



Episcopal Communities & Services
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 Scripps Kensington, The Canterbury and The Covington 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

**EPISCOPAL COMMUNITIES
& SERVICES FOR SENIORS**

June 30, 2022



MOSSADAMS

Table of Contents

	PAGE
Report of Independent Auditors	1–3
Continuing Care Liquid Reserve Schedules	
Form 5–1, Long-term debt incurred in prior fiscal year	4
Form 5–2, Long-term debt incurred during the fiscal year	5
Form 5–3, Calculation of long-term debt reserve amount	6
Form 5–4, Calculation of net operating expenses – Scripps Kensington	7
Form 5–4, Calculation of net operating expenses – The Canterbury	8
Form 5–4, Calculation of net operating expenses – The Covington	9
Form 5–5, Annual reserve certification	10
Supplementary Schedules	
Attachment to form 5–2, Long-term debt incurred during the fiscal year	11
Attachment to form 5–4, Calculation of net operating expenses – Scripps Kensington	12
Attachment to form 5–4, Reconciliation of net operating expenses – Scripps Kensington	13
Attachment to form 5–4, Reconciliation of total operating expenses – The Canterbury and The Covington	14
Attachment to form 5–4, Series 2012 bond interest reconciliation	15
Attachment to form 5–4, Reconciliation of revenue received for non CCRC residents	16
Attachment to form 5–4, Required disclosure under Section 1790 (a)(2)	17
Attachment to form 5–5, Description of reserves	18

Report of Independent Auditors

The Board of Directors
Episcopal Communities & Services for Seniors

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Episcopal Communities & Services for Seniors (the "Organization"), which comprise continuing care liquid reserve schedules, Form 5–1 through Form 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 the Organization 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 the Organization 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 the Organization 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 attachment to form 5-2, long-term debt incurred during the fiscal year; attachment to form 5-4, calculation of net operating expenses – Scripps Kensington; attachment to form 5-4, reconciliation of net operating expenses – Scripps Kensington; Attachment to form 5-4, Reconciliation of total operating expenses – The Canterbury and The Covington; attachment to form 5-4, Series 2012 bond interest reconciliation; attachment to form 5-4, reconciliation of revenue received for non CCRC residents; attachment to form 5-4, required disclosure under Section 1790 (a)(2); and attachment to form 5-5, description of reserves, 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 the Organization 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 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

Episcopal Communities & Services for Seniors**Form 5-1****Long-Term Debt Incurred in Prior Fiscal Year****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				\$0	\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
TOTAL:		\$ -	\$ -	\$ -	\$ -

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

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

PROVIDER: EPISCOPAL COMMUNITIES & SERVICES FOR SENIORS

Episcopal Communities & Services for Seniors

Form 5-2

Long-Term Debt Incurred During the Fiscal Year

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	5/15/2022	\$0	\$793,491	2	\$1,586,982
2					
3					
4					
5					
6					
7					
8					
TOTAL:		\$ -	\$ 793,491	2	\$ 1,586,982

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

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

PROVIDER: EPISCOPAL COMMUNITIES & SERVICES FOR SENIORS

Episcopal Communities & Services for Seniors
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)	\$ -
2	Total from Form 5-2 bottom of Column (e)	\$ 1,586,982
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:	\$ 1,586,982

PROVIDER: EPISCOPAL COMMUNITIES & SERVICES FOR SENIORS

Scripps Kensington
Episcopal Communities & Services for Seniors
Form 5-4
Calculation of Net Operating Expenses
June 30, 2022

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 575,179
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)		
	b. Credit enhancement premiums paid for long-term debt (see instructions)		
	c. Depreciation		
	d. Amortization		
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract		
	f. Extraordinary expenses approved by the Department	\$ 127,096	
3	Total deductions		\$ 127,096
4	Net operating expenses		\$ 448,083
5	Divide Line 4 by 365 and enter the result.		\$ 1,228
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		\$ 92,072
PROVIDER:	EPISCOPAL COMMUNITIES & SERVICES FOR SENIORS		
COMMUNITY:	SCRIPPS KENSINGTON		

The Canterbury
Episcopal Communities & Services for Seniors
Form 5-4
Calculation of Net Operating Expenses
June 30, 2022

