

To the Audit Committee
Palm Village Retirement Community
703 Herbert Avenue
Reedley, CA 93654

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying continuing care reserve report (the "Reports") of Palm Village Retirement Community as of December 31, 2018.

Management's Responsibility for the Report

Management is responsible for the preparation and fair presentation of these Reports in accordance with the report preparation provision of California Health and Safety Code Section 1792; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of Reports that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Reports 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 Reports are free from material misstatement.

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

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

The accompanying reports were prepared for the purpose of complying with California Health and Safety Code Section 1792 and are not intended to be a complete presentation of the assets, liabilities, revenues and expenses of Palm Village Retirement Community.

Opinion

In our opinion, the Reports of Palm Village Retirement Community present fairly, in all material respects, the liquid reserve requirements of Palm Village Retirement Community as of December 31, 2018, in conformity with the report preparation provision of California Health and Safety Code Section 1792 referred to above.

Restriction on Use

This Report is intended solely for the information of the audit committee of the Palm Village Retirement Community 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. However, this Report is a matter of public record and its distribution is not limited.

Mueller Prost LC

April 29, 2019
St. Louis, Missouri

Certified Public Accountants



April 29, 2019

Department of Social Service
Continuing Care Contracts Branch
744 P Street M/S 10-90
Sacramento, CA 95814

RE: Certification by Chief Executive Officer

Dear Sir or Madam:

This letter is to serve as certification concerning the annual report for Palm Village Retirement Community.

The annual report and any amendments thereto are correct to the best of my knowledge.

Each continuing care contract form in use or offered to new residents has been approved by the Department.

As of the date of the CEO's certification, Palm Village Retirement Community is maintaining the required liquid reserve.

Sincerely,

A handwritten signature in black ink, appearing to read "David K. Reimer", written in a cursive style.

David K. Reimer
CEO/President

COMMERCIAL CRIME COVERAGE PART
DECLARATIONS PAGE

POLICY EFFECTIVE 03/01/2018

POLICY NO. 9621-300

NAMED INSURED MENNONITE BRETHERN HOMES

LOCATIONS

PREMISES ARE THE SAME AS SHOWN ON THE COMMERCIAL
PROPERTY COVERAGE PART DECLARATIONS PAGE

COVERAGES, LIMITS OF INSURANCE AND DEDUCTIBLE

BOND - EMPLOYEE DISHONESTY COVERAGE FORM A - BLANKET CR0001

	LIMITS OF INSURANCE	DEDUCTIBLE AMOUNT
ALL OFFICERS AND EMPLOYEES - HONESTY	\$100,000	\$250

BOND - FORGERY AND ALTERATIONS COVERAGE FORM B CR0003

	LIMITS OF INSURANCE	DEDUCTIBLE AMOUNT
DEPOSITORS FORGERY	\$25,000	\$250

THEFT, DISAPPEARANCE AND DESTRUCTION COVERAGE FORM C CR0004

	LIMITS OF INSURANCE	DEDUCTIBLE AMOUNT
PREMISES	\$1,000	\$250
MESSENGERS	\$1,000	\$250

FORM 1-1
RESIDENT POPULATION

<u>Line</u>	<u>Continuing Care Residents</u>	<u>TOTAL</u>
[1]	Number at beginning of fiscal year	161
[2]	Number at end of fiscal year	163
[3]	Total Lines 1 and 2	324
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	X.50
[5]	Mean number of continuing care residents	162
All Residents		
[6]	Number at beginning of fiscal year	299
[7]	Number at end of fiscal year	296
[8]	Total Lines 6 and 7	595
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	X.50
[10]	Mean number of <i>all</i> residents	297.5
	Divide the mean number of continuing care residents (Line 5) by the	
[11]	mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.54

Line

FORM 1-2
ANNUAL PROVIDER FEE

TOTAL

[1]	Total Operating Expenses (including depreciation and debt service - interest only)	15,313,488
[a]	Depreciation	804,596
[b]	Debt Service (Interest Only)	82,984
[2]	Subtotal (add Line 1 a and 1 b)	887,580
[3]	Subtract Line 2 from Line 1 and enter result.	14,425,908
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)	0.54
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)	7,789,990
[6]	Total Amount Due (multiply Line 5 by .001)	x .001 7,790

PROVIDER: Mennonite Brethren Homes, Inc.
COMMUNITY: Palm Village Retirement Community

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

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	8/25/2005	560,000	82,984	44,113	687,097
2				-	-
3				-	-
4				-	-
5			-		
6			-		
7			-		
8			-		
TOTAL:			82,984	44,113	687,097

