

Covenant Living West

Report on Audit of Liquid Reserves and
Additional Information as of and for the
Year Ended September 30, 2025, and
Independent Auditors' Report

COVENANT LIVING WEST

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Independent Auditor's Report

To the Covenant Living Board
Covenant Living West

Opinion

We have audited the liquid reserves report of Covenant Living West, which includes Covenant Living at the Samarkand, Covenant Living at Mount Miguel, and Covenant Living of Turlock (collectively, the "Organization"), as of and for the year ended September 30, 2025 listed in Part 5 - Liquid Reserves in the table of contents (the "liquid reserves report").

In our opinion, the accompanying liquid reserves report presents fairly, in all material respects, the liquid reserve requirements of Covenant Living West as of September 30, 2025 in conformity with the report preparation provision 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 Liquid Reserves Report* section of our report. We are required to be independent of the Organization and to meet our 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.

Other Matter

We draw attention to Note 1 to the liquid reserves report, which describes the basis of accounting. Our audit was conducted for the purpose of forming an opinion on the liquid reserves report taken as a whole. The additional information listed in Parts 1, 2, 3, 6, and 7 in the table of contents is presented for the purpose of additional analysis. This additional information is the responsibility of management. Such information has not been subjected to the auditing procedures applied in our audit of the liquid reserves report, and, accordingly, we express no opinion on it.

Restriction on Use

Our report is intended solely for the information and use of the Organization's management and board of directors and for filing with the California Department of Social Services and is not intended to be, and should not be, used by anyone other than these specified parties.

Responsibilities of Management for the Liquid Reserves Report

Management is responsible for the preparation and fair presentation of the liquid reserves report in accordance with complying with California Health and Safety Code Section 1792 and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the liquid reserves report that is free from material misstatement, whether due to fraud or error.

To the Covenant Living Board
Covenant Living West

Auditor's Responsibilities for the Audit of the Liquid Reserves Report

Our objectives are to obtain reasonable assurance about whether the liquid reserves report as a whole is 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 liquid reserves report.

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 liquid reserves report, 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 liquid reserves report.
- 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 liquid reserves report.

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.

Plante & Moran, PLLC

January 15, 2026

Part 5

Liquid Reserves

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))
IL 2017	2/1/2017	5,155,000	985,725	-	6,140,725
COL 2018A	11/13/2018	-	2,989,000	-	2,989,000
CT 2018B	11/13/2018	1,375,000	2,023,625	-	3,398,625
COL 2020A	10/15/2020	-	3,290,000		3,290,000
COL 2020B	10/15/2020	1,780,000	6,539,092		8,319,092
Term Loan - 2022	2/10/2022	1,003,517	996,407		1,999,924
Term Loan - 2024	6/21/2024	746,000	3,340,379		4,086,379
		\$ 10,059,517	\$ 20,164,228	\$ -	\$ 30,223,745

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

Provider: Covenant Living Communities and Services

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

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 * d)
Term Loan - 2024	10/1/2024	2,216,882	741,000	1	741,000
COL 2025A	4/10/2025	1,051,613	2,120,000	1	2,120,000
		\$ 3,268,495	\$ 2,861,000	\$ 2	\$ 2,861,000

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

Provider: Covenant Living Communities and Services

Items from Combined Statements of Cash Flows to Forms 5-1 and 5-2

Long-Term Debt Incurred in Prior and Current Fiscal Years

For the Fiscal Year Ended September 30, 2025

	CLCS Total
Principal paid on long-term debt per Schedule 5-1	\$ 10,059,517
Redemption of bonds	88,650,000
Other refinanced debt	61,648,511
Principal paid on other debt	410,000
+ Total per Cash Flows - Payment of Debt*	<u>\$ 160,768,028</u>

Items from Combined Statements of Cash Flows to Forms 5-1 and 5-2

Long-Term Debt Incurred in Prior and Current Fiscal Years

For the Fiscal Year Ended September 30, 2025

	CLCS Total
Interest paid on long-term debt per Schedule 5-1	\$ 20,164,000
Interest paid on long-term debt per Schedule 5-2	3,268,000
Interest paid on other debt	<u>4,548,000</u>
 + Total per Cash Flows - Interest Paid	 <u><u>\$ 27,980,000</u></u>

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

Line		
1	Total from Form 5-1 bottom of Column (e)	\$ <u>30,223,745</u>
2	Total from Form 5-2 bottom of Column (e)	<u>2,861,000</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>33,084,745</u></u>

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	<u>\$35,342,000</u>
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	<u>\$279,000</u>
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>
c.	Depreciation	<u>\$6,060,000</u>
d.	Amortization	<u>\$2,000</u>
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$10,431,000</u>
f.	Extraordinary expenses approved by the Department	<u>\$0</u>
3	Total Deductions	<u>\$16,772,000</u>
4	Net Operating Expenses	<u>\$18,570,000</u>
5	Divide Line 4 by 365 and enter the result.	<u>\$50,877</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	<u>\$3,815,753</u>

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

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	<u>\$25,120,000</u>
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	<u>\$1,186,000</u>
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>
c.	Depreciation	<u>\$3,276,000</u>
d.	Amortization	<u>\$14,000</u>
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$5,103,000</u>
f.	Extraordinary expenses approved by the Department	<u></u>
3	Total Deductions	<u>\$9,579,000</u>
4	Net Operating Expenses	<u>\$15,541,000</u>
5	Divide Line 4 by 365 and enter the result.	<u>\$42,578</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	<u>\$3,193,356</u>

PROVIDER: Covenant Living Communities and Services
COMMUNITY: Covenant Living of Turlock

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line	Amounts	TOTAL
1	Total operating expenses from financial statements	<u>\$32,637,000</u>
2	Deductions:	
a.	Interest paid on long-term debt (see instructions)	<u>\$852,000</u>
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$0</u>
c.	Depreciation	<u>\$4,093,000</u>
d.	Amortization	<u>\$9,000</u>
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$10,764,000</u>
f.	Extraordinary expenses approved by the Department	<u></u>
3	Total Deductions	<u>\$15,718,000</u>
4	Net Operating Expenses	<u>\$16,919,000</u>
5	Divide Line 4 by 365 and enter the result.	<u>\$46,353</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.	<u>\$3,476,507</u>

