

ANNUAL REPORT CHECKLIST

FISCAL YEAR ENDED 12/31/2023

PROVIDER(S)

Mennonite Brethren Homes, Inc
dba Palm Village Retirement Community

CCRC(S)

Mennonite Brethren Homes, Inc
dba Palm Village Retirement Community

PROVIDER CONTACT PERSON

Jim Higbee

TELEPHONE NUMBER

559-638-6933

E-MAIL ADDRESS

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 \$9,515 _____
 - 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



PALM VILLAGE
RETIREMENT COMMUNITY

March 1, 2024

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,

A handwritten signature in black ink, appearing to read 'Jim Higbee', with a stylized flourish at the end.

Jim Higbee
CEO/President

703 W. HERBERT AVE. ■ P.O. BOX 1028 ■ REEDLEY, CA 93654-1028

PHONE: 559 638 6933 ■ FAX: 559 638 8463 ■ www.palmvillage.com ■ LIC. #100404809 COA170

NATIONWIDE MUTUAL INSURANCE COMPANY

COMMERCIAL PROPERTY FORMS AND ENDORSEMENTS

Policy Number: ACP CPP 3029912318

Policy Period: From 03/01/23 To 03/01/24

Named Insured: MENNONITE BRETHERN HOMES INC

Form	Date	Title
CP0010	1012	BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CP0030	1012	BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM
CP0140	0706	EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA
CP0299	0607	CANCELLATION CHANGES
CP0449	0220	CALIFORNIA CHANGES - REPLACEMENT COST
CP1030	1012	CAUSES OF LOSS - SPECIAL FORM
CP1034	1012	EXCLUSION OF LOSS DUE TO BY-PRODUCTS OF PRODUCTION OR PROCESSING OPERATIONS
CP1040	1012	EARTHQUAKE AND VOLCANIC ERUPTION ENDORSEMENT
CP1270	0996	JOINT OR DISPUTED LOSS AGREEMENT
CP1510	1012	PAYROLL LIMITATION OR EXCLUSION
CP1540	0607	CALIFORNIA - CIVIL AUTHORITY CHANGES
CP7067	0194	COMMERCIAL PROPERTY CONDITIONS
CP7100	0405	PROPERTY AMENDATORY ENDORSEMENT
CP7117	0917	EQUIPMENT BREAKDOWN COVERAGE
CP7118	0917	EQUIPMENT BREAKDOWN COVERAGE SCHEDULE
* CP7189	0416	SENIOR LIVING COMMUNITIES PLATINUM PROTECTION PLUS ENDORSEMENT
CP7301	0917	PROTECTIVE SAFEGUARDS
CP9903	1219	CANNABIS EXCLUSION ENDORSEMENT
IL0017	1198	COMMON POLICY CONDITIONS
IL0102	0220	CALIFORNIA CHANGES - ACTUAL CASH VALUE
IL0104	0720	CALIFORNIA CHANGES
IL0241	0116	CALIFORNIA - DESIGNATED ADDITIONAL PERSON TO RECEIVE NOTICE CANCELLATION OR NON
IL0270	0720	CALIFORNIA CHANGES - CANCELLATION AND NONRENEWAL
IL0935	0702	EXCLUSION OF CERTAIN COMPUTER-RELATED LOSSES
IL0952	0115	CAP ON LOSSES FROM CERTIFIED ACTS OF TERRORISM
IL0985	0115	DISCLOSURE PURSUANT TO TERRORISM RISK INSURANCE ACT
IN0001	0416	CONSUMER COMPLAINTS AND INFORMATION
IN5017	0593	IMPORTANT NOTICE FOR RENEWAL POLICIES
IN7406	0107	IMPORTANT FLOOD INSURANCE NOTICE
IN7636	1211	IMPORTANT EARTHQUAKE INSURANCE NOTICE - ONE TO FOUR FAMILY DWELLINGS
IN7809	1115	DATA BREACH & IDENTITY RECOVERY SERVICES