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

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

PROVIDER: Mennonite Brethren Homes, Inc

FORM 5-2

LONG-TERM DEBT INCURRED

DURING FISCAL YEAR

(Including Balloon Debt)

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments over next 12 months	(e) Reserve Requirement (see instruction 5) (columns (c) 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: Mennonite Brethren Homes, Inc

For year ended 12/31/18
Form 5-1 & 5-2 Financial Statement Reconciliation

Audited Financial Statements: Cash Flows from Principal Payments on Long-Term Debt			560,000
Form 5-2 Long-Term Debt Obligation		\$	-
Form 5-1 Long-Term Debt Obligations			
	1	560,000	
	2	-	
	3	-	
	4	-	
			560,000
			560,000

Audited Financial Statement: Consolidated Statements of Financial Position page 4

	2018	2017
Current maturities of Long-term debt	585,000	560,000
Bonds Payable, less current portion	4,795,000	5,380,000
Less: deferred financing costs, net	(277,223)	(314,816)
Capital lease	736	736
	5,103,513	5,625,920
Principal Payment on long-term debt - Cash Flows page 7 of Audit	(560,000)	(540,000)
Difference between 2016 and 2015		

Audited Financial Statements: Cash Flows paid to suppliers and employees			14,217,047
Less other operating expenses			(14,172,934)
Amounts paid for credit enhancement premiums			44,113
Form 5-1 (d) Credit Enhancement Premiums Paid			44,113

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

<u>Line</u>	<u>TOTAL</u>
1 Total from Form 5-1 bottom of Column (e)	687,097
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)	0
4 TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	687,097

PROVIDER: Mennonite Brethren Homes, Inc

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

<u>Line</u>	<u>Amounts</u>	<u>TOTAL</u>
1 Total operating expenses from financial statements		<u>15,313,488</u>
2 Deductions		
a Interest paid on long-term debt (see instructions)	<u>82,984</u>	
b Credit enhancement premiums paid for long-term debt (see instructions)	<u>44,113</u>	
c Depreciation	<u>804,596</u>	
d Amortization	<u>41,465</u>	
e Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>10,421,778</u>	
f Extraordinary expenses approved by the Department	<u>0</u>	
3 Total Deductions		<u>11,394,936</u>
4 Net Operating Expenses		<u>3,918,552</u>
5 Divide Line 4 by 365 and enter the result.		<u>10,736</u>
6 Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u><u>805,182</u></u>

PROVIDER: Mennonite Brethren Homes, Inc
COMMUNITY: Palm Village Retirement Community

For year ended 12/31/18
Form 5-4 line 2-e

10,421,778

Total Revenue, per the statement of Activities \$ 15,340,094
Less:

Amort of entrance fees	(793,062)	
Other revenue	(24,093)	
RCC & HCC	(3,315,525)	
Patio Home Maint Fees	(785,636)	
		(4,918,316)
		<u>10,421,778</u>

Residential Services Revenue, per the statement of Activities	14,108,676
Consulting Revenue, per the statement of activities	414,263
Other income, per the statement of Activities	24,093
Increase in Accounts Receivable, net	(119,117)
Change in accomodation fee deposits	3,000
Change in refundable accomodation fees	17,745
Receipt of accomodation fees	752,000
Total cash received from residents and consulting	<u>15,200,660</u>

Cash received from other sources, per the consolidated statement of cash flows	14,775,418
Cash Received from residents, per the consolidated statement of cash flows	<u>425,242</u>
	15,200,660

**FORM 5-5
ANNUAL RESERVE CERTIFICATION**

Provider Name: Mennonite Brethren Homes, Inc.

Fiscal Year Ended: 12/31/2018

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended 12/31/2018 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	687,097
[2] Operating Expense Reserve Amount	805,182
[3] Total Liquid Reserve Amount:	1,492,279

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

	<u>Amount</u> (market value at end of quarter)	
<u>Qualifying Asset Description</u>	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	800,000	3,030,814
[5] Investment Securities		652,697
[6] Equity Securities		
[7] Unused/Available Lines of Credit		
[8] Unused/Available Letters of Credit		
[9] Debt Service Reserve		(not applicable)
[101] Other:		
(describe qualifying asset)		
Total Amount of Qualifying Assets Listed for Liquid Reserve:	[11] 800,000	[12] 3,683,511
Total Amount Required:	[13] 687,097	[14] 805,182
Surplus/(Deficiency):	[15] 112,903	[16] 2,878,329

Signature:



