Covenant Living West

Report on Audit of Liquid Reserves and Additional Information as of and for the Year Ended September 30, 2021, and Independent Auditors' Report

COVENANT LIVING WEST

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Independent Auditor's Report

To the Covenant Living Board Covenant Living West

We have audited the accompanying 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, 2021 listed in Part 5 - Liquid Reserves in the table of contents (the "liquid reserves report").

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the liquid reserves report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the liquid reserves report referred to above presents fairly, in all material respects, the liquid reserve requirements of Covenant Living West as of September 30, 2021 in conformity with the report preparation provision of California Health and Safety Code Section 1792.

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.



To the Covenant Living Board Covenant Living West

Restricted Use

This special purpose report is intended solely for the use of Covenant Living West'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 or relied upon for any other purpose.

Plante & Moran, PLLC

February 18, 2022

Part 5 Liquid Reserves

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

	(a)	(b)	(C)	(d)	(e)
				Credit Enhancement	
Long-Term	Date	Principal Paid	Interest Paid	Premiums Paid	Total Paid
Debt Obligation	Incurred	During Fiscal Year	During Fiscal Year	in Fiscal Year	(columns (b)+(c)+(d))
CO 12 A	9/7/2012	-	2,129,271	-	2,129,271
CO 12 B	9/7/2012	-	430,646	-	430,646
CO 12 C	9/7/2012	-	136,771	•	136,771
CO 13 A	7/31/2013	-	508,630	•	508,630
CA 13 C	7/31/2013	-	479,297	•	479,297
CO 15 A	4/1/2015	4,145,000	4,345,986	-	8,490,986
CO 15 B	4/1/2015	2,890,000	68,849	•	2,958,849
IL 17	2/1/2017	3,730,000	396,368	•	4,126,368
CO 18A	11/13/2018	-	2,989,000	•	2,989,000
CT 18B	11/13/2018	1,130,000	2,273,250	•	3,403,250
Term Loan	10/24/2019		1,119,078		1,119,078
		\$ 11,895,000	\$ 14,877,146	\$ -	\$ 26,772,146

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

Provider: Covenant Living Communities and Services

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

	(a)	(b)	(C)	(d)	(e)
			Amount of most	Number of	Reserve Requirement
Long-Term	Date	Total Interest Paid	Recent Payment	Payments over	(see instruction 5)
Debt Obligation	Incurred	During Fiscal Year	on the Debt	next 12 months	(columns c * d)
2020A	10/15/2020	1,937,444	•	-	1
2020B	10/15/2020	3,932,419	•	•	-
·		\$ 5,869,863	\$ -	\$ -	\$ -

NOTE: Principal payments are not due on debt until 12/1/22.

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, 2021

	CLCS Total		
Principal paid on long-term debt per Schedule 5-1	\$	11,895,000	
Early redemption of bonds		182,305,000	
Principal paid on other debt		427,000	
+ Total per Cash Flows - Payment of Debt*	\$	194,627,000	

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, 2021

	CLCS Total	
Interest paid on long-term debt per Schedule 5-1 Interest paid on other debt	\$	14,877,000 6,911,000
+ Total per Cash Flows - Interest Paid	\$	21,788,000

Provider: Covenant Living Communities and Services California Reserve Report Form 5-3

Long-Term Debt Incurred in Prior and Current Fiscal Years

Line 1	Total from Form 5-1 bottom of Column (e)	\$ 26,772,146
2	Total from Form 5-2 bottom of Column (e)	 <u>-</u>
2a	Principal paid in the most recent 12-month period*	 <u>-</u>
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:	\$ 26,772,146

FORM 5-4 CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$30,102,000
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$235,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$0	
	c. Depreciation	\$5,512,000	
	d. Amortization	\$9,000	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$8,336,000	
	f. Extraordinary expenses approved by the Department	\$0	
3	Total Deductions		\$14,092,000
4	Net Operating Expenses		\$16,010,000
5	Divide Line 4 by 365 and enter the result.		\$43,863
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense re-	eserve amount.	\$3,289,726
PROVIDER	Covenant Living Communities and Services		
COMMUNIT	<u>-</u>		
	Transport and Communication		

FORM 5-4 CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$37,379,000
2	Deductions:		
8	. Interest paid on long-term debt (see instructions)	\$1,239,000	
ł	c. Credit enhancement premiums paid for long-term debt (see instructions)	\$0	
C	e. Depreciation	\$2,944,000	
Ċ	. Amortization	\$23,000	
6	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$16,978,000	
f	Extraordinary expenses approved by the Department		
3	Total Deductions		\$21,184,000
4	Net Operating Expenses		\$16,195,000
5	Divide Line 4 by 365 and enter the result.	_	\$44,370
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense re	eserve amount.	\$3,327,740
PROVIDER:	Covenant Living Communities and Services		
_	: Covenant Living of Turlock		

FORM 5-4 CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements	_	\$29,876,000
2	Deductions:		
:	a. Interest paid on long-term debt (see instructions)	\$1,473,000	
1	o. Credit enhancement premiums paid for long-term debt (see instructions)	\$0	
,	c. Depreciation	\$3,777,000	
·	d. Amortization	\$11,000	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$7,027,000	
f	Extraordinary expenses approved by the Department		
3	Total Deductions		\$12,288,000
4	Net Operating Expenses		\$17,588,000
5	Divide Line 4 by 365 and enter the result.		\$48,186
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense re	eserve amount.	\$3,613,973
PROVIDER:	Covenant Living Communities and Services		
	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, 2021

	CLCS Total	Samarkand	Mt. Miguel	Turlock	All Others
* Depreciation	\$ 55,026,000	\$ 5,512,000	\$ 3,777,000	\$ 2.944.000	<u>\$ 42.793.000</u>
* Amortization	\$ 492,000	\$ 9,000	\$ 11,000	\$ 23,000	\$ 449,000
Routine Resident Services and Other Items Revenues received from non-contract residents	\$ 281,557,000 32,341,000	\$ 17,431,377 8,336,000	\$ 13,022,000 7,027,000	\$ 11,400,000 16,978,000	\$ 239,703,623 0
+ Total per Cash Flows - Cash from Residents	\$ 313,898,000	\$25,767,377	\$20,049,000	\$28,378,000	\$ 239,703,623
Interest paid Credit enhancement premiums paid for long-term debt	\$ 21,788,000 0	\$ 235,000 0	\$ 1,473,000 0	\$ 1,239,000 0	\$ 18,841,000 0
+ Total per Cash Flows - Interest Paid	\$ 21,788,000	\$ 235,000	\$ 1,473,000	\$ 1,239,000	\$ 18,841,000

