

Covenant Living West

Report on Audit of Liquid Reserves and
Additional Information as of and for the
Year Ended September 30, 2023, and
Independent Auditors' Report

COVENANT LIVING WEST

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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, 2023 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, 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 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 basic 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 basic 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 this specified party.

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.

To the Covenant Living Board
Covenant Living West

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 & Moreau, PLLC

January 18, 2024

Part 5

Liquid Reserves

**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)) |
|------------------------------|-------------------------|---------------------------------------------|--------------------------------------------|--------------------------------------------------------------|--------------------------------------------|
| CO 2015A | 4/1/2015 | 3,715,000 | 3,806,625 | - | 7,521,625 |
| CO 2015B | 4/1/2015 | 1,180,000 | 119,363 | - | 1,299,363 |
| IL 2017 | 2/1/2017 | 4,095,000 | 1,369,056 | - | 5,464,056 |
| COL 2018A | 11/13/2018 | - | 2,989,000 | - | 2,989,000 |
| CT 2018B | 11/13/2018 | 1,245,000 | 2,154,625 | - | 3,399,625 |
| Term Loan - 2019 | 10/24/2019 | 1,195,371 | 1,093,082 | - | 2,288,453 |
| COL 2020A | 10/15/2020 | - | 3,290,000 | - | 3,290,000 |
| COL 2020B | 10/15/2020 | 2,420,000 | 6,643,812 | - | 9,063,812 |
| Term Loan - 2022 | 2/10/2022 | - | 1,013,889 | - | 1,013,889 |
| | | \$ 13,850,371 | \$ 22,479,452 | \$ - | \$ 36,329,823 |

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)

| 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 * d) |
|------------------------------|-------------------------|--------------------------------------------------|--------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------|
| None | | - | - | - | - |
| | | \$ - | \$ - | \$ - | \$ - |

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, 2023

| | <u>CLCS Total</u> |
|----------------------------------------------------------|-----------------------------|
| Principal paid on long-term debt per Schedule 5-1 | \$ 13,850,371 |
| Early redemption of bonds | - |
| Principal paid on other debt | <u>1,141,629</u> |
| + Total per Cash Flows - Payment of Debt* | <u><u>\$ 14,992,000</u></u> |

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, 2023

| | <u>CLCS Total</u> |
|--------------------------------------------------|-----------------------------|
| Interest paid on long-term debt per Schedule 5-1 | \$ 22,479,000 |
| Interest paid on long-term debt per Schedule 5-2 | 0 |
| Interest paid on other debt | <u>2,745,000</u> |
| + Total per Cash Flows - Interest Paid | <u><u>\$ 25,224,000</u></u> |

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

| | | |
|------|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Line | | |
| 1 | Total from Form 5-1 bottom of Column (e) | <u>\$ 36,329,823</u> |
| 2 | Total from Form 5-2 bottom of Column (e) | <u>-</u> |
| 3 | Facility leasehold or rental payment paid by provider during fiscal year. (including related payments such as lease insurance) | <u>-</u> |
| 4 | TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE: | <u><u>\$ 36,329,823</u></u> |

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

| Line | | Amounts | TOTAL |
|------|--------------------------------------------------------------------------------------------------------------|---------------------|---------------------------|
| 1 | Total operating expenses from financial statements | | <u>\$32,840,000</u> |
| 2 | Deductions: | | |
| a. | Interest paid on long-term debt (see instructions) | <u>\$285,000</u> | |
| b. | Credit enhancement premiums paid for long-term debt (see instructions) | <u>\$0</u> | |
| c. | Depreciation | <u>\$5,440,000</u> | |
| d. | Amortization | <u>\$4,000</u> | |
| e. | Revenues received during the fiscal year for services to persons who did not have a continuing care contract | <u>\$11,048,000</u> | |
| f. | Extraordinary expenses approved by the Department | <u>\$0</u> | |
| 3 | Total Deductions | | <u>\$16,777,000</u> |
| 4 | Net Operating Expenses | | <u>\$16,063,000</u> |
| 5 | Divide Line 4 by 365 and enter the result. | | <u>\$44,008</u> |
| 6 | Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount. | | <u><u>\$3,300,616</u></u> |

PROVIDER: Covenant Living Communities and Services
COMMUNITY: Covenant Living at the Samarkand

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

| Line | | Amounts | TOTAL |
|------|-----------------------------------------------------------------------------------------------------------------|---------------------|---------------------------|
| 1 | Total operating expenses from financial statements | | <u>\$39,650,000</u> |
| 2 | Deductions: | | |
| | a. Interest paid on long-term debt (see instructions) | <u>\$1,090,000</u> | |
| | b. Credit enhancement premiums paid for long-term debt (see instructions) | <u>\$0</u> | |
| | c. Depreciation | <u>\$3,333,000</u> | |
| | d. Amortization | <u>\$20,000</u> | |
| | e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract | <u>\$19,306,000</u> | |
| | f. Extraordinary expenses approved by the Department | <u></u> | |
| 3 | Total Deductions | | <u>\$23,749,000</u> |
| 4 | Net Operating Expenses | | <u>\$15,901,000</u> |
| 5 | Divide Line 4 by 365 and enter the result. | | <u>\$43,564</u> |
| 6 | Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount. | | <u><u>\$3,267,329</u></u> |

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 | | <u>\$29,340,000</u> |
| 2 | Deductions: | | |
| a. | Interest paid on long-term debt (see instructions) | <u>\$922,000</u> | |
| b. | Credit enhancement premiums paid for long-term debt (see instructions) | <u>\$0</u> | |
| c. | Depreciation | <u>\$3,898,000</u> | |
| d. | Amortization | <u>\$5,000</u> | |
| e. | Revenues received during the fiscal year for services to persons who did not have a continuing care contract | <u>\$9,826,000</u> | |
| f. | Extraordinary expenses approved by the Department | <u></u> | |
| 3 | Total Deductions | | <u>\$14,651,000</u> |
| 4 | Net Operating Expenses | | <u>\$14,689,000</u> |
| 5 | Divide Line 4 by 365 and enter the result. | | <u>\$40,244</u> |
| 6 | Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount. | | <u><u>\$3,018,288</u></u> |

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, 2023**

| | <u>CLCS Total</u> | <u>Samarkand</u> | <u>Mt. Miguel</u> | <u>Turlock</u> | <u>All Others</u> |
|------------------------------------------------------------|-----------------------|----------------------|----------------------|----------------------|-----------------------|
| * Depreciation | <u>\$ 64,633,000</u> | <u>\$ 5,440,000</u> | <u>\$ 3,898,000</u> | <u>\$ 3,333,000</u> | <u>\$ 51,962,000</u> |
| * Amortization | <u>\$ 455,000</u> | <u>\$ 4,000</u> | <u>\$ 5,000</u> | <u>\$ 20,000</u> | <u>\$ 426,000</u> |
| Routine Resident Services and Other Items | \$ 320,246,000 | \$ 18,268,000 | \$ 14,035,196 | \$ 13,287,000 | \$ 274,655,804 |
| Revenues received from non-contract residents | <u>40,180,000</u> | <u>11,048,000</u> | <u>9,826,000</u> | <u>19,306,000</u> | <u>-</u> |
| + Total per Cash Flows - Cash from Residents | <u>\$ 360,426,000</u> | <u>\$ 29,316,000</u> | <u>\$ 23,861,196</u> | <u>\$ 32,593,000</u> | <u>\$ 274,655,804</u> |
| Interest paid | \$ 25,224,000 | \$ 285,000 | \$ 922,000 | \$ 1,090,000 | \$ 22,927,000 |
| Credit enhancement premiums paid for long-term debt | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| + Total per Cash Flows - Interest Paid | <u>\$ 25,224,000</u> | <u>\$ 285,000</u> | <u>\$ 922,000</u> | <u>\$ 1,090,000</u> | <u>\$ 22,927,000</u> |