CP-DF (10-89)



COVERAGE	PLATINUM	DIAMOND
Fire and Security Alarm System Upgrade	25% of the cost to upgrade per regulation up to \$25,000	25% of the cost to upgrade per regulation up to \$25,000
Fire Department Service Charge	Actual Cost	Actual Cost
Fire Extinguisher Recharge	- \$50,000 for Recharge - \$5,000 for Clean-up Expenses - \$5,000 Business Income	- \$50,000 for Recharge - \$5,000 for Clean-up Expenses - \$5,000 Business Income
Flood	N/A	\$100,000
Food Contamination Including Communicable Disease	- \$100,000 for Business Income and Extra Expense - \$50,000 for Additional Advertising and Inoculation Expense	- \$100,000 for Business Income and Extra Expense - \$50,000 for Additional Advertising and Inoculation Expense
Forgery or Alteration	\$100,000	\$100,000
Key Person Replacement Expense Coverage	\$25,000	\$25,000
Limited Business Income	\$250,000	\$250,000
Limited Extra Expense	\$250,000	\$250,000
Ordinance or Law Coverage - Coverage A - Coverages B & C	Coverage A - Building limit Coverages B & C - Shared \$1,000,000	Coverage A - Building limit Coverages B & C - Shared \$1,000,000
Pollutant Clean Up and Removal	\$100,000	\$100,000
Preservation of Property	90 days	90 days
Spoilage of Perishable Goods	\$50,000	\$50,000
Unauthorized Business Card Use	\$25,000	\$25,000
Utility Services – Direct Damage	\$100,000	\$100,000
Utility Services – Time Element	\$100,000	\$100,000

COVERAGE EXTENSIONS	PLATINUM	DIAMOND
Accounts Receivable	\$250,000 Policy Blanket Limit	\$250,000 Policy Blanket Limit
Artificially Generated Electrical Current Damage	\$50,000	\$50,000
Computers and Media	\$250,000 Policy Blanket Limit	\$250,000 Policy Blanket Limit
Computers and Media – Laptop and Off-Premises Coverage	\$10,000	\$10,000
Employee Dishonesty	\$100,000 per occurrence \$5,000 per resident client	\$100,000 per occurrence \$5,000 per resident client
Foundations and Underground Pipes	Building Limit	Building Limit
In Transit	\$50,000	\$50,000
Liability for Resident's Property	\$25,000 per occurrence \$5,000 per resident client	\$25,000 per occurrence \$5,000 per resident client

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	Continuing Care Residents	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	150
[2]	Number at end of fiscal year	142
[3]	Total Lines 1 and 2	292
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	X.50
[5]	Mean number of continuing care residents	146
All Residents		
[6]	Number at beginning of fiscal year	251
[7]	Number at end of fiscal year	279
[8]	Total Lines 6 and 7	530
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	X.50
[10]	Mean number of <i>all</i> residents	265
	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).	0.55

Line

FORM 1-2
ANNUAL PROVIDER FEE

TOTAL

[1]	Total Operating Expenses (including depreciation and debt service - interest only)	18,335,970
[a]	Depreciation	908,326
[b]	Debt Service (Interest Only)	128,091
[2]	Subtotal (add Line 1 a and 1 b)	1,036,417
[3]	Subtract Line 2 from Line 1 and enter result.	17,299,553
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.55
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	9,514,754
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 9,515

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

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>906.00 per month</u>	<u>153.00 per month</u>	<u>312.00 per month</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<i>Provider comment: Rates are increased on 01/01/23 and not at other times during the year.</i>		
	<u>8%-10%</u>	<u>3.00%</u>	<u>3.00%</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: 1/1/2023
(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.

Date of Notice: 10/28/2022 **Method of Notice:** USPS and hand delivery

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.

