

ANNUAL REPORT CHECKLIST

PROVIDER(S): Mennonite Brethren Homes, Inc.

CCRC(S): Palm Village Retirement Community

PROVIDER CONTACT PERSON: Jim Higbee, Executive Director

TELEPHONE NO.: (559) 638-6933 EMAIL: jimhigbee@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: \$8,615.00
 - ☐ 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.



August 12, 2021

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

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

INDEPENDENT AUDITOR'S REPORT

We have audited the liquid reserve requirements in the accompanying continuing care reserve reports (the "Reports") of Mennonite Brethren Homes, Inc. d/b/a Palm Village Retirement Community ("Palm Village Retirement Community") (a California nonprofit health care entity) as of December 31, 2020.

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.

Auditor's 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. 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.

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, 2020, in accordance with the report preparation provision of California Health and Safety Code Section 1792.

Report on the Audit of the Consolidated Financial Statements

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of Palm Village Retirement Community and Subsidiary as of and for the year ended December 31, 2020, and our report thereon dated July 30, 2021, expressed an unmodified opinion on those consolidated financial statements.

The Reports were prepared for the purpose of complying with the 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.

Restriction on Use

These Reports are intended solely for the information of the Board of Directors and management of 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.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid, with the letters "W", "i", "p", "f", "l", and "i" being particularly prominent and connected.

Wipfli LLP

August 13, 2021
St. Louis, Missouri

COMMERCIAL CRIME COVERAGE PART
DECLARATIONS PAGE

POLICY EFFECTIVE 03/01/2020

POLICY NO. 9621-300

NAMED INSURED MENNONITE BRETHREN 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

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	153
[2]	Number at end of fiscal year	157
[3]	Total Lines 1 and 2	310
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	X.50
[5]	Mean number of continuing care residents	155
All Residents		
[6]	Number at beginning of fiscal year	287
[7]	Number at end of fiscal year	267
[8]	Total Lines 6 and 7	554
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	X.50
[10]	Mean number of <i>all</i> residents	277
Divide the mean number of continuing care residents (Line 5) by the		
[11]	mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.56

Line

FORM 1-2
ANNUAL PROVIDER FEE

TOTAL

[1]	Total Operating Expenses (including depreciation and debt service - interest only)	16,224,873
[a]	Depreciation	808,808
[b]	Debt Service (Interest Only)	32,739
[2]	Subtotal (add Line 1 a and 1 b)	841,547
[3]	Subtract Line 2 from Line 1 and enter result.	15,383,326
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.56
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	8,614,663
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 8,615

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	605,736	32,739	34,230	672,705
2				-	-
3				-	-
4				-	-
5			-		
6			-		
7			-		
8			-		
TOTAL:			32,739	34,230	672,705

*(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

Long-Term Debt Obligation	(a) Date Incurred	(Including Balloon Debt)			
		(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	5/4/2020	-	68,831	7	481,817
2					
3					
4					
5					
6					
7					
8					
TOTAL:			68,831	7	481,817

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

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

Provider comment: New SBA PPP loan dated 05/04/2020 for \$1,634,868. No principal or interest paid to date. The Organization will submit an application for forgiveness of the entire amount of the PPP loan with its lender in August 2020.

PROVIDER: Mennonite Brethren Homes, Inc

For year ended 12/31/20
Form 5-1 & 5-2 Financial Statement Reconciliation

Audited Financial Statements: Cash Flows from Principal Payments on Long-Term Debt		<u>605,736</u>
Form 5-2 Long-Term Debt Obligation		\$ 68,831
Form 5-1 Long-Term Debt Obligations		
	1	605,736
	2	-
	3	-
	4	-
		<u>605,736</u>
		<u>674,567</u>

Audited Financial Statement: Consolidated Statements of Financial Position page 4

	<u>2020</u>	<u>2019</u>
Current maturities of Long-term debt	630,000	605,000
Bonds Payable, less current portion	3,560,000	4,190,000
Less: deferred financing costs, net	(202,688)	(239,931)
Capital lease	0	736
	<u>3,987,312</u>	<u>4,555,805</u>
Principal Payment on long-term debt - Cash Flows page 8 of Audit	605,736	585,000

Audited Financial Statements: Cash Flows paid to suppliers and employees		16,013,278
Less other operating expenses		15,979,048
Amounts paid for credit enhancement premiums		<u>34,230</u>
Form 5-1 (d) Credit Enhancement Premiums Paid		<u>34,230</u>

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	672,705
2	Total from Form 5-2 bottom of Column (e)	481,817
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:	1,154,522