+ Combined Statements of Cash Flows

* Supplemental Information to Combined Statement of Cash Flows

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Covenant Living West
Quarter Ended: September 30, 2023

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended September 30, 2023 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year September 30, 2023 are as follows:

| | <u>Amount</u> |
|----------------------------------------|-------------------|
| [1] Debt Service Reserve Amount | 36,329,823 |
| [2] Operating Expense Reserve Amount | 9,586,233 |
| [3] Total Liquid Reserve Amount | 45,916,056 |

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

| | <u>Amount</u> <u>(market value at the end of quarter)</u> | |
|----------------------------------------|--------------------------------------------------------------|--------------------------|
| | <u>Debt Service Reserve</u> | <u>Operating Reserve</u> |
| [4] Cash and Cash Equivalents | | 148,512 |
| [5] Fixed Income Securities | | 31,680,213 |
| [6] Equity Securities | | 12,955,710 |
| [7] Unused/Available Lines of Credit | | |
| [8] Unused/Available Letters of Credit | | |
| [9] Debt Service Reserve | 36,415,053 | (not applicable) |
| [10] Other: _____ | | |

(describe qualify asset)

Total Amount of Qualifying Assets

| | | | | |
|-----------------------------------|------|------------|------|------------|
| Listed for Liquid Reserve: | [11] | 36,415,053 | [12] | 44,784,435 |
| Total Amount Required | [13] | 36,329,823 | [14] | 9,586,233 |
| Surplus/(Deficiency): | [15] | 85,230 | [16] | 35,198,202 |

Signature:

Jan JUSTI
Authorized Representative)

Date: 1/10/24

CFO
(Title)

FORM 5-5

Covenant Retirement Communities, West

Form 5-5 Attachment Re: Reserves

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

| | | |
|------------------------------|----|------------------|
| Benevolent Care Fund: | \$ | 23,812,168 |
| Property Replacement Fund: | | 18,005,310 |
| Capital Reserve Fund: | | 27,022,535 |
| Other Board Designated Funds | | 17,332,727 |
| Good Neighbor Fund | | <u>1,365,841</u> |
| Total Funds | \$ | 87,538,582 |

Portion of Funds Consisting of Approved Securities 50.99%

| | | |
|--------------------------------------------------------------------------|----|--------------------------|
| Reserves (cash, investment securities and equities included on Form 5-5) | \$ | 44,635,923 |
| Additional Cash Not in Reserves | | <u>148,512</u> |
| Total Qualifying Assets per Form 5-5 | \$ | <u><u>44,784,435</u></u> |

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 divided by the average number of residents

COVENANT LIVING WEST

NOTE TO LIQUID RESERVES REPORT AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023

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 | 334 |
| [2] | Number at end of fiscal year | 333 |
| [3] | Total Lines 1 and 2 | 667 |
| [4] | Multiply Line 3 by ".50" and enter result on Line 5. | x .50 |
| [5] | Mean number of continuing care residents | 333.5 |
| All Residents | | |
| [6] | Number at beginning of fiscal year | 400 |
| [7] | Number at end of fiscal year | 398 |
| [8] | Total Lines 6 and 7 | 798 |
| [9] | Multiply Line 8 by ".50" and enter result on Line 10. | x .50 |
| [10] | Mean number of <i>all</i> residents | 399 |
| [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 |

FORM 1-2
ANNUAL PROVIDER FEE

| Line | TOTAL |
|----------------------------------------------------------------------------------------|--------------|
| [1] Total Operating Expenses (including depreciation and debt service - interest only) | \$32,840,000 |
| [a] Depreciation | \$5,440,000 |
| [b] Debt Service (Interest Only) | \$285,000 |
| [2] Subtotal (add Line 1a and 1b) | \$5,725,000 |
| [3] Subtract Line 2 from Line 1 and enter result. | \$27,115,000 |
| [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) | \$22,663,791 |
| | x .001 |
| [6] Total Amount Due (multiply Line 5 by .001) | \$22,664 |

PROVIDER: Covenant Living Communities and Services
COMMUNITY: Covenant Living at the Samarkand

FORM 1-1
RESIDENT POPULATION

| Line | Continuing Care Residents | TOTAL |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| [1] | Number at beginning of fiscal year | 286 |
| [2] | Number at end of fiscal year | 294 |
| [3] | Total Lines 1 and 2 | 580 |
| [4] | Multiply Line 3 by ".50" and enter result on Line 5. | x .50 |
| [5] | Mean number of continuing care residents | 290 |
| All Residents | | |
| [6] | Number at beginning of fiscal year | 438 |
| [7] | Number at end of fiscal year | 457 |
| [8] | Total Lines 6 and 7 | 895 |
| [9] | Multiply Line 8 by ".50" and enter result on Line 10. | x .50 |
| [10] | Mean number of <i>all</i> residents | 447.5 |
| [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). | 0.65 |

FORM 1-2
ANNUAL PROVIDER FEE

| Line | TOTAL |
|----------------------------------------------------------------------------------------|--------------|
| [1] Total Operating Expenses (including depreciation and debt service - interest only) | \$39,650,000 |
| [a] Depreciation | \$3,333,000 |
| [b] Debt Service (Interest Only) | \$1,090,000 |
| [2] Subtotal (add Line 1a and 1b) | \$4,423,000 |
| [3] Subtract Line 2 from Line 1 and enter result. | \$35,227,000 |
| [4] Percentage allocated to continuing care residents (Form 1-1, Line 11) | 65% |
| [5] Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4) | \$22,828,670 |
| | x .001 |
| [6] Total Amount Due (multiply Line 5 by .001) | \$22,829 |

PROVIDER: Covenant Living Communities and Services
COMMUNITY: Covenant Living of Turlock

FORM 1-1
RESIDENT POPULATION

| Line | Continuing Care Residents | TOTAL |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| [1] | Number at beginning of fiscal year | 362 |
| [2] | Number at end of fiscal year | 354 |
| [3] | Total Lines 1 and 2 | 716 |
| [4] | Multiply Line 3 by ".50" and enter result on Line 5. | x .50 |
| [5] | Mean number of continuing care residents | 358 |
| All Residents | | |
| [6] | Number at beginning of fiscal year | 432 |
| [7] | Number at end of fiscal year | 427 |
| [8] | Total Lines 6 and 7 | 859 |
| [9] | Multiply Line 8 by ".50" and enter result on Line 10. | x .50 |
| [10] | Mean number of <i>all</i> residents | 429.5 |
| [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). | 0.83 |

FORM 1-2
ANNUAL PROVIDER FEE

| Line | TOTAL |
|----------------------------------------------------------------------------------------|-----------------|
| [1] Total Operating Expenses (including depreciation and debt service - interest only) | \$29,340,000 |
| [a] Depreciation | \$3,898,000 |
| [b] Debt Service (Interest Only) | \$922,000 |
| [2] Subtotal (add Line 1a and 1b) | \$4,820,000 |
| [3] Subtract Line 2 from Line 1 and enter result. | \$24,520,000 |
| [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) | \$20,438,091 |
| | x .001 |
| [6] Total Amount Due (multiply Line 5 by .001) | \$20,438 |

PROVIDER: Covenant Living Communities and Services
COMMUNITY: Covenant Living at Mount Miguel

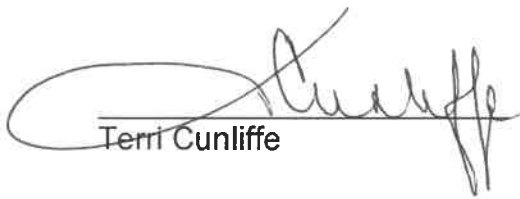
Part 2
Certification by Chief
Executive Officer

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.