Date of Meeting:

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 distributed the documents to all residents by [Optional - check all that apply]:
Emailed the documents to those residents for whom the provider had email addresses on file

Placed hard copies in resident cubby

Placed hard copies at designated locations

Provided hard copies to residents upon request, and/or

Other: USPS

Date of Notice: 10/28/2022

The provider provided residents with at least 14 days advance notice of each meeting held to discuss the fee increases.

Date of Notice:

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: **Location of Posting:** RCC Main Lobby

Providers evaluated the effectiveness of consultations during the annual budget planning process at a minimum of every two years by the continuing care retirement community administration. The evaluation, including any policies adopted relating to cooperation with residents was made available to the resident association or its governing body, or, if neither exists, to a committee of residents at least 14 days prior to the next semiannual meeting of residents and the Provider's governing body and posted a copy of that evaluation in a conspicuous location at each facility.

Date of Posting: **Location of Posting:**

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

Provider: **Community:**

PROVIDER: Mennonite Brethren Homes, Inc.

COMMUNITY: Palm Village Retirement Community

Form 7-1 Attachment Monthly Care Fee Increase

[NOTE: The provider must include a narrative with this attachment to explain how they complied with the Health and Safety Code. Below is an example of how the monthly care fee increase was determined in conjunction with the narrative using projected costs. This attachment does not address "Per Capita Costs" but could partly incorporate elements of "Economic Indicators" into the function of projecting future costs.]

**FORM 7-1 MONTHLY CARE FEE INCREASE (MCFI)
ANNUAL REPORTING FISCAL YEAR (F/Y) 2023**

Dollar Amounts in Thousands

Line	Fiscal Years	2021	2022	2023
1	F/Y 2021 Operating Expenses ¹	(16,421)		
2	F/Y 2022 Operating Expenses ² (Adjustments if any. Explained Below)		(17,261)	
3	Projected F/Y 2023 Results of Operations (Adjustments Explained Below)			3,719
4	F/Y 2023 Anticipated MCF Revenue ² Based on Current and Projected Occupancy and Other ⁴ without a MCFI			17,392
5	Projected F/Y 2023 (Net) Operating Results ² without a MCFI (Line 3 plus Line 4)			21,111
6	Projected F/Y 2023 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 4.0%			18,088
7	Grand Total - Projected FY 2023 Net Operating Activity After 4.00% MCFI (Line 3 plus Line 6)			21,807

Adjustments Explained:

Line 3	Results of Operations	17,392
	Total projected operating revenue	3,719
	Projected non-operating income	21,111
	Total projected operating revenue and non-operating income	16,800
	Less: Total operating exp	4,311
	Total projected income (loss)	
	Monthly Care Fee Increase: 4.00%	



PALM VILLAGE
RETIREMENT COMMUNITY

Report on CCRC Monthly Service Fees for 2023
Explanation of the Increase in Monthly Service Fees

Fee increases for Residential Living averaged 8%-10%, Assisted Living averaged 3%, and Skilled Nursing averaged 3%. Cost of living increased by 3.2% as represented by social security adjustment for 2023. The fee adjustments were due to increases in the following expense areas: cost of labor, insurance, food, general supplies, utilities, capital improvements. Any excess in the rate increase was used to build reserves.

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared 03/01/2024

Facility Name Palm Village Retirement Community		
Address 703 W Herbert Ave, Reedley	Zip Code 93654	Phone 559-638-6933
Provider Name Mennonite Brethren Homes, Inc		

Facility Operator Mennonite Brethren Homes, Inc			
Religious Affiliation Mennonite Brethren			
Year Opened 1942	# of Acres 17.8	Miles to Shopping Center 1	Miles to Hospital 2.5
<input checked="" type="checkbox"/> Single Story	<input checked="" type="checkbox"/> Multi-Story	<input type="checkbox"/> Other	

Number of Units:

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio		Assisted Living	69 suites
Apartments – 1 Bdrm		Skilled Nursing	105 beds
Apartments – 2 Bdrm		Special Care	15 beds
Cottages/Houses	81 units	Description	Alzheimers/Dementia

