

To the Board of Directors
Mennonite Brethren Homes, Inc.
d/b/a Palm Village Retirement Community

INDEPENDENT AUDITORS' REPORT

We have audited the liquid reserve requirements in the accompanying continuing care reserve reports (the "Reports") of Palm Village Retirement Community (a nonprofit health care entity) as of December 31, 2019.

Management's Responsibility for the Reports

Management is responsible for the preparation and fair presentation of these Reports in accordance with the report preparation provision of California Health and Safety Code Section 1792; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Reports that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the Reports based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Reports. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Reports in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Reports.

The accompanying reports were prepared for the purpose of complying with California Health and Safety Code Section 1792 and are not intended to be a complete presentation of the assets, liabilities, revenues and expenses of Palm Village Retirement Community.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Reports referred to above present fairly, in all material respects, the liquid reserve requirements of Palm Village Retirement Community as of December 31, 2019, in accordance with the report preparation provision of California Health and Safety Code Section 1792.

Restriction on Use

These Reports are intended solely for the information of the Board of Directors and management of the Palm Village Retirement Community and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties. However, these Reports are a matter of public record and their distribution is not limited.

June 26, 2020
St. Louis, Missouri

Mueller Prot LC
Certified Public Accountants

ANNUAL REPORT CHECKLIST

PROVIDER(S): Mennonite Brethren Homes, Inc.

CCRC(S): Palm Village Retirement Community

PROVIDER CONTACT PERSON: Joanne Brannan, Controller

TELEPHONE NO.: (559) 638-6933 EMAIL: joannebrannan@palmvillage.com

A complete annual report must consist of 3 copies of all of the following:

- ☒ Annual Report Checklist.
- ☒ Annual Provider Fee in the amount of: \$8006.00
 - ☐ If applicable, late fee in the amount of: \$_____
- ☒ Certification by the provider's **Chief Executive Officer** that:
 - ☐ The reports are correct to the best of his/her knowledge.
 - ☐ Each continuing care contract form in use or offered to new residents has been approved by the Department.
 - ☐ The provider is maintaining the required *liquid* reserves and, *when applicable*, the required refund reserve.
- ☒ Evidence of the provider's fidelity bond, as required by H&SC section 1789.8.
- ☐ Provider's audited financial statements, with an accompanying certified public accountant's opinion thereon.
- ☒ Provider's audited reserve reports (prepared on Department forms), with an accompanying certified public accountant's opinion thereon. (NOTE: Form 5-5 must be signed and have the required disclosures attached (H&SC section 1790(a)(2) and (3)).
- ☒ "Continuing Care Retirement Community Disclosure Statement" for **each** community.
- ☒ Form 7-1, "Report on CCRC Monthly Service Fees" for **each** community.
- ☐ Form 9-1, "Calculation of Refund Reserve Amount", *if applicable*.
- ☐ Key Indicators Report (signed by CEO or CFO (or by the authorized person who signed the provider's annual report)). The KIR may be submitted along with the annual report, but is not required until 30 days later.



June 24, 2020

Department of Social Service
Continuing Care Contracts Branch
744 P Street M/S 10-90
Sacramento, CA 95814

RE: Certification by Chief Executive Officer

Dear Sir or Madam:

This letter is to serve as certification concerning the annual report for Palm Village Retirement Community.

The annual report and any amendments thereto are correct to the best of my knowledge.

Each continuing care contract form in use or offered to new residents has been approved by the Department.

As of the date of the CEO's certification, Palm Village Retirement Community is maintaining the required liquid reserve.

