satisfaction, on or prior to the Closing Date, of all of the following conditions unless waived in writing by Eskaton:

Section 8.1 Assurance of Facility License. Eskaton shall have received assurances satisfactory to Eskaton and its counsel (including bond counsel) from the California Department of Public Health and Department of Social Services, that Eskaton shall maintain the right to continue to operate the Eskaton Facilities.

Section 8.2 Representations/Warranties. The representations and warranties of Reutlinger contained in this Agreement shall be true in all material respects when made and on and as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date except those that may be supplemented or amended by the parties on or before the Closing Date; and each and all of the terms, covenants and conditions of this Agreement to be complied with or performed by Reutlinger on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

Section 8.3 Governmental Approvals. Eskaton shall have received all governmental approvals or waivers listed on Schedule 8.3 for Eskaton to consummate the transactions described herein.

Section 8.4 Action/Proceeding. No proceeding shall have been instituted or threatened to restrain or prohibit the contemplated transactions, and no governmental body shall have taken any other action or made any request of Eskaton or Reutlinger as a result of which Eskaton reasonably and in good faith deems it inadvisable to proceed with the transactions hereunder.

Section 8.5 Closing Documents. Reutlinger shall have executed and delivered to Eskaton at the Closing all of the Reutlinger Closing Documents.

Section 8.6 Consents. Each of the Material Consents identified in Schedule 8.6 (the "Material Consents") shall have been obtained and shall be in full force and effect.

Section 8.7 No Material Adverse Change. There shall not have been a material adverse change in the Reutlinger Assets or the Reutlinger business or operations.

ARTICLE IX POST-CLOSING COVENANTS

Section 9.1 Further Assurances. The parties shall cooperate reasonably with each other and with their respective representatives in connection with any steps required to be taken as part of their respective obligations under this Agreement, and shall (a) furnish upon request to each other such further information; (b) execute and deliver to each other such other documents; and (c) do such other acts and things, all as the other party may reasonably request for the purpose of carrying out the intent of this Agreement and the contemplated transactions.

ARTICLE X TERMINATION

Section 10.1 Termination. This Agreement and the obligations of the parties hereunder may be terminated on or prior to the Closing Date, as follows:

(a) By Eskaton (i) in the event that the contemplated transactions have been prohibited or enjoined by reason of any final judgment, decree or order entered or issued by a court of competent jurisdiction in any proceeding involving either Eskaton or Reutlinger; (ii) in the event the conditions precedent to Eskaton's obligation to close are not satisfied and performed in full at or prior to the Closing Date; (iii) in the event of material damage, destruction or loss to the Reutlinger Assets (whether or not covered by insurance); or (iv) in the event Reutlinger breaches or violates any material covenant or agreement to be performed by Reutlinger under the terms of this Agreement and such breach, violation or failure and (A) such breach, violation or failure continues for a period of thirty (30) days following written notice by Eskaton to Reutlinger describing the breach, violation or failure or (B) is waived by Eskaton prior to Closing;

(b) By Reutlinger (i) in the event that the contemplated transactions have been prohibited or enjoined by reason of any final judgment, decree or order entered or issued by a court of competent jurisdiction in any proceeding involving either Eskaton or Reutlinger; (ii) in the event the conditions precedent to Reutlinger's obligation to close are not satisfied and performed in full at or prior to the Closing Date; (iii) in the event of material damage, destruction or loss to the Eskaton Assets (whether or not covered by insurance); or (iv) in the event Eskaton breaches or violates any material covenant or agreement to be performed by Eskaton under the terms of this Agreement and such breach, violation or failure and (A) such breach, violation or failure continues for a period of thirty (30) days following written notice by Reutlinger to Eskaton describing the breach, violation or failure or (B) is waived by Reutlinger prior to Closing;

(c) By Reutlinger or Eskaton if the Closing hereunder shall not have taken place by [_____, 2019]², or such later date as shall be agreed upon by an amendment to this Agreement entered into in accordance with Article XI; provided, however, that a party shall not have the right to

² Discuss outside closing date.

terminate under this Section 10.1(c) if the conditions precedent to such party's obligation to close have been satisfied and such party has failed or refused to close after being requested in writing to close by the other party; or

- (d) By Reutlinger or Eskaton by mutual agreement.

Section 10.2 Effect of Termination. Each party's right of termination under Section 10.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 10.1, all obligations of the parties under this Agreement will terminate, except that the obligations of the parties in this Section 10.2 and Article XII will survive, provided, however, that, if this Agreement is terminated because of a breach of this Agreement by the nonterminating party or because one or more of the conditions to the terminating party's obligations under this Agreement is not satisfied as a result of the non-terminating party's failure to comply with its obligations under this Agreement, the terminating party's right to pursue all legal remedies will survive such termination unimpaired.

ARTICLE XI AMENDMENT OF AGREEMENT

The parties hereto may by mutual agreement only in writing:

- (a) Extend the time for performance of any of the obligations or other actions of the parties hereto;
- (b) Waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant thereto;
- (c) Waive compliance with any of the covenants or conditions contained in this Agreement; provided, however, that a party may not waive any or all of the conditions precedent to its obligation to close without a written amendment signed by both parties; and
- (d) Amend this Agreement in any other respect. Any and all amendments shall be effective if made in writing by the parties.

ARTICLE XII CONFIDENTIALITY

Section 12.1 Confidential Information of Reutlinger. Eskaton acknowledges that in connection with the contemplated transactions, Eskaton has received and may continue to receive information of a confidential and proprietary nature regarding Reutlinger and the Reutlinger Facilities, including, without limitation, business plans, strategic plans, and other financial information and information concerning its activities, business, assets and properties ("Reutlinger Confidential Information"). Eskaton acknowledges that Reutlinger would be irreparably damaged if such Reutlinger Confidential Information were disclosed to or utilized by any person to the detriment of Reutlinger. Therefore, Eskaton shall not, at any time, directly or indirectly, without the prior written consent of Reutlinger, disclose, make use of or divulge, or permit any of its affiliates, directors, officers, employees or agents to disclose, make use of or divulge, to any person any

Reutlinger Confidential Information at any time, except for such disclosure as may be required by law. Notwithstanding any other provision herein to the contrary, the covenants set forth in this Section 12.1 shall survive the Closing, and if this transaction does not close it will survive the termination of this Agreement. For purposes of this Section 12.1, "Reutlinger Confidential Information" and "Community Confidential Information" shall not include information which is now, or becomes, generally available to the public by any persons other than a person disclosing information in violation of this Section 12.1.

Section 12.2 Confidential Information of Eskaton. Reutlinger acknowledges that in connection with the contemplated transactions, Reutlinger has received and may continue to receive information of a confidential and proprietary nature regarding Eskaton, including, without limitation, business plans, strategic plans, and other financial information and information concerning its activities, business, assets and properties ("Eskaton Confidential Information"). Reutlinger acknowledges that Eskaton would be irreparably damaged if such Eskaton Confidential Information were disclosed to or utilized by any person to the detriment of Eskaton. Further, Reutlinger acknowledges that Eskaton would be irreparably damaged if confidential information regarding the Eskaton Facilities were disclosed following the Closing ("Eskaton Facilities Confidential Information"). Therefore, Reutlinger shall not, at any time, directly or indirectly, without the prior written consent of Eskaton, disclose, make use of or divulge, or permit any of its respective affiliates, directors, officers, employees or agents to disclose, make use of or divulge, to any person (i) any Eskaton Confidential Information at any time, and (ii) any Eskaton Facilities Confidential Information at any time following the Closing, except for such disclosure as may be required by law. Notwithstanding any other provision herein to the contrary, the covenants set forth in this Section 12.2 shall survive the Closing, and if this transaction does not close it will survive the termination of this Agreement. For purposes of this Section 12.2, "Eskaton Confidential Information" and "Eskaton Facilities Confidential Information" shall not include information which is now, or becomes, generally available to the public by any persons other than a person disclosing information in violation of this Section 12.2.

ARTICLE XIII PAYMENT OF EXPENSES

Except as otherwise provided in Section 1.4, legal, accounting and other expenses incident to this Agreement incurred by (a) Reutlinger shall be paid by Reutlinger and (b) Eskaton shall be paid by Eskaton. To the extent that Reutlinger and Eskaton jointly engage the services of experts or consultants other than in connection with a Breach Notice, such expenses shall be shared equally by Reutlinger and Eskaton.

ARTICLE XIV NOTICES

Any notice or other communications required or permitted hereunder shall be sufficiently given if sent by registered or certified mail, postage prepaid, by Federal Express or similar service, addressed as follows:

Reutlinger: The Reutlinger Community
4000 Camino Tassajara
Danville, CA 94506
Attn: Jay Zimmer, CEO
Facsimile: (925) 648-2801

Copy to: Manatt, Phelps & Phillips, LLP
One Embarcadero Center
30th Floor
San Francisco, CA 94111
Attn: Jill Dodd
Facsimile: (415) 291-7474

Eskaton: [_____
_____]

Copy to: [_____
_____]

or to such other addresses as shall be furnished in writing by either of the parties and any such notice or communication shall be deemed to have been given as of the date so expressed and three (3) days after the date so mailed (if mailed).

**ARTICLE XV
MISCELLANEOUS**

Section 15.1 Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be one and the same Agreement.

Section 15.2 Survival. All representations and warranties of the Parties set forth in Article III and Article IV of this Agreement shall expire as of the Closing Date. Except with respect to the Fundamental Commitments and the Parties rights and obligations in respect of a Breach Notice and Enforcement Action (which will survive indefinitely), any and all obligations of the Parties under this Agreement will be deemed complete and fully performed and will expire on the [_____] anniversary of this Agreement, unless a different survival period is established, directly or by reasonable inference, by this Agreement with respect to a specific obligation.

Section 15.3 Headings. The headings in this Agreement are for convenience only and shall not affect the construction hereof.

Section 15.4 Binding Terms and Provisions. All terms and provisions of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the successors and assigns of the parties hereto.

Section 15.5 Entire Agreement. This Agreement shall constitute the entire agreement between the parties with respect to the foregoing and may not be amended except as provided herein.

Section 15.6 Applicable Law. This Agreement shall be governed by, and construed and enforced in accordance with the laws of the State of California.

Section 15.7 Public Announcements; Public Relations. The Parties acknowledge that the details, terms and conditions of the contemplated transactions shall, to the extent allowed by law and to the extent reasonably possible under the circumstances, be treated as confidential information and legally protected trade secrets. No information pertaining to such transactions shall be released to third parties except insofar as there is a valid need-to-know, or unless the parties agree in writing to such release of information. The parties mutually agree that no party hereto shall release, publish or otherwise make available to the public in any manner whatsoever any information or announcement regarding the contemplated transactions without the prior agreement of the other parties, except for information and filings reasonably necessary to be directed to governmental bodies to fully and lawfully effect the contemplated transactions. The Parties agree to work together in good faith, as necessary, to develop and execute a public relations effort to promote a smooth transition of the Affiliation among the relevant stakeholders.

Section 15.8 Waiver of Breach. The waiver by either party of breach or violation of any provision of this Agreement shall not operate as, or be construed to be, a waiver of any subsequent breach of the same or other provision hereof.

Section 15.9 Third Party Beneficiaries. Except as expressly provided in this Agreement, nothing in this Agreement, whether express or implied, is intended to confer any rights or remedies under or by reason of this Agreement on any persons other than the parties to it and the respective successors and assigns, nor is anything in this Agreement intended to relieve or discharge the liability of any third parties to any party to this Agreement, nor shall any provision give any third parties any right of subrogation or action over or against any party to this Agreement.

Section 15.10 Dispute Resolution; Jurisdiction; Service of Process. In the event any disagreement, dispute or claim (collectively, "Dispute") arises between the parties arising out of or relating to this Agreement or any contemplated transaction other than an Enforcement Action, such Dispute shall be settled in accordance with the following procedures:

(a) In the event of a Dispute, a party may give written notice to the other party setting forth the nature of such Dispute ("Dispute Notice"). The parties to the Dispute shall meet and confer to discuss the Dispute in good faith within fifteen (15) days of the other party's receipt of a Dispute Notice in an attempt to resolve the dispute ("Meet and Confer Discussions"). Each party to the Dispute shall each select two (2) representatives, all representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each participant within the Meet and Confer Period (as defined below),

(b) If the parties are unable to resolve the Dispute within forty-five (45) days following the date of receipt of the Dispute Notice ("Meet and Confer Period"), then the parties shall mediate such controversy before resorting to arbitration or court action. Mediation fees, if any, shall be divided equally between the parties. If, for any controversy to which this paragraph applies, either party commences an action without first attempting to resolve the matter through mediation, or refuses to mediate after written request has been made, then that party shall not be entitled to recover attorney fees, even if they would otherwise be available to that party in any such action. The

mediation shall be conducted in San Francisco, California in accordance with the procedures of JAMS, Inc. by a single, neutral mediator selected by the parties from the panel of JAMS, Inc. within fifteen (15) days of either party's written request to mediate. If the parties are unable to agree on a mediator within the fifteen (15) day period, then a single neutral mediator shall be selected by the then serving chief administrative officer of JAMS, Inc. The mediation shall be completed within forty-five (45) days of the selection of the mediator (the "Mediation Period").

(c) If the parties are unable to resolve the Dispute through mediation during the Mediation Period, then either party may pursue any remedy available to it at law or in equity in the courts of the State of California, County of San Francisco, or, if it has or can acquire jurisdiction, in the United States District Court for the Northern District of California, and each of the parties irrevocably submits to the exclusive jurisdiction of each such court in any such proceeding, waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of the proceeding shall be heard and determined only in any such court and agrees not to bring any proceeding arising out of or relating to this Agreement or any contemplated transaction in any other court. The parties acknowledge that either or both of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary and bargained agreement between the parties irrevocably to waive any objections to venue or to convenience of forum. Process in any proceeding referred to in the first sentence of this Section may be served on any party anywhere in the world.

Section 15.11 Drafting. No provision of this Agreement shall be interpreted for or against any Person on the basis that such Person was the draftsman of such provision, and no presumption or burden of proof shall arise favoring or disfavoring any Person by virtue of the authorship of any provision of this Agreement.

Section 15.12 Severability. If any provision of this Agreement shall for any reason be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid or unenforceable provision were omitted.

Section 15.13 Exhibits and Schedules. The exhibits and schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

[Signature Page Follows]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be duly executed by a duly authorized officer on the date first above written.

Eskaton, a California nonprofit public benefit corporation

Date: _____

By: _____

Chairman of the Board

The Reutlinger Community, a California nonprofit public benefit corporation

Date: _____

By: _____

Chairman of the Board

Exhibit 1.2

Reutlinger Articles & Bylaws

Exhibit 1.3

Eskaton Articles and Bylaws

Exhibit 1.4(a)

Reutlinger's Jewish Values, Practices and Policies

Reutlinger's Mission Statement

The mission of The Reutlinger Community is to provide high quality health care and social support services to seniors in a life-enhancing and stimulating environment with a commitment to Jewish values.

Policies and Practices

Financial Assistance Program: Since Reutlinger's founding in 1950, it has provided financial assistance to those individuals that through no fault of their own have outlived their financial assets. The Reutlinger Founders and subsequent Boards of Directors have also permitted "Holocaust Survivors" (meaning Nazi Victim, as defined on the attached definition developed by the National network of Jewish Children and Family Services organizations) to enter the community regardless of his/her ability to pay the monthly and associated fees. Attached is a copy of Reutlinger's current financial assistance policy.

Religious Practices:

Reutlinger has a long-standing practice of maintaining an on-site synagogue and a full-time Rabbi who provides religious and spiritual leadership, cultural teaching and pastoral services to those of all faiths. The sanctuary is a sacred place and is used for Shabbat (Sabbath) services every Friday night and Saturday morning, and, all of the major Jewish holidays, e.g., Rosh Hashanah, Yom Kippur, Sukkot (at such time a Sukkah is constructed), Hanukah, Simchat Torah, Passover, Shavuot, etc. The synagogue serves as a place for memorial services; morning -prayer for those who practice; and, celebrations and other ceremonies that require a sanctuary setting. After the Closing Date, the full-time Rabbi employed for religious, cultural and pastoral services shall be (a) Conservative, Reform or Reconstructionist and (b) selected from time to time by the Designator Organization.

The community serves both Kosher and non-Kosher meals but does not permit shellfish or pork in public dining areas. During Passover, all meals are prepared under kosher law with matzo and unleavened products throughout the holiday period.

Outside of the synagogue walls, Jewish programming occurs on a routine basis through music, lectures and classes; special dinners e.g., the Passover Seder; Yom Kippur 'break the fast'; celebrations e.g., the Purim Festival, Hanukah Candle Lighting and services in the Sukkah.

Reutlinger maintains Torahs, prayer books and Chumashim and Mezuzzot on doorposts

The community is a Registered Jewish Heritage Museum (JHM) with a number of donated collections made to Reutlinger over the years. Should Eskaton determine that the museum can no longer be supported; the collection shall be donated to the Magnus Museum in Berkeley or some other appropriate Jewish organization selected by the Designator Organization.

The maintenance of the Tree of Life wall display in the main lobby of the Reutlinger Facility (donor gifts in memoriam), along with other gifts of Judaica, artwork, books, etc. must continue to be adequately displayed, insured and safely stored if not displayed.

Maintain membership in AJAS (Association of Aging Jewish Services)

Exhibit 1.5

Exhibit 1.5

321511933.5

15096733.1

Exhibit 2.3(d)

Exhibit 2.3(d)



The Reutlinger
Community
SCHIFF CENTER FOR LIFE

4000 Camino Tassajara, Danville, CA 94506 925.648.2800 www.rcjl.org License # 075600335

Koret Senior Life Center

Harry & Jeanette
Weinberg Campus

Schiff Center for Life

Polse Family Pavilion

October 3, 2019

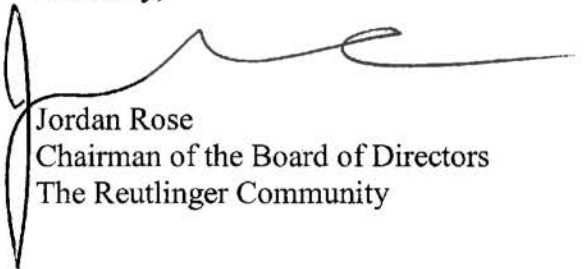
The Honorable Xavier Becerra
Attorney General of the State of California
Office of the Attorney General
Department of Justice
Post Office Box 944255
Sacramento, California 94244-2550

**Re: Proposed Affiliation Agreement between The Reutlinger Community
and Eskaton**

Dear Mr. Becerra:

This letter will confirm that I am informed and believe that the contents of the written notice from The Reutlinger Community, a California nonprofit public benefit corporation, to the Attorney General of the State of California under Section 5920 of the California Corporations Code (to which this letter is attached as required by California Code of Regulations, Title 11, Section 999.5(d)(8)), are true, accurate and complete.

Sincerely,



Jordan Rose
Chairman of the Board of Directors
The Reutlinger Community

Chair:
Jordan Rose

President and CEO:
Jay Zimmer

Vice Chair:
Craig Judson

Secretary:
David Grant

Treasurer and CFO:
Brian Morrow, CPA

Immediate Past Chair:
Sherry Berkman, Ph.D.

Directors:
Jean Jones, Resident
Renee Powell
Gloria Ruth, Resident
Sam Salkin
Marc Usatin, MD
Joel White, MD

Administrator:
Elena Davidenko

Rabbi:
Debora Kohn

Trustee Advisory Board:
Mel Gerton
Judith Greif
Randy Kessler
Betty Ann Polse
Diane Rosenberg
Raine Rude
Michael Simon
Sandra Sussman

Title 11, California Admin. Code, § 999.5(d)(9)

TRANSFeree INFORMATION

Title 11, Cal. Admin. Code, § 999.5(d)(9)

Transferee Corporate Information

The current officers of Eskaton are as follows:

- President/CEO: Todd Murch
- CFO: Mark Jenkins
- Secretary: Betsy Donovan

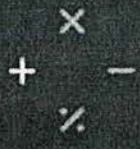
The current members of the Board of Directors of Eskaton are as follows:

- Susan DeMarois
- Robert Edmondson
- Douglas Elmets
- Lawrence Garcia
- Jacquelyn Kung
- Patricia McFarland
- Samuel Perez
- Karen Robinson
- Sarah Steenhausen
- Lisa Yates
- Amy Yotopoulos
- Todd Murch (Ex-Officio)

In addition, the following documents of Eskaton are included in this section of the Application:

- Most recent audited financial statement
- Governance documents

- Policies, procedures and eligibility requirements for the provision of charity care.



*Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information*

Eskaton and Subsidiaries

December 31, 2018 and 2017



MOSSADAMS

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Report of Independent Auditors

To the Board of Directors
Eskaton and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Eskaton and Subsidiaries (the "Organization" or "Eskaton"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Eskaton and Subsidiaries as of December 31, 2018 and 2017, and the results of their operations and changes in net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 2 to the consolidated financial statements, as of December 31, 2018, the Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented with the exception of the omission of certain information as permitted by the ASU. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the consolidated financial statements, as of and for the year ended December 31, 2018, the Organization adopted FASB ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU has been applied using a modified retrospective transition approach in the year of adoption. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating schedules on pages 39 to 51 as of and for the year ended December 31, 2018, for Eskaton and Subsidiaries, Eskaton Properties, Inc., and Eskaton, presented as supplementary information, are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

The supplementary information – social responsibility on pages 52 to 53 for the years ended December 31, 2018 and 2017, is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.