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 17,708,475
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$ 206,070	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		
	c. Depreciation	\$ 2,544,137	
	d. Amortization	\$ 2,302	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 3,552,047	
	f. Extraordinary expenses approved by the Department		
3	Total deductions		\$ 6,304,556
4	Net operating expenses		\$ 11,403,919
5	Divide Line 4 by 365 and enter the result.		\$ 31,244
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		\$ 2,343,271
PROVIDER:	<u>EPISCOPAL COMMUNITIES & SERVICES FOR SENIORS</u>		
COMMUNITY:	<u>THE CANTERBURY</u>		

The Covington
Episcopal Communities & Services for Seniors
Form 5-4
Calculation of Net Operating Expenses
June 30, 2022

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 22,445,840
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$ 2,620,680	
	b. Credit enhancement premiums paid for long-term debt (see instructions)		
	c. Depreciation	\$ 4,881,010	
	d. Amortization	\$ 30,460	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 1,970,429	
	f. Extraordinary expenses approved by the Department		
3	Total deductions		\$ 9,502,579
4	Net operating expenses		\$ 12,943,261
5	Divide Line 4 by 365 and enter the result.		\$ 35,461
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		\$ 2,659,574
PROVIDER:	EPISCOPAL COMMUNITIES & SERVICES FOR SENIORS		
COMMUNITY:	THE COVINGTON		

June 30, 2022

Fiscal Year Ended: 6/30/2022

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

[3] Total Liquid Reserve Amount:	\$ 6,681,899
----------------------------------	--------------

(market value at end of quarter)

Certificates of deposit maturing within a year				
Listed for Reserve Obligation: [11]	\$	1,586,982	[12]	\$ 77,899,080

Date:

Chief Financial Officer
(Title)

Supplementary Schedules

Episcopal Communities & Services for Seniors
Attachment to Form 5–2
Long-Term Debt Incurred During the Fiscal Year
June 30, 2022

On May 16, 2022, Episcopal Communities & Services for Seniors refunded all of the outstanding California Health Facilities Financing Authority Insured Revenue Bonds, Series 2012 bonds, originated on December 12, 2012. As a result, California Statewide Communities Development Authority Revenue Refunding Bonds, Series 2022A Bonds were issued in the amount of \$52,495,000. Interest is payable semi-annually from 2% to 5% with principal payments due annually on May 15.

The amounts of the most recent payment on the debt of \$793,491 included on Form 5–2 represent the payments due for the next 12 months beginning on November 15, 2022.

Episcopal Communities & Services for Seniors
Attachment to Form 5-4
Calculation of Net Operating Expenses – Scripps Kensington
June 30, 2022

Outsourced Facilities

ATHERTON	\$ 98,293
CLAREMONT MANOR	47,628
SOLHEIM LUTHERAN HOME	59,890
TOWN AND COUNTRY MANOR	58,311
WINSOR MANOR	74,260
Year-end adjustment for pre-billed rent	<u>12,016</u>

Total outsourced facilities	350,398
-----------------------------	---------

Ancillary	29,534
Resident allowance	8,856
Resident relations*	57,319
Other programs and services	3,762
General and administrative	116,832
Liability insurance	3,186
Banking fees	<u>5,292</u>

Total operating expenses (Form 5-4, Line 1)	<u>575,179 (a)</u>
--	--------------------

*Resident relations cost represents payroll and benefits for one employee who visits the residents at the outsourced facilities and coordinates services for the residents, plus worker's comp expenses incurred for prior year claims

Extraordinary Deduction

Episcopal Communities & Services for Seniors (ECS) receives and deposits residents' monthly payments from social security and pension.
This income pays for part of the outsourced facility costs.
However, ECS is responsible to pay the total outsourced facility monthly fees and ancillary.