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

**Items from Combined Statements of Cash Flows & Supplemental Information
to Combined Statements of Cash Flows for Calculation of Cash Operating Expenses
For the Fiscal Year Ended September 30, 2025**

	CLCS Total	Samarkand	Mt. Miguel	Turlock	All Others
* Depreciation	\$ 75,349,000	\$ 6,060,000	\$ 4,093,000	\$ 3,276,000	\$ 61,920,000
* Amortization	\$ 536,000	\$ 2,000	\$ 9,000	\$ 14,000	\$ 511,000
Routine Resident Services and Other Items	\$ 398,542,000	\$ 21,037,000	\$ 16,359,129	\$ 14,992,000	\$ 346,317,000
Revenues received from non-contract residents	\$ 26,298,000	\$ 10,431,000	\$ 10,764,000	\$ 5,103,000	\$ 0
+ Total per Cash Flows - Cash from Residents	\$ 424,840,000	\$ 31,468,000	\$ 27,123,129	\$ 20,095,000	\$ 346,317,000
Interest paid	\$ 27,997,000	\$ 279,000	\$ 852,000	\$ 1,186,000	\$ 25,680,000
Credit enhancement premiums paid for long-term debt	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
+ Total per Cash Flows - Interest Paid	\$ 27,997,000	\$ 279,000	\$ 852,000	\$ 1,186,000	\$ 25,680,000

+ Combined Statements of Cash Flows

* Supplemental Information to Combined Statement of Cash Flows

FORM 5-5
ANNUAL RESERVE CERTIFICATION

Provider Name: Covenant Living West
 Quarter Ended: September 30, 2025

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended September 30, 2025 and are in compliance with those requirements.

Our liquid reserve requirements, computed using the audited financial statements for the fiscal year September 30, 2025 are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	33,084,745
[2] Operating Expense Reserve Amount	10,485,616
[3] Total Liquid Reserve Amount	43,570,361

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

	<u>Amount</u> (market value at the end of quarter)	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	276,810		
[5] Fixed Income Securities	29,024,044		
[6] Equity Securities	8,306,252		
[7] Unused/Available Lines of Credit			
[8] Unused/Available Letters of Credit			
[9] Debt Service Reserve	33,432,647		(not applicable)
[10] Other:			
	(describe qualify asset)		

Total Amount of Qualifying Assets

Listed for Liquid Reserve:	[11]	33,432,647	[12]	37,607,106
Total Amount Required	[13]	33,084,745	[14]	10,485,616
Surplus/(Deficiency):	[15]	347,902	[16]	27,121,490

Signature:

Stan E. Justi

Date: 1/15/2026

Authorized Representative)

CFO

(Title)

FORM 5-5

Covenant Retirement Communities, West

Form 5-5 Attachment Re: Reserves

The reserves included on Form 5-5 are categorized as follows:

Benevolent Care Fund:	\$ 29,938,154
Property Replacement Fund:	9,897,833
Capital Reserve Fund:	26,962,647
Other Board Designated Funds	18,470,215
Good Neighbor Fund	<u>1,707,610</u>
Total Funds	\$ 86,976,459

Portion of Funds Consisting of Approved Securities	42.92%
Reserves (cash, investment securities and equities included on Form 5-5)	\$ 37,330,296
Additional Cash Not in Reserves	<u>276,810</u>
Total Qualifying Assets per Form 5-5	<u>\$ 37,607,106</u>

Description of Reserves:

Benevolent Care Fund:

Principal accumulates as a board designated endowment fund. Earnings are utilized to offset benevolent care provided to residents.

Property Replacement Fund:

Reserves established to pay for non-routine capital. For example: roofs, HVAC systems, etc.

Capital Reserve Fund:

Reserve is to provide funds for optional early redemption of variable rate debt (in a rising interest rate environment). Reserves are also available to internally finance significant campus capital renovations and expansions.

Other Board Designated Funds:

These reserves include the funds held to pay refundable contract obligations as well as other miscellaneous Board designations.

Good Neighbor Fund:

This fund is held by the Samarkand only and is utilized to assist residents who are receiving an benevolent care discount for their monthly fee with other personal needs (e.g., new eye glasses).

Per Capita Cost of Operations: \$ 64,000

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

COVENANT LIVING COMMUNITIES AND SERVICES

NOTE TO LIQUID RESERVES REPORT AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2025

1. BASIS OF ACCOUNTING

The accompanying liquid reserves report on pages 3 through 14 has been prepared in accordance with the provisions of the Health and Safety Code Section 1792 administered by the State of California Department of Social Services. The liquid reserves report includes the accounts of the following entities of Covenant Living West: Covenant Living at the Samarkand, Covenant Living at Mount Miguel, and Covenant Living of Turlock. Covenant Living West and the related entities are subsidiaries of Covenant Living Communities and Services, an Illinois not-for-profit corporation responsible for operating retirement, assisted-living, and skilled-care facilities.

* * * * *

Part 1

Annual Provider Fees

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	324
[2]	Number at end of fiscal year	333
[3]	Total Lines 1 and 2	657
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	328.5
All Residents		
[6]	Number at beginning of fiscal year	385
[7]	Number at end of fiscal year	393
[8]	Total Lines 6 and 7	778
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	389
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.84

FORM 1-2
ANNUAL PROVIDER FEE

Line	TOTAL
[1]	\$35,342,000
[a]	\$6,060,000
[b]	\$279,000
[2]	\$6,339,000
[3]	\$29,003,000
[4]	84%
[5]	\$24,492,251
	x .001
[6]	Total Amount Due (multiply Line 5 by .001)
	\$24,492

PROVIDER:
COMMUNITY:

Covenant Living Communities and Services
Covenant Living at the Samarkand

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	302
[2]	Number at end of fiscal year	300
[3]	Total Lines 1 and 2	602
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	301
All Residents		
[6]	Number at beginning of fiscal year	339
[7]	Number at end of fiscal year	341
[8]	Total Lines 6 and 7	680
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	340
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.89