San Francisco, California
April 30, 2019

Consolidated Financial Statements

Eskaton and Subsidiaries
Consolidated Balance Sheets
December 31, 2018 and 2017
(in thousands)

	<u>2018</u>	<u>2017</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,115	\$ 21,393
Assets limited as to use, required for current liabilities	686	665
Investments	52,588	57,316
Accounts receivable, net of allowance for uncollectible accounts of \$0 in 2018 and \$289 in 2017	6,803	6,478
Other receivables	1,959	2,957
Inventories	193	184
Deposits and prepaid expenses	<u>1,040</u>	<u>780</u>
Total current assets	<u>93,384</u>	<u>89,773</u>
Assets limited as to use, net of amount required for current liabilities	12,021	13,487
Investments	1,609	1,660
Property and equipment, net	98,669	101,325
Other assets:		
Land available for sale	1,758	1,830
Due from liability insurer	5,271	849
Associate member/resident/patient deposits	2,088	1,821
Other	<u>1,366</u>	<u>1,054</u>
	<u>10,483</u>	<u>5,554</u>
Total assets	<u>\$ 216,166</u>	<u>\$ 211,799</u>

Eskaton and Subsidiaries
Consolidated Balance Sheets (Continued)
December 31, 2018 and 2017
(in thousands)

	2018	2017
LIABILITIES AND NET ASSETS		
Current liabilities:		
Current maturities of long-term debt	\$ 4,903	\$ 4,719
Current portion of deferred revenue from unamortized CCRC entrance fees	2,260	2,153
Deposits on unoccupied units	237	3
Accounts payable	1,882	1,759
Accrued liabilities:		
Payroll and payroll taxes	2,969	1,971
Vacation	2,192	2,072
Current portion of self-insured workers' compensation	2,275	2,166
Self-insured employee health plan	1,070	1,391
Interest	637	643
Other	1,027	1,095
Total current liabilities	19,452	17,972
Other liabilities:		
Self-insured workers' compensation, net of current portion	12,959	7,849
Interest rate swap agreements	3,111	3,796
Unfunded pension obligation	995	(243)
Professional liability	2,899	2,197
Associate member/resident/patient deposits	2,088	1,821
Other	432	424
	22,484	15,844
Long-term debt, net of current maturities	129,130	134,028
Refundable CCRC entrance fees	3,411	4,370
Deferred revenue from unamortized CCRC entrance fees, net of current portion	3,906	3,937
Total liabilities	178,383	176,151
Net assets:		
Without donor restrictions	36,065	33,611
With donor restrictions	1,718	2,037
Total net assets	37,783	35,648
Total liabilities and net assets	\$ 216,166	\$ 211,799

See accompanying notes.

Eskaton and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets
Years Ended December 31, 2018 and 2017
(in thousands)

	2018	2017
Net assets without donor restrictions:		
Revenues, gains, and other support:		
Net patient service revenue	\$ 46,334	\$ 47,143
Resident service revenue, including amortization of CCRC entrance fees of \$2,122 in 2018 and \$583 in 2017	76,300	72,163
Home based services revenue	7,088	7,442
Other, net	12,275	11,386
Total revenues, gains, and other support	<u>141,997</u>	<u>138,134</u>
Expenses:		
Salaries and wages	65,138	62,398
Employee benefits	18,053	15,956
Professional fees	1,846	1,557
Supplies	6,295	5,942
Purchased services	9,690	9,358
Ancillary costs	3,838	4,103
Utilities	4,993	4,906
Insurance and other	8,028	9,592
Depreciation	10,006	9,696
Interest and amortization	5,953	5,847
Provision for uncollectible accounts	-	225
Total operating expenses	<u>133,840</u>	<u>129,580</u>
Income from operations	<u>8,157</u>	<u>8,554</u>
Nonoperating revenue (expenses):		
Investment (loss) income	(3,088)	7,385
Interest rate swap activities	285	(341)
Other	(434)	12
Total nonoperating (expenses) revenue, net	<u>(3,237)</u>	<u>7,056</u>
Excess of revenues, gains, and other support over expenses	<u>\$ 4,920</u>	<u>\$ 15,610</u>

Eskaton and Subsidiaries
Consolidated Statements of Operations and Changes in Net Assets (Continued)
Years Ended December 31, 2018 and 2017
(in thousands)

	2018	2017
Net assets without donor restrictions:		
Excess of revenues, gains, and other support over expenses (page 6)	\$ 4,920	\$ 15,610
Pension related changes other than net periodic pension cost	(2,466)	186
Change in net assets without donor restrictions	2,454	15,796
Net assets without donor restrictions, beginning of year	33,611	17,815
Net assets without donor restrictions, end of year	\$ 36,065	\$ 33,611
Net assets with donor restrictions:		
Contributions	\$ 65	\$ 301
Contributions to endowments	-	9
Change in assets held in trust by others	(2)	3
Investment (loss) income	(160)	269
Net assets released from restriction used for operations	(222)	(581)
Change in net assets with donor restrictions	(319)	1
Net assets with donor restrictions, beginning of year	2,037	2,036
Net assets with donor restrictions, end of year	\$ 1,718	\$ 2,037
Change in net assets	\$ 2,135	\$ 15,797
Net assets, beginning of year	35,648	19,851
Net assets, end of year	\$ 37,783	\$ 35,648

Eskaton and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended December 31, 2018 and 2017
(in thousands)

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 2,135	\$ 15,797
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	10,006	9,696
Amortization of deferred financing costs and premium	(38)	(22)
Amortization of CCRC entrance fees	(2,122)	(583)
Net realized and unrealized (gains) losses on assets limited as to use	297	(91)
Net realized and unrealized (gains) losses on investments	4,169	(6,500)
Pension related changes other than net periodic pension cost	(2,466)	186
Change in fair value of interest rate swap agreements	(685)	(201)
Provision for uncollectible accounts	-	225
Proceeds from contributions restricted for long-term investment	-	(9)
CCRC resales of nonrefundable contracts	468	3,812
CCRC sales of nonrefundable contracts	885	138
CCRC sales of refundable contracts	874	2,858
Gain on disposal of property and equipment	(19)	(21)
Changes in operating assets and liabilities:		
Change in receivables	4	2,162
Change in inventories	(9)	22
Change in deposits and prepaid expenses	(260)	(99)
Change in other assets	(4,194)	1,066
Change in accounts payable	123	172
Change in accrued liabilities	5,844	(666)
Change in unfunded pension obligation	3,704	(2,415)
Change in other liabilities	1,003	(470)
Net cash provided by operating activities	<u>19,719</u>	<u>25,057</u>
Cash flows from investing activities:		
Purchases of assets limited as to use	(8,050)	(8,976)
Proceeds from sales of assets limited as to use	9,201	6,806
Purchases of investments	(26,866)	(15,343)
Proceeds from sales of investments	27,473	15,486
Expenditures for property and equipment	(7,345)	(5,899)
Proceeds from sale of property and equipment	20	21
Net cash used in investing activities	<u>(5,567)</u>	<u>(7,905)</u>

Eskaton and Subsidiaries
Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2018 and 2017
(in thousands)

	2018	2017
Cash flows from financing activities:		
CCRC resale disbursements of nonrefundable contracts	\$ -	\$ (3,758)
CCRC resale disbursements - conversions to refundable contracts	(539)	(2,398)
CCRC contracts refunded	(449)	(325)
Change in deposits on unoccupied units	234	(475)
Proceeds from contributions restricted for long-term investment	-	9
Principal payments on long-term debt	(4,676)	(4,519)
Payment of debt issuance costs	-	(142)
	(5,430)	(11,608)
Net cash used in financing activities		
Net increase in cash and cash equivalents	8,722	5,544
Cash and cash equivalents, beginning of year	21,393	15,849
Cash and cash equivalents, end of year	\$ 30,115	\$ 21,393
Supplemental disclosure:		
Cash paid for interest	\$ 5,927	\$ 5,680

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 1 – ORGANIZATION AND PRINCIPLES OF CONSOLIDATION

The accompanying consolidated financial statements of Eskaton and Subsidiaries (the "Organization" or "Eskaton") include the following:

Eskaton – Eskaton is a not-for-profit 501(c)(3) California corporation, which was formed in 1968. Eskaton's primary mission is to enhance the quality of life of seniors through innovative health, housing, and social services. Eskaton is the sole corporate member of Eskaton Properties, Inc. (EPI), Eskaton Village-Grass Valley (EVG), Eskaton Village-Roseville (EVR), Eskaton Village-Placerville (EVP), Eskaton Lodge Granite Bay (ELGB), Eskaton FountainWood Lodge (EFL), and Eskaton Foundation, and the sole stockholder of Livable Design (LD) and California Healthcare Consultants (CHC). Eskaton also operates nonmedical homecare services, adult day healthcare services and various community service programs.

EPI – EPI is a not-for-profit 501(c)(3) California corporation that operates skilled nursing care centers and retirement housing communities, home health services, a continuing care retirement community ("CCRC"), and a business services group which provides financial and managerial support to all Eskaton operations. EPI also manages and provides support services to retirement housing communities owned by third-parties and affordable housing communities that operate as single purpose not-for-profit 501(c)(3) California corporations.

EVG – EVG is a not-for-profit 501(c)(3) California corporation that operates a 137-apartment assisted living community in Grass Valley, California.

EVR – EVR is a not-for-profit 501(c)(3) California corporation that operates a 96-apartment assisted living community in Roseville, California.

EVP – EVP is a not-for-profit 501(c)(3) California corporation that operates a 64-apartment assisted living community in Placerville, California.

ELGB – ELGB is a not-for-profit 501(c)(3) California corporation that operates a 100-apartment assisted living community in Granite Bay, California.

EFL – EFL is a not-for-profit 501(c)(3) California corporation that operates a 91-apartment assisted living community in Orangevale, California.

Eskaton Foundation – Eskaton Foundation is a not-for-profit 501(c)(3) California corporation whose purpose is to raise funds for the benefit of Eskaton programs.

LD – LD, a C-corporation, is a taxable subsidiary of Eskaton, and owns a home in Roseville, California that is rented to the general public.

CHC – CHC, a C-corporation, is a taxable subsidiary of Eskaton that leases employees to communities owned by third-parties and managed by EPI.

All material intercompany accounts and transactions have been eliminated in consolidation.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

EPI, EVGV, and EVR are members of the Eskaton Properties Incorporated Obligated Group (the "Obligated Group") according to a Master Indenture of Trust dated July 1, 1999, and various Supplemental Master Indentures dated subsequent to July 1, 1999 (together, the "Master Indenture").

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents – Cash and cash equivalents include cash in banks and short-term money market accounts. The carrying amounts at face value approximate fair value because of the short maturity of these instruments.

Investments – Investments in equity securities with readily determinable fair values, and all investments in debt securities, are reported at fair value. Management has elected to carry alternative investments under the fair value option. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the excess of revenues, gains, and other support over expenses.

Assets limited as to use – Assets limited as to use include assets held by trustees or lenders under bond indenture and HUD regulatory agreements, and assets restricted by donors for financial assistance to residents of Eskaton communities. Assets limited as to use are reported at fair value. Amounts required to satisfy obligations classified as current liabilities are reported in current assets in the consolidated balance sheets.

Property and equipment – Property and equipment are stated at cost. The cost of property and equipment purchased in excess of \$2,000 is capitalized. Interest capitalized (net of investment income from bond proceeds) in connection with the construction of plant and equipment is recorded as part of the cost of the constructed asset to which it relates and is amortized over the asset's useful life. Depreciation is computed using the straight-line method based on estimated useful lives of property and equipment as follows:

Land improvements	10 to 20 years
Buildings and improvements	15 to 40 years
Equipment	5 to 20 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as support without donor restrictions, and are excluded from the excess of revenues, gains, and other support over expenses, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported as net assets released from restriction when the donated or acquired long-lived assets are placed in service.

Impairment of long-lived assets and long-lived assets to be disposed of – Long-lived assets and certain identifiable intangibles are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. As of December 31, 2018 and 2017, land available for sale was recorded in the consolidated balance sheets at fair value in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 820, *Fair Value Measurement*. The fair value estimate was performed by a third-party specialist using unobservable inputs that are supported by little or no market activity and were therefore classified within Level 3 of the valuation hierarchy.

Land available for sale – Eskaton entered into a purchase and sale agreement effective July 28, 2017 that granted a potential buyer the exclusive option to purchase a parcel of undeveloped land that is approximately 12 acres in Lincoln, California for \$5,600,000. The feasibility period concluded February 28, 2018 and the agreement includes optional approval period extensions such that the agreement is scheduled to close during June 2019. The land is carried at an appraised value of \$1,830,000 and upon closure of the sale Eskaton will record a gain on sale of approximately \$4 million.

Self-insured employee health and workers' compensation – The provisions for estimated self-insured employee health and workers' compensation include estimates of the ultimate costs for both reported claims and claims incurred but not reported.

Derivative instruments – Eskaton has entered into a swap agreement to manage interest rate risk on its 2006 Bonds. Swaps are contracts to exchange, for a period of time, the investment performance of one underlying instrument for the investment performance of another instrument without exchanging the instruments themselves. Eskaton entered into this agreement to mitigate cash flow and fair value risks related to changes in interest rates.

Eskaton records in its consolidated balance sheets the estimated fair value of swaps at the balance sheet date. Because the derivative has not been designated as a hedge for accounting purposes, changes in the fair value of the swap are included in nonoperating revenue (expenses) in the consolidated statements of operations and changes in net assets.

Deferred financing costs – Deferred financing costs are amortized over the period the obligation is expected to be outstanding or the life of bank direct placement agreements associated with variable rate demand bonds, whichever is shorter. Amortization is calculated using the straight-line method, which is not materially different from using the effective interest method. Deferred financing costs are included as a direct reduction of long-term debt. Amortization of deferred financing costs is included as a component of interest and amortization expense in the accompanying consolidated statements of operations and changes in net assets.

Net asset classifications – Net assets and changes therein are classified and reported as follows:

Without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

With donor restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stated purpose for which the resource was restricted has been fulfilled, or both.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

Endowments – Endowments are contributions whose use by Eskaton has been restricted by donors to be maintained by Eskaton in perpetuity. The Board of Directors has interpreted California's enacted Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of endowments, absent explicit donor stipulations to the contrary. As a result of this interpretation, Eskaton classifies as net assets with donor restrictions (a) the original value of gifts donated, (b) the original value of subsequent gifts, and (c) accumulations to the endowment fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Generally, the donors of these assets permit Eskaton to use all or part of the investment return on these assets and to appropriate for distribution each year 5 percent of its endowment fund's prior year average fair value. Unrealized gains and investment income allocated to the endowment fund are classified as net assets with donor restrictions, as supported by the associated agreements, until those amounts are appropriated for expenditure by Eskaton in a manner consistent with the standard of prudence prescribed by UPMIFA. In the absence of donor stipulations or law to the contrary, losses on the investments of a donor-restricted endowment fund shall reduce net assets with donor restrictions to the extent that donor-imposed restrictions on net appreciation of the fund have not been met before a loss occurs. Any remaining loss shall reduce net assets without donor restrictions.

Net patient service revenue and home based services revenue – Net patient services are performed in skilled nursing and home health in exchange for a contractual agreed-upon amount or rate. The transaction price for these services is based on standard charges for goods and services provided, reduced by contractual adjustments provided to third parties. Eskaton determines its estimates for contractual adjustments based on contractual agreements and historical experience. Routine services are treated as a single performance obligation satisfied over time as services are rendered. As such, patient care services represent a bundle of services that are not capable of being distinct. Additionally, there may be ancillary services which are not included in the daily rates for routine services. Ancillary services are treated as separate performance obligations satisfied at a point in time, if and when those services are rendered. Revenue is recognized in the month in which the performance obligations are satisfied. Performance obligations satisfied over time for net patient service revenue are recognized based on actual charges incurred. This method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The following represents net patient service revenue and home based services revenue disaggregated by payor source for the year ended December 31, 2018, as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors:

	Private Pay	Other Insurance	Medicare	Medi-Cal	Total
Net Patient Service Revenue	\$ 2,051	\$ 17,648	\$ 4,309	\$ 22,326	\$ 46,334
Home Based Services Revenue	3,240	764	2,641	443	7,088
	<u>\$ 5,291</u>	<u>\$ 18,412</u>	<u>\$ 6,950</u>	<u>\$ 22,769</u>	<u>\$ 53,422</u>

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

Resident service revenue – Eskaton provides senior living services to residents for a stated monthly fee. Eskaton recognizes revenue for housing services under independent living, assisted living and memory care residency agreements in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers* ("ASC 606"). Eskaton has determined that the senior living services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time. In conjunction with its resident services, Eskaton sells CCRC memberships. Revenue associated with these memberships is recognized over the estimated remaining life of the resident.

The following represents resident service revenue disaggregated by service line for the year ended December 31, 2018, as this best depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

	Assisted Living	Memory Care	Independent Living	CCRC	Total
Resident Service Revenue	\$ 27,316	\$ 8,431	\$ 8,734	\$ 31,819	\$ 76,300

Other Revenue – Other revenue is derived from management agreements and other ancillary revenues. Eskaton manages certain communities under contracts which provide periodic management fee payments to the Organization. Management fees are generally determined by an agreed upon percentage of gross revenues (as defined in the management agreement). Certain management contracts also provide for an annual incentive fee to be paid to the Eskaton upon achievement of certain metrics identified in the contract. There were no incentive fee amounts recorded for the years ending December 31, 2018 or 2017. Eskaton recognizes revenue for community management services in accordance with the provisions of ASC 606. Although there are various management and operational activities performed by Eskaton under the contracts, the Company has determined that all community operations management activities are a single performance obligation, which is satisfied over time as the services are rendered.

Donated services and materials – A number of volunteers donate significant amounts of time to advance Eskaton's program objectives. No amounts are reported in the accompanying consolidated financial statements for donated services since no objective basis is available to measure the value of such services.

Eskaton records the donation of materials when an objective basis is available to measure the value of those donations and when the materials would be purchased if they were not donated. These amounts are recorded as contribution revenues and as expenses.

Excess of revenues, gains, and other support over expenses – The consolidated statements of operations and changes in net assets include excess of revenues, gains, and other support over expenses. Changes in net assets without donor restrictions, which are excluded from excess of revenues, gains, and other support over expenses, include pension related changes other than net periodic pension cost.

Advertising – Advertising costs are expensed as incurred and included in purchased services expense in the accompanying consolidated statements of operations and changes in net assets. Advertising expense was \$1,066,000 and \$788,000 for the years ended December 31, 2018 and 2017, respectively.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

Income taxes – Eskaton, EPI, EVGV, EVR, EVP, ELGB, EFWL, and Eskaton Foundation are exempt from income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3) and applicable state regulations, except for federal and state tax on income resulting from unrelated business income. LD and CHC are taxable entities; however, income taxes for these entities are not significant to the consolidated financial statements.

FASB ASC Topic 740, *Income Taxes*, prescribes a recognition threshold and measurement attribute for financial statement disclosure of tax positions taken or expected to be taken on a tax return. Recognition of a tax position is determined when it is more likely than not that a tax position will be sustained on examination by the taxing authorities, including resolution of any related appeals or litigation processes. A tax position that meets the more likely than not recognition threshold is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement with a taxing authority. Eskaton recognizes interest and penalties related to income tax matters in operating expenses. As of December 31, 2018 and 2017, there were no such uncertain tax positions.

Use of management's estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Accounting estimates include fair value measurements of investments, contractual and uncollectible accounts receivable, useful lives of fixed assets, deferred revenue from unamortized CCRC membership fees, future service benefit obligations, self-insured workers' compensation, self-insured employee health costs, interest rate swap liability, unfunded pension obligation, and professional liability.

Fair value measurements – FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, prescribes fair value measurements and disclosures for financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the consolidated financial statements. FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The carrying amounts reported in the consolidated balance sheets for cash and cash equivalents, accounts receivable, other receivables, deposits and prepaid expenses, other assets, and accrued liabilities approximate fair value. The fair values of assets limited as to use and investments are disclosed in Note 4. The fair values of derivative instruments are disclosed in Note 5.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

Recent accounting pronouncements – In May 2014, the FASB issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* (“ASU 2014-09”). As compared to existing guidance on revenue recognition, ASU 2014-09 will significantly enhance comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets. The largely principles-based guidance in ASU 2014-09 will provide a framework for addressing revenue recognition issues comprehensively for entities that apply U.S. GAAP in addition to those entities that apply International Financial Reporting Standards. The guidance in ASU 2014-09 also improves U.S. GAAP by reducing the number of requirements which an entity must consider in recognizing revenue, as well as requiring improved disclosures to help users of financial statements better understand the nature, amount, timing, and uncertainty of revenue that is recognized. The effective date of ASU 2014-09 was deferred by ASU No. 2015-14, *Deferral of the Effective Date*, to annual periods beginning after December 15, 2017. The adoption is effective for the Organization for the fiscal year ended December 31, 2018. Eskaton adopted the new revenue standard as of January 1, 2018, and the adoption did not have a material impact on the consolidated financial statements.