Terri Cunliffe

12.4.23
Date

Part 3

Evidence of Fidelity Bond



CERTIFICATE OF INSURANCE

DATE (MM/DD/YYYY)

11/15/2023

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 CHIVAROLI & ASSOCIATES INC 200 N Westlake Blvd #101 Westlake Village, CA 91362 (805) 371 - 3680 | CONTACT NAME: | Jim Verity | | | |
| | PHONE (A/C, No, Ext): | 805-371-3680 | FAX (A/C, No): | 805-371-3684 | |
| INSURED Covenant Living Communities and Services 5700 Old Orchard Road Skokie, IL 60077 | E-MAIL ADDRESS: | jimv@chivaroli.com | | | |
| | INSURER(S) AFFORDING COVERAGE | | | | NAIC # |
| | INSURER A: | National Union Fire Insurance Company | | | 19445 |
| | INSURER B: | | | | |
| | INSURER C: | | | | |
| | INSURER D: | | | | |
| | 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 | \$ |
| | <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY | | | | | | DAMAGE TO RENTED PREMISES (Ea occurrence) | \$ |
| | <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR | | | | | | MED EXP (Any one person) | \$ |
| | <input type="checkbox"/> _____ | | | | | | PERSONAL & ADV INJURY | \$ |
| | GEN'L AGGREGATE LIMIT APPLIES PER: | | | | | | GENERAL AGGREGATE | \$ |
| | <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC | | | | | | PRODUCTS - COMP/OP AGG | \$ |
| | AUTOMOBILE LIABILITY | | | | | | COMBINED SINGLE LIMIT (Ea accident) | \$ |
| | <input type="checkbox"/> ANY AUTO | | | | | | BODILY INJURY (Per person) | \$ |
| | <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS | | | | | | BODILY INJURY (Per accident) | \$ |
| | <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS | | | | | | PROPERTY DAMAGE (Per accident) | \$ |
| | UMBRELLA LIAB <input type="checkbox"/> OCCUR | | | | | | EACH OCCURRENCE | \$ |
| | EXCESS LIAB <input type="checkbox"/> CLAIMS-MADE | | | | | | AGGREGATE | \$ |
| | <input type="checkbox"/> DED <input type="checkbox"/> RETENTION \$ | | | | | | | |
| | WORKERS COMPENSATION AND EMPLOYERS' LIABILITY | | | | | | <input type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER | \$ |
| | ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y / N | | | | | | E.L. EACH ACCIDENT | \$ |
| | (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below | | | | | | E.L. DISEASE - EACH EMPLOYEE | \$ |
| | | | | | | | E.L. DISEASE - POLICY LIMIT | \$ |
| A | Commercial Crime | | | 02-571-52-59 | 4/30/2023 | 3/01/2024 | \$5,000,000 per occurrence | |
| | | | | | | | | |
| | | | | | | | | |

DESCRIPTION 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
 ADDRESS: 2550 Treasure Drive, Santa Barbara, CA ZIP CODE: 93105-4148 PHONE: 805-687-0701
 PROVIDER NAME: Covenant Living Communities and Services FACILITY OPERATOR: Covenant Living Communities and Services
 RELATED FACILITIES: See Page 2 RELIGIOUS AFFILIATION: Evangelical Covenant Church
 YEAR OPENED: 1966 NO. OF ACRES: 17 MULTI-STORY: SINGLE STORY: BOTH: Y
 MILES TO SHOPPING CENTER: 1 mile MILES TO HOSPITAL: 1 mile

NUMBER OF UNITS:

| | |
|-------------------------------------|----------------------------------------------------------|
| INDEPENDENT LIVING | HEALTH CARE |
| APARTMENTS - STUDIO <u>18</u> | ASSISTED LIVING <u>38</u> |
| APARTMENTS - 1 BDRM <u>65</u> | SKILLED NURSING <u>62</u> |
| APARTMENTS - 2 BDRM <u>123</u> | SPECIAL CARE <u>16</u> |
| COTTAGES/HOUSES <u>12</u> | DESCRIBE SPECIAL CARE <u>Assisted Living Memory Care</u> |
| % OCCUPANCY AT YEAR END <u>100%</u> | |

TYPE OF OWNERSHIP: ☒ NOT FOR PROFIT ☐ FOR PROFIT ACCREDITED: ☐ Y ☒ N BY:
 FORM OF CONTRACT: ☐ LIFE CARE ☒ CONTINUING CARE ☒ FEE FOR SERVICE
☐ ASSIGN ASSETS ☐ EQUITY ☒ ENTRY FEE ☐ RENTAL
 REFUND PROVISIONS (Check all that apply): ☒ 90% ☐ 75% ☒ 50% ☒ PRORATED TO 0% OTHER:
 RANGE OF ENTRANCE FEES: \$ 100,000 TO \$ 1,319,000 LONG-TERM CARE INSURANCE REQUIRED? ☐ Y ☒ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: 60 Health Care Days with 10% Discount OR 30 Health Care Days Only
 ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: N/A OTHER:

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD: Lola Engwall, is a non-voting Board representative.
 The representative attends 4 Board meetings annually and receives all materials that voting Board members receive.
 The representative and the term is decided by other campus residents

FACILITY SERVICES AND AMENITIES

| COMMON AREA AMENITIES | | | SERVICES AVAILABLE | | |
|-----------------------|-------------------------------------|-------------------------------------|---------------------------------------|-------------------------------------|-------------------------------------|
| | AVAILABLE | FEE FOR SERVICE | | INCLUDED IN FEE | FOR EXTRA CHARGE |
| BEAUTY/BARBER SHOP | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | HOUSEKEEPING TIMES/MONTH | <u>4</u> | <u> </u> |
| BILLIARD ROOM | <input checked="" type="checkbox"/> | <input type="checkbox"/> | NUMBER OF MEALS/DAY | <u>1</u> | <u>2</u> |
| BOWLING GREEN | <input type="checkbox"/> | <input type="checkbox"/> | SPECIAL DIETS AVAILABLE | <u>Yes</u> | <u> </u> |
| CARD ROOMS | <input checked="" 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 checked="" type="checkbox"/> | ACTIVITIES PROGRAM | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| CRAFT ROOMS | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | ALL UTILITIES EXCEPT PHONE | <input checked="" 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 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 type="checkbox"/> | <input checked="" type="checkbox"/> |
| SPA | <input checked="" type="checkbox"/> | <input type="checkbox"/> | NURSING/WELLNESS CLINIC | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| SWIMMING POOL-INDOOR | <input type="checkbox"/> | <input type="checkbox"/> | PERSONAL NURSING/HOME CARE | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| SWIMMING POOL-OUTDOOR | <input checked="" type="checkbox"/> | <input type="checkbox"/> | TRANSPORTATION-PERSONAL | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| TENNIS COURT | <input type="checkbox"/> | <input type="checkbox"/> | TRANSPORTATION-PREARRANGED | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| WORKSHOP | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | OTHER <u>Wireless Internet Access</u> | <input checked="" type="checkbox"/> | <input checked="" 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:**Covenant Living Communities and Services**