⁺ Combined Statements of Cash Flows

^{*} Supplemental Information to Combined Statement of Cash Flows

FORM 5-5 ANNUAL RESERVE CERTIFICATION

	ider Name:	Covenant Living West						
Quar	ter Ended:	September 30, 2021						
of, ar	We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended <u>September 30, 2021</u> and are in compliance with those requirements.							
Our I year	Our liquid reserve requirements, computed using the audited financial statements for the fiscal year September 30, 2021 are as follows:							
				<u> </u>	mour	<u>ıt</u>		
[1]	Debt Service R	eserve Amount	72			26,772,146		
[2]	Operating Expe	ense Reserve Amount				10,231,439		
[3]	Total Liquid R	eserve Amount	L			37,003,585		
Qual	Qualifying assets sufficient to fulfill the above requirements are held as follows: Amount (market value at the end of quarter)							
			9	Debt Service Reserve		Operating Reserve		
[4]	Cash and Cash	•			15	598,826		
[5]	Fixed Income S			men — — — — — —		29,068,042		
[6]	Equity Securities		,		S.	14,024,632		
[7]		ole Lines of Credit				0)		
[8]		ble Letters of Credit			į.			
[9]	Debt Service R	Reserve	,	34,802,874	i.	(not applicable)		
[10]	Other:	-			Œ			
	(describe quali	fv asset)	-					
	(decombe quan	, y 4000t)						
	Total Amount	of Qualifying Assets						
	Listed for Liqu	uid Reserve:	[11]	34,802,874	[12]	43,691,500		
	Total Amount	Required	[13]	26,772,146	[14]	10,231,439		
	Surplus/(Defic	ciency):	[15]	8,030,728	[16]	33,460,061		
Sign	ature: Han E. J	UST i		Date:	2	16/22		
	orized Represen	tative)						
(Title	NPICFO					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:	\$ 20,457,312
Property Replacement Fund:	15,340,379
Capital Reserve Fund:	29,415,578
Other Board Designated Funds	15,542,766
Good Neighbor Fund	 1,403,496
Total Funds	\$ 82,159,532
Portion of Funds Consisting of Approved Securities	52.45%
Reserves (cash, investment securities and equities	
included on Form 5-5)	\$ 43,092,674
Additional Cash Not in Reserves	 598,826
Total Qualifying Assets per Form 5-5	\$ 43,691,500

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: \$ 63,000

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

COVENANT LIVING WEST

NOTE TO LIQUID RESERVES REPORT AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021

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	343
[2]		Number at end of fiscal year	339
[3]		Total Lines 1 and 2	682
[4]		Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]		Mean number of continuing care residents	341
		All Residents	
[6]		Number at beginning of fiscal year	394
[7]		Number at end of fiscal year	400
[8]		Total Lines 6 and 7	794
[9]		Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]		Mean number of all residents	397
[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).	0.86
Line		FORM 1-2 <u>ANNUAL PROVIDER FEE</u>	TOTAL
[1]		Total Operating Expenses (including depreciation and debt service - interest only)	\$30,102,000
	[a]	Depreciation \$5,512,000	
	[b]	Debt Service (Interest Only) \$235,000	
[2]		Subtotal (add Line 1a and 1b)	\$5,747,000
[3]		Subtract Line 2 from Line 1 and enter result.	\$24,355,000
[4]		Percentage allocated to continuing care residents (Form 1-1, Line 11)	86%
[5]		Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$20,919,534 x .001
[6]		Total Amount Due (multiply Line 5 by .001)	\$20,920
PROVIDER: COMMUNITY:		Covenant Living Communities and Services Covenant Living at the Samarkand	

FORM 1-1 RESIDENT POPULATION

Line		Continuing Care Residents	TOTAL
[1]		Number at beginning of fiscal year	327
[2]		Number at end of fiscal year	295
[3]		Total Lines 1 and 2	622
[4]		Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]		Mean number of continuing care residents	311
		All Residents	
[6]		Number at beginning of fiscal year	450
[7]		Number at end of fiscal year	438
[8]		Total Lines 6 and 7	888
[9]		Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]		Mean number of all residents	444
[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).	0.70
Line		FORM 1-2 <u>ANNUAL PROVIDER FEE</u>	TOTAL
[1]		Total Operating Expenses (including depreciation and debt service - interest only)	\$37,379,000
	[a]	Depreciation \$2,944,000	
	[b]	Debt Service (Interest Only) \$1,239,000	
[2]		Subtotal (add Line 1a and 1b)	\$4,183,000
[3]		Subtract Line 2 from Line 1 and enter result.	\$33,196,000
[4]		Percentage allocated to continuing care residents (Form 1-1, Line 11)	70%
[5]		Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$23,252,153 x 001
[6]		Total Amount Due (multiply Line 5 by .001)	x .001 \$23,252
PROVIDER: COMMUNITY:		Covenant Living Communities and Services Covenant Living of Turlock	

FORM 1-1 RESIDENT POPULATION

Line		Continuing Care Residents	TOTAL
[1]		Number at beginning of fiscal year	370
[2]		Number at end of fiscal year	352
[3]		Total Lines 1 and 2	722
[4]		Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]		Mean number of continuing care residents	361
		All Residents	
[6]		Number at beginning of fiscal year	419
[7]		Number at end of fiscal year	413
[8]		Total Lines 6 and 7	832
[9]		Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]		Mean number of all residents	416
[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).	0.87
Line		FORM 1-2 <u>ANNUAL PROVIDER FEE</u>	TOTAL
[1]		Total Operating Expenses (including depreciation and debt service - interest only)	\$29,876,000
	[a]	Depreciation \$3,777,000	
	[b]	Debt Service (Interest Only) \$1,473,000	
[2]		Subtotal (add Line 1a and 1b)	\$5,250,000
[3]		Subtract Line 2 from Line 1 and enter result.	\$24,626,000
[4]		Percentage allocated to continuing care residents (Form 1-1, Line 11)	87%
[5]		Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	\$21,370,159
[6]		Total Amount Due (multiply Line 5 by .001)	x .001 \$21,370
PROVIDER: COMMUNITY:		Covenant Living Communities and Services Covenant Living at Mount Miguel	

