

An ECS Senior Living Community
2212 El Molino Avenue Altadena, CA 91001



October 31, 2022

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, 2022

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Report of Independent Auditors

The Board of Directors
MonteCedro, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MonteCedro, Inc., which comprise continuing care liquid reserve schedules, Form 5-1 through 5-5, as of and for the year ended June 30, 2022.

In our opinion, the accompanying financial statements present fairly, in all material respects, the continuing care liquid reserve schedules Form 5-1 through Form 5-5 of MonteCedro, Inc. as of and for the year ended June 30, 2022, in conformity with the liquid reserve requirements 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 Financial Statements section of our report. We are required to be independent of MonteCedro, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 financial statements.

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 financial statements, 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 financial statements.
- 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 MonteCedro, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MonteCedro, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 5-4, Required Disclosure Under Section 1790 (a)(2), 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

This report is intended solely for the information and use of the Board of Directors 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.

Other Information

Management is responsible for the other information included in the California Department of Social Services Annual Report (the “annual report”). The other information comprises Forms 1-1, 1-2, and 7-1, but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Moss Adams LLP

Irvine, California
October 27, 2022

Continuing Care Liquid Reserve Schedules

MonteCedro, Inc.**Form 5-1****Long-Term Debt Incurred in Prior Fiscal Year (including Balloon Debt)**
June 30, 2022

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	\$ 990,000	\$ 2,090,000		\$ 3,080,000
2					
3					
4					
5					
6					
7					
8					
	TOTAL:	\$ 990,000	\$ 2,090,000	\$ -	\$ 3,080,000

(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 (including Balloon Debt)****June 30, 2022**

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					
TOTAL:		\$ -	\$ -	-	\$ -

(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, 2022

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	<u>\$ 3,080,000</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>\$ 3,080,000</u></u>

PROVIDER: MONTECEDRO, INC.

MonteCedro, Inc.
Form 5-4
Calculation of Net Operating Expenses
June 30, 2022

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 23,472,988
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$ 2,090,000	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
	c. Depreciation	\$ 5,306,968	
	d. Amortization	\$ 87,057	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 421,810	
	f. Extraordinary expenses approved by the Department	\$ -	
3	Total Deductions		\$ 7,905,835
4	Net Operating Expenses		\$ 15,567,153
5	Divide Line 4 by 365 and enter the result.		\$ 42,650
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve		\$ 3,198,730
PROVIDER:	MONTECEDRO, INC.		
COMMUNITY:	MONTECEDRO		

Supplementary Schedules

MonteCedro, Inc.
Attachment to Form 5-1
Reconciliation of Series 2014 Bond Interest
June 30, 2022

Series 2014 Interest Paid:

11/15/21 pmt	\$ 1,057,375
5/15/22 pmt	<u>1,032,625</u>

Total Interest Paid for FY 2022

\$ 2,090,000

Series 2014 Interest Paid:

7/1/21 - 6/30/22:

28-01-96-74000	\$ 2,080,552
Non-Bond Interest Exp in G/L acct	<u>-</u>

2,080,552

Series 2014 Amortized Bond

Premium 7/1/21 - 6/30/22:

28-01-00-49006	(165,204)
28-02-00-49006	<u>(10,321)</u>

(175,525)

Total Bond Interest Expense for FY 2022

\$ 1,905,027

Interest Expense per Audited Financial Statements

\$ 2,062,476

Less: Total accrued interest payable 6/30/22 (253,346)

Less: Interest Expense – Entrance Fees FY 2022 (157,449)

Add: Reduction in Non-Bond accrued interest payable 6/30/21 (155,292)

Add: Total accrued interest payable 6/30/21 418,086

Add: Series 2014 amortized bond premium FY2022 175,525

Interest Paid for FY 2022 (Form 5-4, Line 2a)

\$ 2,090,000

MonteCedro, Inc.
Attachment to Form 5–4
Reconciliation of Revenue Received from Non CCRC Residents
June 30, 2022

Resident Care Fees, net	\$ 14,811,594
Ancillary Services	882,835
Miscellaneous Income	<u>68,664</u>
Subtotal	15,763,093
Changes in:	
Accounts Receivable	(50,661)
Deposits from Residents	(106,000)
Deferred Revenue	<u>(33,299)</u>
Subtotal	<u>(189,960)</u>
Total	15,573,133
Less Changes in:	
Deposits from Residents	106,000
Deferred Revenue (unrelated to residents revenue)	<u>33,299</u>
Total Revenue Received	15,712,432
Percentage allocated to Non CCRC Residents per Form 1–1	<u>2.68%</u>
Revenue Received from Non CCRC Residents	<u><u>\$ 421,810</u></u>
Miscellaneous income per audited financial statements	\$ 85,526
Less: miscellaneous income (unrelated to resident revenue)	<u>(16,862)</u>
Miscellaneous income (related to resident revenue)	<u><u>\$ 68,664</u></u>