PROVIDER: Mennonite Brethren Homes, Inc

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

<u>Line</u>	<u>Amounts</u>	<u>TOTAL</u>
1 Total operating expenses from financial statements		<u>16,224,873</u>
2 Deductions		
a Interest paid on long-term debt (see instructions)	<u>32,739</u>	
b Credit enhancement premiums paid for long-term debt (see instructions)	<u>34,230</u>	
c Depreciation	<u>808,808</u>	
d Amortization	<u>41,116</u>	
e Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>10,223,163</u>	
f Extraordinary expenses approved by the Department	<u>0</u>	
3 Total Deductions		<u>11,140,056</u>
4 Net Operating Expenses		<u>5,084,817</u>
5 Divide Line 4 by 365 and enter the result.		<u>13,931</u>
6 Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u><u>1,044,825</u></u>

PROVIDER: Mennonite Brethren Homes, Inc
COMMUNITY: Palm Village Retirement Community

For year ended 12/31/20
Form 5-4 line 2-e

10,223,163

Total Revenue, per the statement of Activities \$ 15,272,476
Less:

Amort of entrance fees	(899,250)
Other revenue	(134,328)
RCC & HCC	(3,189,067)
Patio Home Maint Fees	(826,668)
	<u>(5,049,313)</u>
	<u>10,223,163</u>

Residential Services Revenue, per the statement of Activities	13,872,042
Consulting Revenue, per the statement of activities	366,856
Other income, per the statement of Activities	134,328
Change in allowance for doubtful accounts	(45,290)
Provision for bad debts	116,246
Account receivable	(579,635)
Change in accomodation fee deposits	135,250
Change in refundable accomodation fees	-
Receipt of accomodation fees	1,190,400
Deffered revenue from consulting services	(97,277)
Deferred reveneu from cottage commons	<u>(197,617)</u>
Total cash received from residents and consulting	14,895,303
Cash received from other sources, per the consolidated statement of cash flows	373,616
Cash Received from residents, per the consolidated statement of cash flows	<u>14,521,687</u>
	14,895,303

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Mennonite Brethren Homes, Inc.

Fiscal Year Ended: 12/31/2020

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2020 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	1,154,522
[2] Operating Expense Reserve Amount	1,044,825
[3] Total Liquid Reserve Amount:	2,199,347

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

		<u>Amount</u> (market value at end of quarter)	
<u>Qualifving Asset Description</u>	<u>Debt Service Reserve</u>		<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	1,200,000		3,705,291
[5] Investment Securities			922,700
[6] Equity Securities			
[7] Unused/Available Lines of Credit			
[8] Unused/Available Letters of Credit			
[9] Debt Service Reserve			(not applicable)
[10] Other:			
<hr/>			
(describe qualifying asset)			
Total Amount of Qualifying Assets Listed for Liquid Reserve:	[11] 1,200,000	[12]	4,627,991
Total Amount Required:	[13] 1,154,522	[14]	1,044,825
Surplus/(Deficiency):	[15] 45,478	[16]	3,583,166

Signature:



Date:

8/12/2021

(Authorized Representative)

CEO/President

(Title)

Reserve Disclosure as of 12/31/20

			Bank Accounts at Bank of the Sierra (BOTS)	
			Reedley, CA	
			Account #s	
CASH IN BANK - BOTS	0		#822777270 - BOTS	
CASH IN BANK -BOTS SWEEP 2	1,054,637		#1500123770 - BOTS	
CASH IN BANK -BOTS SWEEP 2	968,317		#1500123770 - BOTS	
CASH IN BANK - BOTS SWEEP 1	50,000		#1500123799 - BOTS	
CASH IN BANK - COVID HHS Relief Proceeds	827,911		#1501883186 - BOTS	
CASH IN BANK - Payroll Protection Program	266,386		#1501883178 - BOTS	
DEBT SERVICE FUND 05 - ANNUAL BOND PAYMENT	231,683		#822750070 - BOTS	
1- Certificate of Deposit	502,767		#1500714631 - BOTS	
2- Certificate of Deposit	502,051		#1500715506 - BOTS	
3- Certificate of Deposit	501,539		#1500716138 - BOTS	
BRETHEN FUNDS - INVESTMENTS	332,172		BRETHREN FOUNDATION FUNDS	
BOARD DESIGNATED ENDOWEMENT - INVESTMENT	590,528		BRETHREN FOUNDATION FUNDS	
	\$ 5,827,991			

	Debt Service Reserve	Operating Reserve	
Debt Service Reserve	\$ 1,200,000		
Operating Reserve		\$ 4,627,991	
Cash and Cash Equivalents (line 4)	\$ 1,200,000	\$ 4,627,991	\$ 5,827,991