| CCRC's | LOCATION (City, State) | Phone (with area code) |
|-------------------------------------------|----------------------------------|-------------------------------|
| <u>Covenant Living of Golden Valley</u> | <u>Minneapolis, Minnesota</u> | <u>763-546-6125</u> |
| <u>Covenant Living at the Shores</u> | <u>Mercer Island, Washington</u> | <u>206-268-3000</u> |
| <u>Covenant Living of Colorado</u> | <u>Westminster, Colorado</u> | <u>303-424-4828</u> |
| <u>Covenant Living of Cromwell</u> | <u>Cromwell, Connecticut</u> | <u>860-635-5511</u> |
| <u>Covenant Living of Florida*</u> | <u>Plantation, Florida</u> | <u>954-472-2860</u> |
| <u>Covenant Living of the Great Lakes</u> | <u>Grand Rapids, Michigan</u> | <u>616-735-4541</u> |
| <u>Covenant Living of Northbrook</u> | <u>Northbrook, Illinois</u> | <u>847-480-6380</u> |
| <u>Covenant Living of Turlock</u> | <u>Turlock, California</u> | <u>209-632-9976</u> |
| <u>Covenant Living at the Holmstad</u> | <u>Batavia, Illinois</u> | <u>630-879-4000</u> |
| <u>Covenant Living at Mount Miguel</u> | <u>Spring Valley, California</u> | <u>619-479-4790</u> |
| <u>Covenant Living at the Samarkand</u> | <u>Santa Barbara, California</u> | <u>805-687-0701</u> |
| <u>Covenant Living at Windsor Park*</u> | <u>Carol Stream, Illinois</u> | <u>630-682-4377</u> |
| <u>Covenant Living at Inverness</u> | <u>Tulsa, Oklahoma</u> | <u>877-225-8992</u> |
| <u>Three Crowns Park*</u> | <u>Evanston, Illinois</u> | <u>847-328-8700</u> |
| <u>Covenant Living of Keene*</u> | <u>Keene, New Hampshire</u> | <u>630-283-5150</u> |

MULTI-LEVEL RETIREMENT COMMUNITIES

| | | |
|---------------------------------|------------------------|---------------------|
| <u>Covenant Living of Bixby</u> | <u>Bixby, Oklahoma</u> | <u>918-970-4433</u> |
|---------------------------------|------------------------|---------------------|

FREE-STANDING RESIDENTIAL LIVING

| | | |
|----------------------------------|-------------------------|---------------------|
| <u>Covenant Living of Geneva</u> | <u>Geneva, Illinois</u> | <u>877-317-7950</u> |
|----------------------------------|-------------------------|---------------------|

FREE-STANDING ASSISTED LIVING

| | | |
|---------------------------------|--------------------------|---------------------|
| <u>Covenant Home of Chicago</u> | <u>Chicago, Illinois</u> | <u>773-506-6900</u> |
|---------------------------------|--------------------------|---------------------|

*** FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS**

In Thousands

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

* See Attached Sheet *

FINANCIAL RATIOS (see next page for ratio formulas)

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

COMMENTS FROM PROVIDER: Rates are for 1st person only and are averages. See the campus sales team for specific rates on unit types.

PROVIDER NAME: Covenant Living Communities and Services
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END
As of September 30, 2023
In Thousands

| LENDER | 09/30/23 OUTSTANDING BALANCE | INTEREST RATE | DATE OF ORGINATION | DATE OF MATURITY | AMORTIZATION PERIOD |
|---------------------------------------------------------------------|------------------------------------|------------------|-----------------------|---------------------|--------------------------------------------|
| Illinois Finance Authority Revenue Refunding Direct Placement Bonds | | | | | |
| Series 2017 | 30,125 | variable | 2/1/2017 | 12/1/2029 | 13 years |
| Series 2013 - Three Crowns Park | 3,035 | 5.25 | 4/25/2013 | 2/15/2040 | 30 years |
| Series 2017 - Three Crowns Park | 21,640 | 3.25-5.25 | 7/25/2017 | 2/15/2047 | 30 years |
| Colorado Health Facilities Authority Revenue Bonds | | | | | |
| Series 2015A | 74,775 | 1.00-5.00 | 4/1/2015 | 12/1/2035 | 21 years |
| Series 2015B | 2,535 | 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 | 159,140 | 2.80-4.48 | 10/15/2020 | 12/1/2050 | 30 years |
| State of Connecticut Health and Educational Facilities Authority | | | | | |
| Series 2018B | 42,470 | 5.00 | 11/13/2018 | 12/1/2040 | 22 years |
| Bank of America Taxable Term Loan - 2019 | 43,805 | 2.45% | 10/24/2019 | 12/1/2024 | Interest Only, Expires After 5 Years |
| Bank of America Taxable Term Loan - 2022 | <u>40,000</u> | 2.50% | 2/14/2022 | 2/1/2052 | 30 years |
| Total long-term debt | <u><u>559,555</u></u> | | | | |

PROVIDER NAME: Covenant Living Communities and Services

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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.

Continuing Care Retirement Community Disclosure Statement General Information

FACILITY NAME: Covenant Living of Turlock
 ADDRESS: 2125 North Olive Avenue, Turlock, CA ZIP CODE: 95382 PHONE: 209-632-9976
 PROVIDER NAME: Covenant Living Communities and Services FACILITY OPERATOR: Covenant Living Communities and Services
 RELATED FACILITIES: See Page 2 RELIGIOUS AFFILIATION: Evangelical Covenant Church
 YEAR OPENED: 1977 NO. OF ACRES: 26 MULTI-STORY: SINGLE STORY: BOTH: Y
 MILES TO SHOPPING CENTER: 1 mile MILES TO HOSPITAL: less than 1/4 mile

NUMBER OF UNITS: INDEPENDENT LIVING HEALTH CARE
 APARTMENTS - STUDIO 35 ASSISTED LIVING 79
 APARTMENTS - 1 BDRM 92 SKILLED NURSING 192
 APARTMENTS - 2 BDRM 55 SPECIAL CARE
 COTTAGES/HOUSES 39 DESCRIBE SPECIAL CARE
 % OCCUPANCY AT YEAR END 88%

TYPE OF OWNERSHIP: ☒ NOT FOR PROFIT ☐ FOR PROFIT ACCREDITED: ☐ Y ☒ N BY:
 FORM OF CONTRACT: ☐ LIFE CARE ☒ CONTINUING CARE ☐ FEE FOR SERVICE
☐ ASSIGN ASSETS ☐ EQUITY ☒ ENTRY FEE ☐ RENTAL
 REFUND PROVISIONS (Check all that apply): ☒ 90% ☐ 75% ☒ 50% ☒ PRORATED TO 0% OTHER:
 RANGE OF ENTRANCE FEES: \$ 82,000 TO \$ 722,000 LONG-TERM CARE INSURANCE REQUIRED? ☐ Y ☒ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: 60 Health Care Days; 10% Discount or 30 Health Care Days
 ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: N/A OTHER:

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD: Hans Wilhelm, is a non-voting Board representative.
 The representative attends 4 Board meetings annually and receives all materials that voting Board members receive.
 The representative and the term is decided by other campus residents