In January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities, Financial Instruments – Overall (Subtopic 825-10)* (“ASU 2016-01”), which enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments, including requiring equity investments (other than those under the equity method) to be measured at each reporting at fair value through excess of revenues over expenses with an exception allowed for equity investments that do not have readily determinable fair value, thereby eliminating the other-than-trading equity security designation. ASU 2016-01 is effective for the Organization for the fiscal year ending December 31, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-01 on the consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), which increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements in the financial statements of lessees. The amendments in this update are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. ASU 2016-02 is effective for the Organization for the fiscal year ending December 31, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-02 on the consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-14”), which changes the current net asset classification requirements and the information presented in financial statements and notes about an entity’s liquidity, financial performance, and cash flows. The update replaces the requirement to present three classes of net assets with two classes: net assets with donor restrictions, and net assets without donor restrictions. The update also removes the requirement to present or disclose the indirect method (reconciliation) if using the direct method for the statement of cash flows, and adds several additional enhanced disclosures to the notes. The amendments in this update are effective for fiscal years beginning after December 15, 2017, and interim periods beginning after December 15, 2018, with application to interim financial statements permitted but not required in the initial year of application. The Organization adopted ASU 2016-14 for the fiscal year ended December 31, 2018 and has adjusted the presentation of these consolidated financial statements accordingly, including changes to the presentation of net asset classification, inclusion of information about liquidity and availability of resources, and inclusion of information provided about expenses.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

In accordance with ASU 2016-14, net assets as of December 31, 2017, have been reclassified as follows:

	As Adjusted	
	Without Donor Restrictions	With Donor Restrictions
As previously reported:		
Unrestricted	\$ 33,611,000	\$ -
Temporarily Restricted	-	1,475,000
Permanently Restricted	-	562,000
	\$ 33,611,000	\$ 2,037,000

In accordance with ASU 2016-14, net assets as of December 31, 2016, have been reclassified as follows:

	As Adjusted	
	Without Donor Restrictions	With Donor Restrictions
As previously reported:		
Unrestricted	\$ 17,815,000	\$ -
Temporarily Restricted	-	1,486,000
Permanently Restricted	-	550,000
	\$ 17,815,000	\$ 2,036,000

In August 2016, the FASB issued ASU No. 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), which provides guidance on eight specific cash flow issues, including: debt repayment or debt extinguishment costs, settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate-owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. The amendments in this update are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The adoption is effective for the Organization for the fiscal year ending December 31, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-15 on the consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* ("ASU 2016-18"), which requires the statement of cash flows to explain the change during the period in total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in this update are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. The adoption is effective for the Organization for the fiscal year ending December 31, 2019. Management is currently evaluating the impact of the provisions of ASU 2016-18 on the consolidated financial statements.

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Notes to Consolidated Financial Statements

In March 2017, the FASB issued ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715)* (“ASU 2017-07”), to improve the presentation of net periodic pension cost and net periodic postretirement benefit cost. The update requires an employer to report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit costs are required to be presented in the statement of operations separately from the service cost component and outside a subtotal of income from operations, if one is presented. This update also allows only the service cost component to be eligible for capitalization. This update is effective for public business entities for annual periods beginning after December 15, 2017, including interim periods within those annual periods. For all other entities, the update is effective for annual periods beginning after December 15, 2018, and interim periods within annual periods beginning after December 15, 2018, with early adoption permitted. The adoption is effective for the Organization for the fiscal year ending December 31, 2019. Management is currently evaluating the impact of the provisions of ASU 2017-07 on the consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* (“ASU 2018-08”), to clarify and improve the scope and the accounting guidance for contributions received and made. The amendments should assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 968, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance, and also in determining whether a contribution is conditional. The adoption is effective for the Organization for the fiscal year ending December 31, 2019. Management is currently evaluating the impact of ASU 2018-08 on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement – Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement (Topic 820)* (“ASU 2018-13”), to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by generally accepted accounting principles that is most important to users of financial statements through the removal, modification, and addition of disclosure requirements. The adoption is effective for the Organization for the fiscal year ending December 31, 2020. Management is currently evaluating the impact of ASU 2018-13 on the consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation – Retirement Benefits – Disclosure Framework – Changes to the Disclosure Framework for Defined Benefit Plans (Topic 715-20)* (“ASU 2018-14”), to improve the effectiveness of disclosures in the notes to financial statements by facilitating clear communication of the information required by generally accepted accounting principles that is most important to users of financial statements through the removal, clarification, and addition of disclosure requirements. The adoption is effective for the Organization for the fiscal year ending December 31, 2022. Management is currently evaluating the impact of ASU 2018-14 on the consolidated financial statements.

Reclassifications – Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 presentation. These reclassifications had no material effect on the reported results of operations.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 3 – THIRD-PARTY PAYORS

Eskaton has agreements with third-party payors that provide for payments to Eskaton at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicare** – Skilled nursing services and home health visits provided to Medicare program beneficiaries are reimbursed under the Prospective Payment System (PPS). Eskaton is reimbursed under the PPS system for skilled nursing services on a per diem rate depending on each patient category, which is determined by the Resource Utilization Groups (RUG) system. Eskaton is reimbursed under the PPS system for home health visits on a per 60-day case rate depending on each patient category, which is determined by the Home Health Resource Groups (HHRG) system.
- **Medi-Cal** – Skilled nursing services and home health visits rendered to Medi-Cal program beneficiaries are reimbursed under prospectively determined per diem or per visit rates.
- **Other** – Eskaton has entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to Eskaton under these agreements includes prospectively determined daily rates and discounts from established charges.

NOTE 4 – ASSETS LIMITED AS TO USE AND INVESTMENTS

Assets limited as to use – The composition of assets limited as to use, stated at fair value, as of December 31 is set forth in the following table (in thousands):

	2018	2017
Required under bond indenture and HUD regulatory agreements for escrow, principal, interest, reserves, and insurance, held by trustee:		
Cash and short-term investments	\$ 2,036	\$ 3,541
U.S. Treasury notes, government securities, and other corporate debt securities	8,209	7,984
	10,245	11,525
Resident assistance and program funds with donor restrictions:		
Cash and short-term investments	32	26
Equity securities	761	1,215
Mutual funds	1,669	1,386
	2,462	2,627
	12,707	14,152
Less current portion	686	665
	\$ 12,021	\$ 13,487

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Notes to Consolidated Financial Statements

Investments – Investments, at fair value, as of December 31 include the following (in thousands):

	2018	2017
Corporate reserves for capital replacement, liquidity, and growth:		
Cash and short-term investments	\$ 1,243	\$ 883
U.S. Treasury notes, government securities, and other corporate debt securities	2,934	1,251
Equity securities	19,383	30,342
Mutual funds	26,284	21,598
Alternative investments	2,744	3,242
	<u>52,588</u>	<u>57,316</u>
Corporate reserves for resident assistance and charitable gift annuities:		
Cash and short-term investments	76	240
U.S. Treasury notes, government securities, and other corporate debt securities	189	164
Equity securities	477	634
Mutual funds	867	622
	<u>1,609</u>	<u>1,660</u>
	54,197	58,976
Less current portion	<u>52,588</u>	<u>57,316</u>
	<u>\$ 1,609</u>	<u>\$ 1,660</u>

FASB ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Eskaton has the ability to access at the measurement date.

Level 2 – inputs are other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls is based on the lowest level input that is significant to the fair value measurement, in its entirety.

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Notes to Consolidated Financial Statements

The fair values of the financial instruments as of December 31, 2018 and 2017 represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. Those fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the fair value measurement reflects management's own judgments about the assumptions that market participants would use in pricing the asset or liability. Those judgments are developed by management based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents – The carrying amounts at face value approximate fair value because of the short maturity of these instruments.

Marketable investment securities – Certificates of deposit, money market funds, common stock, mutual funds, U.S. government securities, U.S. government bonds, and corporate bonds are measured using quoted market prices at the reporting date multiplied by the quantity held.

Alternative investment securities – Management has elected to carry alternative investments at fair value under the fair value option. The fair value of alternative investments has been determined using net asset value ("NAV") as a practical expedient.

Investments by level as of December 31, 2018 and 2017 are as follows (in thousands):

	December 31, 2018	Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments (including assets limited as to use):				
Cash and cash equivalents	\$ 2,841	\$ 2,841	\$ -	\$ -
Certificates of deposit	52	-	52	-
Money market funds	494	494	-	-
Equity securities	20,621	20,621	-	-
Mutual funds	28,820	28,820	-	-
U.S. Government securities	4,451	4,451	-	-
U.S. Government bonds	3,296	3,296	-	-
Corporate bonds	3,585	3,585	-	-
Total assets in the fair value hierarchy	<u>64,160</u>	<u>\$ 64,108</u>	<u>\$ 52</u>	<u>\$ -</u>
Investments measured at NAV				
Alternative investments	<u>2,744</u>			
Total investments, at fair value	<u>\$ 66,904</u>			

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

	December 31, 2017	Fair value measurements at reporting date using		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments (including assets limited as to use):				
Cash and cash equivalents	\$ 3,950	\$ 3,950	\$ -	\$ -
Certificates of deposit	138	-	138	-
Money market funds	602	602	-	-
Equity securities	32,191	32,191	-	-
Mutual funds	23,606	23,606	-	-
U.S. Government securities	5,948	5,948	-	-
U.S. Government bonds	655	655	-	-
Corporate bonds	2,796	2,796	-	-
Total assets in the fair value hierarchy	<u>69,886</u>	<u>\$ 69,748</u>	<u>\$ 138</u>	<u>\$ -</u>
Investments measured at NAV				
Alternative investments	<u>3,242</u>			
Total investments, at fair value	<u>\$ 73,128</u>			

Eskaton invests as a limited partner in hedge funds. Investments in hedge funds have the potential to become illiquid under stressed market conditions and, in certain circumstances investors may be subject to redemption restrictions which can impede the timely return of capital. These partnerships are valued using their respective NAV, and are audited annually. The most significant input into the NAV of such an entity is the fair value of its investment holdings. These holdings are valued on a monthly basis by each fund's independent administrator and for certain illiquid investments where no market exists, the General Partner may provide pricing input. The management assumptions are based upon the nature of the investment and the underlying business. The valuation techniques vary based upon investment type, but are predominantly derived from observed market prices.

Eskaton management meets at least quarterly with its investment advisor to review the strategy and the ongoing performance of all investments, including analyzing changes in fair value measurements from period to period. Eskaton further corroborates third-party information used in the fair value measurement by obtaining audited financial statements of its hedge funds.

The following table presents Eskaton's alternative investments measured at estimated fair value as of December 31, 2018 (in thousands):

Description	Balance as of December 31, 2018	Unfunded commitments	Redemption frequency	Redemption notice period
Hedge funds (i)	\$ -	\$ -	Quarterly	95 days
Hedge funds (ii)	-	-	Semi-Annually	95 days
Hedge funds (iii)	<u>2,744</u>	<u>-</u>	Monthly	45 days
Total	<u>\$ 2,744</u>	<u>\$ -</u>		

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Notes to Consolidated Financial Statements

- (i) Hedge funds in this category were established for the purpose of achieving capital appreciation through a multi-manager, multi-strategy investment approach while maintaining a low level of volatility. The hedge funds implement their investment programs through investments in individually managed accounts, private investment funds, and affiliated funds. Eskaton liquidated its investments in hedge funds in this category effective October 2017.
- (ii) Hedge funds in this category were established for the purpose of achieving consistent, positive returns, which are not dependent upon a rising equity market, while attempting to reduce risk and volatility. The hedge funds invest with other hedge funds and other experienced portfolio managers or otherwise utilize the services of investment advisors or other investment managers employing a variety of trading styles or strategies, including, but not limited to, direct lending, convertible arbitrage, merger or risk arbitrage and other event-driven investing, distressed and long/short credit, long/short equity, multi-strategy, and other relative value strategies. Eskaton liquidated its investments in hedge funds in this category effective September 2018.
- (iii) Hedge funds in this category were established for the purpose of achieving consistent, absolute returns in all market environments. These hedge funds are single manager but employ multiple trading teams each specializing in a specific strategy. These strategies include, but are not limited to, fundamental long/short equity, global macro, and credit and statistical arbitrage.

Investment income, expenses, and gains (losses) for assets limited as to use, cash equivalents, and investments are comprised of the following for the years ended December 31 (in thousands):

	Year Ended December 31, 2018		
	Obligated Group	Nonobligated	Total
Investment income:			
Interest and dividend income	\$ 1,516	\$ 77	\$ 1,593
Realized gains on sales of securities	2,346	171	2,517
Unrealized losses on trading securities and alternative investments	(6,501)	(482)	(6,983)
	(2,639)	(234)	(2,873)
Less investment expenses	348	11	359
Total investment loss	(2,987)	(245)	(3,232)
Less investment loss with donor restrictions	-	(155)	(155)
Less intercompany interest income	11	-	11
Investment loss without donor restrictions	<u>\$ (2,998)</u>	<u>\$ (90)</u>	<u>\$ (3,088)</u>

Eskaton and Subsidiaries
Notes to Consolidated Financial Statements

	Year Ended December 31, 2017		
	Obligated Group	Nonobligated	Total
Investment income:			
Interest and dividend income	\$ 1,282	\$ 67	\$ 1,349
Realized gains on sales of securities	2,484	53	2,537
Unrealized gains on trading securities and alternative investments	3,832	352	4,184
	7,598	472	8,070
Less investment expenses	356	8	364
Total investment income	7,242	464	7,706
Less investment income with donor restrictions	-	269	269
Less intercompany interest income	52	-	52
Investment income without donor restrictions	\$ 7,190	\$ 195	\$ 7,385

NOTE 5 – DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Eskaton has interest rate swap derivative instruments ("swaps") to manage its exposure on its debt instruments. By using derivative instruments, Eskaton exposes itself to credit risk and termination risk.

Credit risk exists because Eskaton is dependent upon the interest rate swap counterparty to meet its obligations under the agreement. This risk is measured by the cost associated with replacing the agreement, not by the notional amount of the agreement. At inception, the swap's replacement cost, or fair market value, is close to zero. If interest rates change such that the fair market value of the swap is positive, Eskaton's exposure to the swap counterparty increases as the cost of replacing the agreement increases. If the fair market value decreases, Eskaton's exposure to the swap counterparty decreases. Eskaton minimizes the credit risk in derivative instruments by entering into transactions with high quality counterparties whose credit rating is higher than A2/A.

Termination risk is the risk that a swap will be terminated by the swap counterparty before maturity and Eskaton, due to adverse market conditions, will be forced to make a cash termination payment to the counterparty. The termination risk associated with swaps is managed by establishing and monitoring parameters that limit the market value sensitivity Eskaton is willing to accept. Termination risk is also mitigated by allowing only Eskaton to have voluntary termination rights and allowing the swap counterparty to terminate only under specific ratings downgrade triggers of Eskaton.

The estimated fair values of derivative instruments have been determined using Level 2 inputs including available market information and valuation methodologies. As of December 31, 2018 and 2017, the fair values of these derivatives were recorded in the consolidated balance sheets at net liabilities of \$3.1 million and \$3.8 million, respectively. The credit risk assumption, as required under FASB ASC Topic 820, reduced Eskaton's interest rate swap liability by \$0.7 million and \$0.2 million in 2018 and 2017, respectively.

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Notes to Consolidated Financial Statements

Interest rate swap agreement for variable-rate debt – Eskaton has issued variable-rate debt to refinance various debt issuances and finance capital improvements. The variable-rate debt obligations expose Eskaton to variability in interest payments due to changes in interest rates. Management believes it is prudent to limit the variability of a portion of its interest payments. To meet this objective, management entered into a swap agreement to manage fluctuations in cash flows resulting from interest rate risk. This swap effectively changed the variable-rate cash flow exposure on the Series 2006 Bonds to fixed-rate cash flows. Under the terms of the swap, Eskaton makes fixed interest rate payments and receives variable interest rate payments, thereby creating the equivalent of fixed-rate debt. As of December 31, 2018 and 2017, Eskaton was party to a swap agreement with an aggregate notional principal amount of \$18.0 million and \$18.5 million, respectively.

Interest rate swap activities – Interest rate swap activities included in nonoperating revenue (expenses) for the years ended December 31 consist of the following (in thousands):

	2018	2017
Obligated Group:		
Unrealized gain on interest rate swap agreements for variable-rate debt	\$ 685	\$ 201
Net gain on interest rate swap agreements	685	201
Obligated Group:		
Net payments on interest rate swap agreements	(400)	(542)
Total interest rate swap activities	\$ 285	\$ (341)

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment as of December 31 consists of the following (in thousands):

	2018	2017
Land	\$ 16,080	\$ 15,821
Land improvements	20,821	20,042
Buildings and improvements	195,303	192,771
Equipment	35,408	32,320
	267,612	260,954
Accumulated depreciation	(170,394)	(160,527)
	97,218	100,427
Construction in progress	1,451	898
Property and equipment, net	\$ 98,669	\$ 101,325

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NOTE 7 – LONG-TERM DEBT

Long-term debt as of December 31 consists of the following (in thousands):

	2018	2017
Obligated group:		
Series 2013 Tax-Exempt Fixed-Rate Revenue Bonds (Series 2013 Bonds) due 2035, principal due in annual installments and fixed interest of 2.00% to 5.00% due semi-annually; secured by deeds of trust.	\$ 44,105	\$ 45,390
Series 2012 Tax-Exempt Fixed-Rate Revenue Bonds (Series 2012 Bonds) due 2034, principal due in annual installments and fixed interest of 2.00% to 5.25% due semi-annually; secured by deeds of trust.	31,665	32,725
Series 2008A Tax-Exempt Variable-Rate Demand Revenue Refunding Bonds (Series 2008A Bonds) due 2029, principal due in annual installments and variable interest due monthly (3.81% and 2.43% at December 31, 2018 and 2017, respectively); held under a bank direct placement agreement; secured by deeds of trust.	13,075	14,125
Series 2006 Tax-Exempt Variable-Rate Demand Revenue Bonds (Series 2006 Bonds) due 2037, principal due in annual installments and variable interest due monthly (2.78% and 2.13% at December 31, 2018 and 2017, respectively); held under a bank direct placement agreement; secured by deeds of trust.	16,595	17,125
Other notes, due through 2021	2,229	2,328
Nonobligated:		
Note payable to Red Mortgage Capital, LLC due 2047, principal and interest of 2.45% due in monthly installments of \$32; insured by U.S. Department of Housing and Urban Development under Section 232, pursuant to Section 223(f); secured by deed of trust.	7,913	8,098
Note payable to Lancaster Pollard Mortgage Company due 2050, principal and interest of 3.07% due in monthly installments of \$53; insured by U.S. Department of Housing and Urban Development under Section 232, pursuant to Section 223(f); secured by deed of trust.	12,892	13,131
Other notes, due through 2020	4,264	4,492
	132,738	137,414
Unamortized premiums	3,624	3,842
Unamortized deferred financing costs	(2,329)	(2,509)
	134,033	138,747
Less current maturities, net of premiums and deferred financing	4,903	4,719
	<u>\$ 129,130</u>	<u>\$ 134,028</u>

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Maturities (as calculated based on the following paragraph) of long-term debt are as follows (in thousands):

<u>Year Ending December 31,</u>	
2019	\$ 4,865
2020	19,851
2021	5,863
2022	18,109
2023	3,373
Thereafter	<u>80,677</u>
	<u>\$ 132,738</u>

Eskaton calculated the above maturities of long-term debt as if the variable rate demand bonds held under direct placement agreements with banks were not renewed or successfully remarketed or refinanced and were required to be repaid at the expiration dates in 2020 and 2022. Maturities exclude unamortized premiums and deferred financing costs.

The total amount of long-term debt supported by direct placement agreements as of December 31, 2018, was approximately \$30 million. Eskaton pays fees on each direct placement facility, which range from 1.25% to 1.76% per annum, plus a percentage of 1-month LIBOR, and are included in interest and amortization expense in the accompanying consolidated statements of operations and changes in net assets.

Interest expense related to long-term debt for the years ended December 31, 2018 and 2017 comprises the following (in thousands):

	<u>2018</u>	<u>2017</u>
Obligated Group:		
Interest on bonds and notes	\$ 4,736	\$ 4,626
Letter of credit and other financing fees	54	35
Amortization of debt issuance costs	154	170
Nonobligated:		
Interest on bonds and notes	983	990
Amortization of debt issuance costs	<u>26</u>	<u>26</u>
	<u>\$ 5,953</u>	<u>\$ 5,847</u>

The Series 2013 Bonds, Series 2012 Bonds, Series 2008A Bonds, and Series 2006 Bonds are subject to restrictive covenants contained in the Master Indenture. The Series 2008A Bonds and Series 2006 Bonds are also subject to additional covenants contained in the direct placement agreements with U.S. Bank, N.A. and Compass Mortgage Corporation, respectively. Under the Master Indenture, Eskaton is required to maintain certain deposits with a trustee that are included in assets limited as to use. The Master Indenture and related direct placement agreements also, among other things, require Eskaton to maintain specified debt service coverage ratios and days cash on hand, place limits on Eskaton on the incurrence of additional long-term debt, and require Eskaton to report material adverse changes. Management believes that Eskaton was in compliance with the various covenants as of and for the year ended December 31, 2018.

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The notes payable to Red Mortgage Capital, LLC and Lancaster Pollard Mortgage Company are also subject to restrictive covenants, including the requirement to maintain certain deposits with the lender. Such deposits include mortgage insurance premiums, property taxes, and property insurance escrow accounts. The lender also holds reserve accounts for capital replacement reserves and residual receipts. All such escrow accounts and reserve accounts are included in assets limited as to use. Disbursements from the reserve accounts for the proper purpose may be made only after receiving consent in writing from the U.S. Secretary of Housing and Urban Development.

The Series 2006 Bonds are held by Compass Mortgage Corporation under a direct placement agreement expiring May 31, 2022. The Series 2008A Bonds are held by U.S. Bank, N.A. under a direct placement agreement expiring August 31, 2020.