Lifecare Outside Facility Gross Revenue	339,849
Lifecare Outside Facility – Benevolence	<u>(212,753)</u>

Total extraordinary deduction (Form 5-4, Line 2f)	<u>127,096 (b)</u>
--	--------------------

Net operating expenses (Form 5-4, Line 4)	<u><u>\$ 448,083 (a)-(b)</u></u>
--	----------------------------------

Episcopal Communities & Services for Seniors
Attachment to Form 5–4
Reconciliation of Net Operating Expenses – Scripps Kensington
June 30, 2022

Revenue	
Routine service revenue	\$ 127,096
Total revenue	127,096
Operating expenses	
General and administrative	125,688
Program and special services	61,081
Ancillary	29,534
Outsourced resident rent	350,398
Liability insurance	3,186
Banking fees	5,292
Total operating expenses (Form 5–4, Line 1)	575,179
Other expenses	
(Gain)/Loss from disc. operation	(437,124)
Operating income (loss)	\$ (10,959)

* Scripps Kensington has ceased operations; therefore, expenses are included in discontinued operations in the statement of operations, net of revenue earned.

Episcopal Communities & Services for Seniors
Attachment to Form 5-4
Reconciliation of Total Operating Expenses – The Canterbury and The Covington
June 30, 2022

	<u>The Canterbury</u>	<u>The Covington</u>
Total operating expenses from the financial statements	\$ 18,041,008	\$ 25,745,244
Gain on bond refinancing	<u>(332,533)</u>	<u>(3,299,404)</u>
Total operating expenses	<u>\$ 17,708,475</u>	<u>\$ 22,445,840</u>

Episcopal Communities & Services for Seniors
Attachment to Form 5-4
Series 2012 Bond Interest Reconciliation
June 30, 2022

	<u>The Canterbury</u>	<u>The Covington</u>	<u>Total</u>
Series 2012 Interest Paid			
UBOC#9801 Paid on 11/15/21	\$ 103,035	\$ 1,310,340	\$ 1,413,375
UBOC#9801 Paid on 5/15/22	103,035	1,310,340	1,413,375
Total Interest Paid for FY 2022	\$ 206,070	\$ 2,620,680	\$ 2,826,750
Series 2012 Interest Expense 7/1/21 – 6/30/22			
03-01-96-74000	\$ 193,167	\$ -	\$ 193,167
04-01-96-74000	-	2,477,178	2,477,178
Non-bond related interest	1,620	-	1,620
Series 2022 Accrued Int Exp	(9,641)	(122,608)	(132,249)
	\$ 185,146	\$ 2,354,570	\$ 2,539,716
Series 2012 Amortized Bond Premium			
03-0x-00-49006	\$ (23,888)	\$ -	\$ (23,888)
04-0x-00-49006	-	(249,776)	(249,776)
	(23,888)	(249,776)	(273,664)
Total Bond Interest Expense For FY 2022	\$ 161,258	\$ 2,104,794	\$ 2,266,052
	<u>The Canterbury</u>	<u>The Covington</u>	<u>Total</u>
Interest expense per audited financial statements	\$ 189,507	\$ 2,193,798	\$ 2,383,305
Less: Total Accrued Interest Payable 6/30/22	(14,475)	(198,728)	(213,203)
Less: Non-bond related interest 6/30/22	1,620	-	1,620
Less: Interest Expense - Entrance Fees - FY2022	(20,227)	33,605	13,378
Add: Reduction in Non-bond Accrued Interest Payable 6/30/22	(13,089)	(158,370)	(171,459)
Add: Accrued Interest Payable - Entrance Fees 6/30/22	-	14,645	14,645
Add: Total Accrued Interest Payable 6/30/21	38,846	485,954	524,800
Add: Series 2012 Bond Premium Amortized FY 2022	23,888	249,776	273,664
Interest Paid for FY 2022 (Form 5-1 and Form 5-4, Line 2a)	\$ 206,070	\$ 2,620,680	\$ 2,826,750

Episcopal Communities & Services for Seniors
Attachment to Form 5–4
Reconciliation of Revenue Received for Non CCRC Residents
June 30, 2022