Date:

4/29/2019

(Authorized Representative)

CEO/President

(Title)

Reserve Disclosure as of 12/31/18

Bank Accounts at Bank of the Sierra (BOTS)

Reedley, CA

Account #s

CASH IN BANK - BOTS	\$	-		#822777270 - BOTS
CASH IN BANK - BOTS SWEEP 1	\$	50,000		#1500123770 - BOTS
CASH IN BANK - BOTS SWEEP 2	\$	2,978,525		#1500123799 - BOTS
CASH IN BANK - BOTS SWEEP 2	\$	556,454		#1500123799 - BOTS
BRETHREN FUNDS - INVESTMENT	\$	234,958		BRETHREN FOUNDATION FUNDS
BOARD DESIGNATED ENDOWMENT - INVESTMENT	\$	417,739		MB FOUNDATION
DEBT SERVICE FUND 05 - ANNUAL BOND PAYMENT	\$	243,546		#822750070 - BOTS
BOTS CHAPEL FUND - CHAPEL OFFERING	\$	2,289		#822819170 - BOTS
	<u>\$</u>	<u>4,483,511</u>		

excess for Debt Service Reserve

		Debt Service Reserve	Operating Reserve	
Debt Service Reserve	\$	800,000		
Operating Reserve			\$ 3,683,511	
Cash and Cash Equivalents (line 4)	<u>\$</u>	<u>800,000</u>	<u>\$ 3,683,511</u>	<u>\$ 4,483,511</u>

Total Amount of Qualifying Assets \$ 800,000 \$ 3,683,511

No funds have been accumulated for identified projects or purposes and no funds are maintained or designated for specific contingencies.

Per Capita Costs of Operations

Total Operating Expenses	\$	15,313,488
Mean Number of All Residents		297.5
Per Capita Costs of Operations		51,473.91

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>777.00 per month</u>	<u>119.00 per day</u>	<u>274.00 per day</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>4.00%</u>	<u>3.47%</u>	<u>3.00%</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: 1/1/2018
(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: Mennonite Brethren Homes, Inc.

COMMUNITY: Palm Village Retirement Community

Report on CCRC Monthly Service Fees for 2018
Explanation of the Increase in Monthly Service Fees

Fee increases for Residential Living averaged 4.00%, Assisted Living averaged 3.47%, and Skilled Nursing averaged 3.00%. The rate increases were due to increases in the following expense areas: utilities, labor costs, capital improvements. Any excess in the rate increase was used to build reserves.

Continuing Care Retirement Community Disclosure Statement

Date Prepared: 04/24/2019

FACILITY NAME: Palm Village Retirement Community
ADDRESS: 701 W. Herbert, Reedley
PROVIDER NAME: Mennonite Brethren Homes, Inc.
FACILITY OPERATOR: Mennonite Brethren Homes, Inc.
RELIGIOUS AFFILIATION: Mennonite Brethren
YEAR OPENED: 1942
OF ACRES: 17.8
MILES TO SHOPPING CTR: 1
MILES TO HOSPITAL: 5

NUMBER OF UNITS: RESIDENTIAL LIVING
APARTMENTS - STUDIO:
APARTMENTS - 1 BDRM:
APARTMENTS - 2 BDRM:
COTTAGES/HOUSES: 80 units
HEALTH CARE
ASSISTED LIVING: 69 suites
SKILLED NURSING: 105 beds
SPECIAL CARE: 15 beds
DESCRIPTION: > Dementia
RLU OCCUPANCY (%) AT YEAR END: 95.6%
OVERALL CCRC OCCUPANCY (%) AT YEAR END: 91.76%

TYPE OF OWNERSHIP: [X] NOT-FOR-PROFIT [] FOR-PROFIT
ACCREDITED?: [] YES [X] NO BY:

FORM OF CONTRACT: [X] CONTINUING CARE [] LIFE CARE [] ENTRANCE FEE [] FEE FOR SERVICE
[] ASSIGNMENT OF ASSETS [] EQUITY [] MEMBERSHIP [] RENTAL

REFUND PROVISIONS: (Check all that apply) [] Refundable [] Repayable [] 90% [] 75% [] 50% [X] OTHER:
50 Month Amortization

RANGE OF ENTRANCE FEES: \$85,900 - \$183,000 LONG-TERM CARE INSURANCE REQUIRED? [] YES [X] NO

HEALTH CARE BENEFITS INCLUDED IN CONTRACT: 14 days respite care each year for Independent Living Residents

ENTRY REQUIREMENTS: MIN. AGE: PRIOR PROFESSION: OTHER:

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD: (briefly describe provider's compliance and residents' roles) >
The residents select a res rep to the Board annually. They share in Board discussion, are involved with Board Committees. The Res Rep is free to share discussion and Board study. The Rep is a non-voting member of the Board.
> The Resident Board member is an equal and voting member of the PV Board. The Residents can submit a few residents names to the Board and the Board will elect. The resident will serve a one year term and they can be reelected to serve four years.

