Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
CARLTON SENIOR LIVING LLC 401K PROFIT SHARING PLAN & TRUST

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 01/01/2004

2a Plan sponsor's name and address (employer, if for a single-employer plan)
(Address should include room or suite no.)
CARLTON SENIOR LIVING, LLC

825 ARNOLD DR
SUITE 110
MARTINEZ, CA 94553-6837

2b Employer Identification Number (EIN)
20-5242307

2c Sponsor's telephone number
925-370-6220

2d Business code (see instructions)
721310

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	09/30/2011	DAVID CALDWELL
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")
CARLTON SENIOR LIVING, LLC

825 ARNOLD DR
MARTINEZ, CA 94553-6837

3b Administrator's EIN
20-5242307

3c Administrator's telephone number
925-370-6220

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	695
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	701
b	Retired or separated participants receiving benefits	**6b**	0
c	Other retired or separated participants entitled to future benefits	**6c**	3
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	704
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	0
f	Total. Add lines **6d** and **6e**	**6f**	704
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	127
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	1
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
2E 2G 2J 3D 3H

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)		0	**A** (Insurance Information)
(4)			**C** (Service Provider Information)
(5)			**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
CARLTON SENIOR LIVING LLC 401K PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
CARLTON SENIOR LIVING, LLC

D Employer Identification Number (EIN)
20-5242307

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)	12308	11442
(3) Other	1b(3)		
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	668278	481763
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	72345	42056
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)	770355	925926
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)		
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)		
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	1523286	1461187
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	1523286	1461187

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)		
	(B) Participants	2a(1)(B)	277642	
	(C) Others (including rollovers)	2a(1)(C)	82871	
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		360513
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	1841	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		1841
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	18481	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		18481
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		76276
c Other income	2c		-1798
d Total income. Add all **income** amounts in column (b) and enter total	2d		455313
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	477784	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		477784
f Corrective distributions (see instructions)	2f		21937
g Certain deemed distributions of participant loans (see instructions)	2g		12991
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)	860	
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	3840	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		4700
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		517412
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		-62099
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified **(2)** [ ] Qualified **(3)** [X] Disclaimer **(4)** [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: DAVID J CORMIA, CPA **(2)** EIN: 20-8298840

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. **(2)** [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A Name of plan
CARLTON SENIOR LIVING LLC 401K PROFIT SHARING PLAN & TRUST

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
CARLTON SENIOR LIVING, LLC

D Employer Identification Number (EIN)
20-5242307

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1** 0

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 16-1470238

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☒ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☐ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☐ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☐ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☐ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

CARLTON SENIOR LIVING LLC
401(K) PROFIT SHARING PLAN AND TRUST

Financial Statements
With Supplemental Schedule

December 31, 2010 and 2009

(With Independent Auditors' Report Thereon)

David J. Cormia
Certified Public Accountant
5669 Snell Ave. #111
San Jose, CA 95123

CARLTON SENIOR LIVING LLC
401(K) PROFIT SHARING PLAN AND TRUST
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Schedules other than those listed above have been omitted because the information is otherwise disclosed, not applicable, or is not required by 29 CFR 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, as amended.

David J. Cormia

Certified Public Accountant

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Independent Auditor's Report

To the Plan Administrative Committee
Carlton Senior Living LLC 401(k) Profit Sharing Plan and Trust:

I was engaged to audit the financial statements and supplemental schedule of the Carlton Senior Living LLC 401(k) Profit Sharing Plan and Trust (the "Plan") as of December 31, 2010 and 2009, and for the year ended December 31, 2010, as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed me not to perform, and I did not perform, any auditing procedures with respect to the information referred to in Note 3, which was certified by Counsel Trust Company dba Mid Atlantic Trust Company, the custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedules. I have been informed by the plan administrator that the custodian holds the Plan's investment assets and execute investment transactions. The plan administrator has obtained a certification from the custodian as of December 31, 2010 and 2009, and for the year ended December 31, 2010, that the information provided to the plan administrator by the custodian is complete and accurate.

Because of the significance of the information that I did not audit, I am unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by custodian, has been audited by me in accordance with auditing standards generally accepted in the United States of America and, and in my opinion, is presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

David J. Cormia

San Jose, California
September 27, 2011

Carlton Senior Living LLC 401(k) Profit Sharing Plan and Trust

Statements of Net Assets Available for Benefits

December 31, 2010 and 2009

Assets	**2010**	2009
Investments (participant directed, at fair value):		
Interest bearing cash	**$ 481,763**	$ 668,278
Mutual funds	**925,926**	770,355
Total investments	**1,407,689**	1,438,633
Receivables:		
Notes receivable from participants	**42,056**	72,345
Participant contributions	**11,442**	12,308
Total receivables	**53,498**	84,653
Net assets available for benefits	**$ 1,461,187**	$ 1,523,286

The accompanying Independent Auditor's Report
and notes are an integral part of these financial statements.

