

CONTINUING CARE RETIREMENT COMMUNITY DISCLOSURE STATEMENT

Date Prepared: 5/23/2023

Facility Name: SOLVANG LUTHERAN HOME, INC. DBA: ATTERDAG VILLAGE OF SOLVANG

Address: 636 ATTERDAG ROAD, SO | Zip Code: 93463 | Phone: 805-688-3263

Provider Name:

SOLVANG LUTHERAN HOME

Facility Operator: SOLVANG LUTHERAN HOME, INC.

Religious Affiliation: NONE

Year Opened: # of Acres: Miles to Shopping Center: 1 Miles to Hospital: 1

Single Story Multi-Story Other:

Number of Units:

Residential Living	Number of Units	Health Care	Number of Units
Apartments – Studio:	19	Assisted Living:	14
Apartments – 1 Bdrm:	46	Skilled Nursing:	54
Apartments – 2 Bdrm:	5	Special Care:	
Cottages/Houses:	9	Description:	Memory Care - 15 Units

RLU Occupancy (%) at Year End: 83%

Type of Ownership: Not for Profit
 For Profit

Accredited? Yes By:
 No

Form of Contact: Continuing Care Life Care Entrance Fee Fee for Service
(Check all that apply) Assignment of Assets Equity Membership Rental

Refund Provisions: Refundable 90% 50%
(Check all that apply) Repayable 75% Other: Multiple

Range of Entrance Fees: \$25,000 - \$430,000

Long-Term Care Insurance Required? Yes No

Health Care Benefits Included in Contract: ASSISTED LIVING, MEMORY CARE AND SKILLE

Entry Requirements: Min Age: 60 Prior Profession: N/A Other: N/A

Resident Representative(s) to, and Resident Members on, the Board:

(briefly describe provider's compliance and residents' roles): Resident representative on the board is elected annually by the residents. The resident board member participates the same as all current board members, who have choices as to the committee in which they participate.

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.

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 (<u>4</u> Times/ Month at \$_____ each)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Billiard Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Bowling Green	<input type="checkbox"/>	<input type="checkbox"/>	Meals (<u>3</u> /Day)	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Card Rooms	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Special Diets Available	<input type="checkbox"/>	<input type="checkbox"/>
Chapel	<input checked="" type="checkbox"/>	<input type="checkbox"/>			
Coffee Shop	<input type="checkbox"/>	<input type="checkbox"/>	24-Hour Emergency Response	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Craft Rooms	<input type="checkbox"/>	<input type="checkbox"/>	Activities Program	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Exercise Room	<input checked="" type="checkbox"/>	<input type="checkbox"/>	All Utilities Except Phone	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Golf Course Access	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	Apartment Maintenance	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Library	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Cable TV	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Putting Green	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Linens Furnished	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Shuffleboard	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Linens Laundered	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Spa	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Medication Management	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Swimming Pool – Indoor	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Nursing/Wellness Clinic	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Swimming Pool – Outdoor	<input type="checkbox"/>	<input type="checkbox"/>	Personal Home Care	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Tennis Court	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Personal	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Workshop	<input type="checkbox"/>	<input type="checkbox"/>	Transportation – Prearranged	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Other: <u>Bocce court</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	Other: _____	<input type="checkbox"/>	<input type="checkbox"/>

Provider Name: SOLVANG LUTHERAN HOME, INC.

Affiliated 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: SOLVANG LUTHERAN HOME, INC.

Income and Expenses [Year]	2019	2020	2021	2022
Income from Ongoing Operations				
Operating Income (Excluding amortization of entrance fee income)	12,757,601	12,559,990	12,747,916	13,457,364
Less Operating Expenses (Excluding depreciation, amortization, and interest)	11,614,222	12,070,715	11,877,057	13,464,124
Net Income From Operations	1,143,379	489,275	870,859	(6,760)
Less Interest Expense	(388,981)	(269,842)	(330,317)	(382,682)
Plus Contributions	140,370	168,631	794,330	19,655
Plus Non-Operating Income (Expenses) (Excluding extraordinary items)	1,633,692	900,344	1,534,091	194,976
Net Income (Loss) Before Entrance Fees, Depreciation And Amortization	2,528,460	1,288,408	2,868,963	(174,811)
Net Cash Flow From Entrance Fees (Total Deposits Less Refunds)	749,000	141,250	1,151,090	623,250

Description of Secured Debt (as of most recent fiscal year end)

Lender	Outstanding Balance	Interest Rate	Date of Origination	Date of Maturity	Amortization Period
USDA	\$6,292,731	4.00%	2014	2044	30 Years
U.S. Bank	\$2,830,000	2%-4%	2014	2040	26 Years

Financial Ratios (see last page for ratio formulas)

Financial Ratios [Year]	CCAC Medians 50th Percentile (optional)	2020	2021	2022
Debt to Asset Ratio		.21	.20	.21
Operating Ratio		.983	.958	1.029
Debt Service Coverage Ratio		2.47	5.76	1.23
Days Cash On Hand Ratio		333	371	274

Provider Name: SOLVANG LUTHERAN HOME, INC.