	<u>SK</u>	<u>CB</u>	<u>COV</u>
Resident care fees, net	N/A	\$ 12,190,096	\$ 14,001,423
Ancillary services	N/A	486,094	2,510,539
Miscellaneous income	N/A	-	63,807
Subtotal	N/A	12,676,190	16,575,769
Changes in:			
Accounts receivable	N/A	9,691	(155,531)
Deposits from residents	N/A	(723,075)	1,997
Subtotal	N/A	(713,384)	(153,534)
Total	N/A	11,962,806	16,422,235
Resident care fees, net per audited cash flow statements in '000s	N/A	11,963	16,422
Less changes in:			
Deposits from residents (refund)	N/A	723,075	(1,997)
Total revenue received	N/A	12,685,881	16,420,238
Percentage Allocated to Non CCRC Residents per Form 1–1	N/A	28%	12%
Revenue Received from Non CCRC Residents (Form 5–4, Line 2e)	N/A	<u>\$ 3,552,047</u>	<u>\$ 1,970,429</u>
Miscellaneous income per audited financial statements		\$ 2,004	\$ 490,730
Less: miscellaneous income (unrelated to resident revenue)		<u>(2,004)</u>	<u>(426,923)</u>
Miscellaneous income (related to resident revenue)		<u>\$ -</u>	<u>\$ 63,807</u>

Episcopal Communities & Services for Seniors
Attachment to Form 5–4
Required Disclosure Under Section 1790 (a)(2)
June 30, 2022

Per Capita Cost of Operations	<u>Scripps Kensington</u>	<u>The Canterbury</u>	<u>The Covington</u>	<u>Total</u>
Operating expenses (Form 5–4, Line 1)	\$ 575,179	\$ 17,708,475	\$ 22,445,840	\$ 40,729,494
Mean # of all residents (Form 1–1, Line 10)	<u>9.0</u>	<u>135.5</u>	<u>195.5</u>	<u>340.0</u>
Per capita cost of operations	<u>\$ 63,909</u>	<u>\$ 130,690</u>	<u>\$ 114,812</u>	<u>\$ 119,793</u>

Episcopal Communities & Services for Seniors
Attachment to Form 5–5
Description of Reserves
June 30, 2022

		<u>Additional Comments</u>
Total Qualifying Assets as Fields		
Cash and cash equivalents	\$ 7,960,997	
Investment securities	71,525,065	Investment securities are approximately 50% fixed income/50% equities.
Debt service reserve	<u>-</u>	
Total qualifying assets as field	<u>79,486,062</u>	
Reservations and Designations		
Benevolence funds	1,679,717	Cash and investments to provide operating and capital needs associated with facilities and to assist qualifying residents with medical care expenses. In FY 2022, \$191,929 was distributed to subsidize the operations at the facilities for charitable care and general operations.
The Canterbury Reserve Fund	33,887,257	Investments reserved for entrance fee refunds for the Canterbury facility, as well as the replacement of plant and equipment. In FY 2022, approximately \$8.7 million entrance fees were received and \$4.8 million were refunded to the Canterbury discharged continuing care residents. \$1.3 million were withdrawn for capital expenditures.
Covington Pastoral Care Fund	<u>128,211</u>	Funds available to enhance the spiritual lives of residents and the wider community.
Total reservations and designations	<u>35,695,185</u>	
Remaining liquid reserves	<u>\$ 43,790,877</u>	

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

Date Prepared: 10/31/2022

FACILITY NAME: The Canterbury

ADDRESS: 5801 W Crestridge Rd, Rancho Palos Verdes, CA

ZIP CODE: 90275

PHONE: (310) 541-2410

PROVIDER NAME: Episcopal Communities & Services

FACILITY OPERATOR: Episcopal Communities & Services

RELATED FACILITIES: The Covington

RELIGIOUS AFFILIATION: Episcopal

YEAR # OF ☐ SINGLE ☒ MULTI-

MILES TO SHOPPING CTR: 3.0

OPENED: 1983 ACRES: 5.3 STORY STORY ☐ OTHER:

MILES TO HOSPITAL: 6.0

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: _____

APARTMENTS — 1 BDRM: 47

APARTMENTS — 2 BDRM: 51

COTTAGES/HOUSES: _____

RLU OCCUPANCY (%) AT YEAR END: 88.78%

HEALTH CARE

ASSISTED LIVING: 19

SKILLED NURSING: 15

SPECIAL CARE: 9

DESCRIPTION: > Memory Care

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: \$ 303,062 - \$ 734,503

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 checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (4 TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (1/DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input 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 type="checkbox"/>	<input checked="" type="checkbox"/>
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED	<input checked="" type="checkbox"/>	<input 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: Episcopal Communities & Services

OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

The Covington

Aliso Viejo, CA

(949) 389-8500

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

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

	2019	2020	2021	2022
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(Excluding amortization of entrance fee income)	\$38,010	\$7,186	\$47,781	\$24,545
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)	30,982	34,568	35,830	37,627
NET INCOME FROM OPERATIONS	\$7,028	\$2,618	\$11,951	\$(13,082)
LESS INTEREST EXPENSE	(2,631)	(2,615)	(2,751)	(2,384)
PLUS CONTRIBUTIONS	32	23	135	126
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)	0	0	0	0
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$4,429	\$26	\$9,335	\$(15,340)
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	\$8,496	\$4,423	\$2,210	\$9,114

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Private Investor Bonds	\$52,495,000	3.04%	05/16/2022	05/15/2047	25 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		30.54%	27.14%	27.75%
OPERATING RATIO		99.93%	68.17%	163.01%
DEBT SERVICE COVERAGE RATIO		1.16	5.25	(0.07)
DAYS CASH ON HAND RATIO		883.47	1,062.16	733.78

HISTORICAL MONTHLY SERVICE FEES
 (Average Fee and Change Percentage)

	2019	%	2020	%	2021	%	2022	%
STUDIO								
ONE BEDROOM	\$5,130	0%	\$5,379	5%	\$5,623	4.5%	\$5,848	4%
TWO BEDROOM	5,947	5%	6,244	5%	6,538	4.5%	6,800	4%
COTTAGE/HOUSE								
ASSISTED LIVING	10,351	10%	10,869	5%	11,358	4.5%	11,812	4%
SKILLED NURSING	12,056	8%	12,631	5%	12,201	4.5%	16,334	4%
SPECIAL CARE	10,189	10%	10,952	7%	11,445	4.5%	11,903	4%

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.

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

Date Prepared: 10/31/2022

FACILITY NAME: The Covington

ADDRESS: 3 Pursuit, Aliso Viejo, CA

ZIP CODE: 92626

PHONE: (949) 389-8500

PROVIDER NAME: Episcopal Communities & Services

FACILITY OPERATOR: Episcopal Communities & Services

RELATED FACILITIES: The Canterbury

RELIGIOUS AFFILIATION: Episcopal

YEAR # OF ☒ SINGLE ☒ MULTI-

MILES TO SHOPPING CTR: 2.0

OPENED: 2004 ACRES: 12 STORY STORY ☐ OTHER:

MILES TO HOSPITAL: 5.0

NUMBER OF UNITS:

RESIDENTIAL LIVING

APARTMENTS — STUDIO: _____

APARTMENTS — 1 BDRM: 60

APARTMENTS — 2 BDRM: 71

COTTAGES/HOUSES: 24

RLU OCCUPANCY (%) AT YEAR END: 85.81%

HEALTH CARE

ASSISTED LIVING: 24

SKILLED NURSING: 24

SPECIAL CARE: 10

DESCRIPTION: > Memory Care

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: \$ 393,734 - \$ 1,189,705

LONG-TERM CARE INSURANCE REQUIRED? ☐ YES ☒ NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: 10 days of SNF care per year, 30 days lifetime maximum

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 (4 TIMES/MONTH)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (1/DAY)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
BOWLING GREEN	<input 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 checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input type="checkbox"/>	<input checked="" type="checkbox"/>
SWIMMING POOL-OUTDOOR	<input 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 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: Episcopal Communities & Services

OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

The Canterbury

Rancho Palos Verdes, CA

(310) 541-2410

MULTI-LEVEL RETIREMENT COMMUNITIES

LOCATION (City, State)

PHONE (with area code)

FREE-STANDING SKILLED NURSING

LOCATION (City, State)

PHONE (with area code)

SUBSIDIZED SENIOR HOUSING

LOCATION (City, State)

PHONE (with area code)