FACILITY SERVICES AND AMENITIES

| COMMON AREA AMENITIES | | | SERVICES AVAILABLE | | |
|-----------------------|-------------------------------------|-------------------------------------|----------------------------|-------------------------------------|-------------------------------------|
| | AVAILABLE | FEE FOR SERVICE | | INCLUDED IN FEE | FOR EXTRA CHARGE |
| BEAUTY/BARBER SHOP | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | HOUSEKEEPING TIMES/MONTH | <u>4</u> | |
| BILLIARD ROOM | <input checked="" type="checkbox"/> | <input type="checkbox"/> | NUMBER OF MEALS/DAY | <u>1 Depending on unit</u> | <u>2</u> |
| BOWLING GREEN | <input type="checkbox"/> | <input type="checkbox"/> | SPECIAL DIETS AVAILABLE | <u>Yes</u> | |
| 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 checked="" type="checkbox"/> |
| CRAFT ROOMS | <input checked="" type="checkbox"/> | <input type="checkbox"/> | ALL UTILITIES EXCEPT PHONE | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| EXERCISE ROOM | <input checked="" type="checkbox"/> | <input type="checkbox"/> | APARTMENT MAINTENANCE | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| GOLF COURSE ACCESS | <input checked="" type="checkbox"/> | <input type="checkbox"/> | CABLE TV | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| LIBRARY | <input checked="" type="checkbox"/> | <input type="checkbox"/> | LINENS FURNISHED | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| PUTTING GREEN | <input checked="" type="checkbox"/> | <input type="checkbox"/> | LINENS LAUNDERED | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| SHUFFLEBOARD | <input checked="" type="checkbox"/> | <input type="checkbox"/> | MEDICATION MANAGEMENT | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| SPA | <input checked="" type="checkbox"/> | <input type="checkbox"/> | NURSING/WELLNESS CLINIC | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| SWIMMING POOL-INDOOR | <input checked="" type="checkbox"/> | <input type="checkbox"/> | PERSONAL NURSING/HOME CARE | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| SWIMMING POOL-OUTDOOR | <input type="checkbox"/> | <input type="checkbox"/> | TRANSPORTATION-PERSONAL | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| TENNIS COURT | <input type="checkbox"/> | <input type="checkbox"/> | TRANSPORTATION-PREARRANGED | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| WORKSHOP | <input checked="" type="checkbox"/> | <input type="checkbox"/> | OTHER <u>Computer Lab</u> | <input type="checkbox"/> | <input type="checkbox"/> |
| OTHER | <input checked="" 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:**Covenant Living Communities and Services**

| CCRC's | LOCATION (City, State) | Phone (with area code) |
|-------------------------------------------|----------------------------------|-------------------------------|
| <u>Covenant Living of Golden Valley</u> | <u>Minneapolis, Minnesota</u> | <u>763-546-6125</u> |
| <u>Covenant Living at the Shores</u> | <u>Mercer Island, Washington</u> | <u>206-268-3000</u> |
| <u>Covenant Living of Colorado</u> | <u>Westminster, Colorado</u> | <u>303-424-4828</u> |
| <u>Covenant Living of Cromwell</u> | <u>Cromwell, Connecticut</u> | <u>860-635-5511</u> |
| <u>Covenant Living of Florida*</u> | <u>Plantation, Florida</u> | <u>954-472-2860</u> |
| <u>Covenant Living of the Great Lakes</u> | <u>Grand Rapids, Michigan</u> | <u>616-735-4541</u> |
| <u>Covenant Living of Northbrook</u> | <u>Northbrook, Illinois</u> | <u>847-480-6380</u> |
| <u>Covenant Living of Turlock</u> | <u>Turlock, California</u> | <u>209-632-9976</u> |
| <u>Covenant Living at the Holmstad</u> | <u>Batavia, Illinois</u> | <u>630-879-4000</u> |
| <u>Covenant Living at Mount Miguel</u> | <u>Spring Valley, California</u> | <u>619-479-4790</u> |
| <u>Covenant Living at the Samarkand</u> | <u>Santa Barbara, California</u> | <u>805-687-0701</u> |
| <u>Covenant Living at Windsor Park*</u> | <u>Carol Stream, Illinois</u> | <u>630-682-4377</u> |
| <u>Covenant Living at Inverness</u> | <u>Tulsa, Oklahoma</u> | <u>877-225-8992</u> |
| <u>Three Crowns Park*</u> | <u>Evanston, Illinois</u> | <u>847-328-8700</u> |
| <u>Covenant Living of Keene*</u> | <u>Keene, New Hampshire</u> | <u>630-283-5150</u> |

MULTI-LEVEL RETIREMENT COMMUNITIES

| | | |
|---------------------------------|------------------------|---------------------|
| <u>Covenant Living of Bixby</u> | <u>Bixby, Oklahoma</u> | <u>918-970-4433</u> |
|---------------------------------|------------------------|---------------------|

FREE-STANDING RESIDENTIAL LIVING

| | | |
|----------------------------------|-------------------------|---------------------|
| <u>Covenant Living of Geneva</u> | <u>Geneva, Illinois</u> | <u>877-317-7950</u> |
|----------------------------------|-------------------------|---------------------|

FREE-STANDING ASSISTED LIVING

| | | |
|---------------------------------|--------------------------|---------------------|
| <u>Covenant Home of Chicago</u> | <u>Chicago, Illinois</u> | <u>773-506-6900</u> |
|---------------------------------|--------------------------|---------------------|

*** FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS**

PROVIDER NAME: Covenant Living Communities and Services (Covenant Living of Turlock)

In Thousands

| | FYE 9/30/20 | FYE 9/30/21 | FYE 9/30/22 | FYE 9/30/23 |
|----------------------------------------------------|-------------|-------------|-------------|-------------|
| INCOME FROM ONGOING OPERATIONS | | | | |
| OPERATING INCOME | | | | |
| (excluding amortization of entrance fee income) | \$ 318,542 | \$ 344,180 | \$ 340,996 | \$ 384,438 |
| LESS OPERATING EXPENSES | | | | |
| (excluding depreciation, amortization, & interest) | \$ 283,613 | \$ 292,901 | \$ 325,596 | \$ 344,826 |
| NET INCOME FROM OPERATIONS | \$ 34,929 | \$ 51,279 | \$ 15,400 | \$ 39,612 |
| LESS INTEREST EXPENSE | | | | |
| | \$ 15,567 | \$ 13,038 | \$ 17,439 | \$ 19,842 |
| PLUS CONTRIBUTIONS | | | | |
| | \$ (1,223) | \$ 969 | \$ (1,123) | \$ (840) |
| PLUS NON-OPERATING INCOME (EXPENSES) | | | | |
| (excluding extraordinary items) | \$ - | \$ - | \$ - | \$ - |
| NET INCOME (LOSS) BEFORE ENTRANCE FEES, | | | | |
| DEPRECIATION AND AMORTIZATION | \$ 18,139 | \$ 39,210 | \$ (3,162) | \$ 18,930 |
| NET CASH FLOW FROM ENTRANCE FEES | | | | |
| (Total Deposits Less Refunds) | \$ 51,767 | \$ 56,485 | \$ 62,885 | \$ 71,239 |

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

| LENDER | OUTSTANDING BALANCE | INTEREST RATE | DATE OF ORIGINATION | DATE OF MATURITY | AMORTIZATION PERIOD |
|--------|------------------------|------------------|------------------------|---------------------|------------------------|
| | | | | | |
| | | | | | |
| | | | | | |
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| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

* See Attached Sheet *

FINANCIAL RATIOS (see next page for ratio formulas)

| | FYE 9/30/20 | FYE 9/30/21 | FYE 9/30/22 | FYE 9/30/23 |
|------------------------------------|-------------|-------------|-------------|-------------|
| DEBT TO ASSET RATIO | 38.75 | 37.75 | 40.28 | 37.97 |
| OPERATING RATIO | 93.92 | 88.89 | 100.60 | 94.86 |
| DEBT SERVICE COVERAGE RATIO | 2.50 | 3.22 | 1.94 | 4.41 |
| DAYS CASH-ON-HAND RATIO | 452.76 | 513.00 | 415.36 | 417.69 |

