

KEY INDICATORS REPORT

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899 Charleston DBA: Moldaw Residences

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

OPERATIONAL STATISTICS

1. Average Annual Occupancy by Site (%)

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)

3. Net Operating Margin - Adjusted (%)

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)

5. Days Cash on Hand (Unrestricted)

CAPITAL STRUCTURE INDICATORS

6. Deferred Revenue from Entrance Fees (\$000)

7. Net Annual E/F proceeds (\$000)

8. Unrestricted Net Assets (\$000)

9. Annual Capital Asset Expenditure (\$000)

10. Annual Debt Service Coverage Revenue Basis (x)

11. Annual Debt Service Coverage (x)

12. Annual Debt Service/Revenue (%)

13. Average Annual Effective Interest Rate (%)

14. Unrestricted Cash & Investments/LT Debt (%)

15. Average Age of Facility (years)

| | | | | | | Projected | Forecast | | | | Preferred Trend Indicator |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|---------------------------|
| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | |
| 1. Average Annual Occupancy by Site (%) | 98.45% | 98.19% | 97.15% | 94.82% | 88.60% | 86.74% | 93.21% | 97.41% | 97.41% | 97.41% | N/A |
| 2. Net Operating Margin (%) | 24.48% | 25.84% | 24.63% | 18.59% | 11.90% | 11.73% | 12.58% | 13.42% | 14.25% | 15.07% | ↑ |
| 3. Net Operating Margin - Adjusted (%) | 52.09% | 38.29% | 46.37% | 37.00% | 24.93% | 41.27% | 33.59% | 34.23% | 34.86% | 35.49% | ↑ |
| 4. Unrestricted Cash and Investments (\$000) | \$18,552 | \$20,352 | \$24,090 | \$26,210 | \$24,863 | \$28,056 | \$27,799 | \$27,516 | \$27,203 | \$26,859 | ↑ |
| 5. Days Cash on Hand (Unrestricted) | 535 | 555 | 635 | 658 | 602 | 665 | 646 | 627 | 608 | 588 | ↑ |
| 6. Deferred Revenue from Entrance Fees (\$000) | \$2,417 | \$2,799 | \$2,248 | \$2,791 | \$2,608 | \$2,910 | \$3,026 | \$3,147 | \$3,273 | \$3,404 | N/A |
| 7. Net Annual E/F proceeds (\$000) | \$6,990 | \$2,647 | \$5,528 | \$3,961 | \$2,284 | \$6,806 | \$4,454 | \$4,632 | \$4,817 | \$5,010 | N/A |
| 8. Unrestricted Net Assets (\$000) | -\$46,638 | -\$48,597 | -\$50,881 | -\$52,532 | -\$55,579 | -\$58,073 | -\$60,542 | -\$62,987 | -\$65,406 | -\$67,802 | N/A |
| 9. Annual Capital Asset Expenditure (\$000) | \$154 | \$498 | \$449 | \$535 | \$1,821 | \$976 | \$1,015 | \$1,056 | \$1,098 | \$1,142 | N/A |
| 10. Annual Debt Service Coverage Revenue Basis (x) | 1.27 | 1.41 | 1.37 | 1.23 | 1.13 | 1.01 | 0.95 | 0.94 | 0.94 | 0.93 | ↑ |
| 11. Annual Debt Service Coverage (x) | 2.31 | 1.38 | 2.11 | 1.48 | 1.06 | 1.84 | 1.23 | 1.24 | 1.25 | 1.25 | ↑ |
| 12. Annual Debt Service/Revenue (%) | 36.52% | 27.15% | 26.72% | 27.57% | 27.19% | 28.24% | 28.88% | 27.75% | 26.68% | 25.64% | ↓ |
| 13. Average Annual Effective Interest Rate (%) | 4.87% | 4.92% | 4.98% | 5.00% | 5.01% | 5.03% | 5.08% | 5.13% | 5.17% | 5.22% | ↓ |
| 14. Unrestricted Cash & Investments/LT Debt (%) | 25.22% | 27.97% | 33.92% | 37.83% | 36.33% | 41.78% | 42.43% | 43.10% | 43.76% | 44.41% | ↑ |
| 15. Average Age of Facility (years) | 7.80 | 8.79 | 9.75 | 11.86 | 13.31 | 14.13 | 15.13 | 16.13 | 17.13 | 18.13 | ↓ |