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

	2019	2020	2021	2022
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME	<u>Dollars in 1,000s</u>			
(Excluding amortization of entrance fee income)	\$38,010	\$37,186	\$37,186	\$24,545
LESS OPERATING EXPENSES				
(Excluding depreciation, amortization, and interest)	30,982	34,568	34,568	37,627
NET INCOME FROM OPERATIONS	\$7,028	\$2,618	\$2,618	\$(13,082)
LESS INTEREST EXPENSE	(2,631)	(2,615)	(2,615)	(2,384)
PLUS CONTRIBUTIONS	32	23	23	126
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)	0	0	0	0
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	\$4,429	\$26	\$26	\$(15,340)
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	\$8,496	\$4,423	\$4,423	\$9,114

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

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Private Investor Bonds	\$52,495,000	3.04%	05/16/2022	05/15/2047	25 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		30.54%	27.14%	27.75%
OPERATING RATIO		99.93%	68.17%	163.01%
DEBT SERVICE COVERAGE RATIO		1.16	5.25	(0.07)
DAYS CASH ON HAND RATIO		883.47	1,062.16	733.78

HISTORICAL MONTHLY SERVICE FEES
 (Average Fee and Change Percentage)

	2019	%	2020	%	2021	%	2022	%
STUDIO								
ONE BEDROOM	\$4,498	4.3%	\$4,701	4.5%	\$4,701	4.5%	\$5,116	4.0%
TWO BEDROOM	5,956	0.0%	6,209	4.2%	6,209	4.2%	6,715	4.0%
COTTAGE/HOUSE	7,136	6.9%	7,457	4.5%	7,457	4.5%	8,065	4.0%
ASSISTED LIVING	8,022	4.0%	8,383	4.5%	8,383	4.5%	9,067	4.0%
SKILLED NURSING	14,022	4.1%	14,635	4.5%	14,635	4.5%	15,880	4.0%
SPECIAL CARE	7,696	4.0%	8,042	4.5%	8,042	4.5%	8,699	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>\$5,451-\$7,721</u>	<u>\$8,590-\$18,210</u>	<u>\$11,498-\$16,334</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>4%</u>	<u>4%</u>	<u>4%</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: Episcopal Communities & Services

COMMUNITY: The Canterbury

Form 7-1 Attachment
Monthly Care Fee Increase (MCFI)
Annual Reporting Fiscal Year 2022
The Canterbury

Line	Fiscal Years	Dollar Amounts in Thousands			
		2020	2021	2022	
1	FY 2020 Operating Expenses	\$ (14,536)			
2	FY 2021 Operating Expenses (Adjustments, if any, Explained Below)		\$ (15,974)		
3	Projected FY 2022 Results of Operations (Adjustments Explained Below)				
4	FY 2022 Anticipated MCFI Revenue Based on Current and Projected Occupancy and Other without a MCFI			\$ (15,353)	
5	Projected FY 2022 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			\$ 10,333	
6	Projected FY 2022 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 4%			\$ (5,019)	
7	Grand Total - Projected FY 2022 Net Operating Activity After 4% MCFI (Line 3 plus Line 6)			\$ 13,666	
		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.

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>\$4,597-\$8,722</u>	<u>\$6,994-\$14,828</u>	<u>\$16,486</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>4%</u>	<u>4%</u>	<u>4%</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: Episcopal Communities & Services
COMMUNITY: The Covington

Form 7-1 Attachment
Monthly Care Fee Increase (MCFI)
Annual Reporting Fiscal Year 2022
The Covington

Line	Fiscal Years	Dollar Amounts in Thousands			
		2020	2021	2022	
1	FY 2020 Operating Expenses	\$ (20,087)			
2	FY 2021 Operating Expenses (Adjustments, if any, Explained Below)		\$ (22,437)		
3	Projected FY 2022 Results of Operations (Adjustments Explained Below)				
4	FY 2022 Anticipated MCFI Revenue Based on Current and Projected Occupancy and Other without a MCFI			\$ (23,300)	
5	Projected FY 2022 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			\$ 17,796	
6	Projected FY 2022 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 4%			\$ (5,504)	
7	Grand Total - Projected FY 2022 Net Operating Activity After 4% MCFI (Line 3 plus Line 6)			\$ 18,379	
		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.