Carlton Senior Living LLC 401(k) Profit Sharing Plan and Trust

Statement of Changes in Net Assets Available for Benefits

For the year ended December 31, 2010

Changes in net assets attributable to:	
Contributions:	
Participants	**$ 277,642**
Participant transfers from other plans	**82,871**
Total contributions	**360,513**
Investment activity:	
Net realized and unrealized gains	**74,478**
Interest and dividends	**18,481**
Net investment activity	**92,959**
Interest income on notes receivable from participants	**1,841**
Distributions to participants	**(512,712)**
Administrative expenses	**(4,700)**
Net change	**(62,099)**
Net assets available for benefits at:	
Beginning of year	**1,523,286**
End of year	**$ 1,461,187**

The accompanying Independent Auditor's Report
and notes are an integral part of these financial statements.

Carlton Senior Living LLC 401(k) Profit Sharing Plan and Trust
Notes to the Financial Statements

1. DESCRIPTION OF PLAN

The following description of the Carlton Senior Living LLC 401(k) Profit Sharing Plan and Trust (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan was established April 1, 1999 to provide eligible employees of the Carlton Senior Living LLC (the "Company") with retirement benefits. The Plan is a voluntary defined contribution plan covering all eligible employees who have attained the age of 21. Employees covered under a collective bargaining agreement or non-resident aliens are not eligible to participate in the plan. Entry dates are on the first day of the month coinciding with or following the date on which the participant meets eligibility requirements. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"), and certain provisions of the Internal Revenue Code ("IRC").

On October 31, 2005, all of the assets of the Plan, with the exception of the Fixed Account Plus and Short Term Fixed Account included in annuity contracts were transferred from AIG Variable Annuity Life Insurance Company ("AIG VALIC") to ING Life Insurance and Annuity Company ("ING") and subsequently to Mid Atlantic Trust Company ("MATC"). The transfer of the remaining balance of the annuity contracts to MATC after liquidation restrictions expired was completed in late 2009.

Participant Eligibility, Contributions, and Vesting

Employees electing to participate in the Plan may contribute a portion of their annual compensation through payroll withholdings. Contributions to the Plan are limited to the maximum amount allowable under the provisions of the Internal Revenue Service and to an annual limitation of $16,500 ($22,000 for those participants aged 50 and over).

The Plan allows the Company to make discretionary matching and profit sharing contributions. A participant must complete a year of service and be employed on the last day of the Plan year to be eligible for the employer matching contribution. For the years ended December 31, 2010 and 2009, the Company's elected to forego making a matching or profit sharing contribution.

Participant Loans

With the Plan trustee's approval, and subject to IRS regulations and limitations, participants may borrow up to the lesser of $50,000 or 50% of their vested account balance with a minimum loan amount of $1,000. A maximum of one loan can be outstanding at any time. Loans are subject to approval by the Plan administrator, bear interest at prevailing market rates of interest and must be repaid within five years. All loans are secured by the participants' account balances. Principal and interest are paid ratably through semi-monthly payroll deductions.

Participant Accounts

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's contributions and, (b) Plan investment earnings or losses. Allocations are based on participant contributions and earnings or account balances, as defined in the Plan agreement. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Vesting - Participants are immediately vested in their voluntary contributions and rollovers plus actual earnings thereon. Participants vest in the Company's matching and profit sharing contributions according to the following schedule:

Years of Service	Vested Percentage
Less than one year	0%
1 year	10%
2 years	20%
3 years	40%
4 years	60%
5 years	80%
6 years	100%

Investment Options

Participants exercise control over the types of investments made on their behalf, provided that such accounts are invested in investment funds designated by the Plan. Participants may invest in any one or more investment funds and change their investment options at any time.

Payment of Benefits

The Plan provides for the payment of benefits to the participant (or, if applicable, the beneficiary) at retirement (age 59 ½), disability, death, financial hardship, or termination of employment. Participants who qualify for retirement benefits and withdrawals may elect to receive their benefits in either a lump-sum distribution or in an alternative manner available under the Plan.