Sincerely,

David K. Reimer
CEO/President

COMMERCIAL CRIME COVERAGE PART
DECLARATIONS PAGE

POLICY EFFECTIVE 03/01/2019

POLICY NO. 9621-300

NAMED INSURED MENNONITE BRETHERN HOMES

LOCATIONS

PREMISES ARE THE SAME AS SHOWN ON THE COMMERCIAL
PROPERTY COVERAGE PART DECLARATIONS PAGE

COVERAGES, LIMITS OF INSURANCE AND DEDUCTIBLE

BOND - EMPLOYEE DISHONESTY COVERAGE FORM A - BLANKET CR0001

	LIMITS OF INSURANCE	DEDUCTIBLE AMOUNT
ALL OFFICERS AND EMPLOYEES - HONESTY	\$100,000	\$500

BOND - FORGERY AND ALTERATIONS COVERAGE FORM B CR0003

	LIMITS OF INSURANCE	DEDUCTIBLE AMOUNT
DEPOSITORS FORGERY	\$25,000	\$500

THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE FORM C CR0004

	LIMITS OF INSURANCE	DEDUCTIBLE AMOUNT
PREMISES	\$1,000	\$500
MESSENGERS	\$1,000	\$500

03/12/2019

ORIGINAL COPY

PCR 76 00 07 89

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	163
[2]	Number at end of fiscal year	153
[3]	Total Lines 1 and 2	316
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	X.50
[5]	Mean number of continuing care residents	158

All Residents

[6]	Number at beginning of fiscal year	296
[7]	Number at end of fiscal year	287
[8]	Total Lines 6 and 7	583
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	X.50
[10]	Mean number of <i>all</i> residents	291.5

Divide the mean number of continuing care residents (Line 5) by the

[11] mean number of *all* residents (Line 10) and enter the result (round to two decimal places).

0.54

Line

FORM 1-2
ANNUAL PROVIDER FEE

TOTAL

[1]	Total Operating Expenses (including depreciation and debt service - interest only)	15,665,187
[a]	Depreciation	761,470
[b]	Debt Service (Interest Only)	77,847
[2]	Subtotal (add Line 1 a and 1 b)	839,317
[3]	Subtract Line 2 from Line 1 and enter result.	14,825,870
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.54
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	8,005,969.80
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 8,006

PROVIDER: Mennonite Brethren Homes, Inc.

COMMUNITY: Palm Village Retirement Community

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	8/25/2005	585,000	77,847	47,873	710,720
2				-	-
3				-	-
4				-	-
5			-		
6			-		
7			-		
8			-		
TOTAL:			77,847	47,873	710,720

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

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

PROVIDER: Mennonite Brethren Homes, Inc

FORM 5-2

LONG-TERM DEBT INCURRED

DURING FISCAL YEAR

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

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

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

PROVIDER: Mennonite Brethren Homes, Inc

For year ended 12/31/19
Form 5-1 & 5-2 Financial Statement Reconciliation

Audited Financial Statements: Cash Flows
from Principal Payments on Long-Term Debt

585,000

Form 5-2 Long-Term Debt Obligation
Form 5-1 Long-Term Debt Obligations

\$ -

1	585,000
2	-
3	-
4	-

585,000
585,000

Audited Financial Statement: Consolidated Statements of Financial Position page 4

	<u>2019</u>	<u>2018</u>
Current maturities of Long-term debt	605,000	585,000
Bonds Payable, less current portion	4,190,000	4,795,000
Less: deferred financing costs, net	(239,931)	(277,223)
Capital lease	736	736
	<u>4,555,805</u>	<u>5,103,513</u>
Principal Payment on long-term debt - Cash Flows page 8 of Audit	(585,000)	(560,000)

Audited Financial Statements: Cash Flows
paid to suppliers and employees

14,225,238

Less other operating expenses

14,177,365

Amounts paid for credit enhancement premiums

47,873

Form 5-1 (d) Credit Enhancement Premiums Paid

47,873

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	710,720
2	Total from Form 5-2 bottom of Column (e)	-
3	Facility leasehold or rental payment paid by provider during fiscal year, (including related payments such as lease insurance)	0
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	710,720

PROVIDER: Mennonite Brethren Homes, Inc

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>15,665,187</u>
2	Deductions		
a	Interest paid on long-term debt (see instructions)	<u>77,847</u>	
b	Credit enhancement premiums paid for long-term debt (see instructions)	<u>47,873</u>	
c	Depreciation	<u>761,470</u>	
d	Amortization	<u>41,165</u>	
e	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>10,519,907</u>	
f	Extraordinary expenses approved by the Department	<u>0</u>	
3	Total Deductions		<u>11,448,262</u>
4	Net Operating Expenses		<u>4,216,925</u>
5	Divide Line 4 by 365 and enter the result.		<u>11,553</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u><u>866,491</u></u>