MonteCedro, Inc.
Attachment to Form 5-4
Required Disclosure Under Section 1790 (a)(2)
June 30, 2022

Per Capita Cost of Operations:

Operating Expenses (Form 5-4, Line 1) \$ 23,472,988

Mean Number of All Residents (Form 1-1, Line 10) 224

Per Capita Cost of Operations \$ 105,025

Continuing Care Retirement Community
Disclosure Statement
General Information

Date Prepared: 10/31/2022

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: 97.81%

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: 1) 80%, 2) 36 mo 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.

	2019	2020	2021	2022
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(Excluding amortization of entrance fee income)	\$16,460,576	\$17,764,639	\$24,318,653	\$12,175,999
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)	2,672,419	12,205,694	15,803,838	15,982,683
NET INCOME FROM OPERATIONS	\$13,788,157	\$5,558,945	\$8,514,815	\$(3,806,684)
LESS INTEREST EXPENSE	(1,778,259)	(1,995,252)	(2,096,739)	(2,062,476)
PLUS CONTRIBUTIONS	0	0	0	0
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)	0	(8,015)	(3,957)	(33,804)
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$12,009,898	\$3,555,678	\$6,414,119	\$(5,902,964)
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	\$5,930,476	\$4,933,937	\$2,623,059	\$6,082,972

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Los Angeles County Regional Financing Authority	\$41,935,000	5.0%	06/01/2014	11/10/2044	30.5 years

FINANCIAL RATIOS
(see next page for ratio formulas)

	2017 CCAC Medians 50 th Percentile <i>(optional)</i>	2020	2021	2022
DEBT TO ASSET RATIO		24.02%	22.24%	22.56%
OPERATING RATIO		79.94%	52.43%	148.20%
DEBT SERVICE COVERAGE RATIO		3.39	4.01	0.72
DAYS CASH ON HAND RATIO		1,008.42	1,329.02	828.93

HISTORICAL MONTHLY SERVICE FEES
(Average Fee and Change Percentage)

	2019	%	2020	%	2021	%	2022	%
STUDIO								
ONE BEDROOM	\$5,026	3.8%	\$5,222	3.9%	\$5,381	3.8%	\$5,596	4.0%
TWO BEDROOM	6,317	3.1%	6,564	3.9%	6,862	3.8%	7,136	4.0%
COTTAGE/HOUSE	8,209 (3br apt)	3.8%	8,529	3.9%	8,853	3.8%	9,207	4.0%
ASSISTED LIVING								
SKILLED NURSING								
SPECIAL CARE	7,733	5.0%	8,091	4.5%	8,404	4.0%	8,741	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>\$4,392-\$9,207</u>	<u>\$8,740-\$9,178</u>	<u>n/a</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>4%</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: 07/01/2021
(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 2022
MonteCedro

Line	Fiscal Years	Dollar Amounts in Thousands			
		2020	2021	2022	
1	FY 2020 Operating Expenses	\$ (16,442)			
2	FY 2021 Operating Expenses (Adjustments, if any, Explained Below)		\$ (18,046)		
3	Projected FY 2022 Results of Operations (Adjustments Explained Below)			\$ (17,971)	
4	FY 2022 Anticipated MCFI Revenue Based on Current and Projected Occupancy and Other without a MCFI			\$ 16,952	
5	Projected FY 2022 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			\$ (1,019)	
6	Projected FY 2022 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 4%			\$ 17,571	
7	Grand Total - Projected FY 2022 Net Operating Activity After 4% MCFI (Line 3 plus Line 6)			\$ (400)	

Monthly Care Fee Increase: 4%

Adjustments Explained:

FY 2020 to FY 2021

Operating Expenses reflect direct department expenses plus interest expense

FY 2021 to FY 2022

Labor Costs are approximately 60% of budget and are comprised staffing for occupancy projections, competitive wage increases and increases in employee benefit costs.

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

MCFI is the same for all levels of care.

Budget projections must comply with bond covenants (combined with The Covington) as measured by financial ratios.

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