Part 2 Certification by Chief Executive Officer

Part 2

Certification by Chief Executive Officer

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

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

Terri Cunliffe

Date

Part 3 Evidence of Fidelity Bond



CERTIFICATE OF INSURANCE

DATE (MM/DD/YYYY) 12/15/2021

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

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

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

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS	
	GENERAL LIABILITY				,	,	EACH OCCURRENCE \$	
	COMMERCIAL GENERAL LIABILITY						DAMAGE TO RENTED PREMISES (Ea occurrence)	
	CLAIMS MADE OCCUR						MED EXP (Any one person) \$;
							PERSONAL & ADV INJURY \$	
							GENERAL AGGREGATE \$	
	GEN'L AGGREGATE LIMIT APPLIES PER:						PRODUCTS – COMP/OP AGG \$	
	POLICY PRO- JECT LOC							
	AUTOMOBILE LIABILITY						COMBINED SINGLE LIMIT (Ea accident)	
	ANY AUTO						BODILY INJURY (Per person) \$;
	ALL OWNED SCHEDULED AUTOS AUTOS						BODILY INJURY (Per accident) \$,
	HIRED AUTOS NON-OWNED AUTOS						PROPERTY DAMAGE (Per accident) \$	i e
	UMBRELLA LIAB OCCUR						EACH OCCURRENCE \$	
	EXCESS LIAB CLAIMS-MADE						AGGREGATE \$	<u> </u>
	DED RETENTION \$							
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N						WC STATUTORY LIMITS OTHER \$	
	ANY PROPRIETOR/PARTNER/EXECUTIVE/ OFFICER/MEMBER EXCLUDED?	N/A					E.L. EACH ACCIDENT \$	1
	(Mandatory in NH) If yes, describe under						E.L. DISEASE – EACH EMPLOYEE \$;
	DESCRIPTION OF OPERATIONS below						E.L. DISEASE – POLICY LIMIT \$	1
Α	Commercial Crime			01-233-65-77	4/30/2021	4/30/2022	\$1,000,000 per occurre	ence
DES	CRIPTION OF OPERATIONS / LOCATIONS / VEHIC	LEC /A	44aab A	CORD 404 Additional Demants	Cabadula if mana	mana in manufinad)		

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

Evidence of Insurance

CERTIFICATE HOLDER

CA Department of Social Services Continuing Care Licensing Division 744 P Street, M.S. 11-90 Sacramento, California 95814 CANCELLATION

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

ames Berke

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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 th	e Sam	arkand		=						
ADDRESS:		2550 Treasure Drive, Santa Barb			Barbara, C	A	ZIP CODE: <u>93105-4148</u>					PHON	E: 805-687-0701
PROVIDER NAME:		Covenant	Living Com	muniti	es and Serv	rices	FACILITY OPERATOR: Covenant Living Communities and Services						
RELATED FACILITIES:	RELATED FACILITIES: See Page 2					RELIGIOUS	AFF	FILIATION	I: Evangelical Co	venant Cl	hurch		
YEAR OPENED:			1966		NO. C	F ACRES:	: 17			MULTI-STOR	Y:	SINGLE STORY:	BOTH: Y
MILES TO SHOPPING CEN		1 mile				S TO HOSPITA							
NUMBER OF UNITS:			ENDENT LIV		4.6					HEALTH (
			ENTS - STU	_		3	=			ASSISTED L		38	
			ENTS - 1 B	_	66		-			SKILLED NUR			
			ENTS - 2 B	_	12		=			SPECIAL (
			AGES/HOL	_			=		DESC	CRIBE SPECIAL (CARE As	sisted Living Memo	ory Care
	% O	CCUPANC	Y AT YEAR	END_	999	%	_						
TYPE OF OWNERSHIP:	7	NOT FOR	RPROFIT	☐ F	OR PROFI	Т	ACCREDITE	D:	□ Y	✓ N	ВУ	/ :	<u>—</u>
FORM OF CONTRACT:		LIFE CAR	RE	V	CONTINUIN	G CARE		1	FEE FOR	R SERVICE			
		ASSIGN A	ASSETS		QUITY			1	ENTRY F	EE	☑ RE	ENTAL	
REFUND PROVISIONS (Ch	eck all t	hat apply):		√ 8	90%		75%	1	50%	☑ PRORATE	O TO 0%	OTHER:_	
RANGE OF ENTRANCE FE	ES:	\$	93,525	то _	\$	1,250,910	=		LONG-TE	ERM CARE INSU	RANCE F	REQUIRED? [YVN
HEALTH CARE BENEFITS	INCLUE	ED IN CON	NTRACT:	6	0 Health Ca	are Days w	ith 10% Discou	ınt C	OR 30 Hea	alth Care Days Or	nly		
ENTRY REQUIREMENTS:			MIN. AGE:	62		PRIO	R PROFESSIO	ON:		N/A	_ OTHE	:R:	
RESIDENT REPRESENT The representative attend The representative and the	ls 4 Bo	ard meetin	ıgs annuall	y and	receives a	ll material			-	-	Board re	presentative.	
					FACILIT	Y SERVI	CES AND AM	ΙEΝ	ITIES				
COMMON AREA AMENI	TIES						SERVICES	AVA	AILABLE				
												INOLLIDED	FOR
		AVAI	LABLE		FEE FOR S	SERVICE						INCLUDED IN FEE	EXTRA CHARGE
BEAUTY/BARBER SHOP)	4			7		HOUSEKEE	PIN	IG TIME	S/MONTH		4	
BILLIARD ROOM		7	-				NUMBER O					1	2
BOWLING GREEN CARD ROOMS		_ _					SPECIAL DI	ΕI	S AVAIL	ABLE		Yes	
CHAPEL		\ \{\bar{\pi}\}					24-HOUR EI	MEI	RGENCY	/ RESPONSE		V	
COFFEE SHOP		7			<u></u>		ACTIVITIES					7	V
CRAFT ROOMS		4]		y		ALL UTILITI	ES	EXCEPT	PHONE		<u></u>	
EXERCISE ROOM	_	4					APARTMEN	IT N	MAINTEN	IANCE		☑ □	
GOLF COURSE ACCESS	5		•				CABLE TV		OLIED				✓
LIBRARY PUTTING GREEN		7					LINENS FUR					☑	
SHUFFLEBOARD							MEDICATIO			MENT			
SPA		□					NURSING/W					□ ☑	\overline{\pi}
SWIMMING POOL-INDO	OR									HOME CARE			<u> </u>
SWIMMING POOL-OUTE		_ _	•				TRANSPOR						V
TENNIS COURT							TRANSPOR	TA	TION-PR	REARRANGED			~
WORKSHOP		4			7		OTHER		Wireless	Internet Acces	S	<u> </u>	✓
OTHER -			I										