NOTE 8 – PENSION PLANS

Eskaton has a defined benefit cash balance pension plan whereby a participant's monthly rate of retirement benefits shall equal one twelfth of the amount determined in accordance with the Plan provisions. A participant may elect an optional form of benefit, including a single lump-sum payment. The Eskaton Retirement Plan covers all employees of Eskaton, EPI, EVGV, EVR, EVP, ELGB, EFWL, Eskaton Foundation, and LD who have attained the age of 21 after completion of one year of service in which the employee completes 1,000 hours of service. The Plan requires five benefit years to vest.

Eskaton also maintains a Supplemental Executive Retirement Plan (SERP) that provides supplemental funds for retirement or death for selected key employees of Eskaton in the event that the Eskaton Retirement Plan benefits of such individuals are less than the specified target. The SERP is a nonqualified plan intended to meet the requirements of an ineligible deferred compensation plan as described in Section 457(f) of the Internal Revenue Code of 1986. The benefit under the SERP is offset by certain portions of the Eskaton Retirement Plan. It is expected over time that the benefits payable from the SERP will be nearly completely offset by the cash balance pension plan.

The following table sets forth the plan's benefit obligations, fair value of assets, and funded status as of December 31, 2018 and 2017 (in thousands):

	Eskaton Retirement Plan		SERP	
	2018	2017	2018	2017
Benefit obligation	\$ 28,631	\$ 29,007	\$ 1,807	\$ 2,008
Fair value of assets	29,443	31,258	-	-
Funded status at end of year (liabilities recognized in unfunded pension obligations in the consolidated balance sheets)	\$ 812	\$ 2,251	\$ (1,807)	\$ (2,008)

The accumulated benefit obligation for the pension plan was \$28.3 million and \$28.7 million as of December 31, 2018 and 2017, respectively.

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Net periodic benefit cost recognized and other changes in plan assets and benefit obligations are excluded from excess of revenues, gains, and other support over expenses in 2018 and 2017 and are as follows (in thousands):

	Eskaton Retirement Plan		SERP	
	2018	2017	2018	2017
Net periodic benefit cost recognized	\$ (589)	\$ (860)	\$ 6	\$ 1
Other changes in plan assets and benefit obligations recognized in net assets without donor restrictions:				
Net actuarial loss	(2,927)	(5)	198	(140)
Prior service cost	263	331	-	-
Total recognized in net assets without donor restrictions	(2,664)	326	198	(140)
Total recognized in net periodic benefit cost and net assets without donor restrictions	\$ (3,253)	\$ (534)	\$ 204	\$ (139)

The net loss and prior service cost for the Eskaton Retirement Plan that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year is \$0.8 million and \$0.4 million, respectively. The net loss and prior service cost for the SERP that will be amortized from net assets without donor restrictions into net periodic benefit cost over the next fiscal year is \$0.1 million and \$0, respectively.

Weighted average assumptions used are as follows:

	Eskaton Retirement Plan		SERP	
	2018	2017	2018	2017
Discount rate - benefit obligation	4.10%	3.40%	4.10%	3.40%
Discount rate - benefit cost	3.40%	3.90%	3.40%	3.90%
Expected rate of return on plan assets	7.00%	7.00%	n/a	n/a
Rate of compensation increase	3.50%	2.50%	4.00%	4.00%

Eskaton's expected rate of return on plan assets is based on the portfolio as a whole and not on the sum of the returns on individual asset categories. The return is based exclusively on historical returns, without adjustments.

The following table summarizes benefit costs, employer contributions, and benefits paid during 2018 and 2017 (in thousands):

	Eskaton Retirement Plan		SERP	
	2018	2017	2018	2017
Benefit cost	\$ 589	\$ 860	\$ (6)	\$ 1
Employer contribution	1,814	2,815	-	88
Benefits paid	(1,627)	(1,551)	-	(88)

Measurement date – The measurement date used to determine pension benefit measures for the plans is December 31.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

Cash flows – Eskaton expects to contribute \$1.8 million to the Eskaton Retirement Plan and \$0.7 million to the SERP during the year ending December 31, 2019.

The benefits expected to be paid are as follows (in thousands):

<u>Year Ending December 31,</u>	<u>Eskaton Retirement Plan</u>	<u>SERP</u>
2019	\$ 2,166	\$ 762
2020	2,054	1,504
2021	2,298	720
2022	2,221	431
2023	3,192	347
2024-2028	12,209	1,796

The expected benefits are based on the same assumptions used to measure Eskaton's benefit obligation as of December 31, 2018, and include estimated future employee service.

Plan assets – Eskaton's investment policy for the Eskaton Retirement Plan states the overall investment objectives of the account. It also contains a target asset mix and asset mix restrictions, which in combination with the skills of each investment manager should achieve these objectives.

The objectives of the account are expected to be pursued as a long-term goal designed to maximize the returns without exposure to undue risk. Each investment manager's greatest concern is expected to be long-term appreciation of the assets and consistency of total portfolio returns. Management expects the account to exceed (net of fees) the composite benchmark relevant to the target asset allocation defined in the investment policy.

Target Asset Mix Table
Overall Portfolio

<u>Asset class</u>	<u>Minimum percentage</u>	<u>Target percentage</u>	<u>Maximum percentage</u>
Domestic equities	30%	45%	60%
Real estate	0%	5%	10%
International equities	10%	15%	20%
Domestic fixed income	15%	25%	35%
Alternative investments	0%	10%	20%

Eskaton and Subsidiaries
Notes to Consolidated Financial Statements

The asset allocations of plan assets as of December 31, 2018 are as follows (in thousands):

Asset category	Total	Fair value measurements as of December 31, 2018		
		Plan assets		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash	\$ 1,014	\$ 1,014	\$ -	\$ -
Common stocks	10,503	10,503	-	-
Mutual funds	14,040	14,040	-	-
U.S. government bonds	696	696	-	-
Corporate bonds	779	779	-	-
Guaranteed investment account	872	-	872	-
Pooled separate account	131	-	131	-
Total assets in the fair value hierarchy	28,035	\$ 27,032	\$ 1,003	\$ -
Investments measured at NAV Alternative investments	1,408			
Total pension assets, at fair value	\$ 29,443			

The asset allocations of plan assets as of December 31, 2017 are as follows (in thousands):

Asset category	Total	Fair value measurements as of December 31, 2017		
		Plan assets		
		Quoted prices in active markets for identical assets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash	\$ 822	\$ 822	\$ -	\$ -
Common stocks	17,619	17,619	-	-
Mutual funds	9,856	9,856	-	-
U.S. government bonds	178	178	-	-
Corporate bonds	353	353	-	-
Guaranteed investment account	800	-	800	-
Pooled separate account	106	-	106	-
Total assets in the fair value hierarchy	29,734	\$ 28,828	\$ 906	\$ -
Investments measured at NAV Alternative investments	1,524			
Total pension assets, at fair value	\$ 31,258			

There were no significant transfers between plan assets with inputs with quoted prices in active markets for identical assets (Level 1) and assets with inputs with significant other observable inputs (Level 2) during the years ended December 31, 2018 and 2017.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 9 – ESKATON VILLAGE CARMICHAEL

EVC is a licensed continuing care community offering independent living, assisted living for those residents needing assistance with two or more of the activities of daily living and residents with cognitive impairments, and skilled nursing for all other residents. EVC is located on a 37-acre parcel of land in Carmichael, California, and consists of the following living units:

Unit type	Number of units
Apartments	201
Cottages	94
Assisted living	38
Assisted living – special care unit	20
Skilled nursing	35

Residents of the apartments and cottages pay a membership or entrance fee and sign a membership or residence agreement, which has been approved by the Continuing Care Contracts Branch of the California Department of Social Services. The nonrefundable membership agreement results in a payment to the resident only from reoccupancy proceeds of that apartment or cottage. Residents may resell their membership to another qualified individual, and Eskaton receives a transfer fee of 10% of the original membership fee amount, capped at a maximum of 10% of the new sales price. In addition, appreciation in excess of the original membership fee amount is shared equally between the resident and Eskaton.

EVC membership and entrance fees provide residents with material rights that are treated as performance obligations satisfied over time as services are rendered. The refundable residence agreement requires an entrance fee which is deferred and amortized on a straight-line basis over the life expectancy of the residents. Refundable entrance fees, net of amortization, totaled \$3.4 million and \$4.4 million as of December 31, 2018 and 2017, respectively.

The change in deferred entrance fees during the year ended December 31, 2018 consists of the following activity (in thousands):

Balance, beginning of year	\$ 6,090
New fees received	1,220
Appreciation on resales of contracts	468
Conversions to refundable contracts	539
Amortization of fees	(2,122)
Other	(29)
	6,166
Balance, end of year	\$ 6,166

Eskaton is obligated to provide future services and the use of the EVC community to the residents. Residents are charged monthly maintenance fees, which are used to pay routine operating expenses of EVC. Management has determined that the deferred revenue from unamortized EVC membership and entrance fees and future monthly service fees exceeds the present value of the net cost of future services and use of the EVC community to be provided to residents as of December 31, 2018 and 2017, discounted at 3.5%. Accordingly, Eskaton has not recorded a liability to provide future services as of December 31, 2018 and 2017.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 10 – SELF-INSURED EMPLOYEE HEALTH AND WORKERS' COMPENSATION

Eskaton is self-insured for employee health and workers' compensation up to \$150,000 and \$1 million per claim, respectively. Eskaton maintains stop-loss insurance policies for employee health and workers' compensation with a limit of \$0 per claim and statutory limits, respectively. Accruals have been made for estimated liabilities, including estimates for incurred but not reported claims. Eskaton has recorded a liability of \$1.1 million and \$1.4 million as of December 31, 2018 and 2017, respectively, in relation to employee health. Eskaton has recorded a liability of \$15.2 million and \$10.0 million as of December 31, 2018 and 2017, respectively, in relation to workers' compensation. Eskaton is required to participate as a member in the State of California Self-Insurers' Security Fund, a not-for-profit mutual benefit corporation, to secure its liabilities for self-insured workers' compensation. In Eskaton's past experience, no claims have been made against this financial instrument. Management does not expect any material loss to result from this off-balance-sheet instrument because performance is not expected to be required and, therefore, is of the opinion that the fair value of this instrument is zero.

NOTE 11 – PROFESSIONAL LIABILITY INSURANCE

Eskaton maintains claims-made commercial professional liability insurance coverage with California Healthcare Insurance Company covering losses up to \$5 million per claim, annual aggregate of \$15 million, with a \$10,000 deductible per claim. Eskaton also purchases excess professional liability insurance coverage of \$10 million per claim and \$10 million aggregate over the primary insurance coverage limits. Eskaton has recorded a liability of \$1.3 million for the tail exposure as of December 31, 2018 and 2017. In accordance with FASB Topic 954-450, *Health Care Entities: Contingencies*, Eskaton has also recorded a liability of \$1.6 million and \$0.9 million as of December 31, 2018 and 2017, for estimated claim liabilities insured under its liability policy. These amounts are recorded as professional liability in the accompanying consolidated balance sheets. Any related insurance recovery receivables are recorded as due from liability insurer in the accompanying consolidated balance sheets.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Eskaton is a defendant in various legal actions arising from its normal conduct of business. It is the opinion of Eskaton's management, after consulting with legal counsel, that the outcome of such matters will not have a material adverse effect on the consolidated financial position or results of operations of Eskaton.

Eskaton is a defendant in a suit filed in Sacramento County Superior Court related to its management and services agreement with Eskaton Village-Grass Valley Homeowners Association (the "EVGVA HOA"). A homeowner filed the suit and a judgment with costs was awarded to the homeowner totaling \$2,000 and \$34,000, respectively. The plaintiff was also awarded legal fees totaling \$654,000. Eskaton has appealed the judgment and the appeal process may take several years to adjudicate. The homeowner also filed the same action on behalf of the other 129 homeowners; however, the appeal of the judgment in the individual claim will stay any further action on a class action claim until the appeal is fully adjudicated. It is the opinion of Eskaton's management that the award of attorney's fees is insured under Eskaton's directors and officers insurance policy, subject to an initial \$100,000 deductible which was met in 2016. The judgment related to attorney's fees will also be stayed until the appeal is fully adjudicated; however, Eskaton was required to purchase a bond during the appeal process for the amounts awarded, including the judgment, costs, and attorney's fees. The cost of the bond will not have a material adverse effect on the consolidated financial position or results of operations of Eskaton.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 13 – CONCENTRATIONS OF CREDIT RISK

Eskaton's financial instruments that are exposed to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation ("FDIC") and Security Investor Protection Corporation ("SIPC") limits and its accounts receivable.

Eskaton's operating facilities are located primarily in the Sacramento, California, metropolitan area. Eskaton grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements.

Receivables (before allowances for uncollectible accounts and net of applicable contractual allowances) from patients and third-party payors as of December 31 are as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Medicare	\$ 1,418	\$ 1,421
Medi-Cal	1,947	2,097
Other third-party payors	2,579	2,464
Patients and residents	<u>859</u>	<u>785</u>
	<u>\$ 6,803</u>	<u>\$ 6,767</u>

NOTE 14 – NATURAL AND FUNCTIONAL EXPENSES

Eskaton provides health services, residential services, community service programs, and home based services within its geographic location. Expenses related to providing these services are as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Health services	\$ 43,486	\$ 40,875
Residential services	53,580	65,420
Home based services	183	7,151
Community service programs	4,987	259
Fund raising	313	1,140
General and administrative	<u>31,291</u>	<u>14,735</u>
Total Expenses	<u>\$ 133,840</u>	<u>\$ 129,580</u>

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

The consolidated financial statements report certain expense categories that are attributable to more than one service or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Costs not directly attributable to a function including depreciation, interest and amortization, and insurance and other are allocated to a function based on a units-of-service basis. Expenses related to providing these services for the year ended December 31, 2018 are as follows (in thousands):

	December 31, 2018						
	Program Services				Support Services		
	Health Services	Residential Services	Community Services	Home Based Services	Fundraising	General & Admin	Total Expenses
Salaries and wages	\$ 24,235	\$ 20,778	\$ 118	\$ 3,508	\$ 8	\$ 16,491	\$ 65,138
Employee benefits	8,055	6,654	40	974	1	2,329	18,053
Professional fees	571	307	-	18	-	950	1,846
Supplies	1,998	3,383	2	77	-	835	6,295
Purchased services	726	5,327	-	47	-	3,590	9,690
Ancillary costs	3,396	416	-	26	-	-	3,838
Utilities	767	2,879	3	48	-	1,296	4,993
Insurance and other	2,550	604	20	271	304	4,279	8,028
Depreciation	851	8,274	-	18	-	863	10,006
Interest and amortization	337	4,958	-	-	-	658	5,953
Total Expenses	\$ 43,486	\$ 53,580	\$ 183	\$ 4,987	\$ 313	\$ 31,291	\$ 133,840

NOTE 15 – LIQUIDITY DISCLOSURE

As of December 31, 2018, Eskaton has a working capital surplus of \$70.4 million and average days cash on hand of 245 days.

Financial assets available for general expenditure within one year of the balance sheet date consist of the following (in thousands):

Cash and cash equivalents	\$ 30,115
Investments	54,197
Accounts Receivable	6,803
Other Receivables	1,959
	<u>93,074</u>
	<u>\$ 93,074</u>

Eskaton manages its liquidity by developing annual operating budgets that provide sufficient funds to support operating expenditures, liabilities, and other obligations. Eskaton's cash needs are expected to be met through operating revenue sources.

NOTE 16 – HEALTH AND SAFETY CODE SECTION 1790(a)(3) DISCLOSURE

The following disclosure is made pursuant to Section 1790(a)(3) of the California Health and Safety Code: no reserves are being accumulated for identified projects or contingencies.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

NOTE 17 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are issued. Eskaton recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. Eskaton's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before consolidated financial statements are issued.

As further disclosed in Notes 11 and 12, Eskaton is a defendant in various legal actions arising from its normal conduct of business, and carries professional liability insurance to mitigate the risks associated with such legal actions. One such litigation matter was tried before a jury in April 2019 and the jury found in favor of the plaintiff resulting in an adverse plaintiff verdict including punitive damages. The judgment has not yet been entered and a motion to award plaintiff legal fees against Eskaton is still pending resolution. The possible range of actual and punitive damages combined with plaintiff legal fees could range from \$0 and reach as high as \$38.75 million. Furthermore, the damages are insured under Eskaton's professional liability insurance pursuant to a reservation of rights letter such that a portion of the damages will likely be insured and a portion could be excluded from coverage in accordance with the terms of the insurance policy. The amount of insurance coverage related to damages cannot be reasonably estimated at this time; however, punitive damages are uninsured in the state of California in accordance with public policy. Eskaton is consulting with its legal counsel to file post-trial motions to reduce portions of the damages and to consider its appeal rights and will evaluate all options, including a negotiated settlement in lieu of filing an appeal. Due to the uncertainty that surrounds the final payout amount of this case, no estimated amounts regarding this matter have been recorded in the consolidated financial statements.

Since the ultimate outcome of the verdict is unknown pursuant to the judgment being entered, post-trial motions, coverage from insurance, the filing of an appeal and the potential for a negotiated settlement, the range of potential loss cannot reasonably be estimated at this time and as a result, the potential loss has not yet been recorded in the consolidated balance sheet as of December 31, 2018 or consolidated statement of operations and changes in net assets for the year then ended. However, the ultimate outcome could have a material adverse effect on the consolidated financial statements.

In addition to the legal matter outlined above, another litigation matter was tried before a jury in April 2019 and the jury found in favor of the plaintiff, resulting in \$3.5 million in non-economic damages. Eskaton was found to be 70% at fault, which may result in a payout of \$2.45 million. Eskaton is consulting with its legal counsel to file post-trial motions and to consider its appeal rights. Furthermore, the damages are expected to be substantially covered under Eskaton's comprehensive liability insurance in accordance with the terms of the insurance policy. Given the uncertainty surrounding the final judgment in this case, the possible range for damages is \$0 and could reach as high as \$2.45 million. Given that the low end of the range is \$0, no amounts associated with this verdict have been recorded in the consolidated financial statements.

InnovAge Investment – On March 19, 2019, Eskaton invested \$3 million in a Programs of All-Inclusive Care for the Elderly ("PACE") partnership with InnovAge and Adventist Health. PACE is an alternative to skilled nursing, designed to keep seniors living in their own homes and communities for as long as safely possible. Most participants are dually eligible for both Medicare and Medi-Cal. This investment is a minority investment that will be accounted for on a cost basis going forward.

Eskaton and Subsidiaries

Notes to Consolidated Financial Statements

Eskaton FountainWood Lodge Sale – On August 27, 2018, Eskaton executed a letter of intent with the Parsons Group to sell Eskaton FountainWood Lodge, a 91 bed licensed assisted living and memory care facility, at an agreed upon sales price of \$9 million. The completion of the purchase and sale agreement is expected to occur between July and September 2019.

Subsequent events have been evaluated through April 30, 2019, which is the date the consolidated financial statements were issued.