FORM 1-2
ANNUAL PROVIDER FEE

Line	TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)
[a]	\$25,120,000
[a]	Depreciation
[b]	\$3,276,000
[b]	Debt Service (Interest Only)
	\$1,186,000
[2]	Subtotal (add Line 1a and 1b)
	\$4,462,000
[3]	Subtract Line 2 from Line 1 and enter result.
	\$20,658,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)
	89%
[5]	Total Operating Expense for Continuing Care Residents (multiply Line 3 by Line 4)
	\$18,288,406
[6]	x .001
	Total Amount Due (multiply Line 5 by .001)
	\$18,288

PROVIDER:
COMMUNITY:

Covenant Living Communities and Services
Covenant Living of Turlock

FORM 1-1
RESIDENT POPULATION

Line	Continuing Care Residents	TOTAL
[1]	Number at beginning of fiscal year	353
[2]	Number at end of fiscal year	357
[3]	Total Lines 1 and 2	710
[4]	Multiply Line 3 by ".50" and enter result on Line 5.	x .50
[5]	Mean number of continuing care residents	355
All Residents		
[6]	Number at beginning of fiscal year	427
[7]	Number at end of fiscal year	434
[8]	Total Lines 6 and 7	861
[9]	Multiply Line 8 by ".50" and enter result on Line 10.	x .50
[10]	Mean number of <i>all</i> residents	430.5
[11]	Divide the mean number of continuing care residents (Line 5) by the mean number of <i>all</i> residents (Line 10) and enter the result (round to two decimal places).	0.82

FORM 1-2
ANNUAL PROVIDER FEE

Line	TOTAL
[1]	Total Operating Expenses (including depreciation and debt service - interest only)
[a]	\$32,637,000
[b]	\$4,093,000
[b]	\$852,000
[2]	Subtotal (add Line 1a and 1b)
[3]	\$4,945,000
[3]	Subtract Line 2 from Line 1 and enter result.
[4]	\$27,692,000
[4]	Percentage allocated to continuing care residents (Form 1-1, Line 11)
[4]	82%
[5]	Total Operating Expense for Continuing Care Residents
[5]	(multiply Line 3 by Line 4)
[5]	\$22,835,447
[5]	x .001
[6]	Total Amount Due (multiply Line 5 by .001)
[6]	\$22,835

PROVIDER:
COMMUNITY:

Covenant Living Communities and Services
Covenant Living at Mount Miguel

Part 2

Certification by Chief Executive Officer

Part 2
Certification by Chief Executive Officer

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

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



David Erickson

1/15/2026

Date

Part 3

Evidence of Fidelity Bond



CERTIFICATE OF INSURANCE

DATE (MM/DD/YYYY)
11/24/2025

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

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

PRODUCER CHIVAROLI & ASSOCIATES INC 200 N Westlake Blvd #101 Westlake Village, CA 91362 (805) 371 - 3680	CONTACT NAME: Jim Verity			
	PHONE (A/C, No, Ext): 805-371-3680	FAX (A/C, No):	805-371-3684	
	E-MAIL ADDRESS: jimv@chivaroli.com			
	INSURER(S) AFFORDING COVERAGE			NAIC #
	INSURER A: National Union Fire Insurance Company			19445
INSURED Covenant Living Communities and Services 5700 Old Orchard Road Skokie, IL 60077	INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:			

COVERAGES

CERTIFICATE NUMBER:

REVISION NUMBER:

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

INSR LTR	TYPE OF INSURANCE			ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS						
	GENERAL LIABILITY								EACH OCCURRENCE	\$					
	COMMERCIAL GENERAL LIABILITY												DAMAGE TO RENTED PREMISES (Ea occurrence)	\$	
	CLAIMS MADE <input type="checkbox"/> OCCUR												MED EXP (Any one person)	\$	
													PERSONAL & ADV INJURY	\$	
													GENERAL AGGREGATE	\$	
													PRODUCTS – COMP/OP AGG	\$	
	GEN'L AGGREGATE LIMIT APPLIES PER:														
	POLICY	PROJ- ECT	LOC												
	AUTOMOBILE LIABILITY							COMBINED SINGLE LIMIT (Ea accident)	\$						
	ANY AUTO											BODILY INJURY (Per person)	\$		
	ALL OWNED AUTOS							<input type="checkbox"/>	SCHEDULED AUTOS			BODILY INJURY (Per accident)	\$		
	HIRED AUTOS							<input type="checkbox"/>	NON-OWNED AUTOS			PROPERTY DAMAGE (Per accident)	\$		
	UMBRELLA LIAB							EACH OCCURRENCE	\$						
	EXCESS LIAB								OCCUR			AGGREGATE	\$		
	DED	RETENTION \$	CLAIMS-MADE												
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY							WC STATUTORY LIMITS	OTHER	\$					
	ANY PROPRIETOR/PARTNER/EXECUTIVE/OFFICER/MEMBER EXCLUDED? <input type="checkbox"/>											E.L. EACH ACCIDENT		\$	
	(Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below											E.L. DISEASE – EACH EMPLOYEE		\$	
												E.L. DISEASE – POLICY LIMIT		\$	
A	Commercial Crime									02-306-63-04	3/1/2025	3/01/2026	\$5,000,000 per occurrence		

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

Proof of Insurance for Informational Purposes Only

CERTIFICATE HOLDER

CANCELLATION

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

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

AUTHORIZED REPRESENTATIVE

James Parker

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Part 4

Covenant Living Communities and Services

Audited Financial Statements

(not included in this bound document)

