## Covenant Living West

Report on Audit of Liquid Reserves and Additional Information as of and for the Year Ended September 30, 2024, and Independent Auditors' Report

#### **COVENANT LIVING WEST**

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#### Plante & Moran, PLLC



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#### **Independent Auditor's Report**

To the Covenant Living Board Covenant Living West

#### **Opinion**

We have audited the liquid reserves report of Covenant Living West, which includes Covenant Living at the Samarkand, Covenant Living at Mount Miguel, and Covenant Living of Turlock (collectively, the "Organization"), as of and for the year ended September 30, 2024 listed in Part 5 - Liquid Reserves in the table of contents (the "liquid reserves report").

In our opinion, the accompanying liquid reserves report presents fairly, in all material respects, the liquid reserve requirements of Covenant Living West as of September 30, 2024 in conformity with the report preparation provision of California Health and Safety Code Section 1792.

#### **Basis for Opinion**

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

#### Other Matter

We draw attention to Note 1 to the liquid reserves report, which describes the basis of accounting. Our audit was conducted for the purpose of forming an opinion on the liquid reserves report taken as a whole. The additional information listed in Parts 1, 2, 3, 6, and 7 in the table of contents is presented for the purpose of additional analysis. This additional information is the responsibility of management. Such information has not been subjected to the auditing procedures applied in our audit of the liquid reserves report, and, accordingly, we express no opinion on it.

#### Restriction on Use

Our report is intended solely for the information and use of the Organization's management and board of directors and for filing with the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

#### Responsibilities of Management for the Liquid Reserves Report

Management is responsible for the preparation and fair presentation of the liquid reserves report in accordance with complying with California Health and Safety Code Section 1792 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the liquid reserves report that is free from material misstatement, whether due to fraud or error.



#### Auditor's Responsibilities for the Audit of the Liquid Reserves Report

Our objectives are to obtain reasonable assurance about whether the liquid reserves report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the liquid reserves report.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the liquid reserves report, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the liquid reserves report.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the liquid reserves report.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Plante & Moran, PLLC

January 16, 2025

# Part 5 Liquid Reserves

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

CO 2015A CO 2015B	4/1/2015 4/1/2015	1,270,000	3,617,125 82,390	-	7,482,125 1,352,390
CO 2015B	4/1/2015 2/1/2017		82,390 1,403,105	<u>-</u>	1,352,390 6,378,105
COL 2018A	11/13/2018		2,989,000	-	2,989,000
CT 2018B	11/13/2018	1,310,000	2,090,750	-	3,400,750
Term Loan - 2019	10/24/2019	1,224,657	1,071,476	-	2,296,133
COL 2020A	10/15/2020		3,290,000		3,290,000
COL 2020B	10/15/2020	1,640,000	6,586,972		8,226,972
Term Loan - 2022	2/10/2022	-	1,022,222		1,022,222
	-	\$ 14,284,657	\$ 22,153,040	\$ -	\$ 36,437,697

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

Provider: Covenant Living Communities and Services

FORM 5-2 LONG-TERM DEBT INCURRED DURING FISCAL YEAR (Including Balloon Debt)

	(a)	(b)	(C)	(d)	(e)
			Amount of most	Number of	Reserve Requirement
Long-Term	Date	Total Interest Paid	Recent Payment	Payments over	(see instruction 5)
Debt Obligation	Incurred	<b>During Fiscal Year</b>	on the Debt	next 12 months	(columns c * d)
Term Loan - 2024	6/21/2024	775,578	746,000	1	746,000
		\$ 775,578	\$ 746,000	\$ 1	\$ 746,000

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

**Provider:** Covenant Living Communities and Services

#### Items from Combined Statements of Cash Flows to Forms 5-1 and 5-2 Long-Term Debt Incurred in Prior and Current Fiscal Years For the Fiscal Year Ended September 30, 2024

	CRC Total	
Principal paid on long-term debt per Schedule 5-1	\$	14,284,657
Early redemption of bonds		0
Principal paid on other debt		1,181,692
+ Total per Cash Flows - Payment of Debt*	\$	15,466,349

#### Items from Combined Statements of Cash Flows to Forms 5-1 and 5-2 Long-Term Debt Incurred in Prior and Current Fiscal Years For the Fiscal Year Ended September 30, 2024

		CRC Total	
Interest paid on long-term debt per Schedule 5-1 Interest paid on long-term debt per Schedule 5-2 Interest paid on other debt		\$ 22,153,000 776,000 2,363,000	
+ Total per Cash Flows - Interest Paid	\$	25,292,000	

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

Total from Form 5-1 bottom of Column (e)	\$	36,437,697
Total from Form 5-2 bottom of Column (e)		746,000
To cilita i langula di un unutal un unanat unid la cuna cida di union finanti con		
(including related payments such as lease insurance)	-	
TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	\$	37,183,697
	Total from Form 5-2 bottom of Column (e)  Facility leasehold or rental payment paid by provider during fiscal year.  (including related payments such as lease insurance)	Total from Form 5-2 bottom of Column (e)  Facility leasehold or rental payment paid by provider during fiscal year.  (including related payments such as lease insurance)

## FORM 5-4 CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$33,288,000
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$217,000	
	o. Credit enhancement premiums paid for long-term debt (see instructions)	\$0	
	c. Depreciation	\$5,661,000	
	d. Amortization	\$4,000	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$11,024,000	
	f. Extraordinary expenses approved by the Department	\$0	
3	Total Deductions		\$16,906,000
4	Net Operating Expenses		\$16,382,000
5	Divide Line 4 by 365 and enter the result.		\$44,882
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense res	serve amount.	\$3,366,164
PROVIDER:	Covenant Living Communities and Services		
COMMUNITY			

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$33,835,000
2	Deductions:		
а	. Interest paid on long-term debt (see instructions)	\$988,000	
b	. Credit enhancement premiums paid for long-term debt (see instructions)	\$0	
С	. Depreciation	\$3,220,000	
d	. Amortization	\$18,000	
e	. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$9,820,000	
f.	Extraordinary expenses approved by the Department		
3	Total Deductions		\$14,046,000
4	Net Operating Expenses		\$19,789,000
5	Divide Line 4 by 365 and enter the result.	_	\$54,216
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense res	serve amount.	\$4,066,233
PROVIDER:	Covenant Living Communities and Services		
COMMUNITY:	Covenant Living of Turlock		

## FORM 5-4 CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements	_	\$30,926,000
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	\$870,000	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	\$0	
C.	Depreciation	\$4,098,000	
d.	Amortization	\$7,000	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$9,994,000	
f.	Extraordinary expenses approved by the Department		
3	Total Deductions		\$14,969,000
4	Net Operating Expenses		\$15,957,000
5	Divide Line 4 by 365 and enter the result.		\$43,718
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense res	serve amount.	\$3,278,836
PROVIDER:	Covenant Living Communities and Services		
COMMUNITY:	Covenant Living at Mount Miguel		

## Items from Combined Statements of Cash Flows & Supplemental Information to Combined Statements of Cash Flows for Calculation of Cash Operating Expenses For the Fiscal Year Ended September 30, 2024

	CLCS Total	Samarkand	Mt. Miguel	Turlock	All Others
* Depreciation	\$ 70,013,000	\$ 5,661,000	\$ 4,098,000	\$ 3,220,000	\$ 57,034,000
* Amortization	\$ 580,000	\$ 4,000	\$ 7,000	\$ 18,000	\$ 551,000
Routine Resident Services and Other Items Revenues received from non-contract residents	\$ 345,935,000 30,838,000	\$ 19,684,000 11,024,000	\$ 14,506,340 9,994,000	\$ 16,198,000 9,820,000	\$ 295,546,660 0
+ Total per Cash Flows - Cash from Residents	\$ 376,773,000	\$ 30,708,000	\$ 24,500,340	\$ 26,018,000	\$ 295,546,660
Interest paid Credit enhancement premiums paid for long-term debt	\$ 25,276,000 0	\$ 217,000 0	\$ 870,000 0	\$ 988,000 0	\$ 23,201,000 0
+ Total per Cash Flows - Interest Paid	\$ 25,276,000	\$ 217,000	\$ 870,000	\$ 988,000	\$ 23,201,000