Supplementary Information

Eskaton and Subsidiaries
Consolidating Schedule – Balance Sheet
December 31, 2018
(in thousands)

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Assets																
Current assets:																
Cash and cash equivalents	\$ 20,545	\$ 2,142	\$ 2,121	\$ 24,808	\$ -	\$ 24,808	\$ 1,297	\$ 98	\$ 1,110	\$ 2,225	\$ 192	\$ -	\$ 385	\$ 30,115	\$ -	\$ 30,115
Assets limited as to use, required for current liabilities	400	151	-	551	-	551	-	-	67	68	-	-	-	686	-	686
Investments	52,536	-	52	52,588	-	52,588	-	-	-	-	-	-	-	52,588	-	52,588
Accounts receivable	6,359	57	23	6,439	-	6,439	270	-	10	7	77	-	-	6,803	-	6,803
Other receivables	1,596	(64)	(4)	1,528	-	1,528	16	344	42	-	10	-	32	1,972	(13)	1,959
Inventories	150	17	10	177	-	177	-	-	4	8	4	-	-	193	-	193
Deposits and prepaid expenses	823	13	42	878	-	878	53	-	12	91	5	-	1	1,040	-	1,040
Due from related parties	2,456	-	-	2,456	68	2,524	(41)	-	-	-	-	170	-	2,653	(2,653)	-
Total current assets	84,865	2,316	2,244	89,425	68	89,493	1,595	442	1,245	2,399	288	170	418	96,050	(2,668)	93,384
Assets limited as to use, net of amount required for current liabilities																
Investments	6,053	2,094	-	8,147	-	8,147	-	-	423	990	-	-	2,461	12,021	-	12,021
Property and equipment, net	51,131	6,702	13,674	71,507	(123)	71,384	1,279	-	9,163	10,087	6,286	470	1,609	98,669	-	98,669
Other assets:																
Land available for sale	1,758	-	-	1,758	-	1,758	-	-	-	-	-	-	-	1,758	-	1,758
Due from liability insurer	5,271	-	-	5,271	-	5,271	-	-	-	-	-	-	-	5,271	-	5,271
Associate member/resident/patient deposits	2,088	-	-	2,088	-	2,088	-	-	-	-	-	-	-	2,088	-	2,088
Other	1,307	-	-	1,307	-	1,307	1,284	-	-	-	-	-	-	2,591	(1,225)	1,366
Due from related parties, net of current portion	4,300	-	-	4,300	-	4,300	-	-	-	-	-	-	-	4,300	(4,300)	-
	14,724	-	-	14,724	-	14,724	1,284	-	-	-	-	-	-	16,008	(5,525)	10,483
Total assets	\$ 156,773	\$ 11,112	\$ 15,918	\$ 183,803	\$ (55)	\$ 183,748	\$ 4,158	\$ 442	\$ 10,831	\$ 13,476	\$ 6,574	\$ 640	\$ 4,488	\$ 224,357	\$ (8,191)	\$ 216,166

Eskaton and Subsidiaries
Consolidating Schedule – Balance Sheet (Continued)
December 31, 2018
(in thousands)

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined ¹	Eskaton	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Liabilities and Net Assets (Deficit)																
Current liabilities:																
Current maturities of long-term debt	\$ 2,980	\$ 738	\$ 527	\$ 4,245	\$ -	\$ 4,245	\$ -	\$ -	\$ 180	\$ 230	\$ 248	\$ -	\$ -	\$ 4,903	\$ -	\$ 4,903
Current portion of deferred revenue from unamortized CCRC entrance fees	2,260	-	-	2,260	-	2,260	-	-	-	-	-	-	-	2,260	-	2,260
Deposits on unoccupied units	232	5	-	237	-	237	-	-	-	-	-	-	-	237	-	237
Accounts payable	1,533	105	19	1,657	-	1,657	28	-	65	45	76	-	11	1,882	-	1,882
Accrued liabilities:																
Payroll and payroll taxes	2,351	77	69	2,497	-	2,497	59	195	84	91	63	-	-	2,969	-	2,969
Vacation	1,853	114	77	1,844	-	1,844	58	101	74	53	62	-	-	2,192	-	2,192
Current portion of self-insured workers' compensation	2,275	-	-	2,275	-	2,275	-	-	-	-	-	-	-	2,275	-	2,275
Self-insured employee health plan	1,070	-	-	1,070	-	1,070	-	-	-	-	-	-	-	1,070	-	1,070
Interest	368	137	66	569	-	569	-	-	-	44	16	-	-	649	(12)	637
Other	735	33	17	785	-	785	193	(1)	25	24	14	-	-	1,040	(13)	1,027
Due to related-parties	168	-	-	168	68	236	1,555	147	162	249	185	(3)	110	2,641	(2,641)	-
Total current liabilities	15,643	1,209	775	17,627	68	17,695	1,893	442	570	736	664	(3)	121	22,118	(2,666)	19,452
Other liabilities:																
Self-insured workers' compensation, net of current portion	12,959	-	-	12,959	-	12,959	-	-	-	-	-	-	-	12,959	-	12,959
Interest rate swap agreements	-	-	3,111	3,111	-	3,111	-	-	-	-	-	-	-	3,111	-	3,111
Unfunded pension obligation	995	-	-	995	-	995	-	-	-	-	-	-	-	995	-	995
Professional liability	2,899	-	-	2,899	-	2,899	-	-	-	-	-	-	-	2,899	-	2,899
Associate member/resident/patient deposits	2,088	-	-	2,088	-	2,088	-	-	-	-	-	-	-	2,088	-	2,088
Other	82	9	142	233	-	233	14	-	24	-	4	-	157	432	-	432
Due to related-parties, net of current portion	-	-	-	-	-	-	-	-	-	-	4,300	-	-	4,300	(4,300)	-
	19,023	9	3,253	22,285	-	22,285	14	-	24	-	4,304	-	157	26,784	(4,300)	22,484
Long-term debt, net of current maturities	67,362	22,178	16,972	105,512	-	105,512	-	-	7,426	12,176	4,016	-	-	129,130	-	129,130
Refundable CCRC entrance fees	3,411	-	-	3,411	-	3,411	-	-	-	-	-	-	-	3,411	-	3,411
Deferred revenue from unamortized CCRC entrance fees, net of current portion	3,906	-	-	3,906	-	3,906	-	-	-	-	-	-	-	3,906	-	3,906
Total liabilities	109,345	23,396	20,000	152,741	68	152,809	1,907	442	8,020	12,912	8,984	(3)	278	185,349	(6,966)	178,383
Net assets (deficit):																
Net assets (deficit) without donor restrictions	47,423	(12,284)	(4,082)	31,057	(123)	30,934	2,251	-	2,811	564	(2,410)	643	2,497	37,290	(1,225)	36,065
Net assets with donor restrictions	5	-	-	5	-	5	-	-	-	-	-	-	1,713	1,718	-	1,718
Total net assets (deficit)	47,428	(12,284)	(4,082)	31,062	(123)	30,939	2,251	-	2,811	564	(2,410)	643	4,210	39,008	(1,225)	37,783
Total liabilities and net assets (deficit)	\$ 156,773	\$ 11,112	\$ 15,918	\$ 183,803	\$ (55)	\$ 183,748	\$ 4,158	\$ 442	\$ 10,831	\$ 13,476	\$ 6,574	\$ 640	\$ 4,488	\$ 224,357	\$ (6,191)	\$ 216,166

Eskaton and Subsidiaries
Consolidating Schedule – Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2018
(in thousands)

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Net assets (deficit) without donor restrictions:																
Revenue, gains, and other support:																
Net patient service revenue	\$ 46,334	\$ -	\$ -	\$ 46,334	\$ -	\$ 46,334	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,334	\$ -	\$ 46,334
Resident service revenue, including amortization of CCRC entrance fees	44,490	9,005	6,847	60,432	-	60,432	-	-	5,083	6,338	4,467	-	-	76,300	-	76,300
Home based services revenue	3,135	-	-	3,135	-	3,135	3,953	-	-	-	-	-	-	7,058	-	7,058
Other, net	8,293	298	773	9,364	(990)	8,374	81	4,809	440	78	48	33	399	14,282	(1,987)	12,275
Total revenues, gains, and other support	102,252	9,393	7,620	119,265	(990)	118,275	4,034	4,809	5,503	6,416	4,515	33	399	143,964	(1,987)	141,977
Expenses:																
Salaries and wages	46,490	2,842	2,826	52,158	-	52,158	2,935	3,850	2,161	1,977	2,249	-	8	65,138	-	65,138
Employee benefits	12,286	888	884	14,058	-	14,058	831	1,156	652	644	711	-	1	18,053	-	18,053
Professional fees	1,461	275	4	1,741	-	1,741	16	-	21	13	77	-	-	1,868	(22)	1,846
Supplies	3,914	724	445	5,083	-	5,083	98	-	290	485	431	-	-	6,367	(72)	6,295
Purchased services	7,361	1,170	976	9,507	(990)	8,517	544	-	632	685	660	10	-	11,046	(1,356)	9,690
Ancillary costs	3,609	44	76	3,729	-	3,729	2	-	38	37	32	-	-	3,838	-	3,838
Utilities	3,528	417	243	4,188	-	4,188	18	-	247	252	278	-	-	4,993	-	4,993
Insurance and other	6,394	325	250	6,969	-	6,969	490	3	166	215	186	6	528	8,563	(535)	8,028
Depreciation	6,601	741	778	8,120	(9)	8,111	46	-	518	642	684	23	-	10,006	-	10,006
Interest and amortization	3,405	1,065	473	4,943	-	4,943	-	-	247	511	263	-	-	5,964	(11)	5,953
Total operating expenses	95,049	8,492	6,955	110,496	(999)	109,497	4,982	4,809	4,972	5,451	5,553	39	535	135,838	(1,989)	133,849
Income (loss) from operations	7,203	901	665	8,769	9	8,778	(948)	-	531	965	(1,038)	(6)	(136)	8,146	11	8,157
Nonoperating revenue (expenses):																
Investment income (loss)	(3,008)	22	-	(2,987)	-	(2,987)	-	-	-	1	-	-	(91)	(3,077)	(11)	(3,088)
Interest rate swap activities	-	-	285	285	-	285	-	-	-	-	-	-	-	285	-	285
Other	70	-	-	70	-	70	-	-	-	-	(500)	-	(4)	(434)	-	(434)
Total nonoperating revenue (expenses), net	(2,938)	22	285	(2,632)	-	(2,632)	-	-	-	1	(500)	-	(95)	(3,225)	(11)	(3,237)
Excess (deficiency) of revenues, gains, and other support over expenses	\$ 4,264	\$ 923	\$ 950	\$ 8,137	\$ 9	\$ 8,146	\$ (948)	\$ -	\$ 531	\$ 966	\$ (1,538)	\$ (6)	\$ (231)	\$ 4,920	\$ -	\$ 4,920

Eskaton and Subsidiaries
Consolidating Schedule – Operations and Changes in Net Assets (Deficit)(Continued)
Year Ended December 31, 2018
(In thousands)

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Net assets without donor restrictions:																
Excess (deficiency) of revenues, gains, and other support over expenses (page 41)	\$ 4,264	\$ 923	\$ 950	\$ 6,137	\$ 9	\$ 6,146	\$ (948)	\$ -	\$ 531	\$ 966	\$ (1,538)	\$ (6)	\$ (231)	\$ 4,920	\$ -	\$ 4,920
Pension related changes other than net periodic pension cost	(2,466)	-	-	(2,466)	-	(2,466)	-	-	-	-	-	-	-	(2,466)	-	(2,466)
Transfers between related entities	(3,255)	1,583	(58)	(1,730)	-	(1,730)	938	-	(963)	(310)	2,100	-	(35)	-	-	-
Change in net assets (deficit) without donor restrictions	(1,457)	2,506	892	1,941	9	1,950	(10)	-	(432)	656	562	(6)	(266)	2,454	-	2,454
Net assets (deficit) without donor restrictions, beginning of year	48,890	(14,790)	(4,974)	29,116	(132)	28,984	2,261	-	3,243	(92)	(2,972)	649	2,763	34,836	(1,225)	33,611
Net assets (deficit) without donor restrictions, end of year	\$ 47,423	\$ (12,284)	\$ (4,082)	\$ 31,057	\$ (123)	\$ 30,934	\$ 2,251	\$ -	\$ 2,811	\$ 564	\$ (2,410)	\$ 643	\$ 2,497	\$ 37,290	\$ (1,225)	\$ 36,065
Net assets with donor restrictions:																
Contributions	\$ 1	\$ -	\$ -	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 64	\$ 65	\$ -	\$ 65
Change in assets held in trust by others	-	-	-	-	-	-	-	-	-	-	-	-	(2)	(2)	-	(2)
Investment loss	-	-	-	-	-	-	-	-	-	-	-	-	(160)	(160)	-	(160)
Net assets released from restriction used for operations	(1)	-	-	(1)	-	(1)	-	-	-	-	-	-	(221)	(222)	-	(222)
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-	-	(319)	(319)	-	(319)
Net assets with donor restrictions, beginning of year	5	-	-	5	-	5	-	-	-	-	-	-	2,032	2,037	-	2,037
Net assets with donor restrictions, end of year	\$ 5	\$ -	\$ -	\$ 5	\$ -	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,713	\$ 1,718	\$ -	\$ 1,718
Change in net assets (deficit)	\$ (1,457)	\$ 2,506	\$ 892	\$ 1,941	\$ 9	\$ 1,950	\$ (10)	\$ -	\$ (432)	\$ 656	\$ 562	\$ (6)	\$ (585)	\$ 2,135	\$ -	\$ 2,135
Net assets (deficit), beginning of year	48,895	(14,790)	(4,974)	29,121	(132)	28,989	2,261	-	3,243	(92)	(2,972)	649	4,795	36,873	(1,225)	35,648
Net assets (deficit), end of year	\$ 47,428	\$ (12,284)	\$ (4,082)	\$ 31,062	\$ (123)	\$ 30,939	\$ 2,251	\$ -	\$ 2,811	\$ 564	\$ (2,410)	\$ 643	\$ 4,210	\$ 38,008	\$ (1,225)	\$ 37,783

Eskaton and Subsidiaries
Consolidating Schedule – Cash Flows
Year Ended December 31, 2018
(in thousands)

	Eskaton Properties Inc.	Eskaton Village Grass Valley	Eskaton Village Roseville	Eskaton Obligated Group Total	Eskaton Obligated Group Adjustments	Eskaton Obligated Group Combined	Eskaton	California Healthcare Consultants	Eskaton Village Placerville	Eskaton Lodge Granite Bay	Eskaton FountainWood Lodge	Livable Design	Eskaton Foundation	Total	Eliminations	Consolidated
Cash flows from operating activities:																
Change in net assets (deficit)	\$ (1,457)	\$ 2,506	\$ 892	\$ 1,941	\$ 9	\$ 1,950	\$ (10)	\$ -	\$ (432)	\$ 656	\$ 562	\$ (6)	\$ (585)	\$ 2,135	\$ -	\$ 2,135
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities:																
Depreciation	6,601	741	778	8,120	(9)	8,111	48	-	518	642	664	23	-	10,006	-	10,006
Amortization of deferred financing costs and premium	(30)	(82)	28	(64)	-	(64)	-	-	11	15	-	-	-	(38)	-	(38)
Amortization of CCRC entrance fees	(2,122)	-	-	(2,122)	-	(2,122)	-	-	-	-	-	-	-	(2,122)	-	(2,122)
Net realized and unrealized losses on assets limited as to use	81	20	-	101	-	101	-	-	-	-	-	-	196	297	-	297
Net realized and unrealized losses on investments	4,054	-	-	4,054	-	4,054	-	-	-	-	-	-	115	4,169	-	4,169
Pension related changes other than net periodic pension cost	(2,466)	-	-	(2,466)	-	(2,466)	-	-	-	-	-	-	-	(2,466)	-	(2,466)
Change in fair value of interest rate swap agreements	-	-	(685)	(685)	-	(685)	-	-	-	-	-	-	-	(685)	-	(685)
Transfers between related entities	3,255	(1,583)	58	1,730	-	1,730	(938)	-	963	310	(2,100)	(1)	35	(1)	-	(1)
CCRC resales of nonrefundable contracts	468	-	-	468	-	468	-	-	-	-	-	-	-	468	-	468
CCRC sales of nonrefundable contracts	865	-	-	865	-	865	-	-	-	-	-	-	-	865	-	865
CCRC sales of refundable contracts	874	-	-	874	-	874	-	-	-	-	-	-	-	874	-	874
Gain on disposal of property and equipment	(19)	-	-	(19)	-	(19)	-	-	-	-	-	-	-	(19)	-	(19)
Changes in operating assets and liabilities:																
Change in receivables	(71)	80	114	123	-	123	(72)	(154)	27	5	(8)	-	83	4	-	4
Change in inventories	2	(6)	(4)	(6)	-	(6)	-	-	4	(5)	-	-	-	(3)	-	(3)
Change in deposits and prepaid expenses	(192)	8	(31)	(215)	-	(215)	(30)	-	-	(30)	7	-	8	(260)	-	(260)
Change in other assets	(4,694)	-	-	(4,694)	-	(4,694)	-	-	-	-	500	-	-	(4,194)	-	(4,194)
Change in accounts payable	80	18	(10)	88	-	88	15	-	27	(33)	25	-	1	123	-	123
Change in accrued liabilities	5,905	(39)	(76)	5,790	-	5,790	23	45	13	(15)	8	(4)	(16)	5,844	-	5,844
Change in unfunded pension obligation	3,704	-	-	3,704	-	3,704	-	-	-	-	-	-	-	3,704	-	3,704
Change in other liabilities	1,001	(8)	-	993	-	993	10	-	(16)	-	3	-	14	1,004	-	1,004
Net cash provided by (used in) operating activities	15,859	1,675	1,064	18,598	-	18,598	(954)	(109)	1,115	1,545	(339)	12	(149)	19,719	-	19,719
Cash flows from investing activities:																
Purchases of assets limited as to use	(4,705)	(1,802)	-	(6,507)	-	(6,507)	-	-	(134)	(61)	-	-	(1,348)	(8,050)	-	(8,050)
Proceeds from sales of assets limited as to use	4,536	1,756	-	6,294	-	6,294	-	-	99	1,469	-	-	1,319	9,201	-	9,201
Purchases of investments	(25,401)	-	86	(25,315)	-	(25,315)	-	-	-	-	-	-	(951)	(25,866)	-	(25,866)
Proceeds from sales of investments	25,965	-	-	25,965	-	25,965	-	-	-	-	-	-	-	27,473	-	27,473
Expenditures for property and equipment	(5,781)	(549)	(290)	(6,620)	-	(6,620)	(62)	-	(170)	(327)	(201)	-	35	(7,345)	-	(7,345)
Proceeds from disposal of property and equipment	20	-	-	20	-	20	-	-	-	-	-	-	-	20	-	20
Net cash provided by (used in) investing activities	(5,346)	(593)	(204)	(6,143)	-	(6,143)	(62)	-	(205)	1,101	(201)	-	(57)	(5,567)	-	(5,567)
Cash flows from financing activities:																
CCRC resale disbursements - conversions to refundable contracts	(539)	-	-	(539)	-	(539)	-	-	-	-	-	-	-	(539)	-	(539)
CCRC contracts refunded	(449)	-	-	(449)	-	(449)	-	-	-	-	-	-	-	(449)	-	(449)
Change in deposits on unoccupied units	246	-	(12)	234	-	234	-	-	-	-	-	-	-	234	-	234
Principal payments on long-term debt	(2,656)	(638)	(530)	(4,024)	-	(4,024)	-	-	(186)	(238)	(228)	-	-	(4,676)	-	(4,676)
Net change in due to/dues from related entities	(580)	1,583	(56)	945	-	945	2,105	204	(1,991)	(2,059)	795	(12)	49	-	-	-
Net cash provided by (used in) financing activities	(4,178)	945	(600)	(3,833)	-	(3,833)	2,105	204	(2,177)	(2,333)	567	(12)	49	(5,430)	-	(5,430)
Net increase (decrease) in cash and cash equivalents	6,335	2,027	260	8,622	-	8,622	1,069	95	(1,267)	313	27	-	(157)	8,722	-	8,722
Cash and cash equivalents, beginning of year	14,210	115	1,861	16,186	-	16,186	208	9	2,977	1,912	165	-	542	21,393	-	21,393
Cash and cash equivalents, end of year	\$ 20,545	\$ 2,142	\$ 2,121	\$ 24,808	\$ -	\$ 24,808	\$ 1,297	\$ 98	\$ 1,110	\$ 2,225	\$ 192	\$ -	\$ 385	\$ 30,115	\$ -	\$ 30,115
Supplemental disclosure:																
Cash paid for interest	\$ 3,400	\$ 1,120	\$ 425	\$ 4,945	\$ -	\$ 4,945	\$ -	\$ -	\$ 236	\$ 484	\$ 262	\$ -	\$ -	\$ 5,927	\$ -	\$ 5,927

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Balance Sheet
Year Ended December 31, 2018
(in thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties Inc. Total
Assets											
Current assets:											
Cash and cash equivalents	\$ 20,442	\$ 1	\$ 1	\$ 1	\$ 110	\$ 1	\$ (13)	\$ -	\$ 2	\$ -	\$ 20,545
Assets limited as to use, required for current liabilities	75	-	-	-	-	-	79	-	246	-	400
Investments	47,654	-	-	-	-	-	-	-	4,882	-	52,536
Accounts receivable	-	1,141	1,840	1,693	5	10	49	1,008	613	-	6,359
Other receivables	1,135	-	-	-	-	-	-	46	415	-	1,596
Inventories	20	16	38	14	1	4	4	7	46	-	150
Deposits and prepaid expenses	338	79	124	60	36	27	5	15	139	-	823
Due from related parties	2,456	-	-	-	-	-	-	-	-	-	2,456
Total current assets	<u>72,120</u>	<u>1,237</u>	<u>2,003</u>	<u>1,768</u>	<u>152</u>	<u>42</u>	<u>124</u>	<u>1,076</u>	<u>6,343</u>	<u>-</u>	<u>84,865</u>
Assets limited as to use, net of amount required for current liabilities	1,036	-	-	-	-	-	1,090	-	3,927	-	6,053
Property and equipment, net	1,567	1,243	2,737	2,986	2,203	2,158	6,910	23	31,304	-	51,131
Other assets:											
Land available for sale	1,758	-	-	-	-	-	-	-	-	-	1,758
Due from liability insurer	5,271	-	-	-	-	-	-	-	-	-	5,271
Associate member/resident/patient deposits	-	-	8	5	-	-	-	-	2,075	-	2,088
Other	333	-	-	-	-	-	-	-	974	-	1,307
Due from related parties, net of current portion	4,300	-	-	-	-	-	-	-	-	-	4,300
Total assets	<u>\$ 88,385</u>	<u>\$ 2,480</u>	<u>\$ 4,748</u>	<u>\$ 4,759</u>	<u>\$ 2,355</u>	<u>\$ 2,200</u>	<u>\$ 8,124</u>	<u>\$ 1,099</u>	<u>\$ 44,623</u>	<u>\$ -</u>	<u>\$ 156,773</u>