Total Amount of Qualifying Assets	\$ 1,200,000	\$ 4,627,991
------------------------------------------	---------------------	---------------------

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	\$ 16,224,873
Mean Number of All Residents	277.00
Per Capita Costs of Operations	\$ 58,573.55

**Continuing Care Retirement Community
Disclosure Statement**

Date Prepared: 08/11/2021

FACILITY NAME: Palm Village Retirement Community
ADDRESS: 701 W. Herbert, Reedley ZIP CODE: 93654 PHONE: 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: 2.5

NUMBER OF UNITS: **RESIDENTIAL LIVING** **HEALTH CARE**
APARTMENTS — STUDIO: _____ ASSISTED LIVING: 69 suites
APARTMENTS — 1 BDRM: _____ SKILLED NURSING: 105 beds
APARTMENTS — 2 BDRM: _____ SPECIAL CARE: 15 beds
COTTAGES/HOUSES: 80 units DESCRIPTION: > Dementia
RLU OCCUPANCY (%) AT YEAR END: 92.5% OVERALL CCRC OCCUPANCY (%) AT YEAR END: 85.03%

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

FORM OF CONTRACT: ☒ CONTINUING CARE ☐ LIFE CARE ☐ ENTRANCE FEE ☐ FEE FOR SERVICE
(Check all that apply) ☐ ASSIGNMENT OF ASSETS ☐ EQUITY ☐ MEMBERSHIP ☐ RENTAL

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

RANGE OF ENTRANCE FEES: \$94,500 - \$203,700 **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.

FACILITY SERVICES AND AMENITIES

<u>COMMON AREA AMENITIES</u>	<u>AVAILABLE</u>	<u>FEE FOR SERVICE</u>	<u>SERVICES AVAILABLE</u>	<u>INCLUDED IN FEE</u>	<u>FOR EXTRA CHARGE</u>
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (<u>3</u> TIMES/MONTH)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (<u>3</u> /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.

	2017	2018	2019	2020
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	15,335,722	14,547,032	14,652,291	14,943,814
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	14,443,052	14,384,443	14,784,705	15,268,887
NET INCOME FROM OPERATIONS	<u>892,670</u>	<u>162,589</u>	<u>(132,414)</u>	<u>(325,073)</u>
LESS INTEREST EXPENSE	56,318	82,984	77,847	32,739
PLUS CONTRIBUTIONS	152,773	127,842	192,248	341,405
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	(22,458)	(63,985)	17,981	3,504
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	<u>966,667</u>	<u>143,462</u>	<u>(32)</u>	<u>(12,903)</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	<u>1,058,500</u>	<u>782,000</u>	<u>1,055,901</u>	<u>1,038,960</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	3,560,000	0.2%	2005	08/01/26	21 years

FINANCIAL RATIOS (see next page for ratio formulas)

2015 CCAC Medians
50th Percentile
(optional)

	2018	2019	2020
DEBT TO ASSET RATIO	27.87	23.76	19.46
OPERATING RATIO	98.88	100.90	102.18
DEBT SERVICE COVERAGE RATIO	1.88	1.31	1.11
DAYS CASH ON HAND RATIO	113.11	102.52	104.68

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2017	%	2018	%	2019	%	2020
STUDIO							
ONE BEDROOM	691	4.00	718	6.90	775	7.94	791
TWO BEDROOM	747	5.95	777	4.01	840	8.11	856
COTTAGE/HOUSE							
ASSISTED LIVING	115	3.60	119	3.47	125	5.04	128
SKILLED NURSING	266	5.00	274	3.00	282	2.92	288
SPECIAL CARE	266	5.00	274	3.00	282	2.92	288

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

$$\frac{\begin{array}{l} \text{Total Operating Expenses} \\ - \text{Depreciation Expense} \\ - \text{Amortization Expense} \end{array}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

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

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>856.00 per month</u> | <u>128.00 per day</u> | <u>288.00 per day</u> |
| [2] Indicate percentage of increase in fees imposed during reporting period:
(indicate range, if applicable) | <u>1.90%</u> | <u>2.00%</u> | <u>2.00%</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: 1/1/2020
(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
Explanation of the Increase in Monthly Service Fees

Fee increases for Residential Living averaged 1.90%, Assisted Living averaged 2.0%, and Skilled Nursing averaged 2.0%. The rate increases were due to increases in the following expense areas: labor costs, utilities, capital improvements. Any excess in the rate increase was used to build reserves.