<sup>+</sup> Combined Statements of Cash Flows

<sup>\*</sup> Supplemental Information to Combined Statement of Cash Flows

## FORM 5-5 ANNUAL RESERVE CERTIFICATION

Prov	ider Name:	Covenant Living Wes	st			
Quar	ter Ended:	September 30, 2024		-		
of, aı requi	nd for the period	ended <u>September</u> :	30, 2024	rating expense reserve requesting and are in compliance onal \$7,000,000 was funde	with th	nose
Our l year			using the follows:	audited financial statemen	ts for th	ne fiscal
				A	mount	1
[1]	Debt Service R	eserve Amount				37,183,697
[2]	Operating Expe	ense Reserve Amount		116		10,711,438
[3]	Total Liquid R	eserve Amount				47,895,135
Qual	ifying assets suff	icient to fulfill the abov	e require	ments are held as follows:  A  (market value a  Debt Service Reserve	mount it the e	
[4]	Cash and Cash	n Equivalents		DEDIT OCIVICE RESERVE		47,355
[5]	Fixed Income \$	•				26,481,577
[6]	Equity Securities				•	15,212,090
[7]		ole Lines of Credit				
[8]	Unused/Availal	ole Letters of Credit		10	<del>.</del> a	
[9]	Debt Service R	leserve		36,551,619		(not applicable)
[10]	Other:					
					<del>.</del>	8
	(describe quali	fy asset)				
	Total Amount	of Qualifying Assets	i	(c	2	e
	Listed for Liqu	uid Reserve:	[11]	36,551,619	[12]	41,741,022
	Total Amount	Required	[13]	37,183,697	[14]	10,711,438
	Surplus/(Defic	ciency):	[15]	(632,078)	[16]	31,029,584
	ature: Jlom IVS			Date:	1	113/25
_	orized Represen	tative)				FORM 5-5
(Title	<del>)</del> }					

Covenant Retirement Communities, West

Form 5-5 Attachment Re: Reserves

The reserves included on Form 5-5 are categorized as follows:

Benevolent Care Fund:	\$ 25,486,202
Property Replacement Fund:	14,170,661
Capital Reserve Fund:	26,997,890
Other Board Designated Funds	17,693,153
Good Neighbor Fund	 1,547,575
Total Funds	\$ 85,895,481
Portion of Funds Consisting of Approved Securities	48.54%
Reserves (cash, investment securities and equities	
included on Form 5-5)	\$ 41,693,667
Additional Cash Not in Reserves	 47,355
Total Qualifying Assets per Form 5-5	\$ 41,741,022

#### **Description of Reserves:**

#### **Benevolent Care Fund:**

Principal accumulates as a board designated endowment fund. Earnings are utilized to offset benevolent care provided to residents.

#### **Property Replacement Fund:**

Reserves established to pay for non-routine capital. For example: roofs, HVAC systems, etc.

#### Capital Reserve Fund:

Reserve is to provide funds for optional early redemption of variable rate debt (in a rising interest rate environment). Reserves are also available to internally finance significant campus capital renovations and expansions.

#### Other Board Designated Funds:

These reserves include the funds held to pay refundable contract obligations as well as other miscellaneous Board designations.

#### **Good Neighbor Fund:**

This fund is held by the Samarkand only and is utilized to assist residents who are receiving an benevolent care discount for their monthly fee with other personal needs (e.g., new eye glasses).

Per Capita Cost of Operations: \$ 65,000

Defined as total operating expenses dived by the average number of residents

#### **COVENANT LIVING WEST**

#### NOTE TO LIQUID RESERVES REPORT AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2024

#### 1. BASIS OF ACCOUNTING

The accompanying liquid reserves report on pages 3 through 14 has been prepared in accordance with the provisions of the Health and Safety Code Section 1792 administered by the State of California Department of Social Services. The liquid reserves report includes the accounts of the following entities of Covenant Living West: Covenant Living at the Samarkand, Covenant Living at Mount Miguel, and Covenant Living of Turlock. Covenant Living West and the related entities are subsidiaries of Covenant Living Communities and Services, an Illinois not-for-profit corporation responsible for operating retirement, assisted-living, and skilled-care facilities.

\* \* \* \* \* \*

# Part 1 Annual Provider Fees

#### FORM 1-1 RESIDENT POPULATION

Line		Continuing Care Residents	TOTAL
[1]		Number at beginning of fiscal year	333
[2]		Number at end of fiscal year	324
[3]		Total Lines 1 and 2	657
[4]		Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]		Mean number of continuing care residents	328.5
		All Residents	
[6]		Number at beginning of fiscal year	398
[7]		Number at end of fiscal year	385
[8]		Total Lines 6 and 7	783
[9]		Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]		Mean number of all residents	391.5
[11]		Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.84
Line		FORM 1-2 <u>ANNUAL PROVIDER FEE</u>	TOTAL
[1]		Total Operating Expenses (including depreciation and debt service - interest only)	\$33,288,000
	[a]	Depreciation \$5,661,000	
	[b]	Debt Service (Interest Only) \$217,000	
[2]		Subtotal (add Line 1a and 1b)	\$5,878,000
[3]		Subtract Line 2 from Line 1 and enter result.	\$27,410,000
[4]		Percentage allocated to continuing care residents (Form 1-1, Line 11)	84%
[5]		Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$22,999,195 x .001
[6]		Total Amount Due (multiply Line 5 by .001)	\$22,999
PROVIDER: COMMUNITY:		Covenant Living Communities and Services Covenant Living at the Samarkand	_

#### FORM 1-1 RESIDENT POPULATION

Line		Continuing Care Residents	TOTAL
[1]		Number at beginning of fiscal year	294
[2]		Number at end of fiscal year	302
[3]		Total Lines 1 and 2	596
[4]		Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]		Mean number of continuing care residents	298
		All Residents	
[6]		Number at beginning of fiscal year	457
[7]		Number at end of fiscal year	339
[8]		Total Lines 6 and 7	796
[9]		Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]		Mean number of all residents	398
[11]		Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.75
Line		FORM 1-2 <u>ANNUAL PROVIDER FEE</u>	TOTAL
[1]		Total Operating Expenses (including depreciation and debt service - interest only)	\$33,836,000
	[a]	Depreciation \$3,220,000	
	[b]	Debt Service (Interest Only) \$988,000	
[2]		Subtotal (add Line 1a and 1b)	\$4,208,000
[3]		Subtract Line 2 from Line 1 and enter result.	\$29,628,000
[4]		Percentage allocated to continuing care residents (Form 1-1, Line 11)	75%
[5]		Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$22,183,779
[6]		Total Amount Due (multiply Line 5 by .001)	x .001 \$22,184
PROVIDER: COMMUNITY:		Covenant Living Communities and Services Covenant Living of Turlock	

#### FORM 1-1 RESIDENT POPULATION

Line		Continuing Care Residents	TOTAL
[1]		Number at beginning of fiscal year	354
[2]		Number at end of fiscal year	353
[3]		Total Lines 1 and 2	707
[4]		Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]		Mean number of continuing care residents	353.5
		All Residents	
[6]		Number at beginning of fiscal year	427
[7]		Number at end of fiscal year	427
[8]		Total Lines 6 and 7	854
[9]		Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]		Mean number of all residents	427
[11]		Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.83
Line		FORM 1-2 <u>ANNUAL PROVIDER FEE</u>	TOTAL
[1]		Total Operating Expenses (including depreciation and debt service - interest only)	\$30,926,000
	[a]	Depreciation \$4,098,000	
	[b]	Debt Service (Interest Only) \$870,000	
[2]		Subtotal (add Line 1a and 1b)	\$4,968,000
[3]		Subtract Line 2 from Line 1 and enter result.	\$25,958,000
[4]		Percentage allocated to continuing care residents (Form 1-1, Line 11)	83%
[5]		Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$21,489,820 x .001
[6]		Total Amount Due (multiply Line 5 by .001)	\$21,490
PROVIDER: COMMUNITY:		Covenant Living Communities and Services Covenant Living at Mount Miguel	

# Part 2 Certification by Chief Executive Officer

#### Part 2

#### **Certification by Chief Executive Officer**

The Annual Report is to the best of my knowledge correct and in compliance with the State of California Department of Social Services requirements. The continuing care contracts used for new residents have been approved by the Department of Social Services.