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

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

^{*} FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS

PROVIDER NAME: Covenant Living Communitien In Thousands	•		iiiai kaiiu)							
	FYE 0	01/31/2019		8 Mo- Period End	ing 09/30/19		F'	YE 9/30/20		FYE	9/30/21
NCOME FROM ONGOING OPERATIONS											
PPERATING INCOME											
excluding amortization of entrance fee income)	\$	279,311		\$	195,287		\$	318,542		\$	344,180
ESS OPERATING EXPENSES											
excluding depreciation, amortization, & interest)	\$	251,097		\$	170,548		\$	283,613		\$	292,901
ET INCOME FROM OPERATIONS	\$	28,214		\$	24,739		\$	34,929		\$	51,279
ESS INTEREST EXPENSE	\$	16,607		\$	10,827		\$	15,567		\$	13,038
LUS CONTRIBUTIONS	\$	446		\$	307		\$	(1,223)		\$	969
LUS NON-OPERATING INCOME (EXPENSES)											
excluding extraordinary items)	\$			\$			\$			\$	-
ET INCOME (LOSS) BEFORE ENTRANCE FEES,											
EPRECIATION AND AMORTIZATION	\$	12,053		\$	14,219		\$	18,139		\$	39,210
ET CASH FLOW FROM ENTRANCE FEES											
Total Deposits Less Refunds)	\$	81,016		\$	37,873		\$	51,767		\$	56,485
ESCRIPTION OF SECURED DEBT AS OF MOST RECE	NT FISCAL YEAR END										
LENDER OUTSTANDING BALANCE		EREST RATE	DATE OF ORIGINATION					DATE OF MATURITY			TIZATION ERIOD
		* See A	ttached	Sheet *	\neg						
NANCIAL RATIOS (see next page for ratio formulas)	FYE (01/31/2019		8 Mo- Period End	ing 09/30/19		F	YE 9/30/20		FYE	9/30/21
EBT TO ASSET RATIO		41.47			38.99			38.75			37.75
PERATING RATIO		95.84			92.88			93.92			88.89
EBT SERVICE COVERAGE RATIO		3.00			2.56			2.50			3.22
AYS CASH-ON-HAND RATIO		401.33			433.28			452.76			513.00
IISTORICAL MONTHLY SERVICE FEES VERAGE FEE AND PERCENT CHANGE											
	FYE 0	01/31/2019	%	8 Mo- Period End	ing 09/30/19	%	F	YE 9/30/20	%	FYE	9/30/21
	\$	2,678	3.0%	\$	2,235	5.0%	\$	2,394	2.0%	\$	2,466
TUDIO	\$	3,527	3.0%	\$	3,527	5.0%	\$	3,777		\$	3,890
			3.0%	\$	3,940	5.0%	\$	4,220	2.0%	\$	4,346
NE BEDROOM	\$	3,939		•	6,087	5.0%	\$	6,172	2.0%	\$	6,357
IE BEDROOM VO BEDROOM		3,939 6,087	3.0%	\$							
NE BEDROOM WO BEDROOM USTOM	<u>\$</u> \$	6,087		•	5,848	5.0%	\$	6,175	2.0%	\$	6,391
NE BEDROOM WO BEDROOM USTOM SSISTED LIVING	\$	6,087	3.0%		5,848			6,175_ 8,153_			
NE BEDROOM WO BEDROOM USTOM SSISTED LIVING SSISTED LIVING SPECIAL CARE	\$ \$ \$	6,087 6,265 7,974	3.0%	\$	5,848 8,155	7.0%	\$	8,153	2.0%	\$	8,528
TUDIO INE BEDROOM WO BEDROOM :USTOM SSISTED LIVING SSISTED LIVING SPECIAL CARE KILLED NURSING KILLED NURSING SPECIAL CARE	\$	6,087 6,265 7,974	3.0%		5,848 8,155	7.0%	\$		2.0%	\$	8,528

PROVIDER NAME: Covenant Living Communities and Services
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END
As of September 30, 2021

In	Thousands	

LENDER	09/30/21 OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Illinois Finance Authority Revenue Refunding Direct Placement Bonds Series 2017	38,130	variable	2/1/2017	12/1/2029	13 years
Series 2013 - Three Crowns Park Series 2017 - Three Crowns Park	3,035 32,090	5.25 3.25-5.25	4/25/2013 7/25/2017	2/15/2040 2/15/2047	30 years 30 years
Colorado Health Facilities Authority Revenue Bonds					
Series 2015A	82,675	1.00-5.00	4/1/2015	12/1/2035	21 years
Series 2015B	6,805	variable	4/1/2015	12/1/2024	10 years
Series 2018A Series 2020A	59,780	5.00 4.00	11/13/2018 10/15/2020	12/1/2048 12/1/2040	30 years
Series 2020A Series 2020B	82,250 161,560	2.80-4.48	10/15/2020	12/1/2050	20 years 30 years
State of Connecticut Health and Educational Facilities Authority					
Series 2018B	44,900	5.00	11/13/2018	12/1/2040	22 years
					Interest Only, Expires After 5
Bank of America Taxable Term Loan	45,000	2.45%	10/24/2019	12/1/2024	Years
Total long-term debt	556,225				