PROVIDER: Mennonite Brethren Homes, Inc

COMMUNITY: Palm Village Retirement Community

For year ended 12/31/19
Form 5-4 line 2-e

10,519,907

Total Revenue, per the statement of Activities \$ 15,662,749

Less:

Amort of entrance fees	(1,010,458)	
Other revenue	(221,126)	
RCC & HCC	(3,070,933)	
Patio Home Maint Fees	(840,325)	
		<u>(5,142,842)</u>
		<u>10,519,907</u>

Residential Services Revenue, per the statement of Activities	14,229,412
Consulting Revenue, per the statement of activities	201,753
Other income, per the statement of Activities	221,126
Change in allowance for doubtful accounts	53,328
Provision for bad debts	82,504
Account receivable	(127,990)
Change in accomodation fee deposits	9,000
Change in refundable accomodation fees	(219,200)
Receipt of accomodation fees	1,228,000
Deferred revenue from consulting services	97,277
Deferred reveneu from cottage commons	155,081
Total cash received from residents and consulting	<u>15,930,291</u>

Cash received from other sources, per the consolidated statement of cash flows 15,716,364

Cash Received from residents, per the consolidated statement of cash flows 213,927

15,930,291

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Mennonite Brethren Homes, Inc.

Fiscal Year Ended: 12/31/2019

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2019 and are in compliance with those requirement

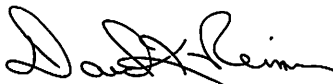
Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	710,720
[2] Operating Expense Reserve Amount	866,491
[3] Total Liquid Reserve Amount:	1,577,211

Qualifying assets sufficient to fulfill the above requirements are held as follows:

		Amount (market value at end of quarter)	
<u>Qualifying Asset Description</u>	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>	
[4] Cash and Cash Equivalents	800,000	2,924,333	
[5] Investment Securities		800,479	
[6] Equity Securities			
[7] Unused/Available Lines of Credit			
[8] Unused/Available Letters of Credit			
[9] Debt Service Reserve		(not applicable)	
[101] Other:			
<hr/>			
(describe qualifying asset)			
Total Amount of Qualifying Assets Listed for Liquid Reserve:	[11] 800,000	[12] 3,724,812	
Total Amount Required:	[13] 710,720	[14] 866,491	
Surplus/(Deficiency):	[15] 89,280	[16] 2,858,320	

Signature:



Date:

6/24/2020

(Authorized Representative)

CEO/President
(Title)

Reserve Disclosure as of 12/31/19

				Bank Accounts at Bank of the Sierra (BOTS)	
				Reedley, CA	
				Account #s	
CASH IN BANK - BOTS	\$	-		#822777270 - BOTS	
CASH IN BANK - BOTS SWEEP 1	\$	50,000		#1500123770 - BOTS	
CASH IN BANK - BOTS SWEEP 2	\$	3,674,333		#1500123799 - BOTS	
CASH IN BANK - BOTS SWEEP 2			\$ 3,724,333	#1500123799 - BOTS	excess for Debt Service Reserve
BRETHREN FUNDS - INVESTMENT	\$	288,792		BRETHREN FOUNDATION FUNDS	
BOARD DESIGNATED ENDOWMENT - INVESTMENT	\$	511,687	\$ 800,479	MB FOUNDATION	
	\$	<u>4,524,812</u>	\$ <u>4,524,812</u>		
		Debt Service Reserve	Operating Reserve		
Debt Service Reserve	\$	800,000			
Operating Reserve			\$ 3,724,812		
Cash and Cash Equivalents (line 4)	\$	<u>800,000</u>	\$ <u>3,724,812</u>	\$	<u>4,524,812</u>

Total Amount of Qualifying Assets	\$	<u>800,000</u>	\$	<u>3,724,812</u>
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No funds have been accumulated for identified projects or purposes and no funds are maintained or designated for specific contingencies.