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

| | FYE 9/30/20 | % | FYE 9/30/21 | % | FYE 9/30/22 | % | FYE 9/30/23 | % |
|----------------------|------------------------|------|------------------------|------|------------------------|------|--------------------------|------|
| STUDIO | \$ 2,061 | 2.0% | \$ 2,123 | 3.0% | \$ 2,187 | 3.0% | \$ 2,318 | 6.0% |
| ONE BEDROOM | \$ 2,517 | 2.0% | \$ 2,593 | 3.0% | \$ 2,671 | 3.0% | \$ 3,968 | 6.0% |
| TWO BEDROOM | \$ 2,994 | 2.0% | \$ 3,084 | 3.0% | \$ 3,176 | 3.0% | \$ 4,504 | 6.0% |
| COTTAGE/HOUSE/CUSTOM | \$ 4,653 | 2.0% | \$ 4,793 | 3.0% | \$ 4,937 | 3.0% | \$ 5,919 | 6.0% |
| ASSISTED LIVING | \$4,912-\$5,171/ Month | 2.0% | \$4,817-\$5,352/ Month | 3.5% | \$5,010-\$5,566/ Month | 4.0% | \$5,210-\$5,788.64/Month | 4.0% |
| SKILLED NURSING | \$351-\$555/ Day | 2.0% | \$377-\$594/ Day | 5.0% | \$396-624/ Day | 5.0% | \$415-\$655/ Day | 5.0% |
| SPECIAL CARE | | | | | | | | |

COMMENTS FROM PROVIDER: Rates are for 1st person only and are averages. See the campus sales team for specific rates on unit types.

PROVIDER NAME: Covenant Living Communities and Services
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END
As of September 30, 2023
In Thousands

| LENDER | 09/30/23 OUTSTANDING BALANCE | INTEREST RATE | DATE OF ORGINATION | DATE OF MATURITY | AMORTIZATION PERIOD |
|---------------------------------------------------------------------|------------------------------------|------------------|-----------------------|---------------------|--------------------------------------------|
| Illinois Finance Authority Revenue Refunding Direct Placement Bonds | | | | | |
| Series 2017 | 30,125 | variable | 2/1/2017 | 12/1/2029 | 13 years |
| Series 2013 - Three Crowns Park | 3,035 | 5.25 | 4/25/2013 | 2/15/2040 | 30 years |
| Series 2017 - Three Crowns Park | 21,640 | 3.25-5.25 | 7/25/2017 | 2/15/2047 | 30 years |
| Colorado Health Facilities Authority Revenue Bonds | | | | | |
| Series 2015A | 74,775 | 1.00-5.00 | 4/1/2015 | 12/1/2035 | 21 years |
| Series 2015B | 2,535 | 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 | 159,140 | 2.80-4.48 | 10/15/2020 | 12/1/2050 | 30 years |
| State of Connecticut Health and Educational Facilities Authority | | | | | |
| Series 2018B | 42,470 | 5.00 | 11/13/2018 | 12/1/2040 | 22 years |
| Bank of America Taxable Term Loan - 2019 | 43,805 | 2.45% | 10/24/2019 | 12/1/2024 | Interest Only, Expires After 5 Years |
| Bank of America Taxable Term Loan - 2022 | <u>40,000</u> | 2.50% | 2/14/2022 | 2/1/2052 | 30 years |
| Total long-term debt | <u><u>559,555</u></u> | | | | |

PROVIDER NAME: Covenant Living Communities and Services

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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.

**Continuing Care Retirement Community
Disclosure Statement
General Information**

FACILITY NAME: Covenant Living at Mount Miguel

ADDRESS: 325 Kempton Street, Spring Valley, CA ZIP CODE: 91977-5810 PHONE: 619-479-4790

PROVIDER NAME: Covenant Living Communities and Services FACILITY OPERATOR: Covenant Living Communities and Services

RELATED FACILITIES: See Page 2 RELIGIOUS AFFILIATION: Evangelical Covenant Church

YEAR OPENED: 1964 NO. OF ACRES: 28 MULTI-STORY: SINGLE STORY: BOTH: Y

MILES TO SHOPPING CENTER: 1 mile MILES TO HOSPITAL: 8 miles

NUMBER OF UNITS:

| | |
|------------------------------------|----------------------------------------------------------|
| INDEPENDENT LIVING | HEALTH CARE |
| APARTMENTS - STUDIO <u>26</u> | ASSISTED LIVING <u>36</u> |
| APARTMENTS - 1 BDRM <u>83</u> | SKILLED NURSING <u>87</u> |
| APARTMENTS - 2 BDRM <u>132</u> | SPECIAL CARE <u>10</u> |
| COTTAGES/HOUSES <u>8</u> | DESCRIBE SPECIAL CARE <u>Assisted Living Memory Care</u> |
| % OCCUPANCY AT YEAR END <u>95%</u> | |

TYPE OF OWNERSHIP: ☒ NOT FOR PROFIT ☐ FOR PROFIT ACCREDITED: ☐ Y ☒ N BY:

FORM OF CONTRACT: ☐ LIFE CARE ☒ CONTINUING CARE ☐ FEE FOR SERVICE

☐ ASSIGN ASSETS ☐ EQUITY ☐ ENTRY FEE ☐ RENTAL

REFUND PROVISIONS (Check all that apply): ☒ 90% ☐ 75% ☒ 50% ☒ PRORATED TO 0% OTHER: Monthly

RANGE OF ENTRANCE FEES: \$ 114,000 TO \$ 686,000 LONG-TERM CARE INSURANCE REQUIRED? ☐ Y ☒ N

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: 60 Health Care Days; 10% Discount or 30 Health Care Days

ENTRY REQUIREMENTS: MIN. AGE: 62 PRIOR PROFESSION: N/A OTHER:

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD: Allan Goodmanson is a resident, non-voting member.
Both members attend 4 Board meetings annually and receive all Board materials. The non-voting member and term is decided by the campus residents.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES

SERVICES AVAILABLE

| | AVAILABLE | FEE FOR SERVICE | | INCLUDED IN FEE | FOR EXTRA CHARGE |
|-----------------------|-------------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| BEAUTY/BARBER SHOP | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | HOUSEKEEPING TIMES/MONTH | <u>4</u> | |
| BILLIARD ROOM | <input checked="" type="checkbox"/> | <input type="checkbox"/> | NUMBER OF MEALS/DAY | <u>1</u> | <u>2</u> |
| BOWLING GREEN | <input type="checkbox"/> | <input type="checkbox"/> | SPECIAL DIETS AVAILABLE | <u>Yes</u> | |
| 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 type="checkbox"/> | <input checked="" 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 checked="" type="checkbox"/> | <input type="checkbox"/> |
| EXERCISE ROOM | <input checked="" type="checkbox"/> | <input checked="" 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 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 type="checkbox"/> | <input type="checkbox"/> |
| SHUFFLEBOARD | <input checked="" type="checkbox"/> | <input type="checkbox"/> | MEDICATION MANAGEMENT | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| SPA | <input checked="" type="checkbox"/> | <input type="checkbox"/> | NURSING/WEALTH CLINIC | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| SWIMMING POOL-INDOOR | <input type="checkbox"/> | <input type="checkbox"/> | PERSONAL NURSING/HOME CARE | <input type="checkbox"/> | <input type="checkbox"/> |
| SWIMMING POOL-OUTDOOR | <input checked="" type="checkbox"/> | <input type="checkbox"/> | TRANSPORTATION-PERSONAL | <input type="checkbox"/> | <input type="checkbox"/> |
| TENNIS COURT | <input checked="" type="checkbox"/> | <input type="checkbox"/> | TRANSPORTATION-PREARRANGED | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| WORKSHOP | <input checked="" type="checkbox"/> | <input type="checkbox"/> | OTHER <u> </u> | <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:**Covenant Living Communities and Services**