Historical Monthly Service Fees (Average Fee and Change Percentage)

Residence/Service [Year]	2019	%	2020	%	2021	%	2022	%
Studio	3,507	2.75%	3,560	1.50%	3,614	1.50%	3,722	3.0%
One Bedroom	5,131	2.75%	5,208	1.50%	5,286	1.50%	5,444	3.0%
Cottage/House	5,050	2.75%	5,350	1.50%	5,431	1.50%	5,594	3.0%
Assisted Living	6,329	2.75%	6,416	1.50%	6,505	1.50%	6,685	3.0%
Skilled Living	351	2.75%	357	1.50%	362	1.50%	373	3.0%
Special Care	7,558	2.75%	7,672	1.50%	7,787	1.50%	8,020	3.0%

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

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

Debt Service Coverage Ratio

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

Days Cash On Hand Ratio

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

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 CARE FEES

	<u>RESIDENTIAL LIVING</u>	<u>ASSISTED LIVING</u>	<u>SKILLED NURSING</u>
[1] Monthly Care Fees at beginning of reporting period: (indicate range, if applicable)	<u>\$2,757-\$7,566</u>	<u>\$4,580-\$9,084</u>	<u>Daily \$334-412</u>
[2] Indicate percentage of increase in fees imposed during reporting period: (indicate range, if applicable)	<u>3.0%</u>	<u>3.0%</u>	<u>3.0%</u>

Check here if monthly care 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: 01/01/2022
(If more than one (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:** 10/28/2021 **Method of Notice:** 10/29/2021 USPS Mail or placed in resident mail box
- At least 30 days prior to the increase in fees, the designated representative of the provider convened a meeting that all residents were invited to attend. **Date of Meeting:** 9/23/2021
- 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:** 9/03/2021
- 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:** 01/06/2021 **Location of Posting:** Resident Bulletin Board in Foyer

[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 Health and Safety Code. See **PART 7 REPORT ON CCRC MONTHLY CARE FEE** in the **Annual Report Instruction** booklet for further instructions.

PROVIDER: Solvang Lutheran Home, Inc.
COMMUNITY: Solvang Lutheran Home

KEY INDICATORS REPORT

Solvang Lutheran Home, Inc.

Date Prepared: 5/26/2023

Please attach an explanatory memo that summarizes significant trends or variances in the key operational indicators.

Chief Executive Officer Signature

	Historical Data										Forecast			Preferred Trend Indicator			
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027							
OPERATIONAL STATISTICS																	
1. Average Annual Occupancy by Site (%)	91.77%	92.86%	83.42%	79.48%	82.83%	83.08%	83.33%	83.58%	83.83%	84.08%	N/A						
MARGIN (PROFITABILITY) INDICATORS																	
2. Net Operating Margin (%)	10.14%	6.76%	1.93%	4.52%	-1.92%	-1.97%	-2.01%	-2.07%	-2.12%	-2.17%	↑						
3. Net Operating Margin - Adjusted (%)	17.57%	12.05%	3.04%	12.61%	2.67%	2.61%	2.54%	2.48%	2.42%	2.36%	↓						
LIQUIDITY INDICATORS																	
4. Unrestricted Cash and Investments	12,370,521	12,775,265	11,270,851	12,401,236	\$10,387,926	\$10,647,624	\$10,913,815	\$11,186,660	\$11,466,327	\$11,752,985	↑						
5. Days Cash on Hand (Unrestricted)	441.69	476.11	333.36	370.80	273.82	280.67	287.69	294.88	302.25	309.81	↑						
CAPITAL STRUCTURE INDICATORS																	
6. Deferred Revenue from Entrance Fees	\$3,775,293	\$3,381,333	\$2,632,334	\$2,895,146	\$2,638,028	\$2,638,028	\$2,638,028	\$2,638,028	\$2,638,028	\$2,638,028	N/A						
7. Net Annual Entrance Fee proceeds	\$1,134,500	\$839,500	\$141,250	\$1,151,090	\$623,250	\$623,250	\$623,250	\$623,250	\$623,250	\$623,250	N/A						
8. Unrestricted Net Assets	\$24,261,973	\$26,758,842	\$27,862,661	\$29,898,447	\$27,359,437	\$27,434,437	\$27,509,437	\$27,584,437	\$27,659,437	\$27,734,437	N/A						
9. Annual Capital Asset Expenditure	\$1,131,952	\$2,855,327	\$2,969,110	\$923,776	\$394,801	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	N/A						
10. Annual Debt Service Coverage Revenue Basis (x)	4.27	3.61	2.26	4.04	0.31	0.31	0.32	0.33	0.34	0.35	↑						
11. Annual Debt Service Coverage (x)	4.39	3.42	2.47	5.76	1.23	1.26	1.29	1.32	1.35	1.39	↑						
12. Annual Debt Service/Revenue (%)	12.69%	15.03%	3.65%	4.42%	5.38%	5.25%	5.12%	4.99%	4.87%	4.74%	↓						
13. Average Annual Effective Interest Rate (%)	2.68%	2.41%	2.79%	4.19%	4.21%	4.11%	4.01%	3.91%	3.81%	3.71%	↓						
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	80.37%	101.28%	116.57%	135.85%	117.74%	120.68%	123.70%	126.79%	129.96%	133.21%	↑						
15. Average Age of Facility (years)	14	14	15	15	15	15	15	15	15	15	↓						