RLU Occupancy (%) at Year End 90.7%

Type of Ownership: Not for Profit **Accredited?** Yes By
 For Profit No

Form of Contact: Continuing Care Life Care Entrance Fee Fee for Service
(Check all that apply) Assignment of Assets Equity Membership Rental

Refund Provisions: Refundable 90% 50%
(Check all that apply) Repayable 75% Other

Range of Entrance Fees: \$102,000 - \$230,719

Long-Term Care Insurance Required? Yes No

Health Care Benefits Included in Contract: 14 days respite care each year for independent livin

Entry Requirements: Min Age _____ Prior Profession N/A Other N/A

Resident Representative(s) to, and Resident Members on, the Board:

(briefly describe provider’s compliance and residents’ roles) Residents nominate and select resident rep to the board annually Resident rep is a non-voting member Resident member is a voting member, nominated by resident councils then selected by board for 1 yr term

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.

Facility Services and Amenities

Common Area Amenities	Available	Fee for Service	Services Available	Included in Fee	For Extra Charge
Beauty/Barber Shop	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Housekeeping (<u>3</u> Times/ Month at \$_____each)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Billiard Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Bowling Green	<input type="checkbox"/>	<input type="checkbox"/>	Meals (<u>3</u> /Day)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Card Rooms	<input type="checkbox"/>	<input type="checkbox"/>	Special Diets Available	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Chapel	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Coffee Shop	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-Hour Emergency Response	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Craft Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Activities Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Exercise Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All Utilities Except Phone	<input type="checkbox"/>	<input type="checkbox"/>
Golf Course Access	<input type="checkbox"/>	<input type="checkbox"/>	Apartment Maintenance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Library	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cable TV	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Putting Green	<input type="checkbox"/>	<input type="checkbox"/>	Linens Furnished	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Shuffleboard	<input type="checkbox"/>	<input type="checkbox"/>	Linens Laundered	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Spa	<input type="checkbox"/>	<input type="checkbox"/>	Medication Management	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Swimming Pool – Indoor	<input type="checkbox"/>	<input type="checkbox"/>	Nursing/Wellness Clinic	<input type="checkbox"/>	<input type="checkbox"/>
Swimming Pool – Outdoor	<input type="checkbox"/>	<input type="checkbox"/>	Personal Home Care	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Tennis Court	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Personal	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Workshop	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Prearranged	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Other _____	<input type="checkbox"/>	<input type="checkbox"/>	Other _____	<input type="checkbox"/>	<input type="checkbox"/>

Provider Name: Mennonite Brethren Homes, Inc

Affiliated 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

Income and Expenses [Year]	2020	2021	2022	2023
Income from Ongoing Operations				
Operating Income (Excluding amortization of entrance fee income)	14,943,814	14,092,093	14,864,572	16,403,498
Less Operating Expenses (Excluding depreciation, amortization, and interest)	15,268,887	15,478,587	16,238,233	17,299,553
Net Income From Operations	(325,073)	(1,386,494)	(1,373,661)	(896,055)
Less Interest Expense	(32,739)	(72,368)	(117,469)	(128,091)
Plus Contributions	341,405	145,323	137,761	159,845
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	3,504	2,136,642	35,963	3,553,140
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	(12,903)	823,103	(1,317,406)	2,688,839
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)	1,038,960	798,458	749,706	1,317,837

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	2,129,185	0 2%	2005	08/01/26	21 years

Financial Ratios (see last page for ratio formulas)

Financial Ratios [Year]	CCAC Medians 50th Percentile (optional)	2021	2022	2023
Debt to Asset Ratio		17 91	14 55	8 56
Operating Ratio		109 82	110 03	106 24
Debt Service Coverage Ratio		1 06	1 66	7 88
Days Cash On Hand Ratio		77 49	35 46	6 08

