



# MonteCedro

The art of Creative Living

October 29, 2021

Continuing Care Contracts Branch  
California Department of Social Services  
744 P Street, M.S. 9-14-91  
Sacramento, California 95814

I hereby certify that the enclosed Continuing Care Reports are correct, that the contracts in use for residents at MonteCedro have been Approved by the California Department of Social Services, and that statutory reserves and refund reserves are being maintained pursuant to the requirements of the California Health and Safety Code.

James S Rothrock  
President and CEO



REPORT OF INDEPENDENT AUDITORS AND  
CONTINUING CARE LIQUID RESERVE SCHEDULES  
WITH SUPPLEMENTARY SCHEDULES

**MONTECEDRO, INC.**

June 30, 2021



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## Report of Independent Auditors

To the Members of the Audit Committee  
MonteCedro, Inc.

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MonteCedro, Inc., which comprise the continuing care liquid reserve schedules, Form 5–1 through Form 5–5, as of and for the year ended June 30, 2021.

### ***Management’s Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor’s Responsibility***

Our responsibility is to express an opinion on these financial statements 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 financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements of the financial statements, 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 financial statements 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the continuing care reserve of MonteCedro, Inc. as of and for the year ended June 30, 2021, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

***Basis of Accounting***

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by MonteCedro, Inc. on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying Supplementary Schedules to 5-1, Reconciliation of Series 2014 Bond Interest, 5-4, Reconciliation of Revenue Received from Non CCRC Residents, and 5-5, Per Capita Cost of Operations, presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statements taken as a whole.

***Restriction on Use***

Our report is intended solely for the information and use of the Audit Committee and management of MonteCedro, Inc. and the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

*Moss Adams LLP*

Irvine, California  
October 19, 2021

## **Continuing Care Liquid Reserve Schedules**

**MonteCedro, Inc.**  
**Form 5-1**  
**Long-Term Debt Incurred in Prior Fiscal Year**  
**June 30, 2021**

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	06/12/14	\$ 955,000	\$ 2,133,850		\$ 3,088,850
2					
3					
4					
5					
6					
7					
8					
	<b>TOTAL:</b>	\$ 955,000	\$ 2,133,850	\$ -	\$ 3,088,850

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

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

**PROVIDER:** MONTECEDRO, INC.

**MonteCedro, Inc.**  
**Form 5-2**  
**Long-Term Debt Incurred During Fiscal Year**  
**June 30, 2021**

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

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

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

**PROVIDER:** MONTECEDRO, INC.



**MonteCedro, Inc.**  
**Form 5-3**  
**Calculation of Long-Term Debt Reserve Amount**  
**June 30, 2021**

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Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	\$ 3,088,850
2	Total from Form 5-2 bottom of Column (e)	\$ -
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	\$ -
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<b>\$ 3,088,850</b>

**PROVIDER:** MONTECEDRO, INC.

**MonteCedro, Inc.**  
**Form 5-4**  
**Calculation of Net Operating Expenses**  
**June 30, 2021**

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Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 23,142,988
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	\$ 2,133,850	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
c.	Depreciation	\$ 5,155,354	
d.	Amortization	\$ 87,057	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 396,042	
f.	Extraordinary expenses approved by the Department	\$ -	
3	Total Deductions		\$ 7,772,303
4	Net Operating Expenses		\$ 15,370,685
5	Divide Line 4 by 365 and enter the result.		\$ 42,111
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve		\$ 3,158,360
PROVIDER:	MONTECEDRO, INC.		
COMMUNITY:	MONTECEDRO		

**MonteCedro, Inc.**  
**Form 5-5**  
**Annual Reserve Certification**  
**June 30, 2021**

Provider Name: MONTECEDRO, INC.  
 Fiscal Year Ended: 6/30/2021

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 6/30/2021 and are in compliance with those requirements.