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

Long-Term Debt, less Current Portion
Total Assets

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

(Operating Expenses - Depreciation
- Amortization)/365

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

Continuing Care Retirement Community Disclosure Statement General Information

FACILITY NAME:	Covenant Living of Tu	rlock	_					
ADDRESS:	2125 North Olive Aver	ue, Turlock, CA	Turlock, CA ZIP CODE: 95382 PH					
PROVIDER NAME:	Covenant Living Comr	nunities and Services	es and Services FACILITY OPERATOR: Covenant Living Communities and Ser					
RELATED FACILITIES:	See Page 2	<u></u>	RELIGIOUS AFFILIA	TION: Evangelical Cov	enant Church			
YEAR OPENED:	1977	NO. OF ACRES	S: <u>26</u>	MULTI-STORY	: SINGLE STORY:	BOTH: Y		
MILES TO SHOPPING CENTER:	1 mile	MIL	ES TO HOSPITAL:I	ess than 1/4 mile	_			
	INDEPENDENT LIVIN APARTMENTS - STUD APARTMENTS - 1 BDF APARTMENTS - 2 BDF COTTAGES/HOUSI CUPANCY AT YEAR EI	010 35 RM 92 RM 55 ES 39	 	SKILLED NU SPECIAL	CAREIVING			
TYPE OF OWNERSHIP:	NOT FOR PROFIT	☐ FOR PROFIT	ACCREDITED: Y	√ N	BY:	<u> </u>		
_		☐ CONTINUING CARE	☐ FEE FO	OR SERVICE	☑ RENTAL			
REFUND PROVISIONS (Check all		□ 200111 □ 90% □	75%		_			
REFUND PROVISIONS (Check all	тпат арріу):	Ŭ 90% □	75% ¥ 50% ¥	PRORATED	_			
RANGE OF ENTRANCE FEES:	\$ 77,025 T	O \$ 684,495	5 LONG-	TERM CARE INSURAI	NCE REQUIRED?	_Y		
HEALTH CARE BENEFITS INCLU	IDED IN CONTRACT:	60 Health Care Days; 1	10% Discount or 30 Health 0	Care Days				
ENTRY REQUIREMENTS:	MIN. AGE: _6	62 PRI	OR PROFESSION:	N/A	OTHER:			
RESIDENT REPRESENTATIVE The representative attends 4 Be The representative and the term	oard meetings annua	lly and receives all mate			Board representative.			
		FACILITY SE	RVICES AND AMENITIE	S				
COMMON AREA AMENITIES			SERVICES AVAILABL	E				
BEAUTY/BARBER SHOP BILLIARD ROOM BOWLING GREEN	AVAILABLE ☑ ☑	FEE FOR SERVICE □ □	HOUSEKEEPING TIM NUMBER OF MEALS/ SPECIAL DIETS AVA	DAY	INCLUDED IN FEE 4 1 <u>Depending on u</u> ni Yes	FOR EXTRA CHARGE		
CARD ROOMS CHAPEL COFFEE SHOP CRAFT ROOMS EXERCISE ROOM GOLF COURSE ACCESS LIBRARY PUTTING GREEN SHUFFLEBOARD SPA SWIMMING POOL-INDOOR SWIMMING POOL-OUTDOOR TENNIS COURT WORKSHOP OTHER		300000000000000000000000000000000000000	24-HOUR EMERGENG ACTIVITIES PROGRA ALL UTILITIES EXCER APARTMENT MAINTE CABLE TV LINENS FURNISHED LINENS LAUNDERED MEDICATION MANAGONURSING/WELLNESS PERSONAL NURSING TRANSPORTATION-FTRANSPORTATION-F	CY RESPONSE M PT PHONE ENANCE SEMENT S CLINIC G/HOME CARE PERSONAL				

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PROVIDER NAME:	Covenant Living Communities and Servi	ces			
CCRC's	LOCATION (City, State)	Phone (with area code)			
Covenant Living of Golden Valley	Minneapolis, Minnesota	763-546-6125			
Covenant Living at the Shores	Mercer Island, Washington	206-268-3000			
Covenant Living of Colorado	Westminster, Colorado	303-424-4828			
Covenant Living of Cromwell	Cromwell, Connecticut	860-635-5511			
Covenant Living of Florida*	Plantation, Florida	954-472-2860			
Covenant Living of the Great Lakes	Grand Rapids, Michigan	616-735-4541			
Covenant Living of Northbrook	Northbrook, Illinois	847-480-6380			
Covenant Living of Turlock	Turlock, California	209-632-9976			
Covenant Living at the Holmstad	Batavia, Illinois	630-879-4000			
Covenant Living at Mount Miguel	Spring Valley, California	619-479-4790			
Covenant Living at the Samarkand	Santa Barbara, California	805-687-0701			
Covenant Living at Windsor Park*	Carol Stream, Illinois	630-682-4377			
Covenant Living at Inverness	Tulsa, Oklahoma	877-225-8992			
Three Crowns Park*	Evanston, Illinois	847-328-8700			
MULTI-LEVEL RETIREMENT COMM	MUNITIES				
Covenant Living of Bixby	Bixby, Oklahoma	918-970-4433			
FREE-STANDING RESIDENTIAL LI	VING				
-		077 217 7050			
Covenant Living of Geneva	Geneva, Illinois	877-317-7950			
FREE-STANDING ASSISTED LIVIN	G				
Covenant Home of Chicago	Chicago, Illinois	773-506-6900			