Part 6

CCRC Disclosure Statement

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

FACILITY NAME:	<u>Covenant Living at the Samarkand</u>				
ADDRESS:	2550 Treasure Drive, Santa Barbara, CA	ZIP CODE:	93105-4148		
PROVIDER NAME:	Covenant Living Communities and Services	FACILITY OPERATOR:		Covenant Living Communities and Services	
RELATED FACILITIES:	<u>See Page 2</u>	RELIGIOUS AFFILIATION:			Evangelical Covenant Church
YEAR OPENED:	<u>1966</u>	NO. OF ACRES:	<u>17</u>	MULTI-STORY:	<u> </u>
MILES TO SHOPPING CENTER:	<u>1 mile</u>	MILES TO HOSPITAL:			<u>1 mile</u>
NUMBER OF UNITS:	INDEPENDENT LIVING			HEALTH CARE	
	APARTMENTS - STUDIO	<u>15</u>		ASSISTED LIVING	<u>38</u>
	APARTMENTS - 1 BDRM	<u>66</u>		SKILLED NURSING	<u>63</u>
	APARTMENTS - 2 BDRM	<u>122</u>		SPECIAL CARE	<u>16</u>
	COTTAGES/HOUSES	<u>13</u>	DESCRIBE SPECIAL CARE <u>Assisted Living Memory Care</u>		
	% OCCUPANCY AT YEAR END <u>97%</u>				
TYPE OF OWNERSHIP:	<input checked="" type="checkbox"/> NOT FOR PROFIT	<input type="checkbox"/> FOR PROFIT	ACCREDITED:	<input type="checkbox"/> Y	<input checked="" type="checkbox"/> N
FORM OF CONTRACT:	<input type="checkbox"/> LIFE CARE	<input checked="" type="checkbox"/> CONTINUING CARE	<input checked="" type="checkbox"/> FEE FOR SERVICE		
	<input type="checkbox"/> ASSIGN ASSETS	<input type="checkbox"/> EQUITY	<input checked="" type="checkbox"/> ENTRY FEE	<input type="checkbox"/> RENTAL	
REFUND PROVISIONS (Check all that apply):	<input checked="" type="checkbox"/> 90%	<input type="checkbox"/> 75%	<input checked="" type="checkbox"/> 50%	<input checked="" type="checkbox"/> PRORATED TO 0%	OTHER: _____
RANGE OF ENTRANCE FEES:	\$ <u>119,000</u>	TO	\$ <u>1,483,000</u>	LONG-TERM CARE INSURANCE REQUIRED? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	
HEALTH CARE BENEFITS INCLUDED IN CONTRACT:	<u>60 Health Care Days with 10% Discount OR 30 Health Care Days Only</u>				
ENTRY REQUIREMENTS:	MIN. AGE: <u>62</u>	PRIOR PROFESSION:	<u>N/A</u>	OTHER: _____	

RESIDENT REPRESENTATIVE(S) TO, AND RESIDENT MEMBER(S) ON, THE BOARD: Wes Haystead is a non-voting Board representative. Allan Anderson is a voting Board representative.
The representative attends 4 Board meetings annually and receives all materials that voting Board members receive.
The representative and the term is decided by other campus residents.

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES		SERVICES AVAILABLE			INCLUDED IN FEE	FOR EXTRA CHARGE
	AVAILABLE	FEES FOR SERVICE				
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH		<u>4</u>	
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY		<u>1</u>	<u>2</u>
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE		<u>Yes</u>	
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 checked="" type="checkbox"/>	ACTIVITIES PROGRAM		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input checked="" 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 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 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 NURSING/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 type="checkbox"/>	<input checked="" type="checkbox"/>
WORKSHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	OTHER <u>Wireless Internet Access</u>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
OTHER -	<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:	Covenant Living Communities and Services	
CCRC's	LOCATION (City, State)	Phone (with area code)
Covenant Living of Golden Valley	Minneapolis, Minnesota	763-546-6125
Covenant Living at the Shores	Mercer Island, Washington	206-268-3000
Covenant Living of Colorado	Westminster, Colorado	303-424-4828
Covenant Living of Cromwell	Cromwell, Connecticut	860-635-5511
Covenant Living of Florida*	Plantation, Florida	954-472-2860
Covenant Living of the Great Lakes	Grand Rapids, Michigan	616-735-4541
Covenant Living of Northbrook	Northbrook, Illinois	847-480-6380
Covenant Living of Turlock	Turlock, California	209-632-9976
Covenant Living at the Holmstad	Batavia, Illinois	630-879-4000
Covenant Living at Mount Miguel	Spring Valley, California	619-479-4790
Covenant Living at the Samarkand	Santa Barbara, California	805-687-0701
Covenant Living at Windsor Park*	Carol Stream, Illinois	630-682-4377
Covenant Living at Inverness	Tulsa, Oklahoma	877-225-8992
Three Crowns Park*	Evanston, Illinois	847-328-8700
Covenant Living of Keene*	Keene, New Hampshire	630-283-5150
Shannondale of Knoxville*	Knoxville, Tennessee	865-690-3411
Shannondale of Maryville*	Maryville, Tennessee	865-982-4599
MULTI-LEVEL RETIREMENT COMMUNITIES		
Covenant Living of Bixby	Bixby, Oklahoma	918-970-4433
FREE-STANDING RESIDENTIAL LIVING		
Covenant Living of Geneva	Geneva, Illinois	877-317-7950
FREE-STANDING ASSISTED LIVING		
Covenant Home of Chicago	Chicago, Illinois	773-506-6900

* FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS

PROVIDER NAME: Covenant Living Communities and Services (Covenant Living at the Samarkand)
In Thousands

	FYE 9/30/22	FYE 9/30/23	FYE 9/30/24	FYE 9/30/25
INCOME FROM ONGOING OPERATIONS				
OPERATING INCOME				
(excluding amortization of entrance fee income)	\$ 340,996	\$ 384,438	\$ 400,925	\$ 472,299
LESS OPERATING EXPENSES				
(excluding depreciation, amortization, & interest)	\$ 325,596	\$ 344,826	\$ 370,873	\$ 414,002
NET INCOME FROM OPERATIONS	\$ 15,400	\$ 39,612	\$ 30,052	\$ 58,296
LESS INTEREST EXPENSE				
	\$ 17,439	\$ 19,842	\$ 23,245	\$ 25,289
PLUS CONTRIBUTIONS				
	\$ (1,123)	\$ (840)	\$ 1,321	\$ (719)
PLUS NON-OPERATING INCOME (EXPENSES)				
(excluding extraordinary items)	\$ -	\$ -	\$ -	\$ -
NET INCOME (LOSS) BEFORE ENTRANCE FEES,				
DEPRECIATION AND AMORTIZATION	\$ (3,162)	\$ 18,930	\$ 8,128	\$ 32,289
NET CASH FLOW FROM ENTRANCE FEES				
(Total Deposits Less Refunds)	\$ 62,885	\$ 71,239	\$ 89,229	\$ 89,124