Provider Name: Mennonite Brethren Homes, Inc

Historical Monthly Service Fees (Average Fee and Change Percentage)

Residence/Service [Year]	2020	%	2021	%	2022	%	2023	%
Studio								
One Bedroom	791	2 00	807	2 00	839	4 00	873	4 00
Cottage/House	856	2 00	873	2 00	908	4 00	942	4 00
Assisted Living	128	2 00	131	2 00	136	4 00	141	4 00
Skilled Living	288	2 00	291	1 00	303	4 00	315	4 00
Special Care	288	2 00	291	1 00	303	4 00	315	4 00

Comments from Provider:

Financial Ratio Formulas

Long-Term Debt to Total Assets Ratio

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

Operating Ratio

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

Debt Service Coverage Ratio

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

Days Cash On Hand Ratio

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

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.

	2021	2022	2023	Debt to Asset Ratio	2023
CCRC Ratios					
Revenues	15,113,288	15,659,664	17,335,872		
Exclude: Amortization of Entrance Fee Income	(1,021,195)	(795,092)	(932,374)	LT debt, less current portion	1,510,000
Income from Ongoing Operations	14,092,093	14,864,572	16,403,498	Total assets	17,635,925
					8.56%
Operating Expenses	16,421,348	17,261,240	18,335,970	Operating Ratio	
Exclude: Depreciation	(870,393)	(905,538)	(908,326)	Total Operating Expenses Less	17,427,644
Exclude: Interest Expense	(72,368)	(117,469)	(128,091)	Depreciation	
Operating Expenses	15,478,587	16,238,233	17,299,553	Total Operating Revenues Less	16,403,498
Net Income from Operations	(1,386,494)	(1,373,661)	(896,055)	Amortization of Deferred Revenue	106.24%
Less: Interest Expense	(72,368)	(117,469)	(128,091)		
Plus Contributions	145,323	137,761	159,845	Debt Service Coverage Ratio	
Plus Non operating income (expenses)	2,136,642	35,963	3,553,140	Total excess of revenue over expenses	2,308,446
Total other income		173,724	3,712,985	Plus: Interest	128,091
				Plus: Depreciation	908,326
Net income (loss) before EF and Depreciation	823,103	(1,317,406)	2,688,839	Plus Amort of Deferred Revenue	932,374
				Plus Net Proceeds from EF	1,317,837
Net Cash Flow from EF	798,458	749,706	1,317,837	Annual Debt Service	710,000
					7.88
Debt to Asset Ratio				Days Cash on Hand Ratio	
Operating Ratio	17.91%	14.55%	8.56%	Unrestricted Current Cash	290,282
Debt Service Ratio	109.84%	110.03%	106.24%	Plus Unrestricted Non-current cash	47,747
Days Cash on Hand Ratio	1.06	1.66	7.88	(Operating Expenses	
	77.49	35.46	6.08	divided by 365	6.08
				FS lines on stmt of cash flows:	
				Deferred revenue from accommodation fees	1,659,000
				Refund of accommodation fees	(341,163)
					<u>1,317,837</u>

Description of secured debt
All info same as last year except for outstanding balance

	Per Stmt of Financial Position
Bonds payable, less current portion and deferred financing costs	710,000
	1,419,185
	<u>2,129,185</u>

Outstanding Bal

Net cash flow from entrance fees

Deposits	
Less refunds	

FS lines on stmt of cash flows:

Deferred revenue from accommodation fees	1,659,000
Refund of accommodation fees	(341,163)
	<u>1,317,837</u>

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

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the liquid reserve requirements in the accompanying continuing care reserve report of Mennonite Brethren Homes, Inc. d/b/a Palm Village Retirement Community ("Palm Village Retirement Community") (a California nonprofit health care entity), which comprise the Forms 5-1 through 5-5 (the "Report") as of and for the year ended December 31, 2023.