^{*} FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS

Thousands	FYE 0	FYE 01/31/2019 8 Mo- Period Ending 09/30/19			FYE 9/30/20		FYE 9/30/21	
ICOME FROM ONGOING OPERATIONS								
PERATING INCOME								
xcluding amortization of entrance fee income)	\$	279,311		\$ 195,287		318,542		\$ 344,180
SS OPERATING EXPENSES								
xcluding depreciation, amortization, & interest)	\$	251,097		\$ 170,548		283,613		\$ 292,901
ET INCOME FROM OPERATIONS	\$	28,214		\$ 24,739		\$ 34,929		\$ 51,279
SS INTEREST EXPENSE	\$	16,607		\$ 10,827		\$ 15,567		\$ 13,038
US CONTRIBUTIONS	\$	446		\$ 307		\$ (1,223)		\$ 969
US NON-OPERATING INCOME (EXPENSES)								
cluding extraordinary items)	\$	-		\$ -				\$ -
ET INCOME (LOSS) BEFORE ENTRANCE FEES,								
PRECIATION AND AMORTIZATION	\$	12,053		\$ 14,219		\$ 18,139		\$ 39,210
ET CASH FLOW FROM ENTRANCE FEES								
otal Deposits Less Refunds)	_\$	81,016		\$ 37,873		\$ 51,767		\$ 56,485
SCRIPTION OF SECURED DEBT AS OF MOST RECENT FISC.								
LENDER BALANCE		EREST ATE		DATE OF ORIGINATION		DATE OF MATURITY		AMORTIZATION PERIOD
		* See A	ttached	Sheet *	- - -			
NANCIAL RATIOS (see next page for ratio formulas)	FYE 0	1/31/2019		8 Mo- Period Ending 09/30/19		FYE 9/30/20		FYE 9/30/21
BT TO ASSET RATIO		41.47		38.99		38.75		37.75
ERATING RATIO		95.84		92.88	_	93.92		88.89
BT SERVICE COVERAGE RATIO		3.00		2.56	_	2.50		3.22
YS CASH-ON-HAND RATIO		401.33		433.28	_	452.76		513.00
STORICAL MONTHLY SERVICE FEES (ERAGE FEE AND PERCENT CHANGE								
	FYE 0	1/31/2019	%	8 Mo- Period Ending 09/30/19	%	FYE 9/30/20	%	FYE 9/30/21
UDIO	_\$	1,925	2.9%	\$ 2,021	5.0%	\$ 2,061_	2.0%	\$ 2,123
E BEDROOM	\$			\$ 2,560		\$ 2,517		\$ 2,593
O BEDROOM	\$			\$ 3,014		\$ 2,994		\$ 3,084
TTAGE/HOUSE/CUSTOM	\$			\$ 4,562		\$ 4,653		\$ 4,793
	\$4.43	2-4,925/ Month	3.0%	\$4,654-\$5,171/ Month	5.0% _	\$4,912-\$5,171/ Month	2.0%	\$4,817-\$5,352/ Month
SISTED LIVING								
SISTED LIVING LLED NURSING	·	\$328-519/ Day	4.9%	\$351-555/ Day	7.0%	\$351-555/ Day	2.0%	\$377-594/ Day

PROVIDER NAME: Covenant Living Communities and Services
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END
As of September 30, 2021
In Thousands

LENDER	09/30/21 OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Illinois Finance Authority Revenue Refunding Direct Placement Bonds Series 2017 Series 2013 - Three Crowns Park Series 2017 - Three Crowns Park	38,130 3,035 32,090	variable 5.25 3.25-5.25	2/1/2017 4/25/2013 7/25/2017	12/1/2029 2/15/2040 2/15/2047	13 years 30 years 30 years
Colorado Health Facilities Authority Revenue Bonds Series 2015A Series 2015B Series 2018A Series 2020A Series 2020B	82,675 6,805 59,780 82,250 161,560	1.00-5.00 variable 5.00 4.00 2.80-4.48	4/1/2015 4/1/2015 11/13/2018 10/15/2020 10/15/2020	12/1/2035 12/1/2024 12/1/2048 12/1/2040 12/1/2050	21 years 10 years 30 years 20 years 30 years
State of Connecticut Health and Educational Facilities Authority Series 2018B	44,900	5.00	11/13/2018	12/1/2040	22 years
Bank of America Taxable Term Loan Total long-term debt	<u>45,000</u> <u>556,225</u>	2.45%	10/24/2019	12/1/2024	Interest Only, Expires After 5 Years

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

Long-Term Debt, less Current Portion
Total Assets

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

(Operating Expenses - Depreciation
- Amortization)/365

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

Continuing Care Retirement Community Disclosure Statement General Information

FACILITY NAME:	Covenant Living at Mour	t Miguel	-	
ADDRESS:	325 Kempton Street, Spr	ing Valley, CA	ZIP CODE: <u>91977-5810</u> PHON	E: 619-479-4790
PROVIDER NAME:	Covenant Living Commu	nities and Services	-ACILITY OPERATOR: Covenant Living Communities and Services	
RELATED FACILITIES:	See Page 2	RE	LIGIOUS AFFILIATION: Evangelical Covenant Church	
YEAR OPENED:	1964	NO. OF ACRES:	28 MULTI-STORY: SINGLE STORY:	BOTH: Y
MILES TO SHOPPING CENTER:	1 mile	MILES	S TO HOSPITAL: 8 miles	
	INDEPENDENT LIVING APARTMENTS - STUDIO APARTMENTS - 1 BDRM APARTMENTS - 2 BDRM COTTAGES/HOUSES	27 84 129 8	HEALTH CARE	
	CUPANCY AT YEAR END		ACCREDITED: Y N BY:	
_	_	CONTINUING CARE	☐ FEE FOR SERVICE	
_	_	EQUITY EQUITY	☐ ENTRY FEE ☐ RENTAL	
REFUND PROVISIONS (Check a		90%	75% ☑ 50% ☑ PRORATED TO 0% OTHER: M	1onthly
RANGE OF ENTRANCE FEES:	,	_	-	Y
			- % Discount or 30 Health Care Days	
ENTRY REQUIREMENTS:	MIN. AGE: <u>62</u>		R PROFESSION: N/A OTHER:	
	• •	* * *	HE BOARD: Allan Goodmanson is a resident, non-voting member. ials. The non-voting member and term is decided by the campus residents.	
		FACILITY	SERVICES AND AMENITIES	
COMMON AREA AMENITIES			SERVICES AVAILABLE	FOR EXTRA
BEAUTY/BARBER SHOP BILLIARD ROOM BOWLING GREEN	AVAILABLE ☑ ☑	FEE FOR SERVICE □ □ □	INCLUDED IN FEE	CHARGE
CARD ROOMS CHAPEL COFFEE SHOP CRAFT ROOMS EXERCISE ROOM GOLF COURSE ACCESS LIBRARY PUTTING GREEN SHUFFLEBOARD SPA SWIMMING POOL-INDOOR TENNIS COURT WORKSHOP OTHER			24-HOUR EMERGENCY RESPONSE	

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.