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Balance Sheet (Continued)
Year Ended December 31, 2018
(in thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties Inc. Total
Liabilities and Net Assets (Deficit)											
Current liabilities:											
Current maturities of long-term debt	\$ 500	\$ 47	\$ 172	\$ 205	\$ 61	\$ 128	\$ 384	\$ -	\$ 1,483	\$ -	\$ 2,980
Current portion of deferred revenue from unamortized CCRC entrance fees	-	-	-	-	-	-	-	-	2,260	-	2,260
Deposits on unoccupied units	-	-	-	-	-	-	-	-	232	-	232
Accounts payable	310	202	201	227	28	26	20	(2)	521	-	1,533
Accrued liabilities:											
Payroll and payroll taxes	768	273	349	318	43	31	71	100	398	-	2,351
Vacation	392	234	250	255	38	32	97	77	278	-	1,653
Current portion of self-insured workers' compensation	2,275	-	-	-	-	-	-	-	-	-	2,275
Self-insured employee health plan	1,070	-	-	-	-	-	-	-	-	-	1,070
Interest	69	2	8	10	3	6	71	-	217	-	386
Other	263	52	84	53	120	18	33	90	22	-	735
Due to related parties	170	-	-	-	-	-	(2)	-	-	-	168
Total current liabilities	5,817	810	1,064	1,068	293	241	674	265	5,411	-	15,643
Other liabilities:											
Self-insured workers' compensation, net of current portion	12,959	-	-	-	-	-	-	-	-	-	12,959
Unfunded pension obligation	995	-	-	-	-	-	-	-	-	-	995
Professional liability	2,899	-	-	-	-	-	-	-	-	-	2,899
Associate member/resident/patient deposits	-	-	8	5	-	-	-	-	2,075	-	2,088
Other	3	(2)	3	1	-	10	10	-	57	-	82
	16,856	(2)	11	6	-	10	10	-	2,132	-	19,023
Long-term debt, net of current maturities	13,552	625	2,290	2,733	814	1,701	11,541	-	34,106	-	67,362
Refundable CCRC entrance fees	-	-	-	-	-	-	-	-	3,411	-	3,411
Deferred revenue from unamortized CCRC entrance fees, net of current portion	-	-	-	-	-	-	-	-	3,906	-	3,906
Total liabilities	36,225	1,433	3,365	3,807	1,107	1,952	12,225	265	48,966	-	109,345
Net assets (deficit):											
Net assets (deficit) without donor restrictions	50,160	1,047	1,383	952	1,248	248	(4,101)	834	(4,348)	-	47,423
Net assets with donor restrictions	-	-	-	-	-	-	-	-	5	-	5
Total net assets (deficit)	50,160	1,047	1,383	952	1,248	248	(4,101)	834	(4,343)	-	47,428
Total liabilities and net assets (deficit)	\$ 86,385	\$ 2,480	\$ 4,748	\$ 4,759	\$ 2,355	\$ 2,200	\$ 8,124	\$ 1,099	\$ 44,623	\$ -	\$ 156,773

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2018
(in thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties Inc. Total
Net assets (deficit) without donor restrictions:											
Revenue, gains, and other support:											
Net patient service revenue	\$ -	\$ 11,786	\$ 18,029	\$ 16,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,334
Resident service revenue, including amortization of CCRC entrance fees	-	-	-	-	3,616	2,935	6,120	-	31,819	-	44,490
Home based services revenue	-	-	-	-	-	-	-	3,135	-	-	3,135
Other, net	12,594	94	18	20	191	72	43	-	1,218	(5,957)	8,293
Total revenues, gains, and other support	12,594	11,880	18,047	16,539	3,807	3,007	6,163	3,135	33,037	(5,957)	102,252
Expenses:											
Salaries and wages	8,064	6,313	8,810	8,324	949	1,162	2,309	1,982	8,577	-	46,490
Employee benefits	(377)	2,155	2,888	2,779	335	372	735	616	2,783	-	12,286
Professional fees	732	164	340	136	-	12	3	3	71	-	1,461
Supplies	449	580	885	689	387	237	405	9	273	-	3,914
Purchased services	1,858	1,058	1,369	1,327	472	371	748	229	5,886	(5,957)	7,361
Ancillary costs	-	756	952	1,131	-	22	30	24	694	-	3,609
Utilities	177	292	332	272	318	150	280	33	1,674	-	3,528
Insurance and other	1,233	902	1,394	1,325	135	103	220	185	897	-	6,394
Depreciation	499	181	256	267	331	199	616	7	4,245	-	6,601
Interest and amortization	658	27	99	119	35	74	555	-	1,838	-	3,405
Total operating expenses	13,293	12,428	17,325	16,369	2,962	2,702	5,901	3,088	26,938	(5,957)	95,049
Income (loss) from operations	(699)	(548)	722	170	845	305	262	47	6,099	-	7,203
Nonoperating revenue (expenses):											
Investment income (loss)	(2,897)	-	-	-	-	-	12	-	(124)	-	(3,009)
Other	50	-	-	-	-	-	-	-	20	-	70
Total nonoperating revenue (expenses), net	(2,847)	-	-	-	-	-	12	-	(104)	-	(2,939)
Excess (deficiency) of revenues, gains, and other support over expenses	\$ (3,546)	\$ (548)	\$ 722	\$ 170	\$ 845	\$ 305	\$ 274	\$ 47	\$ 5,995	\$ -	\$ 4,264

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Operations and Changes in Net Assets (Deficit) (Continued)
Year Ended December 31, 2018
(in thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties Inc. Total
Excess (deficiency) of revenues, gains, and other support over expenses (page 46)	\$ (3,546)	\$ (548)	\$ 722	\$ 170	\$ 845	\$ 305	\$ 274	\$ 47	\$ 5,995	\$ -	\$ 4,264
Pension related changes other than net periodic pension cost	(2,466)	-	-	-	-	-	-	-	-	-	(2,466)
Transfers between related entities	4,742	387	(486)	58	(814)	(108)	(213)	263	(7,084)	-	(3,255)
Change in net assets (deficit) without donor restrictions	(1,270)	(161)	236	228	31	197	61	310	(1,089)	-	(1,457)
Net assets (deficit) without donor restrictions, beginning of year	51,430	1,208	1,147	724	1,217	51	(4,162)	524	(3,259)	-	48,880
Net assets (deficit) without donor restrictions, end of year	\$ 50,160	\$ 1,047	\$ 1,383	\$ 952	\$ 1,248	\$ 248	\$ (4,101)	\$ 834	\$ (4,348)	\$ -	\$ 47,423
Net assets with donor restrictions:											
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -	\$ 1
Net assets released from restriction used for operations	-	-	-	-	-	-	-	-	(1)	-	(1)
Change in net assets with donor restrictions	-	-	-	-	-	-	-	-	-	-	-
Net assets with donor restrictions, beginning of year	-	-	-	-	-	-	-	-	5	-	5
Net assets with donor restrictions, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5	\$ -	\$ 5
Change in net assets (deficit)	\$ (1,270)	\$ (161)	\$ 236	\$ 228	\$ 31	\$ 197	\$ 61	\$ 310	\$ (1,089)	\$ -	\$ (1,457)
Net assets (deficit), beginning of year	51,430	1,208	1,147	724	1,217	51	(4,162)	524	(3,254)	-	48,885
Net assets (deficit), end of year	\$ 50,160	\$ 1,047	\$ 1,383	\$ 952	\$ 1,248	\$ 248	\$ (4,101)	\$ 834	\$ (4,343)	\$ -	\$ 47,428

Eskaton and Subsidiaries
Eskaton Properties, Inc. Consolidating Schedule – Cash Flows
Year Ended December 31, 2018
(in thousands)

	Home Office	Eskaton Care Center Manzanita	Eskaton Care Center Fair Oaks	Eskaton Care Center Greenhaven	Eskaton Monroe Lodge	Eskaton Lodge Cameron Park	Eskaton Gold River Lodge	Eskaton Home Healthcare	Eskaton Village Carmichael	Eliminations	Eskaton Properties Inc. Total
Cash flows from operating activities:											
Change in net assets (deficit)	\$ (1,270)	\$ (161)	\$ 236	\$ 228	\$ 31	\$ 197	\$ 61	\$ 310	\$ (1,089)	\$ -	\$ (1,457)
Adjustments to reconcile change in net assets (deficit) to net cash provided by (used in) operating activities:											
Depreciation	499	181	256	267	331	199	616	7	4,245	-	6,601
Amortization of deferred financing costs and premium	(26)	2	8	9	3	6	(31)	-	1	-	(30)
Amortization of CCRC entrance fees	-	-	-	-	-	-	-	-	(2,122)	-	(2,122)
Net realized and unrealized losses on assets limited as to use	10	-	-	-	-	-	10	-	61	-	81
Net realized and unrealized losses on investments	3,789	-	-	-	-	-	-	-	265	-	4,054
Pension related changes other than net periodic pension costs	(2,466)	-	-	-	-	-	-	-	-	-	(2,466)
Transfers between related entities	(4,742)	(387)	486	(58)	814	108	213	(263)	7,084	-	3,255
CCRC resales of nonrefundable contracts	-	-	-	-	-	-	-	-	488	-	488
CCRC sales of nonrefundable contracts	-	-	-	-	-	-	-	-	885	-	885
CCRC sales of refundable contracts	-	-	-	-	-	-	-	-	874	-	874
(Gain) loss on disposal of property and equipment	-	-	1	-	-	-	-	-	(20)	-	(19)
Changes in operating assets and liabilities:											
Change in receivables	(362)	22	(124)	(140)	14	5	17	(272)	769	-	(71)
Change in inventories	(2)	(1)	8	1	-	1	4	(2)	(7)	-	2
Change in deposits and prepaid expenses	(108)	(58)	1	2	(25)	(19)	7	(2)	8	-	(192)
Change in other assets	(4,182)	-	-	-	-	-	-	-	(512)	-	(4,694)
Change in accounts payable	57	84	47	40	(25)	(16)	(26)	3	(84)	-	80
Change in accrued liabilities	5,044	152	243	182	10	(35)	12	(35)	292	-	5,905
Change in unfunded pension obligation	3,704	-	-	-	-	-	-	-	-	-	3,704
Change in other liabilities	734	(3)	1	(1)	-	6	1	(5)	268	-	1,001
Net cash provided by (used in) operating activities	677	(127)	1,163	530	1,153	452	884	(259)	11,388	-	15,859
Cash flows from investing activities:											
Purchases of assets limited as to use	(692)	-	-	-	-	-	(938)	-	(2,875)	-	(4,705)
Proceeds from sales of assets limited as to use	870	-	-	-	-	-	915	-	2,751	-	4,536
Purchases of investments	(23,965)	-	-	-	-	-	-	-	(2,436)	-	(26,401)
Proceeds from sales of investments	23,150	-	-	-	-	-	-	-	3,835	-	26,985
Expenditures for property and equipment	(476)	(206)	(478)	(351)	(264)	(196)	(314)	(4)	(3,492)	-	(5,781)
Proceeds from disposal of property and equipment	-	-	-	-	-	-	-	-	20	-	20
Net cash used in investing activities	(1,313)	(206)	(478)	(351)	(264)	(196)	(337)	(4)	(2,197)	-	(5,346)
Cash flows from financing activities:											
CCRC resale disbursements - conversions to refundable contracts	-	-	-	-	-	-	-	-	(539)	-	(539)
CCRC contracts refunded	-	-	-	-	-	-	-	-	(449)	-	(449)
Change in deposits on unoccupied units	-	-	-	-	-	-	-	-	246	-	246
Principal payments on long-term debt	(452)	(54)	(199)	(237)	(71)	(148)	(332)	-	(1,363)	-	(2,856)
Net change in due to/due from related entities	7,419	387	(486)	58	(814)	(108)	(215)	263	(7,084)	-	(580)
Net cash provided by (used in) financing activities	6,967	333	(685)	(179)	(885)	(256)	(547)	263	(9,189)	-	(4,178)
Net increase in cash and cash equivalents	6,331	-	-	-	4	-	-	-	-	-	6,335
Cash and cash equivalents, beginning of year	14,111	1	1	1	106	1	(13)	-	2	-	14,210
Cash and cash equivalents, end of year	\$ 20,442	\$ 1	\$ 1	\$ 1	\$ 110	\$ 1	\$ (13)	\$ -	\$ 2	\$ -	\$ 20,545
Supplemental disclosure:											
Cash paid for interest	\$ 681	\$ 24	\$ 88	\$ 104	\$ 31	\$ 65	\$ 583	\$ -	\$ 1,824	\$ -	\$ 3,400

Eskaton and Subsidiaries
Eskaton Consolidating Schedule – Balance Sheet
December 31, 2018
(in thousands)

	Parent	Carmichael Adult Day Health Care	Live Well At Home	Eskaton Combined
Assets				
Current assets:				
Cash and cash equivalents	\$ 33	\$ 200	\$ 1,064	\$ 1,297
Accounts receivable	-	68	202	270
Other receivables	-	6	10	16
Deposits and prepaid expenses	2	21	30	53
Due from related parties	(39)	-	(2)	(41)
Total current assets	(4)	295	1,304	1,595
Property and equipment, net	1,017	86	176	1,279
Other assets	1,284	-	-	1,284
Total assets	<u>\$ 2,297</u>	<u>\$ 381</u>	<u>\$ 1,480</u>	<u>\$ 4,158</u>
Liabilities and Net Assets (Deficit)				
Current liabilities:				
Accounts payable	\$ 2	\$ 6	\$ 20	\$ 28
Accrued liabilities:				
Payroll and payroll taxes	12	(1)	48	59
Vacation	8	20	30	58
Other	-	8	185	193
Due to related parties	-	-	1,555	1,555
Total current liabilities	22	33	1,838	1,893
Other liabilities	4	10	-	14
Total liabilities	26	43	1,838	1,907
Net assets (deficit):				
Net assets without donor restrictions	2,271	338	(358)	2,251
Total net assets (deficit)	2,271	338	(358)	2,251
Total liabilities and net assets (deficit)	<u>\$ 2,297</u>	<u>\$ 381</u>	<u>\$ 1,480</u>	<u>\$ 4,158</u>

Eskaton and Subsidiaries
Eskaton Consolidating Schedule – Operations and Changes in Net Assets (Deficit)
Year Ended December 31, 2018
(in thousands)

	Parent	Carmichael Adult Day Health Care	Live Well At Home	Eskaton Combined
Net assets without donor restrictions:				
Revenues, gains, and other support:				
Home based services revenue	\$ -	\$ 796	\$ 3,157	\$ 3,953
Other, net	7	74	-	81
Total revenues, gains, and other support	<u>7</u>	<u>870</u>	<u>3,157</u>	<u>4,034</u>
Expenses:				
Salaries and wages	162	658	2,115	2,935
Employee benefits	55	226	550	831
Professional fees	-	5	11	16
Supplies	4	79	15	98
Purchased services	30	109	405	544
Ancillary costs	-	2	-	2
Utilities	3	2	13	18
Insurance and other	27	221	242	490
Depreciation	-	18	30	48
Total operating expenses	<u>281</u>	<u>1,320</u>	<u>3,381</u>	<u>4,982</u>
Loss from operations	<u>(274)</u>	<u>(450)</u>	<u>(224)</u>	<u>(948)</u>
Deficiency of revenues, gains, and other support over expenses	(274)	(450)	(224)	(948)
Transfers between related entities	<u>339</u>	<u>599</u>	<u>-</u>	<u>938</u>
Change in net assets (deficit) without donor restrictions	65	149	(224)	(10)
Net assets (deficit), beginning of year	<u>2,206</u>	<u>189</u>	<u>(134)</u>	<u>2,261</u>
Net assets (deficit), end of year	<u>\$ 2,271</u>	<u>\$ 338</u>	<u>\$ (358)</u>	<u>\$ 2,251</u>

Eskaton and Subsidiaries
Eskaton Consolidating Schedule – Cash Flows
Year Ended December 31, 2018
(in thousands)

	Parent	Carmichael Adult Day Health Care	Live Well At Home	Eskaton Combined
Cash flows from operating activities:				
Change in net assets	\$ 65	\$ 149	\$ (224)	\$ (10)
Adjustments to reconcile change in net assets to net cash used in operating activities:				
Depreciation	-	18	30	48
Transfers between related entities	(339)	(599)	-	(938)
Change in operating assets and liabilities:				
Change in receivables	-	14	(86)	(72)
Change in deposits and prepaid expenses	(2)	(6)	(22)	(30)
Change in accounts payable	(1)	6	10	15
Change in accrued liabilities	(4)	5	22	23
Change in other liabilities	-	10	-	10
Net cash used in operating activities	<u>(281)</u>	<u>(403)</u>	<u>(270)</u>	<u>(954)</u>
Cash flows from investing activities:				
Expenditures for property and equipment	<u>(49)</u>	<u>(13)</u>	<u>-</u>	<u>(62)</u>
Net cash used in investing activities	<u>(49)</u>	<u>(13)</u>	<u>-</u>	<u>(62)</u>
Cash flows from financing activities:				
Net change in due to/from related entities	<u>339</u>	<u>599</u>	<u>1,167</u>	<u>2,105</u>
Net cash provided by financing activities	<u>339</u>	<u>599</u>	<u>1,167</u>	<u>2,105</u>
Net change in cash and cash equivalents	9	183	897	1,089
Cash and cash equivalents, beginning of year	<u>24</u>	<u>17</u>	<u>167</u>	<u>208</u>
Cash and cash equivalents, end of year	<u>\$ 33</u>	<u>\$ 200</u>	<u>\$ 1,064</u>	<u>\$ 1,297</u>

Eskaton and Subsidiaries
Supplementary Information – Social Responsibility (Unaudited)
Years Ended December 31, 2018 and 2017

Eskaton supports community charitable organizations, and other not-for-profit aging services organizations that provide services to older adults, through financial contributions to those organizations. In addition, Eskaton provides the following community service programs:

Resident Assistance Funds – Eskaton contributes funds to and solicits donations to various resident assistance funds that provide help to older adults who can no longer afford the monthly fees associated with their care and do not have sufficient family resources to cover the full cost of services. Residents are screened based on income and net assets and family resources and eligible residents are provided a monthly assistance stipend to supplement available income as necessary.

Telephone Reassurance Program – Eskaton owns and operates a telephone reassurance/home visitor program. The Telephone Reassurance Program is provided primarily by volunteers, is free to clients, and includes daily telephone calls and/or weekly home visits to isolated older adults.

Adult Day Health Care Center (“ADHC”) – Eskaton owns and operates an ADHC program that provides social, recreational, and rehabilitation services to residents of a portion of Sacramento County. The ADHC program accepts Medi-Cal clients despite the shortfall of Medi-Cal reimbursement compared to cost. The ADHC program also accepts uninsured and under-insured clients at rates below actual cost.

Eskaton and Subsidiaries
Supplementary Information – Social Responsibility (Unaudited)
Years Ended December 31, 2018 and 2017

Social responsibility costs – The Organization considers the actual costs of community organization and aging services sponsorships, and actual costs, net of any reimbursement, of providing community service programs, to be social responsibility. The level of social responsibility provided for the years ended December 31 is measured as follows (dollar amounts in thousands):

	2018	2017
Community sponsorships	\$ 95	\$ 57
Aging services sponsorships	86	101
Resident Assistance Funds	165	290
Telephone Reassurance Program	273	271
ADHC, net of revenue	450	319
 Total	 \$ 1,069	 \$ 1,038

Community service program operating statistics:

Resident Assistance Funds:

Months of assistance	108	136
Residents assisted	11	17

Telephone Reassurance Program:

Telephone calls	63,201	70,536
Home visits	2,562	2,537
ADHC client days	9,990	10,549



MOSSADAMS

DEC 10 1991

March Fong Eu
MARCH FONG EU, Secretary of State

RESTATED
ARTICLES OF INCORPORATION
OF
ESKATON

John H. Breaux and Michael A. Manley certify that:

1. They are the president and the secretary, respectively, of ESKATON, a California non-profit Public Benefit Corporation.
2. The articles of incorporation of this corporation are amended and restated to read as follows:

I

The name of this corporation is ESKATON.

II

A. This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for charitable purposes.

B. The specific purpose of this corporation is to own, operate, conduct and maintain, alone or through subsidiary corporations, general medical and surgical hospitals, extended care and convalescent hospitals, home care, homes for low income persons, homes and facilities or the provision of life care for mature persons, facilities for the care of dependents, and all allied and ancillary services and units, and shall, in addition, engage in the encouragement of charitable and philanthropic giving and other activities in support of such purposes.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Michael A. Manley
Attorney at Law
5105 Manzanita Avenue
Carmichael, California 95608

IV

A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code.

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V

This corporation may admit persons to membership subject to the terms and conditions set forth in the Bylaws.

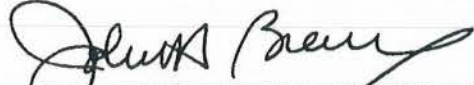
VI

The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of this corporation, its assets remaining after the payment of, or provision for the payment of, all debts and liabilities of this corporation, shall be distributed to any nonprofit fund, foundation, or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

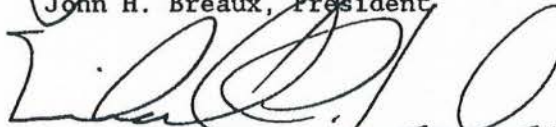
3. The foregoing amendment and restatement of articles of incorporation has been duly approved by the board of directors.
4. The corporation has no members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this certificate are true and correct of our own knowledge.

DATE: December 10, 1991



John H. Breaux, President



Michael A. Manley, Secretary

BYLAWS OF ESKATON

ARTICLE I

NAME AND PURPOSE

The name of the Corporation and the purpose for which the Corporation is organized and is being operated are set forth in its Articles of Incorporation.

ARTICLE II

OFFICES

SECTION 1. Offices.

The principal office for the transaction of the business of the Corporation shall be in the County of Sacramento, State of California. The Corporation may also maintain such other office or offices, either within or without the State of California as the Board of Directors may from time to time establish. The Board of Directors may change the location of the principal office of the Corporation.

ARTICLE III

MEMBERSHIP

SECTION 1. Classes of Membership.

The Corporation shall have one class of Members only, designated as "Corporate Members", and the voting and other rights, interests and privileges of each Member shall be equal.

SECTION 2. Qualifications of Corporate Members.

The Corporate Membership shall consist of not less than thirty (30) nor more than two hundred and fifty (250) Members, approximately one-third (1/3) being elected each year for three-year terms by a majority vote of the existing Members. Members shall be selected from persons qualified by reason of their ability, experience and interests in the mission and activities of the Corporation. No more than twenty percent (20%) of the total number of incumbent Members shall be current employees of the Corporation. Initial Members of the Corporation shall be appointed to membership,

for their respective terms, by the Board of Directors of the Corporation as soon as is practicable following adoption of these Bylaws.