As of the date of this certification, Covenant Living Communities and Services and Covenant Living West are maintaining the required liquid reserves.

David Erickson Date

# Part 3 Evidence of Fidelity Bond



#### CERTIFICATE OF INSURANCE

12/09/2024

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: Jim Verity					
CHIVAROLI & ASSOCIATES INC	PHONE (A/C, No, Ext): 805-371-3680 FAX (A/C, No): 805-371-3684					
200 N Westlake Blvd #101	E-MAIL ADDRESS: jimv@chivaroli.com					
Westlake Village, CA 91362	INSURER(S) AFFORDING COVERAGE	NAIC#				
(805) 371 - 3680	INSURER A: National Union Fire Insurance Company	19445				
INSURED	INSURER B:					
Covenant Living Communities and Services	INSURER C:					
5700 Old Orchard Road	INSURER D:					
Skokie, IL 60077	INSURER E:					
	INSURER F:					

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
	GENERAL LIABILITY						EACH OCCURRENCE \$
	COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)
	CLAIMS MADE OCCUR						MED EXP (Any one person) \$
							PERSONAL & ADV INJURY \$
							GENERAL AGGREGATE \$
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS – COMP/OP AGG \$
	POLICY PRO- JECT LOC						
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)
	ANY AUTO						BODILY INJURY (Per person) \$
	ALL OWNED SCHEDULED AUTOS AUTOS						BODILY INJURY (Per accident) \$
	HIRED AUTOS NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident) \$
	UMBRELLA LIAB OCCUR						EACH OCCURRENCE \$
	EXCESS LIAB CLAIMS-MADE						AGGREGATE \$
	DED RETENTION \$						
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						WC STATUTORY LIMITS OTHER \$
	ANY PROPRIETOR/PARTNER/EXECUTIVE/ OFFICER/MEMBER EXCLUDED?	N/A					E.L. EACH ACCIDENT \$
	(Mandatory in NH) If yes, describe under						E.L. DISEASE – EACH EMPLOYEE \$
	DESCRIPTION OF OPERATIONS below						E.L. DISEASE – POLICY LIMIT \$
Α	A Commercial Crime			02-306-63-04	3/1/2024	3/01/2025	\$5,000,000 per occurrence
DEC	CDIDTION OF ODER ATIONS / LOCATIONS / VEHIC	=0 /4					

ESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Proof of Insurance for Informational Purposes Only

CERTIFICATE HOLDER	CANCELLATION
--------------------	--------------

CA Department of Social Services Continuing Care Licensing Division 744 P Street, M.S. 11-90 Sacramento, California 95814 SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

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# Part 4 Covenant Living Communities and Services Audited Financial Statements

(not included in this bound document)

# Part 6 CCRC Disclosure Statement

# Continuing Care Retirement Community Disclosure Statement General Information

FACILITY NAME:		Covenant Living at the Samarkand  2550 Treasure Drive, Santa Barbara, CA			-					
ADDRESS:					ZIP CODE: <u>93105-4148</u> PHONE: <u>805-6</u>					
PROVIDER NAME: Covenant Living Communities and Services			FACILITY OPERATOR: Covenant Living Communities and Services							
RELATED FACILITIES:		See Page 2			RELIGIOUS AFF	FILIATION	l: Evangelical Covena	nt Churc	ch	
YEAR OPENED:		1966	NO. OF	ACRES:	17	-	MULTI-STORY:	SIN	GLE STORY:	BOTH: Y
MILES TO SHOPPING CEN	NTER:	1 mile		MILE	S TO HOSPITAL:		1 mile			
NUMBER OF UNITS:		INDEPENDENT LIV	ING				HEALTH CAR	E		
		APARTMENTS - STU	DIO 16		=		ASSISTED LIVIN	G	38	
		APARTMENTS - 1 BD	RM 65		-		SKILLED NURSIN	G	63	
		APARTMENTS - 2 BD	PRM 123		-		SPECIAL CAR	E	16	
		COTTAGES/HOUS	SES 12		-	DES	CRIBE SPECIAL CAR	E Assist	ed Living Memo	ry Care
	% O	CCUPANCY AT YEAR E	END 100%	)	-					
TYPE OF OWNERSHIP:	V	NOT FOR PROFIT	☐ FOR PROFIT		ACCREDITED:	Y	✓ N	BY:		_
FORM OF CONTRACT:		LIFE CARE	☑ CONTINUING	CARE	7	FEE FOR	R SERVICE			
		ASSIGN ASSETS	☐ EQUITY		7	ENTRY F	EE [	RENT	AL	
REFUND PROVISIONS (CH	neck all t	nat apply):	☑ 90%		75%	50%	☑ PRORATED TO	0%	OTHER:	
RANGE OF ENTRANCE FE	EES:	\$ 109,000	то \$ 1,	366,000	-	LONG-TI	ERM CARE INSURAN	ICE REC	QUIRED?	Y VN
HEALTH CARE BENEFITS	INCLUD	ED IN CONTRACT:	60 Health Care	e Days wi	th 10% Discount 0	OR 30 He	alth Care Days Only			
ENTRY REQUIREMENTS:		MIN. AGE:	62	PRIO	R PROFESSION:		N/A C	THER:		
RESIDENT REPRESEN' is a voting Board represe The representative attendent The representative and the	entative. ds 4 Boa	ard meetings annually	and receives all			-	_	ard repr	esentative. All	an Anderson
			FACILITY	SERVIO	CES AND AMEN	IITIES				
COMMON AREA AMENI	ITIES				SERVICES AV	AILABLE				FOR
		AVAILABLE	FEE FOR SI	-0.40-					INCLUDED IN FEE	EXTRA CHARGE
BEAUTY/BARBER SHOI	Р	AVAILABLE   ☑		EKVICE	HOUSEKEEPIN	NG TIME	S/MONTH		4	CHARGE
BILLIARD ROOM		v			NUMBER OF M			_	1	2
BOWLING GREEN					SPECIAL DIET	S AVAIL	ABLE	_	Yes	
CARD ROOMS CHAPEL					24-HOUR EME	RGENC	Y RESPONSE		7	
COFFEE SHOP					ACTIVITIES PR				v	Ø
CRAFT ROOMS		V	V		ALL UTILITIES				回	
EXERCISE ROOM	_	☑			APARTMENT N	MAINTEN	NANCE		Į.	
GOLF COURSE ACCESS					CABLE TV	ICLIED				
LIBRARY PUTTING GREEN					LINENS FURNI					ä
SHUFFLEBOARD		H	H		MEDICATION N		EMENT			
SPA			ä		NURSING/WEL				V	<b></b>
SWIMMING POOL-INDO	OR				PERSONAL NU	JRSING/	HOME CARE			v
SWIMMING POOL-OUT	DOOR	Ø			TRANSPORTA					₽ P
TENNIS COURT					TRANSPORTA					V
WORKSHOP OTHER -					OTHER	vvireless	s Internet Access		Ø	Ø.
O I I I LIX		i								