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Covenant Living of Colorado	Westminster, Colorado	303-424-4828
Covenant Living of Cromwell	Cromwell, Connecticut	860-635-5511
Covenant Living of Florida*	Plantation, Florida	954-472-2860
Covenant Living of the Great Lakes	Grand Rapids, Michigan	616-735-4541
Covenant Living of Northbrook	Northbrook, Illinois	847-480-6380
Covenant Living of Turlock	Turlock, California	209-632-9976
Covenant Living at the Holmstad	Batavia, Illinois	630-879-4000
Covenant Living at Mount Miguel	Spring Valley, California	619-479-4790
Covenant Living at the Samarkand	Santa Barbara, California	805-687-0701
Covenant Living at Windsor Park*	Carol Stream, Illinois	630-682-4377
Covenant Living at Inverness	Tulsa, Oklahoma	877-225-8992
Three Crowns Park*	Evanston, Illinois	847-328-8700
MULTI-LEVEL RETIREMENT COMI	<u>M</u> UNITI <u>ES</u>	
Covenant Living of Bixby	Bixby, Oklahoma	918-970-4433
FREE-STANDING RESIDENTIAL LI	IVING	
Covenant Living of Geneva	Geneva, Illinois	877-317-7950
FREE-STANDING ASSISTED LIVIN	<u> </u>	_
Covenant Home of Chicago	Chicago, Illinois	773-506-6900

Covenant Living Communities and Services

PROVIDER NAME:

^{*} FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS

In Thousands		FYE 01/31/2019	8 Mo- Pe	eriod Ending 09/30/19			FYE 9/30/20		FYE 9/30/21		
INCOME FROM ONGOING OPERATIONS											
OPERATING INCOME											
(excluding amortization of entrance fee income)	_\$	279,311	_\$	195,287		\$	318,542		\$	344,180	-
LESS OPERATING EXPENSES											
(excluding depreciation, amortization, & interest)	\$	251,097	\$	170,548		\$	283,613		\$	292,901	-
NET INCOME FROM OPERATIONS	_\$	28,214	\$	24,739		\$	34,929		\$	51,279	
LESS INTEREST EXPENSE	_\$	16,607	_\$	10,827		\$	15,567		\$	13,038	-
PLUS CONTRIBUTIONS	\$	446	\$	307		\$	(1,223)		\$	969	-
PLUS NON-OPERATING INCOME (EXPENSES)											
(excluding extraordinary items)	_\$		\$	<u> </u>		\$			\$		-
NET INCOME (LOSS) BEFORE ENTRANCE FEES	,										
DEPRECIATION AND AMORTIZATION	_\$	12,053		14,219		\$	18,139		\$	39,210	-
NET CASH FLOW FROM ENTRANCE FEES											
(Total Deposits Less Refunds)	_\$	81,016	_\$	37,873		\$	51,767		\$	56,485	-
DESCRIPTION OF SECURED DEBT AS OF MOST	RECENT FISCAL YEA	AR END									
OUTSTAN LENDER BALAN		INTEREST RATE		DATE OF ORIGINATION			DATE OF MATURITY			AMORTIZATION PERIOD	=
		* See At	tached Sheet	*							-
FINANCIAL RATIOS (see next page for ratio form	ulas)	FYE 01/31/2019	8 Mo- Pe	eriod Ending 09/30/19			FYE 9/30/20			FYE 9/30/21	
DEBT TO ASSET RATIO		41.47		38.99			38.75			37.75	_
OPERATING RATIO		95.84		92.88			93.92			88.89	
DEBT SERVICE COVERAGE RATIO		3.00		2.56			2.50			3.22	_
DAYS CASH-ON-HAND RATIO		401.33		433.28			452.76			513.00	-
HISTORICAL MONTHLY SERVICE FEES AVERAGE FEE AND PERCENT CHANGE											
		FYE 01/31/2019	%	eriod Ending 09/30/1!	%		FYE 9/30/20	%		FYE 9/30/21	9
STUDIO	\$	1,963	3.1% \$	1,998	1.8%	_\$	2,038	2.0%	\$	2,099	3.
ONE BEDROOM		2,374					2,465				_
TWO BEDROOM	\$	2,791					2,898				3.
COTTAGE/HOUSE											-
ASSISTED LIVING	_\$_	5,464	3.0%_\$	5,356	-2.0%	\$	5,624	2.0%	\$	5,821	_ 3
SKILLED NURSING		\$373/Day	5.1%	\$373/Day	7.0%		\$399/Day	2.0%		\$425/Day	6.
SPECIAL CARE	\$	7,858	3.0%_\$	7,629	4.0%	\$	8,163	2.0%	\$	8,700	6

PROVIDER NAME: Covenant Living Communities and Services
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END
As of September 30, 2021
In Thousands

LENDER	09/30/21 OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Illinois Finance Authority Revenue Refunding Direct Placement Bonds Series 2017 Series 2013 - Three Crowns Park Series 2017 - Three Crowns Park	38,130 3,035 32,090	variable 5.25 3.25-5.25	2/1/2017 4/25/2013 7/25/2017	12/1/2029 2/15/2040 2/15/2047	13 years 30 years 30 years
Colorado Health Facilities Authority Revenue Bonds Series 2015A Series 2015B Series 2018A Series 2020A Series 2020B	82,675 6,805 59,780 82,250 161,560	1.00-5.00 variable 5.00 4.00 2.80-4.48	4/1/2015 4/1/2015 11/13/2018 10/15/2020 10/15/2020	12/1/2035 12/1/2024 12/1/2048 12/1/2040 12/1/2050	21 years 10 years 30 years 20 years 30 years
State of Connecticut Health and Educational Facilities Authority Series 2018B	44,900	5.00	11/13/2018	12/1/2040	22 years
Bank of America Taxable Term Loan	45,000	2.45%	10/24/2019	12/1/2024	Interest Only, Expires After 5 Years
Total long-term debt	556,225				