SECTION 3. Evidence and Alienability of Membership.

No membership of any class in this Corporation shall be transferable by operation of law or otherwise, and a membership shall terminate upon the resignation, death or incompetency of the Member, or by vote of the majority of the Members of this Corporation. Provided, however, the membership of a Member shall not be terminated by the vote of the majority of the Members unless said Member shall first be given (1) not less than fifteen (15) days written notice of termination of membership and the reasons therefore; and (2) an opportunity to be heard orally or in writing not less than five (5) days before the effective date of termination by a majority of the Members. No membership certificates shall be required to be issued to any Member, but the Board of Directors may, in its discretion, approve and issue to Members such evidence of membership as the Board of Directors may deem appropriate.

SECTION 4. Property Rights.

No dividends shall be declared or paid to any Member of the Corporation, it being expressly understood that the Corporation is not formed for profit and does not contemplate pecuniary gain, profit or dividends for the Members thereof and is a Corporation organized and operated exclusively for charitable purposes, no part of the net earnings of which shall inure to the benefit of any private individual or Member. Upon the dissolution of the Corporation, all of its business, properties and assets shall go and be set over to and be used for the objects and purposes set forth in the Articles of Incorporation.

SECTION 5. Dues and Assessments.

There shall be no membership fees, dues or assessments of Members.

SECTION 6. Place of Meetings.

All meetings of the Corporate Members shall be held at the principal office of the Corporation or at such other place within the State of California as may be designated for that purpose from time to time by the President or by the Board of Directors.

SECTION 7. Annual Meeting.

The Annual Meeting of the Corporate Membership shall be held during the month of May each year. Notice of the Annual Meeting shall state the place, date and

time of the Meeting and those matters which the Board of Directors, at the time of the mailing of the notice, intends to present for action by the Members, but any proper matter may be presented at the Meeting for such action.

SECTION 8. Special Meetings.

Special meetings of Members may be called by the President or Chair of the Board or by a majority of the Board of Directors, or by written request of five percent (5%) or more of the Members. No business shall be transacted at a special meeting other than as stated in the purposes set forth in the notice of such special meeting.

SECTION 9. Notice of Annual and Special Meetings.

Each notice of a special meeting shall be in writing and shall state the time, place and purpose of the meeting. Notice of annual and special meetings shall be mailed to each Member, pursuant to law, at such Member's address appearing on the records of the Corporation at least ten (10) and not more than ninety (90) days prior to the time of holding such meeting. Notice of annual and special meetings may also be given by electronic transmission in accordance with California Corporations Code Section 20 and 5511(b). Notice of any meeting at which Directors are to be elected shall include the names of all those who are nominees at the time the notice is sent.

SECTION 10. Validation of Transactions.

The transactions of the Corporate Members at any meeting, however called or noticed, shall be as valid as though duly held after regular call and notice if a quorum be present, and if, either before or after the meeting, each Corporate Member not present signs a written waiver of notice or a consent to the holding of such meeting or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

SECTION 11. Action by Consent of Corporate Members.

Any action which under any provision of law may be taken at a meeting of the Corporate Members may be taken without a meeting if the written ballot of every Member is solicited, if the number of votes cast by ballot within the time period specified equals or exceeds the quorum required to be present at a meeting authorizing the action, and if the number of approvals equals or exceeds the number of votes that would be required to approve at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot.

The written ballot shall afford an opportunity to specify a choice among approval, disapproval and abstention of each matter or group of related matters. The

written ballot shall indicate the number of responses needed to meet the quorum requirements, and with respect to ballots other than for the election of Directors, shall state the percentage of approvals necessary to pass the measure submitted. Additionally, the written ballot shall specify the time by which the ballot must be received in order to be counted.

SECTION 12. Quorum.

A quorum for the transaction of business at any meeting shall be twenty-five (25) of the Corporate Members. Every act or decision of a majority of the Corporate Members present at a meeting at which a quorum is present, made or done when duly assembled, shall be valid as the act of the Corporate Members. The Corporate Members present at a duly called and held meeting at which a quorum is present may continue to do business until adjournment, notwithstanding the withdrawal of enough Corporate Members to leave less than a quorum, if any action taken (other than adjournment) is approved by at least a majority of the Members required to constitute a quorum.

In the absence of a quorum, any meeting of the Corporate Members may be adjourned from time to time by a vote of the majority of the Corporate Members who are present, but no other business may be transacted. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Members may transact any business which might have been transacted at the original meeting. If the adjournment is for more than forty-five (45) days, or if after adjournment a new record date is set for the adjourned meeting, a notice of the adjourned meeting shall be given to every Member.

SECTION 13. Presiding Officer.

The Chair of the Board, Vice Chair, or President, in that order of precedence, if a Corporate Member, shall preside at the meetings of the Corporate Members, and if no such Officer is present, a presiding Officer shall be elected by the Corporate Members present.

SECTION 14. Voting Rights of Corporate Members.

Each Corporate Member shall be entitled to one vote on all matters before the Membership.

SECTION 15. Manner of Voting.

Proxy voting shall be permitted, and procedures contained in Section 11 of Article III of these Bylaws ("Action by Consent of Corporate Members") shall be utilized in the solicitation and administration of written proxy ballots. The membership, for the purpose of voting, shall consist of the Members of the Corporation as disclosed by the books of the Corporation immediately prior to the taking of such vote.

SECTION 16. Duties of Members.

In addition to any other duties and responsibilities which may be imposed by law, or by these Bylaws upon them, Members of the Corporation shall have and perform the following specific responsibilities and duties:

- a. Receive and review annual reports of corporate operations;
- b. Review, not less than annually, the goals of the Corporation;
- c. Elect new Members of the Corporation, as necessary, for the welfare of the Corporation, and elect members of the Board of Directors;
- d. Serve on special committees which may be from time to time established by the membership, by the Board of Directors, or by the President.

ARTICLE IV

BOARD OF DIRECTORS

SECTION 1. Responsibility.

Except as otherwise provided by the Articles of Incorporation or by the Bylaws, governance of the affairs of this Corporation shall be vested in a Board of Directors, hereinafter sometimes referred to as the Board.

SECTION 2. Number.

There shall be no less than seven (7), nor more than fifteen (15) voting members of the Board with the exact number fixed by the Board.

SECTION 3. Qualifications and Election.

The President shall be an ex officio Member of the Board with the power to vote. The ex officio Director shall serve by reason of official capacity, and the resignation or removal of such person from the office of President shall automatically terminate such person's membership on the Board. The remainder of the Board shall be Directors-at-large, appointed by the Members. Directors shall be selected for their willingness and ability to participate effectively in fulfilling the Board's responsibilities.

SECTION 4. Nominations.

Candidates for election as Directors-at-large shall be nominated by the Development Committee of this Corporation.

SECTION 5. Term.

Except as otherwise provided herein, a Director-at-large shall hold office for a term of three (3) years or until his or her successor has been elected or appointed. Directors-at-large may be re-elected to membership on the Board except that no such Director shall serve more than three (3) consecutive full terms of office unless such Director has been chosen to act as Chair or Vice Chair, at which time such Director may serve for two (2) additional years for each position of Vice Chair, Chair and past Chair, or a maximum of six (6) additional years from the date of the initial election to one of the "Chair" positions. A one (1) year absence from the Board must occur before such Director is again eligible for election to the Board.

SECTION 6. Staggered Terms.

Directors' terms of office shall be established in such a manner that approximately one-third (1/3) of such Directors' terms expire each year. In the event of a change in the number of Directors, the staggering of terms shall be preserved.

SECTION 7. Vacancies. A vacancy on the Board of Directors, whether by death, removal or resignation, shall be filled by the remaining Members of the Board, even though less than a quorum. A Director appointed to fill a vacancy shall be appointed for the unexpired term of his or her predecessor in office.

ARTICLE V

MEETINGS OF THE DIRECTORS

SECTION 1. Place of Meetings.

All meetings of the Board shall be held at the office of the Corporation or at such other place as may be designated for that purpose from time to time by the President of the Corporation.

SECTION 2. Organization Meetings.

As soon as reasonably practical, and within thirty (30) days after the annual election of Directors, the Directors shall meet for the purpose of organizing the Board, the election of Officers and the transaction of such other business as may come before the meeting. Notice of the date, time and place of any such organization meeting may be given at the meeting at which the election for new Director(s) was held.

SECTION 3. Regular Meetings.

Regular meetings of the Board shall be held at least quarterly. Failure of a Member of the Board to attend fifty percent (50%) of all regular meetings shall be cause for removal.

SECTION 4. Special Meetings.

Special meetings of the Board for any purpose(s) may be called at any time by the President, and upon the written request of one-third (1/3) of the Board of Directors, called by the President or, upon his failure to promptly do so, by the Chair or the Vice Chair of the Corporation.

SECTION 5. Notice of Regular and Special Meetings.

Regular and special meetings may be held on four days' notice by first class mail, postage prepaid, or on forty-eight (48) hours' notice delivered personally or by telephone, including a voice messaging system or other system or technology designed to record and communicate messages, facsimile, electronic mail or other electronic means.

SECTION 6. Validation of Meeting.

The transactions of the Board at any meeting, however called or noticed, or wherever held, shall be as valid as though had at a meeting held after call and notice

if a quorum be present and if, either before or after the meeting, each Director not present signs a written waiver of notice or a consent to the holding of such meeting, an approval of the minutes thereof, or who attends the meeting without protesting the lack of notice to that Director either before or at the commencement of the meeting. All such waivers, consents or approvals shall be filed with the corporate records and made a part of the minutes of the meeting.

SECTION 7. Quorum.

A majority of the authorized Directors shall constitute a quorum. Every act or decision of a majority of the Directors present at a meeting at which a quorum is present, made or done when duly assembled, shall be valid as the act of the Board.

A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Directors, if any action taken is approved by at least a majority of the required quorum for such meeting, or such greater number as is required by the law, the Articles of Incorporation of the Corporation, or the Bylaws.

In the absence of a quorum, a majority of the Directors present may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time and place shall be given prior to the time of the adjourned meeting to the Directors who were not present at the time of adjournment.

SECTION 8. Use of Telecommunication.

Directors may participate in a meeting through use of conference telephone, electronic video screen communication or electronic transmission by and to the Corporation, so long as all Members participating in such meeting can hear one another. Such participation constitutes presence in person at such meeting if both of the following apply:

- a. Each Member participating in the meeting can communicate with all the other Members concurrently.
- b. Each Member is provided the means of participating in all matters before the Board, including without limitation, the capacity to propose or to interpose, an objection to a specific action to be taken by the Corporation.

SECTION 9. Action Without Meeting.

Any action required or permitted to be taken by the Board under any provision of law, the Articles of Incorporation, or these Bylaws may be taken without a

meeting if all Members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such Directors. Any certificate or other document filed on behalf of this Corporation relating to an action taken by the Board without a meeting shall state that the action was taken by a unanimous written consent of the Board of Directors without a meeting, and that the Bylaws of the Corporation authorize its Directors to so act.

ARTICLE VI

OFFICERS

SECTION 1. Officers.

The Officers of this Corporation shall consist of a President, a Secretary, and a Chief Financial Officer, and may include an Assistant Secretary.

SECTION 2. Election of Officers.

The Officers of the Corporation shall be elected annually by the Board of Directors and each shall hold his or her office until he or she shall resign, shall be removed, shall otherwise become disqualified to serve, or his or her successor shall be elected and qualified.

SECTION 3. Removal of Officers.

Any Officer may be removed from his or her office, either with or without cause by a majority of the Directors then in office at any regular or special meeting of the Board. Should a vacancy occur in an office as a result of death, resignation, removal, disqualification or any other cause, the Board of Directors may delegate the powers and duties of such office to any other Officer or to any Director until such time as a successor for said office has been elected and qualified.

SECTION 4. President.

Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chair or the Vice Chair of the Board, the President shall be the Chief Executive Officer of the Corporation and shall, subject to the control of the Board of Directors, have general supervision, direction, and control of the business and Officers

of the Corporation. The President shall act as the representative of the Corporation to the public, as well as to governmental or voluntary organizations, make policy proposals to the Board of Directors, and have responsibilities for long range planning. In the absence of the Chair and the Vice Chair of the Board, he or she shall preside at all meetings of the Board of Directors. The President shall act as the duly authorized representative of the Board of Directors in all matters in which the Board of Directors has not formally designated some other person to so act. He or she should be ex officio and shall have the general powers and duties of management usually vested in the office of the president of a Corporation and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. In the absence or disability of the Chair and the Vice Chair of the Board, the President shall perform all of the duties of the Chair of the Board, except as otherwise provided in these Bylaws, and when so acting shall have all of the powers and be subject to all of the restrictions upon the Chair of the Board.

SECTION 5. Secretary.

The Secretary shall keep or cause to be kept a book of minutes at the principal office or at such other place as the Board of Directors may order of all meetings of the Directors and of the Corporate Member, with the time and place of holding, whether regular or special, and if special how authorized, the notice thereof given, and the names of those present at Directors' meetings. The Secretary shall give or cause to be given notice of all the meetings of the Corporate Member and of the Board of Directors required by these Bylaws or by law to be given and have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws. The Secretary shall not serve concurrently as the President or Chair of the Board.

SECTION 6. Assistant Secretary.

The Assistant Secretary, should there be any, shall, in the absence or disability of the Secretary perform the duties and exercise the powers of the Secretary and shall perform such other duties as the Board of Directors shall prescribe.

SECTION 7. Chief Financial Officer.

The Chief Financial Officer shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The books of account shall at all times be open to inspection by any Director. The Chief Financial Officer shall deposit all moneys and other valuables in the name and to the credit of the Corporation in such depositories as may be designated by the Directors. He or she shall disburse the funds of the

Corporation as shall be ordered by the Board of Directors, shall render to the President and the Directors, whenever they shall request it, an account of all of his or her transactions as Chief Financial Officer and of the financial condition of the Corporation, shall take proper vouchers for all disbursements of the funds of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws. The Chief Financial Officer shall not serve concurrently as the President or Chair of the Board.

ARTICLE VII

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ARTICLE VIII

LIABILITIES AND INDEMNITY

SECTION 1. Agents, Proceedings, and Expenses.

For the purposes of this Article, "agent" means any person who is or was a Director, Officer, employee, or other agent of this Corporation, or is or was serving at the request of this Corporation as a Director, Officer, employee, or agent of another foreign or domestic Corporation, partnership, joint venture, trust or other enterprise, or was a Director, Officer, employee, or agent of a foreign or domestic Corporation which was a predecessor Corporation of this Corporation or of another enterprise at the request of such predecessor Corporation; "proceeding" means any threatened, pending or completed action or proceeding, whether civil, criminal, administrative, or investigative; and "expenses" includes, without limitation, attorneys' fees and any expenses of establishing a right to indemnification under Section 4 or 5(c) of this Article.

SECTION 2. Actions Other than by the Corporation.

This Corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party to any proceeding (other than an action by or in the right of this Corporation) by reason of the fact that such person is or was an agent of this Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding if that person acted in good faith and in a manner that person reasonably believed to be in the best interests of this Corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of that person was unlawful. The termination of any proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did

not act in good faith and in a manner which the person reasonably believed to be in the best interests of this Corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

SECTION 3. Actions By The Corporation.

This Corporation shall have the power to indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action by or in the right of this Corporation to procure a judgment in its favor by reason of the fact that that person is or was an agent of this Corporation against expenses actually and reasonably incurred by that person in connection with the defense or settlement of that action if that person acted in good faith, in a manner that person believed to be in the best interests of this Corporation and with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. No indemnification shall be made under this Section 3:

- a. in respect of any claim, issue or matter as to which that person shall have been adjudged to be liable to this Corporation in the performance of that person's duty to this Corporation, unless and only to the extent that the court in which that action was brought shall determine upon application that, in view of all the circumstances of the case, that person is fairly and reasonably entitled to indemnity for the expenses which the court shall determine;
- b. of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval or;
- c. of expenses incurred in defending a threatened or pending action which is settled or otherwise disposed of without court approval.

SECTION 4. Successful Defense by Agent.

To the extent that an agent of this Corporation has been successful on the merits in defense of any proceeding referred to in Sections 2 or 3 of this Article, or in defense of any claim, issue, or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.

SECTION 5. Required Approval.

Except as provided in Section 4 of this Article, any indemnification under this Article shall be made by this Corporation only if authorized in the specific case on a determination that indemnification of the agent is proper in the circumstances because agent has met the applicable standard of conduct set forth in Sections 2 or 3 of this Article, by:

- a. a majority of a quorum consisting of Directors who are not parties to the proceeding;
- b. approval by the affirmative vote of a majority of the members of this Corporation entitled to vote represented at a duly held meeting at which a quorum is present or by the written consent of holders of a majority of the outstanding members entitled to vote; or
- c. the court in which the proceeding is or was pending, on application made by this Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by this Corporation.

SECTION 6. Advance of Expenses.

Expenses incurred in defending any proceeding may be advanced by this Corporation before the final disposition of the proceeding on receipt of an undertaking by or on behalf of the agent to repay the amount of the advance unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in this Article.

SECTION 7. Other Contractual Rights.

Nothing contained in this Article shall affect any right to indemnification to which persons other than Directors and Officers of this Corporation or any subsidiary hereof may be entitled by contract or otherwise.

SECTION 8. Limitations.

No indemnification or advance shall be made under this Article, except as provided in Sections 4 or 5(c), in any circumstance where it appears:

- a. that it would be inconsistent with a provision of the articles, a resolution of the Members, or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- b. that it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

SECTION 9. Insurance.

Upon and in the event of a determination by the Board of Directors of this Corporation to purchase such insurance, this Corporation shall purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not this Corporation would have the power to indemnify the agent against that liability under the provisions of this Article.

SECTION 10. Fiduciaries of Corporate Employee Benefit Plan.

This Article does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in that person's capacity as such, even though that person may also be an agent of the Corporation as defined in Section 1 of this Article. Nothing contained in this Article shall limit any right to indemnification to which such a trustee, investment manager, or other fiduciary may be entitled by contract or otherwise, which shall be enforceable to the extent permitted by applicable law.

SECTION 11. Liabilities.

Directors and Officers shall not be personally liable for the debts, liabilities, or other obligations of the Corporation.

ARTICLE IX

GENERAL PROVISIONS

SECTION 1. Voting Shares.

The Corporation may vote any and all shares held by it in other Corporations by such Officer, agent or proxy as the Board of Directors may appoint, or in default of any such appointment, by the President or the Chief Financial Officer and, in such case, such Officers, or any of them, may likewise appoint a proxy to vote said shares.

SECTION 2. Checks and Instruments.

All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness issued in the name of or payable to the Corporation and any and all securities owned or held by the Corporation requiring signature for transfer shall be signed or endorsed by such person or persons and in such manner as from time to time shall be determined by the Board of Directors.

SECTION 3. Execution of Contracts.

The Board of Directors, except as otherwise provided in these Bylaws, may authorize any Officer or Officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances and unless so authorized by the Board of Directors no Officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

SECTION 4. Annual Statements.

The Board of Directors shall cause an annual statement of transactions with interested persons and of indemnifications to be transmitted to the Members of this Corporation no later than one hundred fifty (150) days after the close of the fiscal year. Such annual statement shall be prepared in conformity with the requirements of the California Corporations Code.

SECTION 5. Annual Report.

The Board of Directors shall cause an annual report to be transmitted to the Members of this Corporation no later than one hundred fifty (150) days after the

close of the fiscal or calendar year. Such annual report shall be prepared in conformity with the requirements of the California Corporations Code.

SECTION 6. Property.

The property of the Corporation is irrevocably dedicated to charitable purposes and upon the liquidation, dissolution or abandonment of the Corporation, after providing for the debts and obligations thereof, the remaining assets will not inure to the benefit of any private person, but will be distributed to a nonprofit fund, foundation or Corporation which is organized and operated exclusively for charitable purposes, and which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, as designated by its articles of incorporation. Such nonprofit fund, foundation or Corporation shall be ESKATON or an affiliate thereof that qualifies as a distributee pursuant to the provisions of this section.

SECTION 7. Discrimination.

In the conduct of its affairs, the Corporation, its Officers and employees, and other persons or entities acting on its behalf, shall not discriminate on the basis of race, color, religion, sex, age, or national origin.

ARTICLE X

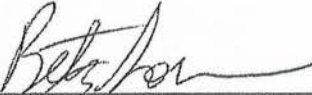
AMENDMENT OF BYLAWS

These Bylaws may be amended or repealed and new Bylaws may be adopted by the Members of this Corporation. These Bylaws may also be amended or repealed and new Bylaws may be adopted by the Board of Directors, provided however, that a bylaw fixing the number of Directors, a bylaw creating proxy rights, and a bylaw which materially and adversely affects the rights of the Members of this Corporation as to voting or transfer of memberships may not be amended, repealed or adopted without the approval of the Members of this Corporation.

SECRETARY'S CERTIFICATE

THIS IS TO CERTIFY that the foregoing bylaws of ESKATON have been duly amended and adopted by the Board of Directors of said Corporation at a meeting of said Board held on February 23, 2012.

IN WITNESS WHEREOF, the undersigned, duly elected and acting Secretary of the Corporation, has signed this Certificate this 23rd day of February , 2012.



Betsy Donovan, Secretary

Eskaton Foundation

Life-Long Commitment Resident Assistance Policy and Procedures

Approved December 2012
Revised December 2015

Definitions

Life-Long Commitment Fund (LLCF) -

Life-Long Commitment signifies our commitment to helping those Eskaton residents who through no fault of their own exhaust their financial resources. Our fervent belief is that all Eskaton residents will always have a home – if – in good faith – they run out of the funds meant to carry them through.