Participants who separate from service and have vested account balances of $1,000 or less are subject to an administrative lump sum distribution at the discretion of the plan administrator. Mandatory distributions of separated participants' vested balances between $1,000 and $5,000 are subject to a direct rollover of their balance into an Individual Retirement Account (IRA) designated by the plan administrator in the name of the separated participant.

Administration

The Company is the plan administrator and has engaged the services of PayChex, Inc., as a Third Party Administrator ("TPA") to handle daily administration of the Plan. The Plan's assets are managed by MATC ("Trustee"). The Trustee, appointed by the Company, processes and maintains the records of participant data and hold Plan investment assets. The plan administrator reviews the performance of the various available investments and decides on the addition or deletion of an investment fund.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The financial statements of the plan are prepared on the accrual basis of accounting.
Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statement of Net Assets Available for Benefits presents the fair value of the investment contracts as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

Use of Estimates
The preparation of financial statements in conformity accounting principles generally accepted in the United States of America requires the plan administrator to make estimates and assumptions that affect the reported amounts of assets and liabilities, and changes therein, and contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Valuation of Investments
Investments are reported at fair value. Fair value is 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. See note 4 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes gains and losses on investments bought and sold, as well as held during the year.

Notes Receivable From Participants
Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are reclassified as distributions based upon the terms of the plan document.

Benefits
Benefits are recorded when paid.

Administrative Expenses
Substantially all administrative expenses of the Plan are paid by the Company. Expenses relating to specific participant transactions such as loan setup, distribution request are charged directly against the appropriate participant's account.

3. INVESTMENTS

In accordance with 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA, information certified by Mid Atlantic Trust Company ("MATC") regarding the current value of assets held at December 31, 2010, and transactions entered into during the year then ended, was used in the preparation of the accompanying financial statements and supplemental schedule. The following table includes the fair values of investment funds that represent 5% or more of the Plan's net assets at December 31, 2010:

	2010	2009
Interest bearing cash	$ 481,763	$ 668,278
Mutual funds	925,926	770,355
Total investments	$ 1,407,689	$ 1,438,633

The following investments exceeded 5% of net plan assets as of December 31, 2010:

	Value	Percentage of Assets
Mid Atlantic Trust Company		
American Money Market	481,763	33.2%
American Funds EuroPacific Growth	264,783	18.2%
Federated Max-Cap Index	112,773	7.8%
Federated Total Return Bond	135,123	9.3%
MFS Government Securities Fd CL R2	83,260	5.7%
Prudential Jennison Small Company Fund Class R	96,507	6.6%

During the year ended December 31, 2010, the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year), appreciated by $92,959, as follows:

Interest and dividends	$ 18,481
Unrealized and realized gain on investments	74,478
Total	$ 92,959

Mid Atlantic Trust Company has undergone an examination by other auditors of its internal controls relevant to the processing of transactions and safeguarding of assets as it pertains to its custodial duties. Such examination is designed in accordance with guidance contained in the American Institute of Certified Public Accountants Statement on Auditing Standards No. 70, Reports on the Processing of Transactions by Service Organizations. In its report dated July 22, 2011, the other auditors identified and tested internal controls that they believed would provide reasonable assurance that certain control objectives would be achieved. Inclusive of those tests and control objectives were contributions, distributions, and investment activity.

4. FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and disclosures, establishes a framework for measuring fair value. That framework provides 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 unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	Inputs to the valuation methodology include: • quoted prices for similar assets or liabilities in active markets; • quoted prices for identical or similar assets or liabilities in inactive markets; • inputs other than quoted prices that are observable for the asset or liability; • inputs that are derived principally from or corroborated by observable market data by correlation or other means • If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value at December 31, 2010.

Cash and cash equivalents: Valued at the closing of December 31, 2010

Mutual funds: Valued at the net asset value (NAV) of shares held by the plan at year end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the plan's assets at fair value as of December 31, 2010 and 2009:

	Assets at Fair Value as of December 31, 2010			
	Level 1	***Level 2***	***Level 3***	***Total***
Interest bearing cash	$ 481,763	$ -	$ -	$ 481,763
Mutual Funds				
Blended	68,097	-	-	68,097
Bonds	218,383	-	-	218,383
Equities	349,709	-	-	349,709
International	289,737	-	-	289,737
	$ 1,407,689	$ -	$ -	$ 1,407,689

	Assets at Fair Value as of December 31, 2009			
	Level 1	***Level 2***	***Level 3***	***Total***
Interest bearing cash	$ 668,278	$ -	$ -	$ 668,278
Mutual Funds				
Blended	17,433	-	-	17,433
Bonds	179,289	-	-	179,289
Equities	279,732	-	-	279,732
International	293,901	-	-	293,901
	$ 1,438,633	$ -	$ -	$ 1,438,633

5. RELATED PARTY TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by the Trustee of the Plan, Mid Atlantic Trust Company, and therefore, these transactions qualify as party-in-interest transactions as defined by ERISA.

6. PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right to terminate or amend the Plan at any time, subject to the provisions of ERISA. In the event of Plan termination, all non-vested employer contributions would become 100% vested.

7. TAX STATUS

The plan adopted a volume submitter profit sharing plan with cash or deferral arrangement has received a favorable opinion letter from the IRS, which states that the Plan is designed in compliance with the applicable sections of the IRC. The plan has been amended since receiving the determination letter. However, the plan administrator and the plan's tax counsel believe that the plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code.

8. RISKS AND UNCERTAINTIES

The plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statement of net assets available for benefits.

Carlton Senior Living LLC 401(k) Profit Sharing Plan and Trust

Plan Sponsor EIN: 20-5242307 Plan Number: 001

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2010

(a)	(b) Identity of issue, borrower lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral par, or maturity value	(d) Cost	Current (e) Value
	American Money Market	Interest-bearing Cash	^	$ 481,763
	American Century LIVESTRONG 2015	Mutual Funds	^	22,019
	American Century LIVESTRONG 2025	Mutual Funds	^	23,114
	American Century LIVESTRONG 2045	Mutual Funds	^	12,240
	American Century LIVESTRONG 2035	Mutual Funds	^	10,724
	BlackRock Global Allocation	Mutual Funds	^	24,954
	American Funds EuroPacific Growth	Mutual Funds	^	264,783
	Federated Mid Cap Growth Strategies	Mutual Funds	^	29,540
	Federated Max-Cap Index	Mutual Funds	^	112,773
	Federated Total Return Bond	Mutual Funds	^	135,123
	Franklin Flex Cap Growth	Mutual Funds	^	36,440
	Franklin Small Cap Value	Mutual Funds	^	6,212
	Perkins Mid Cap Value Fund Cl	Mutual Funds	^	25,057
	MFS Government Securities Fd CL R2	Mutual Funds	^	83,260
	MFS Value R2	Mutual Funds	^	43,180
	Prudential Jennison Small Company Fund Class R	Mutual Funds	^	96,507
		Total Mutual Funds		925,926
*	Participant loans	14 loans	-	42,056
				1,449,745

* Party in interest to the Plan, as defined by ERISA.

^ Cost Information not provided as assets are part of an individual account plan that participants and beneficiaries directed with respect to assets allocated to his or her account.

The accompanying Independent Auditor's Report
and notes are an integral part of this schedule.

Carlton Senior Living LLC 401(k) Profit Sharing Plan and Trust

Plan Sponsor EIN: 20-5242307 Plan Number: 001

Schedule H, Line 4i - Schedule of Assets (Held at End of Year)

December 31, 2010

(a)	(b) Identity of issue, borrower lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral par, or maturity value	(d) Cost	Current (e) Value
	American Money Market	Interest-bearing Cash	^	$ 481,763
	American Century LIVESTRONG 2015	Mutual Funds	^	22,019
	American Century LIVESTRONG 2025	Mutual Funds	^	23,114
	American Century LIVESTRONG 2045	Mutual Funds	^	12,240
	American Century LIVESTRONG 2035	Mutual Funds	^	10,724
	BlackRock Global Allocation	Mutual Funds	^	24,954
	American Funds EuroPacific Growth	Mutual Funds	^	264,783
	Federated Mid Cap Growth Strategies	Mutual Funds	^	29,540
	Federated Max-Cap Index	Mutual Funds	^	112,773
	Federated Total Return Bond	Mutual Funds	^	135,123
	Franklin Flex Cap Growth	Mutual Funds	^	36,440
	Franklin Small Cap Value	Mutual Funds	^	6,212
	Perkins Mid Cap Value Fund Cl	Mutual Funds	^	25,057
	MFS Government Securities Fd CL R2	Mutual Funds	^	83,260
	MFS Value R2	Mutual Funds	^	43,180
	Prudential Jennison Small Company Fund Class R	Mutual Funds	^	96,507
		Total Mutual Funds		925,926
*	Participant loans	14 loans	-	42,056
				1,449,745

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^ Cost Information not provided as assets are part of an individual account plan that participants and beneficiaries directed with respect to assets allocated to his or her account.

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and notes are an integral part of this schedule.