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME:	Covenant Living Communities and Services	
CCRC's	LOCATION (City, State)	Phone (with area code)
Covenant Living of Golden Valley	Minneapolis, Minnesota	763-546-6125
Covenant Living at the Shores	Mercer Island, Washington	206-268-3000
Covenant Living of Colorado	Westminster, Colorado	303-424-4828
Covenant Living of Cromwell	Cromwell, Connecticut	860-635-5511
Covenant Living of Florida*	Plantation, Florida	954-472-2860
Covenant Living of the Great Lakes	Grand Rapids, Michigan	616-735-4541
Covenant Living of Northbrook	Northbrook, Illinois	847-480-6380
Covenant Living of Turlock	Turlock, California	209-632-9976
Covenant Living at the Holmstad	Batavia, Illinois	630-879-4000
Covenant Living at Mount Miguel	Spring Valley, California	619-479-4790
Covenant Living at the Samarkand	Santa Barbara, California	805-687-0701
Covenant Living at Windsor Park*	Carol Stream, Illinois	630-682-4377
Covenant Living at Inverness	Tulsa, Oklahoma	877-225-8992
Three Crowns Park*	Evanston, Illinois	847-328-8700
Covenant Living of Keene*	Keene, New Hampshire	630-283-5150
Shannondale of Knoxville*	Knoxville, Tennessee	865-690-3411
Shannondale of Maryville*	Maryville, Tennessee	865-982-4599
MULTU EVEL DETIDENENT COM	WANTE O	
MULTI-LEVEL RETIREMENT COMM		
Covenant Living of Bixby	Bixby, Oklahoma	918-970-4433
FREE-STANDING RESIDENTIAL LIV	/ING	
Covenant Living of Geneva	Geneva, Illinois	877-317-7950
FREE-STANDING ASSISTED LIVING	<u> </u>	
Covenant Home of Chicago	Chicago, Illinois	773-506-6900

<sup>\*</sup> FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS

PROVIDER NAME: Cover in Thousands	ant Living Communities and	Services ( Coven	ant Living at the S	amarkan	a)								
		FY	E 9/30/21		FYE 9/30/22			FY	E 9/30/23	FYE 9/30/24			
ICOME FROM ONGOING OPERA	ATIONS												
PERATING INCOME													
xcluding amortization of entrance	fee income)	\$	344,180		\$	340,996		\$	384,438		\$	400,925	
ESS OPERATING EXPENSES													
xcluding depreciation, amortizatio	n, & interest)	\$	292,901		\$	325,596		\$	344,826		\$	370,873	
ET INCOME FROM OPERATION	s	\$	51,279		\$	15,400		\$	39,612		\$	30,052	
ESS INTEREST EXPENSE		\$	13,038		\$	17,439		\$	19,842		\$	23,245	
US CONTRIBUTIONS		\$	969		\$	(1,123)		\$	(840)		\$	1,321	
US NON-OPERATING INCOME	(EXPENSES)												
xcluding extraordinary items)		\$			\$			\$	<u> </u>		\$		
ET INCOME (LOSS) BEFORE EN	ITRANCE FEES,												
EPRECIATION AND AMORTIZA	TION	\$	39,210		\$	(3,162)		\$	18,930		\$	8,128	
ET CASH FLOW FROM ENTRAM	ICE FEES												
otal Deposits Less Refunds)		\$	56,485		\$	62,885		\$	71,239		\$	89,229	
ESCRIPTION OF SECURED DEE	BT AS OF MOST RECENT FISC	CAL YEAR END											
LENDER	OUTSTANDING BALANCE		TEREST RATE	DATE OF ORIGINATION				DATE OF MATURITY			AMORTIZATION PERIOD		
			* See A	ttached	Sheet *								
NANCIAL RATIOS (see next pag	ge for ratio formulas)	FY	E 9/30/21		FYE	E 9/30/22		FY	E 9/30/23		FY	E 9/30/24	
EBT TO ASSET RATIO			37.75			40.28			37.97			35.22	
PERATING RATIO			88.89	100.60					94.86	98.30			
EBT SERVICE COVERAGE RAT	10	3.22			1.94			4.41			3.47		
AYS CASH-ON-HAND RATIO			513.00		415.36			417.69			426.12		
STORICAL MONTHLY SERVICE /ERAGE FEE AND PERCENT CI													
VERAGE FEE AND FERCENT CI	TAINGE	FY	E 9/30/21	%	FYE	E 9/30/22	%	FY	E 9/30/23	%	FY	E 9/30/24	
TUDIO .		\$	2,466	2.0%	\$	2,540	3.0%	\$	2,692	6.0%	\$	2,840	
NE BEDROOM		\$	3,890		\$			\$			\$		
VO BEDROOM		\$			\$			\$			\$		
JSTOM		\$	6,357		\$			\$			\$		
SSISTED LIVING		¢	6 201	2.00/	e	6 6 4 7	3 = 0/	¢	6.012	4.00/	¢	7 250	
		<u>\$</u>	6,391		\$			\$			\$		
SISTED LIVING SPECIAL CAR	-	\$	8,528					\$			\$		
	SKILLED NURSING												
SSISTED LIVING SPECIAL CARE KILLED NURSING KILLED NURSING SPECIAL CAR	E	\$	476/day N/A	2.0%	\$	N/A	3.076		N/A	3.0%		N/A	

PROVIDER NAME: Covenant Living Communities and Services
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END
As of September 30, 2024

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	ın	- 1	h	$\sim$	1	sa	ın	М	c

	09/30/24	INTEREST	DATE OF	DATE OF	AMODTIZATION
	OUTSTANDING	INTEREST	DATE OF	DATE OF	AMORTIZATION
LENDER	BALANCE	RATE	ORGINATION	MATURITY	PERIOD
Illiania Firmana Authorita Danama Defundian Diant Diant Danama Danda					
Illinois Finance Authority Revenue Refunding Direct Placement Bonds	05.450		0/4/0047	40/4/0000	40
Series 2017	25,150	variable	2/1/2017	12/1/2029	13 years
Colorado Health Facilities Authority Revenue Bonds					
Series 2015A	70,910	1.00-5.00	4/1/2015	12/1/2035	21 years
	•				21 years
Series 2015B	1,265	variable	4/1/2015	12/1/2024	10 years
Series 2018A	59,780	5.00	11/13/2018	12/1/2048	30 years
Series 2020A	82,250	4.00	10/15/2020	12/1/2040	20 years
Series 2020B	157,500	2.80-4.48	10/15/2020	12/1/2050	30 years
State of Connecticut Health and Educational Facilities Authority					
Series 2018B	41,160	5.00	11/13/2018	12/1/2040	22 years
					Interest Only,
					Expires After 5
Bank of America Taxable Term Loan - 2019	42,580	2.45%	10/24/2019	12/1/2024	Years
Bank of America Taxable Term Loan - 2022	40,000	2.50%	2/14/2022	2/1/2052	30 years
Bank of America Taxable Term Loan - 2024	•	variable	6/21/2024	6/1/2029	
Dalik Ul Allielica Taxable Tellii Luali - 2024	53,575	variable	0/21/2024	0/1/2029	30 years
Total law or tarner alaba	F74 470				
Total long-term debt	574,170				

#### **FINANCIAL RATIO FORMULAS**

#### LONG-TERM DEBT TO TOTAL ASSETS RATIO

Long-Term Debt, less Current Portion
Total Assets

#### **OPERATING RATIO**

Total Operating Expenses
-- Depreciation Expense
-- Amortization Expense
Total Operating Revenues
--Amortization of Deferred Revenues

#### **DEBT SERVICE COVERAGE RATIO**

Total Excess of Revenues over Expenses
+ Interest, Depreciation,
and Amortization Expenses
-- Amortization of Deferred Revenue
+ Net Proceeds from Entrance Fees
Annual Debt Service