Eskaton Foundation's Life-Long Commitment Fund (Endowment) is an officially recognized and designated permanent fund established as an investment in perpetuity. As such, it serves as an "umbrella" fund for use restricted to resident assistance for all Eskaton communities. It is the responsibility of Eskaton Foundation and its board of directors to grow the fund through specialized fundraising efforts.

Life-Long Commitment Fund Committee –

The committee made up of Eskaton's CEO, COO, CFO, and President of Eskaton Foundation approves each request for resident assistance.

Purpose

The purpose of this document is to set forth the responsibilities of the Life-Long Commitment Fund Committee and the guidelines for meeting those responsibilities. It is not intended to cover all circumstances under which the funds may be disbursed.

Eligibility Criteria

1. Only current residents living independently, in assisted living, or memory care are eligible to receive assistance from the LLCF. Prospective residents may not rely upon funding from LLCF in qualifying for admission to a community.
2. Resident (s) must have lived in the Eskaton community for a minimum of one year.
3. Resident (s) or a responsible party must demonstrate financial need to the Executive Director through a thorough financial statement:
 - a. Assets shall include any and all property held in the name of the resident (s) or for their benefit.

- b. Income from all sources is insufficient to pay the costs of care and other reasonable living expenses.
4. Resident (s) must apply for any financial assistance available through State, Federal, VA, or local governments as well as private programs as recommended by the Executive Director.
5. LLCF recipients are expected to control expenses and may be required to accept different accommodations upon the request of the Community Executive Director.
6. Residents or responsible parties must notify the Executive Director of any change in assets or income so that appropriate adjustments in the amount of assistance may be made. Executive Directors will review with recipients their financial status annually.
7. Residents are ineligible to receive or continue to receive assistance if any of the following have occurred:
 - a. False statements, omissions, or material inaccuracies in financial statements, applications or any other documents utilized in determining residency and/or awarding assistance.
 - b. Increases in assets and/or income that eliminate the demonstration of financial need – See Eligibility Criteria #2.
 - c. Failure to pay the resident portion (if any) of the monthly fee after the crediting of the assistance.

Procedure

1. Resident or responsible party is strongly requested to notify the Executive Director at least six months in advance of the anticipated need for financial assistance.
2. Upon notification of the impending or actual need, the Executive Director will review the steps necessary to determine eligibility and apply for assistance with the resident (s).
3. An application must be filed with the Executive Director prior to receiving assistance. The application can be found on the N: Drive under the Eskaton Foundation folder.
4. The Executive Director in consultation with the COO shall determine eligibility and the amount of monthly assistance initially required. In this process the Executive Director shall counsel with the resident and/or resident family member regarding any change in accommodations or services.

5. In calculating the amount of monthly assistance required, all of the applicant's expenses including unreimbursed prescription and medical costs shall be taken into account. Each resident's need may be unique; therefore, we do not have a limitation on a minimum or maximum amount of assistance that can be awarded. We do need to keep in mind that all awards will be in perpetuity, unless circumstances change – See Eligibility Criteria #6.
6. The COO will notify the LLCF Committee of the qualifying application for assistance and the initial monthly amount requested. The LLCF Committee will approve or deny the request for funding within ten (10) days of notification.
7. If approved, the President of Eskaton Foundation will connect with the Executive Director to describe the procedure and move forward with the request.
8. Financial assistance will not be paid directly to the resident or the responsible party, but will be a credit against the monthly cost of care. It is recommended that the monthly resident billing statement show a) the full regular monthly fee, b) the amount of the adjustment paid by Eskaton Foundation, and c) the net due from the resident or responsible party.
9. Annual or other periodic changes in the amount of financial assistance granted to a qualified resident will be identified by the Executive Director and reported to the President of Eskaton Foundation for follow-up and processing. Examples of this may include:
 - a. An increase in need due to moving to a higher level of care.
 - b. Increase in cost of care.
 - c. An increase in personal care, prescriptions, etc.

Confidentiality

Throughout the process maximum effort shall be made to protect the confidentiality of recipients and their families. All recipients will be treated in all respects as any other resident. Typically, the only persons with knowledge of the recipient's identity will be the Executive Director, LLCF Committee, Business Office Manager of the community, President of Eskaton Foundation, and designated staff. All reports will not include names of recipients.

Special Notes

- Eskaton Foundation's Endowment will begin to disburse 5% of its earned income to use for the LLCF Resident Assistance beginning in January 2013.
- Existing Resident Assistance funds at EFWL, EVR, EVP will be "bled down" first prior to utilizing the LLCF.

- Special Resident Assistance Funds can be set up at individual communities. For example:
The McDonald bequest to fund a Resident Assistance Fund at EML.
- A priority of Eskaton Foundation and its Board of Directors is to grow the LLCF.

Title 11, California Admin. Code, § 999.5(d)(10)

**EFFORTS TO INFORM THE GOVERNMENT,
PROFESSIONAL STAFF, APPLICANT'S
EMPLOYEES, AND THE GENERAL PUBLIC**

Title 11, Cal. Admin. Code, § 999.5(d)(10)

Efforts to Inform the Government, Applicant's Employees and the General Public

Reutlinger has made numerous efforts to inform State and Local governmental entities, professional staff and employees, patients and the general public of the proposed transaction. Beginning in March 2019, Reutlinger implemented a comprehensive communications plan to inform these constituents and stakeholders of the proposed transaction.

The communications plan included the following:

- From March 18 to March 22, Reutlinger held meetings for its residents, management and front-line staff to announce and explain the proposed transaction, as well as to answer any questions that such persons may have.
- On March 15, 2019, Reutlinger's President met with the Editorial Board of *The Jewish News of Northern California* (f/k/a *Jweekly*), a weekly print newspaper in Northern California. After the meeting, Reutlinger distributed written announcements to: (i) over 300 major donors and individuals who regularly contribute to Reutlinger; (ii) all congregational rabbis and synagogues; (iii) several other Jewish community organizations; (iv) vendors; and (v) staff. Examples of Reutlinger's announcement letters are attached to this Section of the application as samples of such communications.
- On March 21, 2019, Reutlinger had a conference call with several executives from regional Jewish agencies to discuss the proposed transaction.
- On March 22, 2019, Reutlinger issued a press release regarding the proposed transaction (the "Press Release"), which was distributed to fourteen media outlets. A copy of the Press Release is attached hereto. On that same date, *Jewish News of Northern California* published a story entitled "Reutlinger to partner with nondenominational management group" (the "News Article") regarding the proposed transaction, which included statements from representatives of both Reutlinger and Eskaton. A copy of the News Article is also attached hereto.
- On March 24, 2019, Reutlinger held a meeting with the families of Reutlinger's residents and the facility's Family Council to inform them of the proposed transaction and answer any questions that such persons may have.⁶
- On March 25, 2019, Reutlinger held a meeting with its major donors, Trustee Advisory Board and congregational Rabbis to inform them of the proposed transaction and answer any questions that such persons may have.⁷
- On March 27, 2019, Reutlinger held a meeting with resident council to discuss the proposed transaction.

⁶ Family Council is a group of family members, friends, representatives and agents of Reutlinger's residents who meet to discuss and make recommendations about residents' quality of care and quality of life at the Reutlinger facility. See Cal. Health & Safety Code § 1569.158.

⁷ Trustee Advisory Board is an honorary group of previous Board members of Reutlinger and/or donors to Reutlinger. Trustee Advisory Board is not formally part of Reutlinger's governance structure.

- On May 19, 2019, Reutlinger held meetings with the facility's Family Council, at which representatives of Eskaton were present, to discuss the proposed transaction.
- On August 25, 2019, Reutlinger's Chairman of the Board, Jordan Rose, met with the facility's Family Council to answer questions and discuss the proposed transaction.
- On September 15, 2019, Reutlinger's President and CEO, Jay Zimmer, Eskaton's President and CEO, Todd Murch and Eskaton's COO, Betsy Donavon, met with the facility's Trustee Advisory Board to answer questions and discuss the proposed transaction.
- Following the above-described communications relating to the initial announcement of the proposed affiliation, Reutlinger has continued to communicate with the facility's residents, employees, Family Council, as well as other stakeholders and community members, about the proposed affiliation, and further communications to such persons have been made following the Parties' execution of the Affiliation Agreement, including an email from the CEO of Reutlinger on September 11, 2019 regarding execution of the Affiliation Agreement, as well as a discussion about the proposed transaction during a brunch hosted by the Parties at the Reutlinger Facility on September 15, 2019.



The Reutlinger
Community
SCHIFF CENTER FOR LIFE

4000 Camino Tassajara, Danville, CA 94506 925.648.2800 www.rcjl.com License # 075600335

March 15, 2019

Dear Reutlinger Donors,

We are writing to share some news about our community. The Reutlinger Community and Eskaton, a Sacramento-based nonprofit with more than 50 years of experience in senior living, signed a letter of intent to affiliate to help the community improve quality of care services for residents and increase the community's presence in the East Bay.

Jewish heritage, cultural values and sacred ideals are not at risk under the affiliation with non-denominational Eskaton. Eskaton has committed in affiliation discussions with the community toward upholding values that have distinguished TRC from other regional retirement organizations since the community was founded nearly 70 years ago. TRC will hold a veto-powered seat on the Eskaton Board of Directors to ensure sacred values remain a priority.

Donations benefitting the community and its residents will continue to be directed toward the exclusive purposes they were intended. Donor submissions restricted to TRC will not be reallocated to any other Eskaton community.

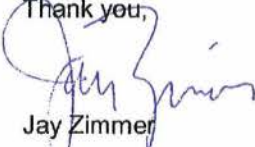
TRC worked with a number of consultants the past half-decade to assist the community in strategically planning for the future. Options included discussions with both denominational and non-denominational organizations to find a compatible affiliation. In the end, Eskaton was the right fit for TRC.

The affiliation will provide TRC residents access to the same doctors and caretakers without adjusting programs, meals and services currently available. In preserving community culture, TRC will continue to employ a full-time rabbi, maintain its relationship with the Jewish Museum and support Holocaust survivors.

To answer any outstanding questions, please see the attached Question and Answer document that provides background about Eskaton and the affiliation agreement.

The affiliation will help maintain care, comfort and a secure future for all residents at TRC, a commitment that has been a top priority since the community was founded. If you have any additional questions about Eskaton you would like to discuss individually, please contact us. TRC is planning an additional community meeting in near future to address outstanding questions.

Thank you,



Jay Zimmer

President and CEO

Frequently Asked Questions:

How much will Eskaton pay to be Reutlinger's affiliate organization?

- Both organizations are nonprofit, therefore, TRC will become an affiliate of Eskaton and the assets and operations will remain intact for TRC under the affiliation with Eskaton. TRC will hold a seat on the Eskaton board to assure continuity and integrity of TRC's mission remains.
- **How will this affect my donation? Will any funds from my donation support Eskaton/outside organizations?**
 - All past, present and future donations to TRC will be used exclusively for TRC's purposes. The community will amend its by-laws through the affiliation to include Eskaton as the sole member, which will place all assets and operations under Eskaton management.
 - No TRC restricted donor dollars will be used for any other Eskaton community.
- **What will happen to the current TRC Board of Directors?**
 - TRC will hold a veto-discretion seat on the Eskaton corporate board to guarantee collaborative decision-making and the preservation of TRC's Jewish character.
- **Are there any disadvantages to this partnership? Were all facts and points considered prior to entering into an agreement? Are there any unresolved items that could possibly harm TRC long-term?**
 - Throughout the strategic planning process, third-party evaluations and analysis, the TRC board considered aspects of its residents, staff, donors and other stakeholders' needs. After careful consideration, the affiliation is beneficial to both parties involved; TRC will grow its mission-impact and strengthen overall operations without having to compromise its values. Eskaton's expansion into the East Bay will help the organization execute high-quality programs, as well as provide the best possible living and health care options for residents for decades to come.



The Reutlinger
Community
SCHIFF CENTER FOR LIFE

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March 19, 2019

Dear Reutlinger Vendors,

We are writing to share some news about our community. The Reutlinger Community and Eskaton, a Sacramento-based nonprofit with more than 50 years of experience in senior living, signed a letter of intent to affiliate into the Eskaton network of care providers.

Business will continue as normal in the interim. TRC will honor current contracts as the community continues to compensate vendors for services provided. Correspondence will remain between vendors and their designated contact at TRC.

The community will announce any changes or adjustments with transparency well in advance as Eskaton spends the next few months learning back-end processes at TRC.

TRC worked with a number of consultants the past half-decade to assist the community in planning strategically for the future. Efforts emphasized improvements to services while increasing the community's presence in the East Bay. TRC selected Eskaton after working with three different senior living-focused strategic planning specialists.

The affiliation will help maintain care, comfort and a secure future for all residents at TRC, a commitment that has been a top priority since the community was founded. If you have any additional questions about Eskaton you would like to discuss individually, please contact us.

Thank you,



Jay Zimmer

President and CEO

**ADVANCE TO THE J. THE JEWISH NEWS OF
NORTHERN CALIFORNIA, EMBARGOED
UNTIL MARCH 22, 2019
March 15, 2019**

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**EAST BAY, JEWISH SENIOR COMMUNITY, REUTLINGER, SIGNS AFFILIATION LETTER WITH
ESKATON, NORTHERN CALIF. NONPROFIT ORGANIZATION
Pending affiliation to enhance services and preserve Jewish cultural values**

DANVILLE, Calif. – The Reutlinger Community (TRC), the East Bay's only Jewish retirement organization, and Eskaton, a Sacramento-based senior living nonprofit, signed a letter of intent to affiliate TRC into the Eskaton network of senior living communities. The affiliation, pending a formal agreement, will provide TRC resources, strength, scale and influence to expand services for community residents and increase its presence in the East Bay. Eskaton will grow its network in the San Francisco Bay Area through the relationship, while gaining access via TRC to the John Muir HMO network.

"Reutlinger is a single-site community experiencing the same challenges that other best-in-class senior living communities are facing throughout the country," said TRC President and CEO Jay Zimmer. "By affiliating with Eskaton, a large well-established nonprofit organization, Reutlinger can benefit from additional resources, health care expertise and ability to expand our mission to older adults living in the East Bay."

TRC's Jewish heritage and ideals will be preserved under terms and conditions of the affiliation. Eskaton will spend the next month in due diligence learning TRC procedures and priorities to ensure community character remains through the transition. Once the agreement is finalized, TRC will inherit a veto-power seat on the Eskaton Board of Directors to maintain community values long-term.

"Eskaton has great respect and admiration for what TRC has accomplished and the positive reputation they have built," said Eskaton CEO Todd Murch. "Eskaton will continue to support Reutlinger's Jewish values and legacy."

"Reutlinger's leadership identified the need for a strategic partner and conducted broad due diligence with Jewish and non-Jewish organizations," said Zimmer. "We found aligned goals and vision with Eskaton to strengthen and expand Reutlinger for decades to come."

TRC, originally founded in 1950 in Oakland, Calif., as the Home for Jewish Parents, is a recently renovated, single-site, 110,000-square-foot community offering a continuum of care from independent living, skilled nursing, assisted living, enhanced care and memory care. Eskaton, celebrating its 50th anniversary, owns and operates 35 communities and programs throughout Northern California offering affordable senior housing, independent living, assisted living, memory care, rehabilitation and skilled

nursing and home-based services such as licensed home health care, non-medical home care and adult day health care.

"Affiliations are occurring throughout the nation within the health care environment, and specifically often, with single-site retirement communities affiliating with larger organizations to navigate regulatory changes and successfully meet fluctuating market conditions. In choosing Eskaton, the Reutlinger Community has made a positive, strategic move to affiliate with a well-regarded nonprofit multi-site organization," said Molly Forrest, CEO of the Los Angeles Jewish Home. "I am confident that Eskaton will respect the Jewish heritage and programs of The Reutlinger Community while together they sustain, fulfill the mission and grow and maximize the services to the East Bay community. I am encouraged to see two excellent organizations affiliating together to maximize resources and expand services to older adults."

About The Reutlinger Community

The Reutlinger Community has been a staple of the East Bay Jewish retirement community since it was founded in 1950 in Oakland, Calif., as the Home for Jewish Parents. Today, located at the base of Mount Diablo in Danville, Calif., the newly renovated 110,000-square-foot Reutlinger Community provides a range of health care and support services for up to 180 residents while maintaining a commitment to Jewish cultural values. For more information, call 925-648-2800 or visit <http://www.rcjl.org/>.

About Eskaton

Since 1968 Eskaton has been serving Northern California older adults. As a nonprofit senior living provider, our mission is to enhance the lives of older adults through innovative health, housing and social services. With five decades of experience and a national reputation for innovation, Eskaton is Transforming the Aging Experience. For more information, please call 1-866-ESKATON, or visit <http://www.eskaton.org/>.

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The Jewish News
of Northern California



New management partner Eskaton promises to continue Reutlinger's commitment to Jewish culture, such as kosher meals in the facility's dining room. (Photo/Courtesy Reutlinger Community)

SENIORS

Reutlinger to affiliate with nondenominational management

group

BY DAN PINE | MARCH 22, 2019

The Reutlinger Community soon will be under new management.

Long the primary Jewish assisted living/skilled nursing home in the East Bay, Reutlinger has signed a letter of intent with Eskaton, a large, nondenominational nonprofit that manages more than 30 senior care facilities throughout Northern California.

Though Eskaton will take over management once the transition is complete, leaders of both bodies promise that Reutlinger's Jewish values and traditions will continue. The Danville facility, which accommodates up to 180 seniors, will still be called the Reutlinger Community, with minimal day-to-day changes anticipated for residents.

Under terms of the letter of intent, the Reutlinger will dissolve its board and amend its by-laws, making Eskaton the sole corporate member responsible for all management and operations, keeping of health records, IT maintenance and accounting. Reutlinger will appoint to the Eskaton board a new member, who will have substantial oversight in order to protect the interests of Reutlinger and its Jewish character going forward. No personnel changes are expected, according to Jay Zimmer, president and CEO. Debora Kohn will remain as full-time staff rabbi, Shabbat and Jewish holidays will be observed, and kosher food will be available to residents who request it. The Jewish Heritage Museum at Reutlinger will also remain open.

Zimmer said the decision to affiliate is the result of a years-long search for a partner to help expand services, such as offering home care, and to stabilize Reutlinger in the coming years.

"We set out with some key objectives in terms of any potential partner," Zimmer said. "They would have to commit to our Jewish values. They would have to

have a track record of quality of care. And they would have to have access to capital.”

Sacramento-based Eskaton, he said, easily met those criteria. Eskaton president and CEO Todd Murch agreed the affiliation was a good fit for both.

“We’re nondenominational, so we identify ourselves as a community-based nonprofit that exists to provide services,” Murch said. “At one early meeting I thought it would be good to get out on the table what was most important to [Reutlinger], and they said without hesitation what was most important was maintaining its Jewish heritage and values. We have no reservations committing to that because our commitment is to enhancing the lives of seniors. We’re very open to meeting the needs of the communities we’re in.”



Reutlinger Community CEO Jay Zimmer (left) and Eskaton president Todd Murch (Photo/Dan Pine)

He added that Reutlinger will be Eskaton’s anchor as the nonprofit seeks to further expand its services in the East Bay.

Zimmer said Reutlinger’s current finances are sound, with more than \$14 million in cash reserves which includes \$5 million endowment, including \$1

million for financial assistance to indigent residents and Holocaust survivors. Rather, he said, the impetus for the change was the reality that single-site facilities such as Reutlinger are facing challenges in the market and need fortification to ensure their longevity.

As an example of the kind of challenges that have affected Reutlinger, Zimmer cited two flu outbreaks in the community. State law requires senior care facilities to enforce a quarantine and bar any new resident admissions during outbreaks, which meant Reutlinger had to freeze admissions for a total of three months. That had a deleterious impact on the budget. Affiliating with Eskaton, which would shoulder those types of financial responsibilities, will remove such headaches for Reutlinger.

Additionally, single-site facilities such as Reutlinger are too small to partner with large hospitals and HMOs. “Single sites in particular are feeling more vulnerable in recent years because of the demand of regulatory health care changes,” Murch said. “Hospitals want certain things from their partners. They want fewer, better partners rather than a bunch of little partners. [They prefer] organizations with electronic health records and a more significant IT backbone than most single sites can do. This is our core.”

The Reutlinger Community traces its roots back more than 60 years, when it was known as the Home for Jewish Parents in Oakland. In 1999 it opened its Danville facility and was renamed for a major donor, the late Jacques Reutlinger.

Eskaton was founded in 1968 as a nonprofit in the hospital industry. In time it revised its mission to provide a range of senior services, including home care, independent and assisted living, palliative care, rehab, memory care and skilled nursing. It currently manages what it calls villages, lodges and manors in Burlingame, El Cerrito, Sacramento, Pleasanton, Placerville and several other Northern California communities. This is its first Jewish facility.

According to its 2017-2018 annual report, Eskaton earned more than \$200 million in revenue through continuing care and multilevel retirement

communities, rehabilitation, skilled nursing, home support services and other income streams. It employs more than 2,000 people and serves more than 15,000 people annually.

With the letter of intent signed, the draft agreement has been going back and forth and is almost in final form. A completed application is expected to be sent to the California attorney general's office for review and final approval, with the transition projected for completion in late summer.

Both Zimmer and Murch expect residents, families and staff will be on board with the changes. "I can't imagine there will be much that anyone notices," Murch said. "It's already run very well."

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Dan Pine

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