In our opinion, the continuing care reserve report Forms 5-1 through 5-5 present fairly, in all material respects, the liquid reserve requirements of Palm Village Retirement Community as of and for the year ended December 31, 2023, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Report section of our report. We are required to be independent of Palm Village Retirement Community and to meet our other 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.

Basis of Accounting

The Report was prepared for the purpose of complying with California Health and Safety Code Section 1792 and is not intended to be a complete presentation of the assets, liabilities, revenues and expenses of Palm Village Retirement Community and as such is a basis of accounting other than accounting principles generally accepted in the United States. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Report

Management is responsible for the preparation and fair presentation of the Report in accordance with the report preparation provision of 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 a Report that is free from material misstatement, whether due to fraud or error.

In preparing the Report, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Palm Village Retirement Community's ability to continue as a going concern within one year after the date that the Reports are available to be issued.

Auditor's Responsibilities for the Audit of the Report

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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 Report.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Palm Village Retirement Community'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 evaluating the overall presentation of the Report.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Palm Village Retirement Community's ability to continue as a going concern for a reasonable period of time.

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.

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 years ended December 31, 2023 and 2022, and our report thereon dated May 2, 2024, expressed an unmodified opinion on those consolidated financial statements.

Restriction on Use

This Report is 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, this Report is a matter of public record and its distribution is not limited.

Wipfli LLP

Wipfli LLP

May 2, 2024
Irvine, California

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	8/1/2005	685,000	85,883	-	770,883
2					
3					
4					
5					
6					
7					
8					
TOTAL:					770,883

(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	(b) Total Interest Paid During Fiscal Year	(Including Balloon Debt)			(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
			(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months		
1	-	-	-	-	-	
2						
3						
4						
5						
6						
7						
8						
TOTAL:		-	-	-	0	

(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:

PROVIDER: Mennonite Brethren Homes, Inc

Form 5-1 & 5-2 Financial Statement Reconciliation
For year ended 12/31/23

Principal payments		
Form 5-1 Long-Term Debt Obligations	1 (b)	685,000
Form 5-2 Long-Term Debt Obligation	1 (c)	-
	See A	<u>685,000</u>
Interest payments		
Form 5-1 Long-Term Debt Obligations	1 (c)	85,883
Form 5-2 Long-Term Debt Obligation	1 (b)	-
	See B	<u>85,883</u>

Audited Financial Statement: Consolidated Statements of Cash Flows

2023

Cash Flows from Operating Activities		
Interest paid	B	(85,883) <i>see reconciliation below</i>

Interest paid reconciliation

Interest expense - bonds		85,633	
Other interest expense		4,916	g
Amortization		<u>37,542</u>	f
		128,091	c
Change in unamortized financing costs 2010 Bond			
	2023	21,515	
	2022	<u>31,987</u>	
		(10,472)	d
Change in unamortized financing costs 2010 Bond			
	2023	69,300	
	2022	<u>96,120</u>	
		(26,820)	e
	d	(10,472)	
	e	(26,820)	
	Miscellaneous	<u>(250)</u>	
	f	(37,542)	
			c
			128,091
			g
			(4,916)
			d
			(10,472)
			e
			<u>(26,820)</u>
			85,883
			<i>agrees to interest paid per Audited Financial Statement: Consolidated Statements of Cash Flows</i>

Audited Financial Statement: Consolidated Statements of Cash Flows

2023

Cash Flows from Financing Activities	A	(685,000)
Principal payment on long-term debt		

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

<u>Line</u>		<u>TOTAL</u>
1	Total from Form 5-1 bottom of Column (e)	770,883
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)	-
4	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	770,883