| CCRC's | LOCATION (City, State) | Phone (with area code) |
|-------------------------------------------|----------------------------------|-------------------------------|
| <u>Covenant Living of Golden Valley</u> | <u>Minneapolis, Minnesota</u> | <u>763-546-6125</u> |
| <u>Covenant Living at the Shores</u> | <u>Mercer Island, Washington</u> | <u>206-268-3000</u> |
| <u>Covenant Living of Colorado</u> | <u>Westminster, Colorado</u> | <u>303-424-4828</u> |
| <u>Covenant Living of Cromwell</u> | <u>Cromwell, Connecticut</u> | <u>860-635-5511</u> |
| <u>Covenant Living of Florida*</u> | <u>Plantation, Florida</u> | <u>954-472-2860</u> |
| <u>Covenant Living of the Great Lakes</u> | <u>Grand Rapids, Michigan</u> | <u>616-735-4541</u> |
| <u>Covenant Living of Northbrook</u> | <u>Northbrook, Illinois</u> | <u>847-480-6380</u> |
| <u>Covenant Living of Turlock</u> | <u>Turlock, California</u> | <u>209-632-9976</u> |
| <u>Covenant Living at the Holmstad</u> | <u>Batavia, Illinois</u> | <u>630-879-4000</u> |
| <u>Covenant Living at Mount Miguel</u> | <u>Spring Valley, California</u> | <u>619-479-4790</u> |
| <u>Covenant Living at the Samarkand</u> | <u>Santa Barbara, California</u> | <u>805-687-0701</u> |
| <u>Covenant Living at Windsor Park*</u> | <u>Carol Stream, Illinois</u> | <u>630-682-4377</u> |
| <u>Covenant Living at Inverness</u> | <u>Tulsa, Oklahoma</u> | <u>877-225-8992</u> |
| <u>Three Crowns Park*</u> | <u>Evanston, Illinois</u> | <u>847-328-8700</u> |
| <u>Covenant Living of Keene*</u> | <u>Keene, New Hampshire</u> | <u>630-283-5150</u> |

MULTI-LEVEL RETIREMENT COMMUNITIES

| | | |
|---------------------------------|------------------------|---------------------|
| <u>Covenant Living of Bixby</u> | <u>Bixby, Oklahoma</u> | <u>918-970-4433</u> |
|---------------------------------|------------------------|---------------------|

FREE-STANDING RESIDENTIAL LIVING

| | | |
|----------------------------------|-------------------------|---------------------|
| <u>Covenant Living of Geneva</u> | <u>Geneva, Illinois</u> | <u>877-317-7950</u> |
|----------------------------------|-------------------------|---------------------|

FREE-STANDING ASSISTED LIVING

| | | |
|---------------------------------|--------------------------|---------------------|
| <u>Covenant Home of Chicago</u> | <u>Chicago, Illinois</u> | <u>773-506-6900</u> |
|---------------------------------|--------------------------|---------------------|

*** FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS**

PROVIDER NAME: Covenant Living Communities and Services (Covenant Living at Mount Miguel)

In Thousands

| | FYE 9/30/20 | FYE 9/30/21 | FYE 9/30/22 | FYE 9/30/23 |
|------------------------------------------------------------------------------|-------------|-------------|-------------|-------------|
| INCOME FROM ONGOING OPERATIONS | | | | |
| OPERATING INCOME | | | | |
| (excluding amortization of entrance fee income) | \$ 318,542 | \$ 344,180 | \$ 340,996 | \$ 384,438 |
| LESS OPERATING EXPENSES | | | | |
| (excluding depreciation, amortization, & interest) | \$ 283,613 | \$ 292,901 | \$ 325,596 | \$ 344,826 |
| NET INCOME FROM OPERATIONS | \$ 34,929 | \$ 51,279 | \$ 15,400 | \$ 39,612 |
| LESS INTEREST EXPENSE | | | | |
| | \$ 15,567 | \$ 13,038 | \$ 17,439 | \$ 19,842 |
| PLUS CONTRIBUTIONS | | | | |
| | \$ (1,223) | \$ 969 | \$ (1,123) | \$ (840) |
| PLUS NON-OPERATING INCOME (EXPENSES) | | | | |
| (excluding extraordinary items) | \$ - | \$ - | \$ - | \$ - |
| NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION | \$ 18,139 | \$ 39,210 | \$ (3,162) | \$ 18,930 |
| NET CASH FLOW FROM ENTRANCE FEES | | | | |
| (Total Deposits Less Refunds) | \$ 51,767 | \$ 56,485 | \$ 62,885 | \$ 71,239 |

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

| LENDER | OUTSTANDING BALANCE | INTEREST RATE | DATE OF ORIGINATION | DATE OF MATURITY | AMORTIZATION PERIOD |
|--------|---------------------|---------------|---------------------|------------------|---------------------|
| | | | | | |
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* See Attached Sheet *

FINANCIAL RATIOS (see next page for ratio formulas)

| | FYE 9/30/20 | FYE 9/30/21 | FYE 9/30/22 | FYE 9/30/23 |
|------------------------------------|-------------|-------------|-------------|-------------|
| DEBT TO ASSET RATIO | 38.75 | 37.75 | 40.28 | 37.97 |
| OPERATING RATIO | 93.92 | 88.89 | 100.60 | 94.86 |
| DEBT SERVICE COVERAGE RATIO | 2.50 | 3.22 | 1.94 | 4.41 |
| DAYS CASH-ON-HAND RATIO | 452.76 | 513.00 | 415.36 | 417.69 |

HISTORICAL MONTHLY SERVICE FEES

AVERAGE FEE AND PERCENT CHANGE

| | FYE 9/30/20 | % | FYE 9/30/21 | % | FYE 9/30/22 | % | FYE 9/30/23 | % |
|-----------------|-------------|------|-------------|------|-------------|------|-------------|------|
| STUDIO | \$ 2,038 | 2.0% | \$ 2,099 | 3.0% | \$ 2,162 | 3.0% | \$ 2,292 | 6.0% |
| ONE BEDROOM | \$ 2,465 | 2.0% | \$ 2,540 | 3.0% | \$ 2,616 | 3.0% | \$ 2,773 | 6.0% |
| TWO BEDROOM | \$ 2,898 | 2.0% | \$ 2,985 | 3.0% | \$ 3,074 | 3.0% | \$ 3,258 | 6.0% |
| COTTAGE/HOUSE | | | | | | | | |
| ASSISTED LIVING | \$ 5,624 | 2.0% | \$ 5,821 | 3.5% | \$ 6,054 | 4.0% | \$ 6,296 | 4.0% |
| SKILLED NURSING | \$399/Day | 2.0% | \$425/Day | 6.5% | \$448/Day | 5.0% | \$471/Day | 5.0% |
| SPECIAL CARE | \$ 8,163 | 2.0% | \$ 8,700 | 6.5% | \$ 9,092 | 5.0% | \$ 9,502 | 4.5% |

COMMENTS FROM PROVIDER: Rates are for 1st person only and are averages. See the campus sales team for specific rates on unit types.