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATON	DATE OF MATURITY	AMORTIZATION PERIOD
		* See Attached Sheet *			

FINANCIAL RATIOS (see next page for ratio formulas)

	FYE 9/30/22	FYE 9/30/23	FYE 9/30/24	FYE 9/30/25
DEBT TO ASSET RATIO	40.28	37.97	35.22	37.16
OPERATING RATIO	100.60	94.86	98.30	93.01
DEBT SERVICE COVERAGE RATIO	1.94	4.41	3.47	3.07
 DAYS CASH-ON-HAND RATIO	415.36	417.69	426.12	406.67

HISTORICAL MONTHLY SERVICE FEES
AVERAGE FEE AND PERCENT CHANGE

	FYE 9/30/22	%	FYE 9/30/23	%	FYE 9/30/24	%	FYE 9/30/25	%
STUDIO	\$ 2,540	3.0%	\$ 2,692	6.0%	\$ 2,840	5.5%	\$ 2,982	5.0%
ONE BEDROOM	\$ 4,007	3.0%	\$ 4,248	6.0%	\$ 4,481	5.5%	\$ 4,704	5.0%
TWO BEDROOM	\$ 4,477	3.0%	\$ 4,745	6.0%	\$ 5,006	5.5%	\$ 5,256	5.0%
CUSTOM	\$ 6,548	3.0%	\$ 5,086	6.0%	\$ 5,366	5.5%	\$ 5,634	5.0%
ASSISTED LIVING	\$ 6,647	3.5%	\$ 6,913	4.0%	\$ 7,258	5.0%	\$ 7,621	5.0%
ASSISTED LIVING SPECIAL CARE	\$ 8,912	4.5%	\$ 9,313	4.5%	\$ 9,778	5.0%	\$ 10,267	5.0%
SKILLED NURSING	\$ 499/day	5.0%	\$ 525/day	5.0%	\$ 552/day	5.0%	\$ 580/day	5.0%
SKILLED NURSING SPECIAL CARE	N/A		N/A		N/A		N/A	

COMMENTS FROM PROVIDER: Rates are for 1st person only and are averages. See the campus sales team for specific rates on unit types.

PROVIDER NAME: Covenant Living Communities and Services

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

As of September 30, 2025

In Thousands

LENDER	09/30/25 OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Illinois Finance Authority Revenue Refunding Direct Placement Bonds Series 2017	19,995	variable	2/1/2017	12/1/2029	13 years
Colorado Health Facilities Authority Revenue Bonds Series 2018A	59,780	5.00	11/13/2018	12/1/2048	30 years
Series 2020A	82,250	4.00	10/15/2020	12/1/2040	20 years
Series 2020B	155,720	2.80-4.48	10/15/2020	12/1/2050	30 years
Series 2025A	146,400	5.00	4/10/2025	12/1/2055	30 years
State of Connecticut Health and Educational Facilities Authority Series 2018B	39,785	5.00	11/13/2018	12/1/2040	22 years
Bank of America Taxable Term Loan - 2022	38,996	2.50%	2/14/2022	2/1/2052	30 years
Bank of America Taxable Term Loan - 2024	52,829	variable	6/21/2024	6/1/2029	30 years
Huntington Taxable Term Loan - 2024	42,580	variable	10/1/2024	10/1/2031	7 years
Total long-term debt	<u><u>638,335</u></u>				

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

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

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

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.

Continuing Care Retirement Community Disclosure Statement General Information

FACILITY NAME:	Covenant Living of Turlock		
ADDRESS:	2125 North Olive Avenue, Turlock, CA		
ZIP CODE:	95382	PHONE: 209-632-9976	
PROVIDER NAME:	Covenant Living Communities and Services		
RELATED FACILITIES:	See Page 2		
YEAR OPENED:	1977	NO. OF ACRES: 26	
MILES TO SHOPPING CENTER:	1 mile	MILES TO HOSPITAL: less than 1/4 mile	
NUMBER OF UNITS:	INDEPENDENT LIVING		
APARTMENTS - STUDIO	33	HEALTH CARE	
APARTMENTS - 1 BDRM	91	ASSISTED LIVING 40	
APARTMENTS - 2 BDRM	57	SKILLED NURSING 50	
COTTAGES/HOUSES	39	SPECIAL CARE	
% OCCUPANCY AT YEAR END	91%	DESCRIBE SPECIAL CARE	
TYPE OF OWNERSHIP:	<input checked="" type="checkbox"/> NOT FOR PROFIT <input type="checkbox"/> FOR PROFIT	ACCREDITED: <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	BY: _____
FORM OF CONTRACT:	<input type="checkbox"/> LIFE CARE <input checked="" type="checkbox"/> CONTINUING CARE	<input type="checkbox"/> FEE FOR SERVICE	
	<input type="checkbox"/> ASSIGN ASSETS <input type="checkbox"/> EQUITY	<input checked="" type="checkbox"/> ENTRY FEE	<input type="checkbox"/> RENTAL
REFUND PROVISIONS (Check all that apply):	<input checked="" type="checkbox"/> 90% <input type="checkbox"/> 75%	<input checked="" type="checkbox"/> 50% <input checked="" type="checkbox"/>	PRORATED TO 0% OTHER: _____
RANGE OF ENTRANCE FEES:	\$ 88,000 TO \$ 774,000	LONG-TERM CARE INSURANCE REQUIRED? <input type="checkbox"/> Y <input checked="" type="checkbox"/> N	
HEALTH CARE BENEFITS INCLUDED IN CONTRACT:	60 Health Care Days; 10% Discount or 30 Health Care Days		
ENTRY REQUIREMENTS:	MIN. AGE: 62	PRIOR PROFESSION:	N/A
		OTHER:	