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

	<u>Amount</u>
[1] Debt Service Reserve Amount	<u>\$3,088,850</u>
[2] Operating Expense Reserve Amount	<u>\$3,158,360</u>
[3] <b>Total Liquid Reserve Amount:</b>	<u><b>\$6,247,210</b></u>

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

	<u>(market value at end of quarter)</u>	
<u>Qualifying Asset Description</u>	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	<u></u>	<u>\$ 2,664,046</u>
[5] Investment Securities	<u></u>	<u>\$ 43,762,108</u>
[6] Equity Securities	<u></u>	<u></u>
[7] Unused/Available Lines of Credit	<u></u>	<u></u>
[8] Unused/Available Letters of Credit	<u></u>	<u></u>
[9] Debt Service Reserve	<u>\$ 3,108,829</u>	<u>(not applicable)</u>
[10] Other:	<u></u>	<u></u>
<b>Total Amount of Qualifying Assets</b>	<u><b>\$ 3,108,829</b></u>	<u><b>[12] \$ 46,426,154</b></u>
<b>Reserve Obligation Amount:</b> [13]	<u><b>\$ 3,088,850</b></u>	<u><b>[14] \$ 3,158,360</b></u>
<b>Surplus/(Deficiency):</b> [15]	<u><b>\$ 19,979</b></u>	<u><b>[16] \$ 43,267,794</b></u>

Signature:

(Authorized Representative)

Date:

Chief Financial Officer  
(Title)

## **Supplementary Schedules**

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**MonteCedro, Inc.**  
**Attachment to Form 5-1**  
**Reconciliation of Series 2014 Bond Interest**  
**June 30, 2021**

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**Series 2014 Interest Paid:**

11/15/20 pmt	\$ 1,076,475
5/15/21 pmt	<u>1,057,375</u>

<b>Total Interest Paid for FY 2021</b>	<b><u>\$ 2,133,850</u></b>
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**Series 2014 Interest Paid:**

**7/1/20 - 6/30/21:**

28-01-96-74000	\$ 2,275,023
Non-Bond Interest Exp in G/L acct	<u>(147,539)</u>
	<u>2,127,484</u>

**Series 2014 Amortized Bond**

**Premium 7/1/20 - 6/30/21:**

28-01-00-49006	(167,675)
28-02-00-49006	<u>(10,609)</u>
	<u>(178,284)</u>

<b>Total Bond Interest Expense for FY 2021</b>	<b><u>\$ 1,949,200</u></b>
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**Interest Expense per Audited Financial Statements**

	\$ 2,096,739
Less: Total accrued interest payable 6/30/21	(418,087)
Less: Non-Bond interest 6/30/21	(147,539)
Add: Non-Bond accrued interest payable 6/30/21	140,768
Add: Total accrued interest payable 6/30/20	283,685
Add: Series 2014 amortized bond premium FY2021	<u>178,284</u>

<b>Interest Paid for FY 2021 (Form 5-4, Line 2a)</b>	<b><u>\$ 2,133,850</u></b>
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**MonteCedro, Inc.**  
**Attachment to Form 5–4**  
**Reconciliation of Revenue Received From Non CCRC Residents**  
**June 30, 2021**

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Resident Care Fees, net	\$ 13,613,283
Ancillary Services	620,369
Miscellaneous Income	<u>144,401</u>
Subtotal	14,378,053
Changes in:	
Accounts Receivable	11,470
Deposits from Residents	5,000
Deferred Revenue	<u>(48,860)</u>
Subtotal	<u>(32,390)</u>
Total	14,345,663
Less Changes in:	
Deposits from Residents	(5,000)
Deferred Revenue (unrelated to residents revenue)	<u>48,860</u>
Total Revenue Received	14,389,523
Percentage allocated to Non CCRC Residents per Form 1–1	<u>2.75%</u>
Revenue Received from Non CCRC Residents	<u><u>\$ 396,042</u></u>
Change in Accounts Receivable per Audited Financial Statements	\$ 14,967
Less: Others Receivables (unrelated to resident revenue)	<u>(3,497)</u>
Change in Accounts Receivable (related to resident revenue)	<u><u>\$ 11,470</u></u>
Miscellaneous income per audited financial statements	\$ 440,707
Less: miscellaneous income (unrelated to resident revenue)	<u>(296,306)</u>
Miscellaneous income (related to resident revenue)	<u><u>\$ 144,401</u></u>

**MonteCedro, Inc.**  
**Attachment to Form 5-5**  
**Per Capita Cost of Operations**  
**June 30, 2021**

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**Per Capita Cost of Operations:**

Operating Expenses (Form 5-4, Line 1)	\$ 23,142,988
Mean Number of All Residents (Form 1-1, Line 10)	<u>218</u>
Per Capita Cost of Operations	<u><u>\$ 106,160</u></u>

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

Date Prepared: 10/31/2021

FACILITY NAME: MonteCedro

ADDRESS: 2212 El Molino Ave, Altadena, CA

ZIP CODE: 91001

PHONE: (626) 788-4900

PROVIDER NAME: MonteCedro, Inc.