PROVIDER NAME: Covenant Living Communities and Services
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END
As of September 30, 2023
In Thousands

| LENDER | 09/30/23 OUTSTANDING BALANCE | INTEREST RATE | DATE OF ORIGINATION | DATE OF MATURITY | AMORTIZATION PERIOD |
|---------------------------------------------------------------------|------------------------------------|------------------|------------------------|---------------------|--------------------------------------------|
| Illinois Finance Authority Revenue Refunding Direct Placement Bonds | | | | | |
| Series 2017 | 30,125 | variable | 2/1/2017 | 12/1/2029 | 13 years |
| Series 2013 - Three Crowns Park | 3,035 | 5.25 | 4/25/2013 | 2/15/2040 | 30 years |
| Series 2017 - Three Crowns Park | 21,640 | 3.25-5.25 | 7/25/2017 | 2/15/2047 | 30 years |
| Colorado Health Facilities Authority Revenue Bonds | | | | | |
| Series 2015A | 74,775 | 1.00-5.00 | 4/1/2015 | 12/1/2035 | 21 years |
| Series 2015B | 2,535 | 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 | 159,140 | 2.80-4.48 | 10/15/2020 | 12/1/2050 | 30 years |
| State of Connecticut Health and Educational Facilities Authority | | | | | |
| Series 2018B | 42,470 | 5.00 | 11/13/2018 | 12/1/2040 | 22 years |
| Bank of America Taxable Term Loan - 2019 | 43,805 | 2.45% | 10/24/2019 | 12/1/2024 | Interest Only, Expires After 5 Years |
| Bank of America Taxable Term Loan - 2022 | <u>40,000</u> | 2.50% | 2/14/2022 | 2/1/2052 | 30 years |
| Total long-term debt | <u><u>559,555</u></u> | | | | |

PROVIDER NAME: Covenant Living Communities and Services

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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.

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 |
|---------------------------------------------------------------------------------------------------------------|-----------------------|--------------------|--------------------|
| 1 Monthly Service Fees at beginning of reporting period: (indicate range, if applicable) | \$2,692-\$5,086 | \$6,913-\$8,410 | \$525-\$699 / Day |
| 2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) | 6.0% | 4.0% | 5.0% |

☐ 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: 10/1/2022

(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:** August 1, 2022
Method of Notice: Written notice via hard copy, email, and town hall meeting

☒ 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:** August 23, 2022

☒ 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. **Date of Notice:** August 1, 2022

☒ 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, 2022 **Location of Posting:** Letters to residents emails, posted to bulletin board, TV slideshow, and in-house mobile application

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 09/30/23)**

| Line | Fiscal Years | 12 Month Period 09/30/22 | 12 Month Period 09/30/23 | 12 Month Period 09/30/24 |
|------|--------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| 1 | FY 2021 Operating Expenses, Including Depreciation & Amortization Expense | | | |
| 2 | FY 2022 Operating Expenses, Including Depreciation & Amortization Expense | 32,217,000 | | |
| 3 | Projected FY 2023 Operating Expenses, Including Depreciation & Amortization Expense | | 30,929,000 | |
| 4 | Projected FY 2024 Operating Expenses, Including Depreciation & Amortization Expense | | | 32,469,000 |
| 5 | FY 2024 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI | | | 28,525,714 |
| 6 | Projected FY 2024 (Net) Operating Results without a MCFI (Line 3 plus Line 4) | | | (3,943,286) |
| 7 | Projected FY 2024 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 5%* | | | 29,952,000 |
| 8 | Grand Total-Projected FY 2024 Net Operating Activity After 5% MCFI (Line 3 plus Line 6)** | | | (2,517,000) |

* A blended rate increase of 5% is being used for this analysis.

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

PROVIDER: Covenant Living Communities and Services

COMMUNITY: Covenant Living at the Samarkand

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

| | Residential Living | Assisted Living | Skilled Nursing |
|------------------------------------------------------------------------------------------------------------|-----------------------|--------------------|-------------------|
| 1 Monthly Service Fees at beginning of reporting period: (indicate range, if applicable) | \$2,318-\$5,919 | \$5,210 | \$415-\$655 / Day |
| 2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) | 6.0% | 4.0% | 5.0% |

☐ 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: 10/1/2022

(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:** August 1, 2022
Method of Notice: Written notification and in person meeting

☒ 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:** August 15, 2022

☒ 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. **Date of Notice:** August 1, 2022

☒ 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, 2022 **Location of Posting:** Lobby and Resident Mail boxes

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 09/30/23)**

| Line | Fiscal Years | 12 Month Period 09/30/22 | 12 Month Period 09/30/23 | 12 Month Period 09/30/24 |
|------|--------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| 1 | FY 2021 Operating Expenses, Including Depreciation & Amortization Expense | | | |
| 2 | FY 2022 Operating Expenses, Including Depreciation & Amortization Expense | 37,313,000 | | |
| 3 | Projected FY 2023 Operating Expenses, Including Depreciation & Amortization Expense | | 38,568,000 | |
| 4 | Projected FY 2024 Operating Expenses, Including Depreciation & Amortization Expense | | | 40,295,000 |
| 5 | FY 2024 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI | | | 30,339,048 |
| 6 | Projected FY 2024 (Net) Operating Results without a MCFI (Line 3 plus Line 4) | | | (9,955,952) |
| 7 | Projected FY 2024 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 5%* | | | 31,856,000 |
| 8 | Grand Total-Projected FY 2024 Net Operating Activity After 5% MCFI (Line 3 plus Line 6)** | | | (8,439,000) |

* A blended rate increase of 5% is being used for this analysis.

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

PROVIDER: Covenant Living Communities and Services

COMMUNITY: Covenant Living of Turlock

| | Residential Living | Assisted Living | Skilled Nursing |
|---------------------------------------------------------------------------------------------------------------|-----------------------|--------------------|---------------------|
| 1 Monthly Service Fees at beginning of reporting period: (indicate range, if applicable) | \$2,292 - \$3,258 | \$6,296- \$8,192 | \$471-\$603/ Day |
| 2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable) | 6.0% | 4.0% | 5.0% |

☐ 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: 10/1/2022

(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:** August 1, 2022
Method of Notice: Written notice.

☒ 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:** August 15, 2022

☒ 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. **Date of Notice:** August 1, 2022

☒ 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, 2022 see above **Location of Posting:** Lobby and Resident Mailboxes

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 09/30/23)**

| Line | Fiscal Years | 12 Month Period 09/30/22 | 12 Month Period 09/30/23 | 12 Month Period 09/30/24 |
|------|--------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
| 1 | FY 2021 Operating Expenses, Including Depreciation & Amortization Expense | | | |
| 2 | FY 2022 Operating Expenses, Including Depreciation & Amortization Expense | 28,867,000 | | |
| 3 | Projected FY 2023 Operating Expenses, Including Depreciation & Amortization Expense | | 28,472,000 | |
| 4 | Projected FY 2024 Operating Expenses, Including Depreciation & Amortization Expense | | | 28,472,000 |
| 5 | FY 2024 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI | | | 22,403,810 |
| 6 | Projected FY 2024 (Net) Operating Results without a MCFI (Line 3 plus Line 4) | | | (6,068,190) |
| 7 | Projected FY 2024 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 5%* | | | 23,524,000 |
| 8 | Grand Total-Projected FY 2024 Net Operating Activity After 5% MCFI (Line 3 plus Line 6)** | | | (4,948,000) |

* A blended rate increase of 5% is being used for this analysis.

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

PROVIDER: Covenant Living Communities and Services

COMMUNITY: Covenant Living at Mount Miguel

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 six-month 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.