PROVIDER: Mennonite Brethren Homes, Inc

**FORM 5-4
CALCULATION OF NET OPERATING EXPENSES**

Line	Amounts	TOTAL
1 Total operating expenses from financial statements		18,335,970
2 Deductions		
a Interest paid on long-term debt (see instructions)	85,883	
b Credit enhancement premiums paid for long-term debt (see instructions)	-	
c Depreciation	908,326	
d Amortization	-	
e Revenues received during the fiscal year for services to persons who did not have a continuing care contract	11,824,430	
f Extraordinary expenses approved by the Department	-	
3 Total Deductions		12,818,639
4 Net Operating Expenses		5,517,331
5 Divide Line 4 by 365 and enter the result.		15,116
6 Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		1,133,698

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

Line 2e

Revenues received during the fiscal year for services to persons who did not have continuing care contract

11,824,430 *see reconciliation below*

Audited Financial Statement: Consolidated Statements of Activities

Total Revenue	17,335,872
Residential services	(4,315,918) <i>see A</i>
Accommodation fees	(932,374)
Consulting income	-
Other income	(263,150)
	<u>11,824,430</u> D

Calculation of non-CCRC revenue from "Residential services" revenue per the Stmt of Activities

Audited Financial Statement: Consolidated Statements of Activities

Residential services **B** 16,140,348 *see reconciliation to cash flows below*

<i>Less: CCRC revenues</i>	
Assisted Living Revenue - Private Pay	(2,376,657)
Assisted Living Revenue - LOC	(234,598)
Assisted Living Revenue - Memory Care	(792,159)
Independent Living (Patio Home) Maintenance	(912,504)
Total CCRC revenues	<u>(4,315,918)</u> A

Total non-CCRC revenues 11,824,430 **D**

Audited Financial Statement: Consolidated Statements of Cashflows

Cash Flows from Operating Activities

Cash received from residents 16,999,399 **C** | *taken directly from statement of cash flows*

Reconciliation to Audited Financial Statement: Consolidated Statements of Cash Flows

Audited Financial Statement: Consolidated Statements of Activities

Residential services **B** 16,140,348
Other income 263,150

Audited Financial Statement: Consolidated Statements of Cashflows

Change in account receivable **b** (750,020)
112,438
(637,582)

Related party consulting and other AR (19,350)
Change in allowance for doubtful accounts 131,788
Provision for bad debts **b** 112,438

see sum total below

Audited Financial Statement: Consolidated Statements of Cashflows

Change in accommodation fee deposits 14,000
Deferred revenue from consulting services 1,219,483
Other reconciling items 498,011
Refundable accommodation fee 721,472
Deferred revenues 1,219,483

agrees to Cash received from residents per Audited Financial Statement: Consolidated Statements of Cash Flows C **16,999,399** *Sum of above*

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Mennonite Brethren Homes, Inc.

Fiscal Year Ended: 12/31/2023

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2023 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	770,883
[2] Operating Expense Reserve Amount	1,133,698
[3] Total Liquid Reserve Amount:	1,904,581

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

	<u>Amount</u> (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	297,474	290,282
[5] Investment Securities	319,309	843,416
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[101] Other:		
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed [11]	616,783	[12] 1,133,698
for Liquid Reserve:		
Total Amount Required: [13]	770,883	[14] 1,133,698
Surplus/(Deficiency): [15]	(154,100)	[16] (0)

Signature:

Date:

(Authorized Representative)

President & CEO
(Title)

Form 5-5 attachment item [11] and item [12] Qualifying Assets Reconciliation

Consolidated Statement of Financial Position

Current Assets		
Cash & Cash equivalents	290,282	→
Assets Limited as to use		
Under indenture agreement, held for debt services	297,474	→
Emergency Funds	1,162,725	→
Total	1,750,481	A

Debt Service Reserve	Operating Reserve	Total
	290,282	290,282
297,474		297,474
319,309	843,416	1,162,725
616,783	1,133,698	1,750,481

agrees to item [11] and item [12] of Form 5-5 ANNUAL RESERVE CERTIFICATION

Per Capita Costs of Operations

Total Operating Expenses	\$ 18,335,970
Mean Number of All Residents	265
Per Capita Costs of Operations	\$ 69,192