FACILITY OPERATOR: MonteCedro, Inc.

RELATED FACILITIES:

RELIGIOUS AFFILIATION: Episcopal

YEAR # OF ☐ SINGLE ☒ MULTI-

MILES TO SHOPPING CTR: 0.25

OPENED: 2015 ACRES: 8.2 STORY STORY ☐ OTHER:

MILES TO HOSPITAL: 4.7

**NUMBER OF UNITS:**

**RESIDENTIAL LIVING**

**HEALTH CARE**

APARTMENTS — STUDIO: \_\_\_\_\_

ASSISTED LIVING: \_\_\_\_\_

APARTMENTS — 1 BDRM: 88

SKILLED NURSING: \_\_\_\_\_

APARTMENTS — 2 BDRM: 93

SPECIAL CARE: 20

COTTAGES/HOUSES: 2 (3 bdrm apts)

DESCRIPTION: > Memory Care

RLU OCCUPANCY (%) AT YEAR END: 86.89%

TYPE OF OWNERSHIP: ☒ NOT-FOR-PROFIT ☐ FOR-PROFIT

ACCREDITED?: ☐ YES ☒ NO BY: \_\_\_\_\_

**FORM OF CONTRACT:**

☒ CONTINUING CARE

☐ LIFE CARE

☒ ENTRANCE FEE

☒ FEE FOR SERVICE

(Check all that apply)

☐ ASSIGNMENT OF ASSETS

☐ EQUITY

☐ MEMBERSHIP

☐ RENTAL

REFUND PROVISIONS: (Check all that apply) ☒ 90% ☒ 75% ☐ 50% ☐ FULLY AMORTIZED ☒ OTHER: 36 month amortizable

RANGE OF ENTRANCE FEES: \$ 425,614 - \$ 1,681,650

LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: none

ENTRY REQUIREMENTS: MIN. AGE: 60

PRIOR PROFESSION: n/a

OTHER: n/a

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD (briefly describe provider's compliance and residents' role): >

There is one Resident Member on the Board and one Resident

> Representative (non-voting). The Representative attends Board of Directors meetings as called and reports to the Resident Council and residents' meetings as appropriate.

**FACILITY SERVICES AND AMENITIES**

COMMON AREA AMENITIES	AVAILABLE	FEE FOR SERVICE	SERVICES AVAILABLE	INCLUDED IN FEE	FOR EXTRA CHARGE
BEAUTY/BARBER SHOP	<input type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (2 TIMES/MONTH)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BILLIARD ROOM	<input type="checkbox"/>	<input type="checkbox"/>	MEALS (___/DAY) 20 per month	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BOWLING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
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 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 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 type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input type="checkbox"/>	<input checked="" 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 HOME CARE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
WORKSHOP	<input type="checkbox"/>	<input type="checkbox"/>	OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>
OTHER _____	<input type="checkbox"/>	<input type="checkbox"/>			

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



PROVIDER NAME: MonteCedro, Inc.

<u>OTHER CCRCs</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

<u>MULTI-LEVEL RETIREMENT COMMUNITIES</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

<u>FREE-STANDING SKILLED NURSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

<u>SUBSIDIZED SENIOR HOUSING</u>	<u>LOCATION (City, State)</u>	<u>PHONE (with area code)</u>

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

PROVIDER NAME: MonteCedro, Inc.

	2018	2019	2020	2021
<b>INCOME FROM ONGOING OPERATIONS</b>				
<b>OPERATING INCOME</b>				
(Excluding amortization of entrance fee income)	\$14,293,468	\$16,460,576	\$17,764,639	\$24,318,653
<b>LESS OPERATING EXPENSES</b>				
(Excluding depreciation, amortization, and interest)	3,532,338	2,672,419	12,205,694	15,803,838
<b>NET INCOME FROM OPERATIONS</b>	\$10,761,130	\$13,788,157	\$5,558,945	\$8,514,815
<b>LESS INTEREST EXPENSE</b>	(2,162,861)	(1,778,259)	(1,995,252)	(2,096,739)
<b>PLUS CONTRIBUTIONS</b>	0	0	0	0
<b>PLUS NON-OPERATING INCOME (EXPENSES)</b>				
(excluding extraordinary items)	0	0	(8,015)	(3,957)
<b>NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION</b>	\$8,598,269	\$12,009,898	\$3,555,678	\$6,414,119
<b>NET CASH FLOW FROM ENTRANCE FEES</b>				
(Total Deposits Less Refunds)	\$13,134,063	\$5,930,476	\$4,933,937	\$2,623,059