FACILITY SERVICES AND AMENITIES

<u>COMMON AREA AMENITIES</u>	<u>AVAILA BLE</u>	<u>FEE FOR SERVICE</u>	<u>SERVICES AVAILABLE</u>	<u>INCLUDED IN FEE</u>	<u>FOR EXTRA CHARGE</u>
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING (_3_ TIMES/MONTH)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEALS (_3_/DAY)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
CARD ROOMS	<input type="checkbox"/>	<input type="checkbox"/>			
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE	<input checked="" type="checkbox"/>	<input type="checkbox"/>
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM	<input checked="" type="checkbox"/>	<input type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE	<input 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 checked="" type="checkbox"/>
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
PUTTING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED	<input checked="" type="checkbox"/>	<input type="checkbox"/>
SHUFFLEBOARD	<input type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
SPA	<input type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC	<input type="checkbox"/>	<input type="checkbox"/>
SWIMMING POOL-INDOOR	<input type="checkbox"/>	<input type="checkbox"/>	PERSONAL HOME CARE	<input checked="" 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 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: Mennonite Brethren Homes, Inc.

OTHER CCRCs

LOCATION (City, State)

PHONE (with area code)

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.

PROVIDER NAME: Mennonite Brethren Homes, Inc.

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME (Excluding amortization of entrance fee income)	13070142	13371960	15335722	14547032
LESS OPERATING EXPENSES (Excluding depreciation, amortization, and interest)	13227284	12798137	14443052	14384443
NET INCOME FROM OPERATIONS	<u>-157142</u>	<u>573823</u>	<u>892670</u>	<u>162589</u>
LESS INTEREST EXPENSE	3312	29005	56318	82984
PLUS CONTRIBUTIONS	183231	150448	152773	127842
PLUS NON-OPERATING INCOME (EXPENSES) (excluding extraordinary items)	-13307	-69295	-22458	-63985
NET INCOME (LOSS) BEFORE ENTRANCE FEES, DEPRECIATION AND AMORTIZATION	9470	<u>625971</u>	<u>966667</u>	<u>143462</u>
NET CASH FLOW FROM ENTRANCE FEES (Total Deposits Less Refunds)	1241510	<u>1043555</u>	<u>1058500</u>	<u>752000</u>

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

<u>LENDER</u>	<u>OUTSTANDING BALANCE</u>	<u>INTEREST RATE</u>	<u>DATE OF ORIGINATION</u>	<u>DATE OF MATURITY</u>	<u>AMORTIZATION PERIOD</u>
Cert of Participation				10/01/26	21 years

FINANCIAL RATIOS (see next page for ratio formulas)

	<u>2015 CCAC Medians 50th Percentile (optional)</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
DEBT TO ASSET RATIO		33.84	30.19	27.87
OPERATING RATIO		95.92	94.82	98.88
DEBT SERVICE COVERAGE RATIO		3.11	3.61	1.88
DAYS CASH ON HAND RATIO		82.51	95.83	113.11

HISTORICAL MONTHLY SERVICE FEES (Average Fee and Change Percentage)

	2013	%	2016	%	2017	%	2018
STUDIO							
ONE BEDROOM	560	5.00	652	4.00	691	6.90	718
TWO BEDROOM	603	4.97	705	5.95	747	4.01	777
COTTAGE/HOUSE							
ASSISTED LIVING	99	3.03	111	3.60	115	3.47	119
SKILLED NURSING	239	2.92	259	5.00	266	3.00	274
SPECIAL CARE	239	2.92	259	5.00	266	3.00	274

*

**COMMENTS FROM
PROVIDER: >**

> _____
> _____
> _____

PROVIDER NAME: _____ **Mennonite Brethren Homes, Inc dba Palm Village Retirement Community** _____

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

$$\frac{\text{Total Operating Expenses} + \text{Depreciation Expense} + \text{Amortization Expense}}{\text{Total Operating Revenues} + \text{Amortization of Deferred Revenue}}$$

DEBT SERVICE COVERAGE RATIO

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

DAYS CASH ON HAND RATIO

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

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.