Per Capita Costs of Operations

Total Operating Expenses	\$	15,665,187
Mean Number of All Residents		291.5
Per Capita Costs of Operations		53,739.92

Continuing Care Retirement Community Disclosure Statement

Date Prepared: 06/24/2020

FACILITY NAME: Palm Village Retirement Community

ADDRESS: 701 W. Herbert, Reedley ZIP CODE: 93654 PHON E: 559-638-6933

PROVIDER NAME: Mennonite Brethren Homes, Inc. FACILITY OPERATOR: Mennonite Brethren Homes, Inc.

RELATED FACILITIES: N/A RELIGIOUS AFFILIATION: Mennonite Brethren

YEAR OPENED: 1942 # OF ACRES: 17.8 ☒ SINGLE STORY ☒ MULTI-STORY ☐ OTHER: MILES TO SHOPPING CTR: 1 MILES TO HOSPITAL: 5

NUMBER OF UNITS: **RESIDENTIAL LIVING** **HEALTH CARE**

APARTMENTS - STUDIO: APARTMENTS - 1 BDRM: APARTMENTS - 2 BDRM: COTTAGES/HOUSES: 80 units ASSISTED LIVING: 69 suites SKILLED NURSING: 105 beds SPECIAL CARE: 15 beds DESCRIPTION: > Dementia

RLU OCCUPANCY (%) AT YEAR END: 95.8% OVERALL CCRC OCCUPANCY (%) AT YEAR END: 91.80%

TYPE OF OWNERSHIP: ☒ NOT-FOR-PROFIT ☐ FOR-PROFIT ACCREDITED?: ☐ YES ☒ NO BY:

FORM OF CONTRACT: ☒ CONTINUING CARE ☐ LIFE CARE ☐ ENTRANCE FEE ☐ FEE FOR SERVICE ☐ ASSIGNMENT OF ASSETS ☐ EQUITY ☐ MEMBERSHIP ☐ RENTAL

(Check all that apply)

REFUND PROVISIONS: (Check all that apply) ☐ Refundable ☐ Repayable ☐ 90% ☐ 75% ☐ 50% ☒ OTHER: 50 Month Amortization

RANGE OF ENTRANCE FEES: \$90,000 - \$1,000 LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: 14 days respite care each year for Independent Living Residents

ENTRY REQUIREMENTS: MIN. AGE: PRIOR PROFESSION: OTHER:

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD: (briefly describe provider's compliance and residents' roles) > The residents select a res rep to the Board annually. They share in Board discussion, are involved with Board Committees. The Res Rep is free to share discussion and Board study. The Rep is a non-voting member of the Board.

> The Resident Board member is an equal and voting member of the PV Board. The Residents can submit a few residents names to the Board and the Board will elect. The resident will serve a one year term and they can be reelected to serve four years.

<u>COMMON AREA AMENITIES</u>	<u>AVAILA BLE</u>	<u>FACILITY SERVICES AND AMENITIES</u>		<u>INCLUDED IN FEE</u>	<u>FOR EXTRA CHARGE</u>
		<u>FEE FOR SERVICE</u>	<u>SERVICES AVAILABLE</u>		
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (__3__ TIMES/MONTH)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (__3__ /DAY)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
CARD ROOMS	<input type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input type="checkbox"/>	<input type="checkbox"/>
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
GOLF COURSE ACCESS	<input type="checkbox"/>	<input type="checkbox"/>	CABLE TV	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL- INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL- OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION- PERSONAL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION- PREARRANGED	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER	<input type="checkbox"/>	<input type="checkbox"/>			

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

PROVIDER NAME: Mennonite Brethren Homes, Inc.

OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

NOTE: PLEASE INDICATE IF THE FACILITY IS A LIFE CARE FACILITY.

PROVIDER NAME: Mennonite Brethren Homes, Inc.