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

Long-Term Debt, less Current Portion
Total Assets

OPERATING RATIO

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

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

(Operating Expenses - Depreciation
- Amortization)/365

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

Part 7 Adjustments in Monthly Care Fees

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

	Residential Living	Assisted Living	Skilled Nursing				
Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$2,466-\$6,357	\$5,842-\$7,776	\$476-\$635 / Day				
Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3%	3% 3.5% 5%					
Check here if monthly service fee during the reporting period. (If yo the bottom of this form and specificommunity.)	u checked this bo	ox, please skip dow					
3 Indicate the date the fee increase wa	s implemented:		10/1/2020				
(If more than 1 increase was implement	ented, indicate th	e dates for each in	crease.)				
4 Check each of the appropriate boxes	3 :						
x Each fee increase is based on the capita costs, and economic indica		cted costs, prior ye	ar per				
x All affected residents were given 30 days prior to its implementatio Method of Notice: Written notice	n. Date of Notice	: July 30, 2020	least				
x At least 30 days prior to the increarepresentative of the provider coninvited to attend. Date of Meetin	nvened a meeting						
x At the meeting with residents, the for the increase, the basis for dete data used for calculating the incre	ermining the amo						
x The provider provided residents v meeting held to discuss the fee in		•					
x The governing body of the provider provider posted the notice of, and conspicuous place in the commun Date of Posting: July 16, 2020 L	I the agenda for, the hity at least 14 da	the meeting in a ys prior to the mee	ting.				
5 On an attached page, provide a cond	cise explanation fo	or the increase in n	nonthly care fees includ				

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 09/30/21)

12 Month	
iod	
30/22	
29,382,000	
25,716,346	
(3,665,654)	
26,745,000	
(2,637,000)	
3	

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

^{*} A blended rate increase of 4% 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.

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

	Residential	Assisted	Skilled Nursing
Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	Living \$2,123-\$4,793	Living \$4,817	Skilled Nursing \$377-\$594 / Day
Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3%	3.5%	5%
Check here if monthly service feed during the reporting period. (If you the bottom of this form and specificommunity.)	u checked this bo	x, please skip d	
3 Indicate the date the fee increase wa	as implemented:		10/1/2020
(If more than 1 increase was implem	ented, indicate the	e dates for each	increase.)
4 Check each of the appropriate boxes	s:		
x Each fee increase is based on th capita costs, and economic indicates		ted costs, prior	year per
X All affected residents were given 30 days prior to its implementatio Method of Notice : Written notifice	n. Date of Notice	: July 28, 2020	at least
x At least 30 days prior to the incre representative of the provider cor invited to attend. Date of Meetin	nvened a meeting		-
x At the meeting with residents, the for the increase, the basis for det data used for calculating the incre	ermining the amoເ		
x The provider provided residents weeting held to discuss the fee in			
x The governing body of the provider posted the notice of, and conspicuous place in the communication Date of Posting: July 14, 2020 L Meeting was also included on the	I the agenda for, the hity at least 14 day notes in the continuous continuous for the continuous the continuous for the continu	ne meeting in a /s prior to the m	eeting.
5 On an attached page, provide a cond	cise explanation fo	r the increase i	n monthly care fees includ

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 09/30/21)

Line	Fiscal Years	12 Month Period 09/30/20	12 Month Period 09/30/21	12 Month Period 09/30/22
	1 FY 2020 Operating Expenses, Including Depreciation & Amortization Expense	36,088,000		
	2 FY 2021 Operating Expenses, Including Depreciation & Amortization Expense		37,378,000)
	3 Projected FY 2022 Operating Expenses, Including Depreciation & Amortization Expense			37,315,000
	4 FY 2022 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			31,767,308
	5 Projected FY 2022 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			(5,547,692)
	6 Projected FY 2022 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 4%*			33,038,000
	7 Grand Total-Projected FY 2022 Net Operating Activity After 4% MCFI (Line 3 plus Line 6)**			(4.277.000)

Covenant Living Communities and Services
Covenant Living of Turlock PROVIDER:

COMMUNITY:

^{*} A blended rate increase of 4% 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.

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

	Residential Living	Assisted Living	Skilled Nursing			
Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$2,099 - \$3,406	\$5,821- \$7,5844	\$427-\$546/ Day			
2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	3%	5%				
Check here if monthly service fee during the reporting period. (If yo the bottom of this form and specif community.)	ou checked this box	, please skip down				
3 Indicate the date the fee increase wa	as implemented:		10/1/2020			
(If more than 1 increase was implem	ented, indicate the	dates for each incre	ease.)			
4 Check each of the appropriate boxes	3:					
x Each fee increase is based on the capita costs, and economic indica		ed costs, prior year	per			
x All affected residents were given 30 days prior to its implementatio Method of Notice: Written notice	n. Date of Notice:		ast			
x At least 30 days prior to the incre representative of the provider cor invited to attend. Date of Meetin As such, a meeting wasn't necess	nvened a meeting to g: July 29, 2020	hat all residents we				
x At the meeting with residents, the for the increase, the basis for det data used for calculating the incre	ermining the amou					
x The provider provided residents we meeting held to discuss the fee in	•					
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: July 15, 2020 see above Location of Posting: Lobby and Resident Mailbox						
5 On an attached page, provide a cond the amount of the increase and comp	•					

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FORM 7-1 ATTACHMENT MONTHLY CARE FEE INCREASE (MCFI) ANNUAL REPORTING FISCAL YEAR (FYE 09/30/21)

		12 Month	12 Month	12 Month
		Period	Period	Period
Line	Fiscal Years	09/30/20	09/30/21	09/30/22
	1 FY 2020 Operating Expenses, Including Depreciation & Amortization Expense	26,986,000		
	2 FY 2021 Operating Expenses, Including Depreciation & Amortization Expense		29,876,000	
	3 Projected FY 2022 Operating Expenses, Including Depreciation & Amortization Expense			26,290,000
	4 FY 2022 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			21,536,538
	5 Projected FY 2022 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			(4,753,462)
	6 Projected FY 2022 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 4%*			22,398,000
	7 Grand Total-Projected FY 2022 Net Operating Activity After 4% MCFI (Line 3 plus Line 6)**			(3,892,000)

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

^{*} A blended rate increase of 4% 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.

COVENANT LIVING WEST

Form 7-1

The data utilized in establishing adjustments in monthly care fees include projected increases in costs such as salary and benefits, food costs, utilities, contract services, supplies and other operating costs and economic analyses of market conditions. The development of the budget, which includes planning for next years' costs of salary and benefits, food costs, utilities, contract services, supplies and other operating costs is a sixmonth process which starts with ten-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.