#### DAYS CASH ON HAND RATIO

Unrestricted Current Cash
And Investments
+ Unrestricted Non-Current Cash
and Investments

(Operating Expenses - Depreciation
- Amortization)/365

**Note:** These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

# Continuing Care Retirement Community Disclosure Statement General Information

FACILITY NAME:	Covenant Living of Tu	rlock					
ADDRESS:	2125 North Olive Aver	nue, Turlock, CA	ZIP	CODE: 95382	PHONE: 209-632-9976		
PROVIDER NAME:	Covenant Living Communities and Services		FACILITY OPER	ATOR: Covenant Liv	ring Commu	nities and Services	
RELATED FACILITIES:	See Page 2		RELIGIOUS AFFILIA	ATION: Evangelical (	Covenant Ch	nurch	
YEAR OPENED:	1977	NO. OF ACR	ES: 26	MULTI-STC	PRY:	SINGLE STORY:	BOTH: Y
MILES TO SHOPPING CENTER:	1 mile	M	ILES TO HOSPITAL:	less than 1/4 mile			
	INDEPENDENT LIVII APARTMENTS - STUE APARTMENTS - 1 BDI APARTMENTS - 2 BDI COTTAGES/HOUS CUPANCY AT YEAR E	010 35 RM 92 RM 55 ES 39	  	ASSISTE SKILLED I SPEC	NURSING_ IAL CARE_	51 50	
_	NOT FOR PROFIT	_	ACCREDITED: Y	<b></b> □ <b>n</b>	E	BY:	
FORM OF CONTRACT:	LIFE CARE	☑ CONTINUING CARE	☐ FEE F	OR SERVICE			
	ASSIGN ASSETS	☐ EQUITY	☑ ENTR	Y FEE	☐ F	RENTAL	
REFUND PROVISIONS (Check all	that apply):	☑ 90%	75% 🗹 50% 🖸	PRORATE	ED TO 0%	OTHER:_	
RANGE OF ENTRANCE FEES:	\$ 85,000 1	TO \$ 743,0	00 LONG	-TERM CARE INSUI	RANCE REG	QUIRED?	□Y ☑N
HEALTH CARE BENEFITS INCLU	IDED IN CONTRACT:	60 Health Care Days	; 10% Discount or 30 Health	Care Days			
ENTRY REQUIREMENTS:	MIN. AGE:	62PF	RIOR PROFESSION:	N/A	ОТН	ER:	
RESIDENT REPRESENTATIVE The representative attends 4 Be The representative and the term	oard meetings annua	lly and receives all ma			ng Board re	epresentative.	
		FACILITY S	ERVICES AND AMENITI	ES			
COMMON AREA AMENITIES			SERVICES AVAILAB	LE			FOR
BEAUTY/BARBER SHOP BILLIARD ROOM BOWLING GREEN CARD ROOMS CHAPEL COFFEE SHOP CRAFT ROOMS EXERCISE ROOM GOLF COURSE ACCESS LIBRARY PUTTING GREEN SHUFFLEBOARD	AVAILABLE  IN I	FEE FOR SERVICE	HOUSEKEEPING TII NUMBER OF MEALS SPECIAL DIETS AVA  24-HOUR EMERGEN ACTIVITIES PROGR ALL UTILITIES EXCE APARTMENT MAINT CABLE TV LINENS FURNISHEE LINENS LAUNDERE MEDICATION MANA	S/DAY AILABLE  AICY RESPONSE  AM EPT PHONE ENANCE  O		INCLUDED IN FEE 4 1 Depending on un Yes	
SPA SWIMMING POOL-INDOOR SWIMMING POOL-OUTDOOR TENNIS COURT WORKSHOP OTHER	<b>!</b>		NURSING/WELLNES PERSONAL NURSIN TRANSPORTATION- TRANSPORTATION-	SS CLINIC IG/HOME CARE PERSONAL			

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME:	Covenant Living Communities and Services	
CCRC's	LOCATION (City, State)	Phone (with area code)
Covenant Living of Golden Valley	Minneapolis, Minnesota	763-546-6125
Covenant Living at the Shores	Mercer Island, Washington	206-268-3000
Covenant Living of Colorado	Westminster, Colorado	303-424-4828
Covenant Living of Cromwell	Cromwell, Connecticut	860-635-5511
Covenant Living of Florida*	Plantation, Florida	954-472-2860
Covenant Living of the Great Lakes	Grand Rapids, Michigan	616-735-4541
Covenant Living of Northbrook	Northbrook, Illinois	847-480-6380
Covenant Living of Turlock	Turlock, California	209-632-9976
Covenant Living at the Holmstad	Batavia, Illinois	630-879-4000
Covenant Living at Mount Miguel	Spring Valley, California	619-479-4790
Covenant Living at the Samarkand	Santa Barbara, California	805-687-0701
Covenant Living at Windsor Park*	Carol Stream, Illinois	630-682-4377
Covenant Living at Inverness	Tulsa, Oklahoma	877-225-8992
Three Crowns Park*	Evanston, Illinois	847-328-8700
Covenant Living of Keene*	Keene, New Hampshire	630-283-5150
Shannondale of Knoxville*	Knoxville, Tennessee	865-690-3411
Shannondale of Maryville*	Maryville, Tennessee	865-982-4599
MULTILIEVEL PETIDEMENT COMM	NANTIEO	
MULTI-LEVEL RETIREMENT COMM		
Covenant Living of Bixby	Bixby, Oklahoma	918-970-4433
FREE-STANDING RESIDENTIAL LIV	<u>/</u> ING	
Covenant Living of Geneva	Geneva, Illinois	877-317-7950
FREE-STANDING ASSISTED LIVING	<u> </u>	
Covenant Home of Chicago	Chicago, Illinois	773-506-6900

<sup>\*</sup> FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS

n Thousands		renant Living of Turlock)							
WAR TO WAR AND ADD		FYE 9/30/21		FYE 9/30/22	FYE 9/30/23			FYE 9/30/24	
NCOME FROM ONGOING OPERATION	IS								
OPERATING INCOME excluding amortization of entrance fee inc	nama)	\$ 344,180	¢	340,996		\$ 384,438		\$ 400,92	
excluding amortization of entrance fee inc	ome)	\$ 344,180	\$	340,996		\$ 384,438		\$ 400,92	
ESS OPERATING EXPENSES									
excluding depreciation, amortization, & in	terest)	\$ 292,901	\$	325,596		\$ 344,826		\$ 370,87	
ET INCOME FROM OPERATIONS		\$ 51,279	_\$	15,400		\$ 39,612		\$ 30,05	
ESS INTEREST EXPENSE		\$ 13,038	\$	17,439		\$ 19,842		\$ 23,24	
US CONTRIBUTIONS		\$ 969	_\$	(1,123)		\$ (840)		\$ 1,32	
.US NON-OPERATING INCOME (EXP	ENSES)								
xcluding extraordinary items)		\$ -	\$	<u> </u>		\$ -		\$ -	
ET INCOME (LOSS) BEFORE ENTRA	NCE FEES,								
EPRECIATION AND AMORTIZATION		\$ 39,210	\$	(3,162)		\$ 18,930		\$ 8,12	
ET CASH FLOW FROM ENTRANCE F	EES								
otal Deposits Less Refunds)		\$ 56,485	_\$	62,885		\$ 71,239		\$ 89,22	
SCRIPTION OF SECURED DEBT AS	OF MOST RECENT FISCAL YE	AR END							
LENDER	OUTSTANDING BALANCE	INTEREST RATE		DATE OF ORIGINATION		DATE OF MATURITY		AMORTIZATION PERIOD	
<del></del>		* See A	ttached Shee	et *					
			_						
IANCIAL RATIOS (see next page for	ratio formulas)	FYE 9/30/21		FYE 9/30/22		FYE 9/30/23		FYE 9/30/24	
BT TO ASSET RATIO		37.75		40.28		37.97		35.2	
ERATING RATIO		88.89		100.60		94.86		98.3	
BT SERVICE COVERAGE RATIO		3.22		1.94		4.41		3.4	
LYS CASH-ON-HAND RATIO		513.00		415.36		417.69		426.1	
STORICAL MONTHLY SERVICE FEE /ERAGE FEE AND PERCENT CHANG									
ENAGET EE AND PENGENT GHANG	9L	FYE 9/30/21	%	FYE 9/30/22	%	FYE 9/30/23	%	FYE 9/30/24	
UDIO		\$ 2,123	3.0% \$	2,187	3.0%	\$ 2,318	6.0%		
E BEDROOM				2,671		\$ 3,968		\$ 4,18	
O BEDROOM				3,176		\$ 4,504		\$ 4,75	
TTAGE/HOUSE/CUSTOM		\$ 4,793	3.0% _\$_	4,937	3.0%	\$ 5,919	6.0%	\$ 6,24	
SISTED LIVING		\$4,817-\$5,352/ Month	3.5%	\$5,010-\$5,566/ Month		\$5,210-\$5,788.64/Month		\$ 5,71	
ILLED NURSING		\$377-\$594/ Day	5.0%	\$396-624/ Day	5.0%	\$415-\$655/ Day	5.0%	\$485-\$688/ Da	
ECIAL CARE									