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGATION	DATE OF MATURITY	AMORTIZATION PERIOD
Los Angeles County Regional Financing Authority	\$42,925,000	5.0%	06/01/2014	11/10/2044	30.5 years

\*\*\*\*\*

**FINANCIAL RATIOS** (see next page for ratio formulas)

	2017 CCAC Medians 50 <sup>th</sup> Percentile (optional)	2019	2020	2021
<b>DEBT TO ASSET RATIO</b>		24.16%	24.02%	22.24%
<b>OPERATING RATIO</b>		27.04%	79.94%	52.43%
<b>DEBT SERVICE COVERAGE RATIO</b>		3.52	3.39	4.01
<b>DAYS CASH ON HAND RATIO</b>		957.21	1,008.42	1,329.02

\*\*\*\*\*

**HISTORICAL MONTHLY SERVICE FEES** (Average Fee and Change Percentage)

	2018	%	2019	%	2020	%	2021	%
<b>STUDIO</b>								
ONE BEDROOM	\$4,843	2.7%	\$5,026	3.8%	\$5,222	3.9%	\$5,381	3.8%
TWO BEDROOM	6,130	4.0%	6,317	3.1%	6,564	3.9%	6,862	3.8%
COTTAGE/HOUSE	7,908 (3br apt)	4.0%	8,209	3.8%	8,529	3.9%	8,853	3.8%
ASSISTED LIVING								
SKILLED NURSING								
SPECIAL CARE	7,365	4.0%	7,733	5.0%	8,091	4.5%	8,404	4.0%

\*\*\*\*\*

**COMMENTS FROM PROVIDER:** > \_\_\_\_\_  
 > \_\_\_\_\_  
 > \_\_\_\_\_

### **FINANCIAL RATIO FORMULAS**

#### **LONG-TERM DEBT TO TOTAL ASSETS RATIO**

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

#### **OPERATING RATIO**

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

#### **DEBT SERVICE COVERAGE RATIO**

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

#### **DAYS CASH ON HAND RATIO**

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

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

**FORM 7-1**  
**REPORT ON CCRC MONTHLY SERVICE FEES**

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$4,223-\$8,853</u>	<u>\$8,404</u>	<u>n/a</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>3.8%</u>	<u>4%</u>	<u>n/a</u>

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

[3] Indicate the date the fee increase was implemented: 10/01/2020  
(If more than 1 increase was implemented, indicate the dates for each increase.)

[4] Check each of the appropriate boxes:

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

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

**PROVIDER:** MonteCedro, Inc.

**COMMUNITY:** MonteCedro

**Form 7-1 Attachment**  
**Monthly Care Fee Increase (MCFI)**  
**Annual Reporting Fiscal Year 2021**  
**MonteCedro**

		Dollar Amounts in Thousands		
Line	Fiscal Years	2019	2020	2021
1	FY 2019 Operating Expenses	\$ (13,221)		
2	FY 2020 Operating Expenses (Adjustments, if any, Explained Below)		\$ (16,442)	
3	Projected FY 2021 Results of Operations (Adjustments Explained Below)			\$ (16,280)
4	FY 2021 Anticipated MCFI Revenue Based on Current and Projected Occupancy and Other without a MCFI			\$ 15,651
5	Projected FY 2021 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			\$ (629)
6	Projected FY 2021 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 3.8% & 4%			\$ 16,213
7	Grand Total - Projected FY 2021 Net Operating Activity After 3.8% & 4% MCFI (Line 3 plus Line 6)			\$ (67)

**Monthly Care Fee Increase: 3.8% & 4%**

**Adjustments Explained:**

FY 2019 to FY 2020

Operating Expenses reflect direct department expenses plus interest expense

FY 2020 to FY 2021

Labor Costs are 57% of budget and are comprised of an increase of 8.12 FTEs based on occupancy projections, minimum wage increases (with related wage compression adjustments), and increases in employee benefit costs.

Increases in non-labor costs are determined primarily by information received directly from vendors/contractors.

MCFI is 3.8% in Residential Living and 4% in Assisted Living (Memory Care). The same methodology was used (with costs directly costed or allocated using statistical data) specific to each level of care in order to determine the appropriate increase.

Budget projections must comply with bond covenants as measured by financial ratios.

Postive results of operations are used for capital improvements and campus master planning projects.