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	13371960	15335722	14547032	14,652,291
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	12798137	14443052	14425908	4,784,705
NET INCOME FROM OPERATIONS	<u>573823</u>	<u>892670</u>	<u>121124</u>	<u>(132,414)</u>
LESS INTEREST EXPENSE	29005	56318	82984	77,847
PLUS CONTRIBUTIONS	150448	152773	127842	192,248
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	-69295	-22458	-63857	17,981
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>625971</u>	<u>966667</u>	<u>102125</u>	<u>-32</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>1043555</u>	<u>1058500</u>	<u>782000</u>	<u>1,055,901</u>

*

DESCRIPTION OF SECURED DEBT (as of most recent fiscal year end)

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Cert of Participation				10/01/26	21 years

*

FINANCIAL RATIOS (see next page for ratio formulas)

	2015 CCAC Medians 50th Percentile (optional)	2017	2018	2019
DEBT TO ASSET RATIO		30.19	27.87	23.76
OPERATING RATIO		94.82	98.88	100.90
DEBT SERVICE COVERAGE RATIO		3.61	1.88	1.31
DAYS CASH ON HAND RATIO		95.831	113.11	102.52

*

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2016	%	2017	%	2018	%	2019
STUDIO							
ONE BEDROOM	652	4.00	691	6.90	718	7.94	775
TWO BEDROOM	705	5.95	747	4.01	777	8.11	840
COTTAGE/HOUSE							
ASSISTED LIVING	111	3.60	115	3.47	119	5.04	125
SKILLED NURSING	259	5.00	266	3.00	274	2.92	282
SPECIAL CARE	259	5.00	266	3.00	274	2.92	282

*

**COMMENTS FROM
PROVIDER: >**

> _____
> _____
> _____

PROVIDER NAME: _____ **Mennonite Brethren Homes, Inc dba Palm Village Retirement Community** _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$

OPERATING RATIO

$\frac{\text{Total Operating Expenses} + \text{Depreciation Expense} + \text{Amortization Expense}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$

DEBT SERVICE COVERAGE RATIO

$\text{Total Excess of Revenues over Expenses}$

$$\frac{\begin{array}{l} + \text{Interest, Depreciation, and Amortization Expenses} \\ + \text{Amortization of Deferred Revenue} + \text{Net Proceeds from} \\ \text{Entrance Fees} \end{array}}{\text{Annual Debt Service}}$$

DAYS CASH ON HAND RATIO

$$\frac{\begin{array}{l} \text{Unrestricted Current Cash \& Investments} \\ + \text{Unrestricted Non-Current Cash \& Investments} \end{array}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

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.

FORM 7-1
REPORT ON CCRC MONTHLY SERVICE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	<u>840.00 per month</u>	<u>125.00 per day</u>	<u>282.00 per day</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>8.11%</u>	<u>5.04%</u>	<u>2.92%</u>

Check here if monthly service fees at this community were not increased during the reporting period. (If you checked this box, please skip down to the bottom of this form and specify the names of the provider and community.)

[3] Indicate the date the fee increase was implemented: 1/1/2019
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

- ☒ Each fee increase is based on the provider's projected costs, prior year per capita costs, and economic indicators.
- ☒ All affected residents were given written notice of this fee increase at least 30 days prior to its implementation.
- ☒ At least 30 days prior to the increase in monthly service fees, the designated representative of the provider convened a meeting that all residents were invited to attend.
- ☒ At the meeting with residents, the provider discussed and explained the reasons for the increase, the basis for determining the amount of the increase, and the data used for calculating the increase.
- ☒ The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.
- ☒ 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.

[5] ☒ On an attached page, provide a concise explanation for the increase in monthly service fees including the amount of the increase.

PROVIDER: Mennonite Brethren Homes, Inc.

COMMUNITY: Palm Village Retirement Community



Report on CCRC Monthly Service Fees for 2019
Explanation of the Increase in Monthly Service Fees

Fee increases for Residential Living averaged 8.00%, Assisted Living averaged 5.00%, and Skilled Nursing averaged 5.00%. The rate increases were due to increases in the following expense areas: utilities, labor costs, capital improvements. Any excess in the rate increase was used to build reserves.