PROVIDER NAME: Covenant Living Communities and Services
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END As of September 30, 2024 In Thousands

	09/30/24 OUTSTANDING	INTEREST	DATE OF	DATE OF	AMORTIZATION
LENDER	BALANCE	RATE	ORGINATION	MATURITY	PERIOD
Illinois Finance Authority Revenue Refunding Direct Placement Bonds Series 2017	25,150	variable	2/1/2017	12/1/2029	13 years
Colorado Health Facilities Authority Revenue Bonds					
Series 2015A	70,910	1.00-5.00	4/1/2015	12/1/2035	21 years
Series 2015B	1,265	variable	4/1/2015	12/1/2024	10 years
Series 2018A	59,780	5.00	11/13/2018	12/1/2048	30 years
Series 2020A	82,250	4.00	10/15/2020	12/1/2040	20 years
Series 2020B	157,500	2.80-4.48	10/15/2020	12/1/2050	30 years
State of Connecticut Health and Educational Facilities Authority					
Series 2018B	41,160	5.00	11/13/2018	12/1/2040	22 years
					Interest Only, Expires After 5
Bank of America Taxable Term Loan - 2019	42,580	2.45%	10/24/2019	12/1/2024	Years
Bank of America Taxable Term Loan - 2022	40,000	2.50%	2/14/2022	2/1/2052	30 years
Bank of America Taxable Term Loan - 2024	53,575	variable	6/21/2024	6/1/2029	30 years
Total long-term debt	574,170				

#### **FINANCIAL RATIO FORMULAS**

#### LONG-TERM DEBT TO TOTAL ASSETS RATIO

Long-Term Debt, less Current Portion
Total Assets

#### **OPERATING RATIO**

Total Operating Expenses
-- Depreciation Expense
-- Amortization Expense
Total Operating Revenues
--Amortization of Deferred Revenues

# **DEBT SERVICE COVERAGE RATIO**

Total Excess of Revenues over Expenses
+ Interest, Depreciation,
and Amortization Expenses
-- Amortization of Deferred Revenue
+ Net Proceeds from Entrance Fees
Annual Debt Service

#### DAYS CASH ON HAND RATIO

Unrestricted Current Cash
And Investments
+ Unrestricted Non-Current Cash
and Investments

(Operating Expenses - Depreciation
- Amortization)/365

**Note:** These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

# Continuing Care Retirement Community Disclosure Statement General Information

FACILITY NAME:	Covenant Living at Moun	t Miguel	-	
ADDRESS:	DRESS: 325 Kempton Street, Spring Valley, CA		ZIP CODE: 91977-5810 PHC	NE: 619-479-4790
PROVIDER NAME:	Covenant Living Commu	nities and Services	FACILITY OPERATOR: Covenant Living Communities and Services	
RELATED FACILITIES:	See Page 2	RE	LIGIOUS AFFILIATION: Evangelical Covenant Church	
YEAR OPENED:	1964	NO. OF ACRES:	28 MULTI-STORY: SINGLE STORY:	BOTH: Y
MILES TO SHOPPING CENTER:	1 mile	MILES	S TO HOSPITAL: 8 miles	
A A	INDEPENDENT LIVING APARTMENTS - STUDIO APARTMENTS - 1 BDRM APARTMENTS - 2 BDRM COTTAGES/HOUSES	27 83 132 8	HEALTH CARE	
_	UPANCY AT YEAR END  NOT FOR PROFIT □		ACCREDITED: Y N BY:	
_	_	CONTINUING CARE	☐ FEE FOR SERVICE	
	_	EQUITY	☐ ENTRY FEE ☐ RENTAL	
REFUND PROVISIONS (Check all	that apply):	90%		Monthly
RANGE OF ENTRANCE FEES:	\$ 121,000 TO	\$ 698,000	LONG-TERM CARE INSURANCE REQUIRED?	□Y ☑N
HEALTH CARE BENEFITS INCLU	IDED IN CONTRACT:	60 Health Care Days; 10	% Discount or 30 Health Care Days	
ENTRY REQUIREMENTS:	MIN. AGE: <u>62</u>	PRIOR	R PROFESSION: N/A OTHER:	
	* *	* * *	HE BOARD: Allan Goodmanson is a resident, non-voting member. ials. The non-voting member and term is decided by the campus residents.	
		FACILITY	SERVICES AND AMENITIES	
COMMON AREA AMENITIES			SERVICES AVAILABLE	FOR EXTRA
BEAUTY/BARBER SHOP BILLIARD ROOM BOWLING GREEN CARD ROOMS CHAPEL COFFEE SHOP CRAFT ROOMS EXERCISE ROOM GOLF COURSE ACCESS LIBRARY PUTTING GREEN SHUFFLEBOARD SPA SWIMMING POOL-INDOOR	AVAILABLE  2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2	FEE FOR SERVICE	HOUSEKEEPING TIMES/MONTH  NUMBER OF MEALS/DAY  SPECIAL DIETS AVAILABLE  24-HOUR EMERGENCY RESPONSE  ACTIVITIES PROGRAM  ALL UTILITIES EXCEPT PHONE  APARTMENT MAINTENANCE  CABLE TV  LINENS FURNISHED  LINENS LAUNDERED  MEDICATION MANAGEMENT  NURSING/WELLNESS CLINIC  PERSONAL NURSING/HOME CARE  INCLUDED IN FEE	CHARGE  2
SWIMMING POOL-OUTDOOR TENNIS COURT WORKSHOP OTHER			TRANSPORTATION-PERSONAL TRANSPORTATION-PREARRANGED OTHER	

All providers are required by Health and Safety Code section 1789.1 to provide this report to prospective residents before executing a deposit agreement or continuing care contract, or receiving any payment. Many communities are part of multi-facility operations which may influence financial reporting. Consumers are encouraged to ask questions of the continuing care retirement community that they are considering and to seek advice from professional advisors.