FACILITY SERVICES AND AMENITIES

COMMON AREA AMENITIES		SERVICES AVAILABLE			FOR EXTRA CHARGE	
	AVAILABLE	FEES FOR SERVICE			INCLUDED IN FEE	
BEAUTY/BARBER SHOP	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	HOUSEKEEPING TIMES/MONTH		4	
BILLIARD ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NUMBER OF MEALS/DAY		1	Depending on unit
BOWLING GREEN	<input type="checkbox"/>	<input type="checkbox"/>	SPECIAL DIETS AVAILABLE			2
CARD ROOMS	<input type="checkbox"/>	<input type="checkbox"/>				
CHAPEL	<input checked="" type="checkbox"/>	<input type="checkbox"/>	24-HOUR EMERGENCY RESPONSE		<input checked="" type="checkbox"/>	
COFFEE SHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ACTIVITIES PROGRAM		<input checked="" type="checkbox"/>	
CRAFT ROOMS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	ALL UTILITIES EXCEPT PHONE		<input checked="" type="checkbox"/>	
EXERCISE ROOM	<input checked="" type="checkbox"/>	<input type="checkbox"/>	APARTMENT MAINTENANCE		<input checked="" type="checkbox"/>	
GOLF COURSE ACCESS	<input checked="" type="checkbox"/>	<input type="checkbox"/>	CABLE TV		<input checked="" type="checkbox"/>	
LIBRARY	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS FURNISHED		<input checked="" type="checkbox"/>	
PUTTING GREEN	<input checked="" type="checkbox"/>	<input type="checkbox"/>	LINENS LAUNDERED		<input checked="" type="checkbox"/>	
SHUFFLEBOARD	<input checked="" type="checkbox"/>	<input type="checkbox"/>	MEDICATION MANAGEMENT		<input type="checkbox"/>	
SPA	<input checked="" type="checkbox"/>	<input type="checkbox"/>	NURSING/WELLNESS CLINIC		<input checked="" type="checkbox"/>	
SWIMMING POOL-INDOOR	<input checked="" type="checkbox"/>	<input type="checkbox"/>	PERSONAL NURSING/HOME CARE		<input type="checkbox"/>	
SWIMMING POOL-OUTDOOR	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PERSONAL		<input type="checkbox"/>	
TENNIS COURT	<input type="checkbox"/>	<input type="checkbox"/>	TRANSPORTATION-PREARRANGED		<input type="checkbox"/>	
WORKSHOP	<input checked="" type="checkbox"/>	<input type="checkbox"/>	OTHER <u>Computer Lab</u>		<input type="checkbox"/>	
OTHER	<input checked="" 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:	Covenant Living Communities and Services	
CCRC's	LOCATION (City, State)	Phone (with area code)
Covenant Living of Golden Valley	Minneapolis, Minnesota	763-546-6125
Covenant Living at the Shores	Mercer Island, Washington	206-268-3000
Covenant Living of Colorado	Westminster, Colorado	303-424-4828
Covenant Living of Cromwell	Cromwell, Connecticut	860-635-5511
Covenant Living of Florida*	Plantation, Florida	954-472-2860
Covenant Living of the Great Lakes	Grand Rapids, Michigan	616-735-4541
Covenant Living of Northbrook	Northbrook, Illinois	847-480-6380
Covenant Living of Turlock	Turlock, California	209-632-9976
Covenant Living at the Holmstad	Batavia, Illinois	630-879-4000
Covenant Living at Mount Miguel	Spring Valley, California	619-479-4790
Covenant Living at the Samarkand	Santa Barbara, California	805-687-0701
Covenant Living at Windsor Park*	Carol Stream, Illinois	630-682-4377
Covenant Living at Inverness	Tulsa, Oklahoma	877-225-8992
Three Crowns Park*	Evanston, Illinois	847-328-8700
Covenant Living of Keene*	Keene, New Hampshire	630-283-5150
Shannondale of Knoxville*	Knoxville, Tennessee	865-690-3411
Shannondale of Maryville*	Maryville, Tennessee	865-982-4599
MULTI-LEVEL RETIREMENT COMMUNITIES		
Covenant Living of Bixby	Bixby, Oklahoma	918-970-4433
FREE-STANDING RESIDENTIAL LIVING		
Covenant Living of Geneva	Geneva, Illinois	877-317-7950
FREE-STANDING ASSISTED LIVING		
Covenant Home of Chicago	Chicago, Illinois	773-506-6900

* FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS

PROVIDER NAME: Covenant Living Communities and Services

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

As of September 30, 2025

In Thousands

LENDER	09/30/25 OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Illinois Finance Authority Revenue Refunding Direct Placement Bonds Series 2017	19,995	variable	2/1/2017	12/1/2029	13 years
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Total long-term debt	<u><u>638,335</u></u>				

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

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

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

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.

Continuing Care Retirement Community Disclosure Statement General Information

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Covenant Living of Florida*	Plantation, Florida	954-472-2860
Covenant Living of the Great Lakes	Grand Rapids, Michigan	616-735-4541
Covenant Living of Northbrook	Northbrook, Illinois	847-480-6380
Covenant Living of Turlock	Turlock, California	209-632-9976
Covenant Living at the Holmstad	Batavia, Illinois	630-879-4000
Covenant Living at Mount Miguel	Spring Valley, California	619-479-4790
Covenant Living at the Samarkand	Santa Barbara, California	805-687-0701
Covenant Living at Windsor Park*	Carol Stream, Illinois	630-682-4377
Covenant Living at Inverness	Tulsa, Oklahoma	877-225-8992
Three Crowns Park*	Evanston, Illinois	847-328-8700
Covenant Living of Keene*	Keene, New Hampshire	630-283-5150
Shannondale of Knoxville*	Knoxville, Tennessee	865-690-3411
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MULTI-LEVEL RETIREMENT COMMUNITIES		
Covenant Living of Bixby	Bixby, Oklahoma	918-970-4433
FREE-STANDING RESIDENTIAL LIVING		
Covenant Living of Geneva	Geneva, Illinois	877-317-7950
FREE-STANDING ASSISTED LIVING		
Covenant Home of Chicago	Chicago, Illinois	773-506-6900