PROVIDER NAME:	Covenant Living Communities and Servi	ces
CCRC's	LOCATION (City, State)	Phone (with area code)
Covenant Living of Golden Valley	Minneapolis, Minnesota	763-546-6125
Covenant Living at the Shores	Mercer Island, Washington	206-268-3000
Covenant Living of Colorado	Westminster, Colorado	303-424-4828
Covenant Living of Cromwell	Cromwell, Connecticut	860-635-5511
Covenant Living of Florida*	Plantation, Florida	954-472-2860
Covenant Living of the Great Lakes	Grand Rapids, Michigan	616-735-4541
Covenant Living of Northbrook	Northbrook, Illinois	847-480-6380
Covenant Living of Turlock	Turlock, California	209-632-9976
Covenant Living at the Holmstad	Batavia, Illinois	630-879-4000
Covenant Living at Mount Miguel	Spring Valley, California	619-479-4790
Covenant Living at the Samarkand	Santa Barbara, California	805-687-0701
Covenant Living at Windsor Park*	Carol Stream, Illinois	630-682-4377
Covenant Living at Inverness	Tulsa, Oklahoma	877-225-8992
Three Crowns Park*	Evanston, Illinois	847-328-8700
Covenant Living of Keene*	Keene, New Hampshire	630-283-5150
Shannondale of Knoxville*	Knoxville, Tennessee	865-690-3411
Shannondale of Maryville*	Maryville, Tennessee	865-982-4599
MULTI-LEVEL RETIREMENT COMM	IUNITIES	
Covenant Living of Bixby	Bixby, Oklahoma	918-970-4433
FREE-STANDING RESIDENTIAL LIV	ING	
Covenant Living of Geneva	Geneva, Illinois	877-317-7950
FREE-STANDING ASSISTED LIVING	<u> </u>	
Covenant Home of Chicago	Chicago, Illinois	773-506-6900

<sup>\*</sup> FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS

Thousands	FYE	9/30/21	F	YE 9/30/22			FYE 9/30/23 FYE 9/30		FYE 9/30/24	
COME FROM ONGOING OPERATIONS										
PERATING INCOME										
ccluding amortization of entrance fee income)	\$	344,180	\$	340,996		\$	384,438		\$	400,925
SS OPERATING EXPENSES										
xcluding depreciation, amortization, & interest)	\$	292,901	\$	325,596		\$	344,826		\$	370,873
T INCOME FROM OPERATIONS	\$	51,279	\$	15,400		\$	39,612		\$	30,052
SS INTEREST EXPENSE	\$	13,038	\$	17,439		\$	19,842		\$	23,245
IS CONTRIBUTIONS	\$	969	\$	(1,123)		\$	(840)		\$	1,321
IS NON-OPERATING INCOME (EXPENSES)										
cluding extraordinary items)	\$	<u> </u>	\$	<u> </u>		\$			\$	
T INCOME (LOSS) BEFORE ENTRANCE FEES,										
PRECIATION AND AMORTIZATION	\$	39,210	\$	(3,162)		\$	18,930		\$	8,128
CASH FLOW FROM ENTRANCE FEES										
tal Deposits Less Refunds)	_\$	56,485	\$	62,885		\$	71,239		\$	89,229
CCRIPTION OF SECURED DEBT AS OF MOST RECENT OUTSTANDING		D TEREST	,	DATE OF			DATE OF			AMORTIZATION
LENDER BALANCE		RATE		RIGINATION			MATURITY			PERIOD
		* See At	tached Sheet *							
ANCIAL RATIOS (see next page for ratio formulas)	FYE	E 9/30/21	F	YE 9/30/22			FYE 9/30/23			FYE 9/30/24
BT TO ASSET RATIO		37.75		40.28			37.97			35.22
ERATING RATIO		88.89		100.60			94.86			98.30
BT SERVICE COVERAGE RATIO		3.22	-	1.94			4.41			3.47
YS CASH-ON-HAND RATIO		513.00		415.36			417.69			426.12
STORICAL MONTHLY SERVICE FEES ERAGE FEE AND PERCENT CHANGE										
ERAGE FEE AND PERCENT CHANGE	FYE	E 9/30/21	% <b>F</b>	YE 9/30/22	%		FYE 9/30/23	%		FYE 9/30/24
OIDIO	\$									2,418
EBEDROOM	\$	2,540					2,773			•
DBEDROOM	\$	2,985	3.0%_\$	3,074	3.0%	\$	3,258	6.0%	\$	3,438
TAGE/HOUSE										
ISTED LIVING	\$						6,296			
LED NURSING		\$425/Day		\$448/Day			\$471/Day			
CIAL CARE	\$	8,700	6.5% \$	9 092	5.0%	œ.	9,502	5.0%	\$	9,977

PROVIDER NAME: Covenant Living Communities and Services
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END
As of September 30, 2024

П	n	- 11	h	-	1	sa	n	ac	
П		- 11		u	u	Sa		us	

LENDER	09/30/24 OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
ELIBER	D/ (L/ (IVOL	10112	ORONWINOIT	Withorth	1 LINOB
Illinois Finance Authority Revenue Refunding Direct Placement Bonds Series 2017	25,150	variable	2/1/2017	12/1/2029	13 years
Colorado Health Facilities Authority Revenue Bonds					
Series 2015A	70,910	1.00-5.00	4/1/2015	12/1/2035	21 years
Series 2015B	1,265	variable	4/1/2015	12/1/2024	10 years
Series 2018A	59,780	5.00	11/13/2018	12/1/2048	30 years
Series 2020A	82,250	4.00	10/15/2020	12/1/2040	20 years
Series 2020B	157,500	2.80-4.48	10/15/2020	12/1/2050	30 years
State of Connecticut Health and Educational Facilities Authority					
Series 2018B	41,160	5.00	11/13/2018	12/1/2040	22 years
	,			, .,_, .,	,
					Interest Only, Expires After 5
Bank of America Taxable Term Loan - 2019	42,580	2.45%	10/24/2019	12/1/2024	Years
Bank of America Taxable Term Loan - 2022	40,000	2.50%	2/14/2022	2/1/2052	30 years
Bank of America Taxable Term Loan - 2024	53,575	variable	6/21/2024	6/1/2029	30 years
Total long-term debt	574,170				

#### **FINANCIAL RATIO FORMULAS**

#### LONG-TERM DEBT TO TOTAL ASSETS RATIO

Long-Term Debt, less Current Portion
Total Assets

#### **OPERATING RATIO**

Total Operating Expenses
-- Depreciation Expense
-- Amortization Expense
Total Operating Revenues
--Amortization of Deferred Revenues

# **DEBT SERVICE COVERAGE RATIO**

Total Excess of Revenues over Expenses
+ Interest, Depreciation,
and Amortization Expenses
-- Amortization of Deferred Revenue
+ Net Proceeds from Entrance Fees
Annual Debt Service

#### DAYS CASH ON HAND RATIO

Unrestricted Current Cash
And Investments
+ Unrestricted Non-Current Cash
and Investments

(Operating Expenses - Depreciation
- Amortization)/365

**Note:** These formulas are also used by the Continuing Care Accreditation Commission. For each formula, that organization also publishes annual median figures for certain continuing care retirement communities.