* FACILITY CURRENTLY OFFERS LIFECARE CONTRACTS

PROVIDER NAME:	Covenant Living Communities and Services (Covenant Living at Mount Miguel)							
In Thousands	FYE 9/30/22	FYE 9/30/23	FYE 9/30/24	FYE 9/30/25				
INCOME FROM ONGOING OPERATIONS								
OPERATING INCOME								
(excluding amortization of entrance fee income)	\$ 340,996	\$ 384,438	\$ 400,925	\$ 472,299				
LESS OPERATING EXPENSES								
(excluding depreciation, amortization, & interest)	\$ 325,596	\$ 344,826	\$ 370,873	\$ 414,002				
NET INCOME FROM OPERATIONS	\$ 15,400	\$ 39,612	\$ 30,052	\$ 58,296				
LESS INTEREST EXPENSE								
	\$ 17,439	\$ 19,842	\$ 23,245	\$ 25,289				
PLUS CONTRIBUTIONS	\$ (1,123)	\$ (840)	\$ 1,321	\$ (719)				
PLUS NON-OPERATING INCOME (EXPENSES)								
(excluding extraordinary items)	\$ -	\$ -	\$ -	\$ -				
NET INCOME (LOSS) BEFORE ENTRANCE FEES,								
DEPRECIATION AND AMORTIZATION	\$ (3,162)	\$ 18,930	\$ 8,128	\$ 32,289				
NET CASH FLOW FROM ENTRANCE FEES								
(Total Deposits Less Refunds)	\$ 62,885	\$ 71,239	\$ 89,229	\$ 89,124				
DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END								
LENDER	OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORIGINATION	DATE OF MATURITY				
		* See Attached Sheet *						
FINANCIAL RATIOS (see next page for ratio formulas)								
	FYE 9/30/22	FYE 9/30/23	FYE 9/30/24	FYE 9/30/25				
DEBT TO ASSET RATIO	40.28	37.97	35.22	37.16				
OPERATING RATIO	100.60	94.86	98.30	93.01				
DEBT SERVICE COVERAGE RATIO	1.94	4.41	3.47	3.07				
DAYS CASH-ON-HAND RATIO	415.36	417.69	426.12	406.67				
HISTORICAL MONTHLY SERVICE FEES								
AVERAGE FEE AND PERCENT CHANGE								
	FYE 9/30/22	%	FYE 9/30/23	%	FYE 9/30/24	%	FYE 9/30/25	%
STUDIO	\$ 2,162	3.0%	\$ 2,292	6.0%	\$ 2,418	5.5%	\$ 2,539	5.0%
ONE BEDROOM	\$ 2,616	3.0%	\$ 2,773	6.0%	\$ 2,925	5.5%	\$ 3,070	5.0%
TWO BEDROOM	\$ 3,074	3.0%	\$ 3,258	6.0%	\$ 3,438	5.5%	\$ 3,611	5.0%
COTTAGE/HOUSE								5.0%
ASSISTED LIVING	\$ 6,054	4.0%	\$ 6,296	4.0%	\$ 6,614	5.0%	\$ 6,944	5.0%
SKILLED NURSING	\$448/Day	5.0%	\$471/Day	5.0%	\$494/Day	5.0%	\$519/Day	5.0%
SPECIAL CARE	\$ 9,092	5.0%	\$ 9,502	5.0%	\$ 9,977	5.0%	\$ 10,476	5.0%

COMMENTS FROM PROVIDER: Rates are for 1st person only and are averages. See the campus sales team for specific rates on unit types.

PROVIDER NAME: Covenant Living Communities and Services

DESCRIPTION OF SECURED DEBT AS OF MOST RECENT FISCAL YEAR END

As of September 30, 2025

In Thousands

LENDER	09/30/25 OUTSTANDING BALANCE	INTEREST RATE	DATE OF ORGINATION	DATE OF MATURITY	AMORTIZATION PERIOD
Illinois Finance Authority Revenue Refunding Direct Placement Bonds Series 2017	19,995	variable	2/1/2017	12/1/2029	13 years
Colorado Health Facilities Authority Revenue Bonds Series 2018A	59,780	5.00	11/13/2018	12/1/2048	30 years
Series 2020A	82,250	4.00	10/15/2020	12/1/2040	20 years
Series 2020B	155,720	2.80-4.48	10/15/2020	12/1/2050	30 years
Series 2025A	146,400	5.00	4/10/2025	12/1/2055	30 years
State of Connecticut Health and Educational Facilities Authority Series 2018B	39,785	5.00	11/13/2018	12/1/2040	22 years
Bank of America Taxable Term Loan - 2022	38,996	2.50%	2/14/2022	2/1/2052	30 years
Bank of America Taxable Term Loan - 2024	52,829	variable	6/21/2024	6/1/2029	30 years
Huntington Taxable Term Loan - 2024	42,580	variable	10/1/2024	10/1/2031	7 years
Total long-term debt	<u><u>638,335</u></u>				

FINANCIAL RATIO FORMULAS

LONG-TERM DEBT TO TOTAL ASSETS RATIO

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

OPERATING RATIO

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

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

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

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.

Part 7

Adjustments in Monthly Care Fees

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

	Residential Living	Assisted Living	Skilled Nursing
1 Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$2,982-\$7,537	\$6,482-\$10,291	\$579-\$771/ Day
2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5.0%	5.0%	5.0%

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

3 Indicate the date the fee increase was implemented: 10/1/2024

(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. **Date of Notice:** August 1, 2024
Method of Notice: Written notice via hard copy, email, and town hall meeting
- 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. **Date of Meeting:** August 15, 2024
- 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. **Date of Notice:** August 1, 2024
- The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.
Date of Posting: August 1, 2024 **Location of Posting:** Library, Café, posted to bulletin board, posted on in-house cable channel and in-house mobile application

5 On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the applicable Health and Safety Code Sections.

FORM 7-1 ATTACHMENT
MONTHLY CARE FEE INCREASE (MCFI)
ANNUAL REPORTING FISCAL YEAR (FYE 09/30/25)

Line	Fiscal Years	12 Month Period	12 Month Period	12 Month Period
		09/30/24	09/30/25	09/30/26
	1 FY 2024 Operating Expenses, Including Depreciation & Amortization Expense	33,288,000		
	2 FY 2025 Operating Expenses, Including Depreciation & Amortization Expense		35,342,000	
	3 Projected FY 2026 Operating Expenses, Including Depreciation & Amortization Expense			36,175,000
	4 FY 2026 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			31,010,101
	5 Projected FY 2026 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			(5,164,899)
	6 Projected FY 2026 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 3.95%*			32,235,000
	7 Grand Total-Projected FY 2026 Net Operating Activity After 3.95% MCFI (Line 3 plus Line 6)**			(3,940,000)

* A blended rate increase of 3.95% is being used for this analysis.

** The deficit shown is driven by the inclusion of depreciation, interest and marketing expenses. These costs are not covered by monthly service fee revenue.

PROVIDER: Covenant Living Communities and Services

COMMUNITY: Covenant Living at the Samarkand

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

	Residential Living	Assisted Living	Skilled Nursing
1 Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$2,568-\$5,797	\$5,988	\$509 - \$722/ Day
2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5.0%	5.0%	5.0%

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

3 Indicate the date the fee increase was implemented: 10/1/2024

(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. **Date of Notice:** August 1, 2024
Method of Notice: Written notification and in person meeting
- 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. **Date of Meeting:** August 20, 2024
- 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. **Date of Notice:** August 1, 2024
- The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.
Date of Posting: August 1, 2024
Location of Posting: Resident Mail boxes, community events calendar, and posted on bulletin boards in each building

5 On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the applicable Health and Safety Code Sections.

FORM 7-1 ATTACHMENT
MONTHLY CARE FEE INCREASE (MCFI)
ANNUAL REPORTING FISCAL YEAR (FYE 09/30/25)

Line	Fiscal Years	12 Month Period	12 Month Period	12 Month Period
		09/30/24	09/30/25	09/30/26
	1 FY 2024 Operating Expenses, Including Depreciation & Amortization Expense	33,835,000		
	2 FY 2025 Operating Expenses, Including Depreciation & Amortization Expense		25,120,000	
	3 Projected FY 2026 Operating Expenses, Including Depreciation & Amortization Expense			25,345,000
	4 FY 2026 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			19,533,430
	5 Projected FY 2026 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			(5,811,570)
	6 Projected FY 2026 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 3.95%*			20,305,000
	7 Grand Total-Projected FY 2026 Net Operating Activity After 3.95% MCFI (Line 3 plus Line 6)**			(5,040,000)

* A blended rate increase of 3.95% is being used for this analysis.

** The deficit shown is driven by the inclusion of depreciation, interest and marketing expenses. These costs are not covered by monthly service fee revenue.

PROVIDER: Covenant Living Communities and Services

COMMUNITY: Covenant Living of Turlock

	Residential Living	Assisted Living	Skilled Nursing
1 Monthly Service Fees at beginning of reporting period: (indicate range, if applicable)	\$2,539 - \$4,168	\$6,512 - \$9,557	\$519 - \$663/ Day
2 Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	5.0%	5.0%	5.0%

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

3 Indicate the date the fee increase was implemented: 10/1/2024

(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. **Date of Notice:** August 19, 2024
Method of Notice: Written notice.

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. **Date of Meeting:** August 19, 2024

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. **Date of Notice:** August 1, 2024

The governing body of the provider, or the designated representative of the provider posted the notice of, and the agenda for, the meeting in a conspicuous place in the community at least 14 days prior to the meeting.
Date of Posting: August 1, 2024 **Location of Posting:** Resident mailboxes and Community bulletin boards

5 On an attached page, provide a concise explanation for the increase in monthly care fees including the amount of the increase and compliance with the applicable Health and Safety Code Sections.

FORM 7-1 ATTACHMENT
MONTHLY CARE FEE INCREASE (MCFI)
ANNUAL REPORTING FISCAL YEAR (FYE 09/30/25)

Line	Fiscal Years	12 Month Period	12 Month Period	12 Month Period
		09/30/24	09/30/25	09/30/26
	1 FY 2024 Operating Expenses, Including Depreciation & Amortization Expense	30,926,000		
	2 FY 2025 Operating Expenses, Including Depreciation & Amortization Expense		32,637,000	
	3 Projected FY 2026 Operating Expenses, Including Depreciation & Amortization Expense			32,579,000
	4 FY 2026 Anticipated MCF Revenue Based on Current and Projected Occupancy and Other without a MCFI			26,322,270
	5 Projected FY 2026 (Net) Operating Results without a MCFI (Line 3 plus Line 4)			(6,256,730)
	6 Projected FY 2026 Anticipated Revenue Based on Current and Projected Occupancy and Other with MCFI 3.95%*			27,362,000
	7 Grand Total-Projected FY 2026 Net Operating Activity After 3.95% MCFI (Line 3 plus Line 6)**			(5,217,000)

* A blended rate increase of 3.95% is being used for this analysis.

** The deficit shown is driven by the inclusion of depreciation, interest and marketing expenses. These costs are not covered by monthly service fee

PROVIDER: Covenant Living Communities and Services

COMMUNITY: Covenant Living at Mount Miguel

COVENANT LIVING WEST

Form 7-1

The data utilized in establishing adjustments in monthly care fees include projected increases in costs such as salary and benefits, food costs, utilities, contract services, supplies and other operating costs and economic analyses of market conditions. The development of the budget, which includes planning for next years' costs of salary and benefits, food costs, utilities, contract services, supplies and other operating costs is a six-month process which starts with multi-year forecasting in the spring. For the budget process, historical expenditures are reviewed as well as actual year-to-date expenditures for the current year and an estimated actual for the remaining months of the year.

Budgeted apartment revenues are calculated for the residential units by taking into account occupancy percentages by apartment type and specific monthly rates. Budgeted revenues at the personal care and skilled nursing facilities take into account room type, occupancy percentages by patient payer type and specific monthly and/or daily rates.

Revenues generated from monthly fees are budgeted for in the operating plan. These revenues are planned to cover operating costs and an operating margin consistent with industry standards.

Adjustments to monthly fees typically only occur annually on the first day of the fiscal year, October 1.