# Part 7 Adjustments in Monthly Care Fees

Form 7-1 Report on CCRC Monthly Service Fees Covenant Living at the Samarkand

	Residential Living	Assisted Living	Skilled Nursing
Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$2,840-\$7,178	\$6,173-\$8,831	\$551-\$734 / Day
Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5.5%	5.0%	5.0%
Check here if monthly service fe during the reporting period. (If y the bottom of this form and spec community.)	ou checked this b	ox, please skip do	
3 Indicate the date the fee increase w	as implemented:		10/1/2023
(If more than 1 increase was implen	nented, indicate th	ne dates for each i	increase.)
4 Check each of the appropriate boxe	es:		
x Each fee increase is based on the capita costs, and economic indices		ected costs, prior y	ear per
x All affected residents were giver 30 days prior to its implementation Method of Notice: Written notice	on. Date of Notic	e: August 1, 2023	
x At least 30 days prior to the incre representative of the provider co invited to attend. <b>Date of Meeti</b>	nvened a meeting	that all residents	•
x At the meeting with residents, the for the increase, the basis for de data used for calculating the increase.	termining the amo	•	
x The provider provided residents meeting held to discuss the fee in		-	
x The governing body of the provider posted the notice of, an conspicuous place in the community Date of Posting: August 1, 202 posted to bulletin board, and in-	d the agenda for, unity at least 14 da 3 <b>Location of Po</b>	the meeting in a ays prior to the me sting: Library, Ca	eeting.
5 On an attached page, provide a cor	icise explanation f	or the increase in	monthly care fees in

5 On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the applicable Health and Safety Code Sections.

# FORM 7-1 ATTACHMENT MONTHLY CARE FEE INCREASE (MCFI) ANNUAL REPORTING FISCAL YEAR (FYE 09/30/24)

Line	Fiscal Years	12 Month Period 09/30/23	12 Month Period 09/30/24	12 Month Period 09/30/25
	1 FY 2023 Operating Expenses, Including Depreciation & Amortization Expense	32,840,000		
	2 FY 2024 Operating Expenses, Including Depreciation & Amortization Expense		33,288,000	
	3 Projected FY 2025 Operating Expenses, Including Depreciation & Amortization Expense			35,214,811
	4 FY 2025 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			30,043,810
	5 Projected FY 2025 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			(5,171,001)
	6 Projected FY 2025 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 5%*			31,546,000
	7 Grand Total-Projected FY 2025 Net Operating Activity After 5% MCFI (Line 3 plus Line 6)**			(3,668,811)

<sup>\*</sup> A blended rate increase of 5% is being used for this analysis.

PROVIDER: Covenant Living Communities and Services

COMMUNITY: Covenant Living at the Samarkand

<sup>\*\*</sup> The deficit shown is driven by the inclusion of depreciation, interest and marketing expenses. These costs are not covered by monthly service fee revenue.

Form 7-1 Report on CCRC Monthly Service Fees Covenant Living of Turlock

	Residential Living	Assisted Living	Skilled Nursing						
Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$2,446-\$5,521	\$5,714	\$485 - \$688 / Day						
2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5.5%	5.0%	5.0%						
Check here if monthly service fees at this community were <u>not</u> increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)									
3 Indicate the date the fee increase wa	as implemented:		10/1/2023						
(If more than 1 increase was implem	ented, indicate the	dates for each i	increase.)						
4 Check each of the appropriate boxes	3:								
x Each fee increase is based on the capita costs, and economic indicates		ted costs, prior y	rear per						
x All affected residents were given 30 days prior to its implementatio <b>Method of Notice:</b> Written notifice	n. Date of Notice:	August 1, 2023							
x At least 30 days prior to the incre representative of the provider cor invited to attend. <b>Date of Meetin</b>	nvened a meeting	that all residents	•						
x At the meeting with residents, the for the increase, the basis for det data used for calculating the incre	ermining the amou	•							
x The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases. <b>Date of Notice:</b> August 1, 2023									
x The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.  Date of Posting: August 1, 2023 Location of Posting: Lobby and Resident Mail boxes									

<sup>5</sup> On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the applicable Health and Safety Code Sections.

# FORM 7-1 ATTACHMENT MONTHLY CARE FEE INCREASE (MCFI) ANNUAL REPORTING FISCAL YEAR (FYE 09/30/24)

Line	Fiscal Years	12 Month Period 09/30/23	12 Month Period 09/30/24	12 Month Period 09/30/25
	1 FY 2023 Operating Expenses, Including Depreciation & Amortization Expense	39,650,000		
	2 FY 2024 Operating Expenses, Including Depreciation & Amortization Expense		33,835,000	
	3 Projected FY 2025 Operating Expenses, Including Depreciation & Amortization Expense			24,105,000
	4 FY 2025 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			18,315,238
	5 Projected FY 2025 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			(5,789,762)
	6 Projected FY 2025 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 5%*			19,231,000
	7 Grand Total-Projected FY 2025 Net Operating Activity After 5% MCFI (Line 3 plus Line 6)**			(4,874,000)

<sup>\*</sup> A blended rate increase of 5% is being used for this analysis.

**PROVIDER:** Covenant Living Communities and Services

COMMUNITY: Covenant Living of Turlock

<sup>\*\*</sup> The deficit shown is driven by the inclusion of depreciation, interest and marketing expenses. These costs are not covered by monthly service fee revenue.

Form 7-1 Report on CCRC Monthly Service Fees Covenant Living at Mount Miguel

	Residential Living	Assisted Living	Skilled Nursing
Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)		\$6,214 - \$9,102	\$494 - \$632/ Day
2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5.5%	5.0%	5.0%
Check here if monthly service feeduring the reporting period. (If you the bottom of this form and specificommunity.)	ou checked this bo	ox, please skip do	
3 Indicate the date the fee increase wa	as implemented:		10/1/2023
(If more than 1 increase was implem	ented, indicate th	e dates for each i	ncrease.)
4 Check each of the appropriate boxes	s:		
x Each fee increase is based on the capita costs, and economic indica		cted costs, prior y	ear per
x All affected residents were given 30 days prior to its implementatio <b>Method of Notice:</b> Written notice	n. Date of Notice		t least
x At least 30 days prior to the incre representative of the provider cor invited to attend. <b>Date of Meetin</b>	nvened a meeting	that all residents	
x At the meeting with residents, the for the increase, the basis for det data used for calculating the incre	ermining the amo	•	
The provider provided residents we meeting held to discuss the fee in			
x The governing body of the provider posted the notice of, and conspicuous place in the communicate of Posting: August 1, 2023	the agenda for, nity at least 14 da	the meeting in a lys prior to the me	eting.

5 On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the applicable Health and Safety Code Sections.

# FORM 7-1 ATTACHMENT MONTHLY CARE FEE INCREASE (MCFI) ANNUAL REPORTING FISCAL YEAR (FYE 09/30/24)

		12 Month Period	12 Month Period	12 Month Period
Line	Fiscal Years	09/30/23	09/30/24	09/30/25
	1 FY 2023 Operating Expenses, Including Depreciation & Amortization Expense	29,340,000		
	2 FY 2024 Operating Expenses, Including Depreciation & Amortization Expense		30,926,000	
	3 Projected FY 2024 Operating Expenses, Including Depreciation & Amortization Expense			31,562,263
	4 FY 2024 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			25,097,816
	5 Projected FY 2024 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			(6,464,447)
	6 Projected FY 2024 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 5%*			26,352,707
	7 Grand Total-Projected FY 2024 Net Operating Activity After 5% MCFI (Line 3 plus Line 6)**			(5,209,556)

<sup>\*</sup> A blended rate increase of 5% is being used for this analysis.

**PROVIDER:** Covenant Living Communities and Services

COMMUNITY: Covenant Living at Mount Miguel

<sup>\*\*</sup> The deficit shown is driven by the inclusion of depreciation, interest and marketing expenses. These costs are not covered by monthly service fee

# **COVENANT LIVING WEST**

Form 7-1

The data utilized in establishing adjustments in monthly care fees include projected increases in costs such as salary and benefits, food costs, utilities, contract services, supplies and other operating costs and economic analyses of market conditions. The development of the budget, which includes planning for next years' costs of salary and benefits, food costs, utilities, contract services, supplies and other operating costs is a sixmonth process which starts with multi-year forecasting in the spring. For the budget process, historical expenditures are reviewed as well as actual year-to-date expenditures for the current year and an estimated actual for the remaining months of the year.

Budgeted apartment revenues are calculated for the residential units by taking into account occupancy percentages by apartment type and specific monthly rates. Budgeted revenues at the personal care and skilled nursing facilities take into account room type, occupancy percentages by patient payer type and specific monthly and/or daily rates.

Revenues generated from monthly fees are budgeted for in the operating plan. These revenues are planned to cover operating costs and an operating margin consistent with industry standards.

Adjustments to monthly fees typically only occur annually on the first day of the fiscal year, October 1.