KEY INDICATORS REPORT

Moldaw Residences

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

| FORMULA | 2017 | 2018 | 2019 | 2020 | 2021 | Budgeted | Forecast | | | | Preferred Trend Indicator | | | | | |
|---|---|---------|---------|----------|----------|----------|----------|----------|----------|----------|---------------------------|----------|----------|----------|----------|----------------|
| | | | | | | 2022 | 2023 | 2024 | 2025 | 2026 | | | | | | |
| OPERATIONAL STATISTICS | | | | | | | | | | | | | | | | |
| 1. Average Annual Occupancy by Site (%) | <u>(total occupied units @ 7/1 + total occupied units @ 6/30)/2</u> total number of units at the community | | | | | 98% | 98% | 97% | 95% | 89% | 87% | 93% | 97% | 97% | 97% | N/A |
| | BB occupancy | 189.00 | 191.00 | 188.00 | 187.00 | 179.00 | 163.00 | 171.80 | 188.00 | 188.00 | 188.00 | 188.00 | 188.00 | 188.00 | | |
| | EB occupancy | 191.00 | 188.00 | 187.00 | 179.00 | 163.00 | 171.80 | 188.00 | 188.00 | 188.00 | 188.00 | 188.00 | 188.00 | 188.00 | | |
| | Average occupancy | 190.00 | 189.50 | 187.50 | 183.00 | 171.00 | 167.40 | 179.90 | 188.00 | 188.00 | 188.00 | 188.00 | 188.00 | 188.00 | | |
| | Total available occupancy | 193.00 | 193.00 | 193.00 | 193.00 | 193.00 | 193.00 | 193.00 | 193.00 | 193.00 | 193.00 | 193.00 | 193.00 | 193.00 | | |
| MARGIN (PROFITABILITY) INDICATORS | | | | | | | | | | | | | | | | |
| 2. Net Operating Margin (%) | Resident revenue exclude EF amortization income | | | | | 12,129 | 13,121 | 13,631 | 13,556 | 13,155 | 13,533 | 14,074 | 14,637 | 15,223 | 15,832 | ↑ |
| | <u>less resident expenses excluding depreciation & amortization</u> | | | | | (9,160) | (9,731) | (10,274) | (11,036) | (11,590) | (11,946) | (12,304) | (12,674) | (13,054) | (13,445) | |
| | = net resident operating INCOME | | | | | 2,970 | 3,390 | 3,357 | 2,520 | 1,565 | 1,587 | 1,770 | 1,964 | 2,169 | 2,386 | |
| | Resident revenue | | | | | 12,129 | 13,121 | 13,631 | 13,556 | 13,155 | 13,533 | 14,074 | 14,637 | 15,223 | 15,832 | |
| 3. Net Operating Margin - Adjusted (%) | | | | | | | | | | | | | | | | |
| | <u>Resident revenue + Net Proceed from EF - Resident Expenses</u> Resident revenue + Net Proceeds from EF | | | | | 52.1% | 38.3% | 46.4% | 37.0% | 24.9% | 41.3% | 33.6% | 34.2% | 34.9% | 35.5% | ↑ |
| | Resident revenue | 12,129 | 13,121 | 13,631 | 13,556 | 13,155 | 13,533 | 14,074 | 14,637 | 15,223 | 15,832 | 15,832 | 15,832 | 15,832 | | |
| | Net proceed from EF | 6,990 | 2,647 | 5,528 | 3,961 | 2,284 | 6,806 | 4,454 | 4,632 | 4,817 | 5,010 | 5,010 | 5,010 | 5,010 | | |
| | Less: Resident Expenses | (9,160) | (9,731) | (10,274) | (11,036) | (11,590) | (11,946) | (12,304) | (12,674) | (13,054) | (13,445) | (13,445) | (13,445) | (13,445) | | |
| | | 9,960 | 6,037 | 8,885 | 6,481 | 3,850 | 8,393 | 6,223 | 6,595 | 6,986 | 7,396 | 7,396 | 7,396 | 7,396 | | |
| LIQUIDITY INDICATORS | | | | | | | | | | | | | | | | |
| 4. Unrestricted Cash and Investments (\$000) | | | | | | 18,552 | 20,352 | 24,090 | 26,210 | 24,863 | 28,056 | 27,799 | 27,516 | 27,203 | 26,859 | ↑ |
| 5. Days Cash on Hand (Unrestricted) | | | | | | 535 | 555 | 635 | 658 | 602 | 665 | 646 | 627 | 608 | 588 | ↑ |
| | <u>Unrestricted cash and investment</u> | | | | | 18,552 | 20,352 | 24,090 | 26,210 | 24,863 | 28,056 | 27,799 | 27,516 | 27,203 | 26,859 | |
| | (Operating expenses - depreciation and amortization)/365 | | | | | 35.12 | 36.68 | 37.95 | 39.81 | 41.31 | 42.16 | 43.00 | 43.87 | 44.76 | 45.67 | |
| | Operating resident expenses | | | | | 9,160 | 9,731 | 10,274 | 11,036 | 11,590 | 11,946 | 12,304 | 12,674 | 13,054 | 13,445 | |
| | Interest expense, and LOC and other fees | | | | | 3,659 | 3,656 | 3,579 | 3,535 | 3,489 | 3,442 | 3,391 | 3,339 | 3,283 | 3,225 | Link to Row 11 |
| | | 12,819 | 13,387 | 13,852 | 14,572 | 15,080 | 15,388 | 15,696 | 16,012 | 16,337 | 16,670 | 16,670 | 16,670 | 16,670 | | |
| CAPITAL STRUCTURE INDICATORS | | | | | | | | | | | | | | | | |
| 6. Deferred Revenue from Entrance Fees (\$000) | | | | | | 2,417 | 2,799 | 2,248 | 2,791 | 2,608 | 2,910 | 3,026 | 3,147 | 3,273 | 3,404 | N/A |
| 7. Net Annual E/F proceeds (\$000) | | | | | | 6,990 | 2,647 | 5,528 | 3,961 | 2,284 | 6,806 | 4,454 | 4,632 | 4,817 | 5,010 | N/A |
| 8. Unrestricted Net Assets (\$000) | | | | | | (46,638) | (48,597) | (50,881) | (52,532) | (55,579) | (58,073) | (60,542) | (62,987) | (65,406) | (67,802) | N/A |
| 9. Annual Capital Asset Expenditure (\$000) | | | | | | 154 | 498 | 449 | 535 | 1,821 | 976 | 1,015 | 1,056 | 1,098 | 1,142 | N/A |

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

10. Annual Debt Service Coverage Revenue Basis (x)

| FORMULA | 2017 | 2018 | 2019 | 2020 | 2021 | Budgeted | Forecast | | | | Preferred Trend Indicator |
|---|---------|---------|---------|---------|---------|----------|----------|---------|---------|---------|---------------------------|
| | | | | | | 2022 | 2023 | 2024 | 2025 | 2026 | |
| | 1.27 | 1.41 | 1.37 | 1.23 | 1.13 | 1.01 | 0.95 | 0.94 | 0.94 | 0.93 | |
| Total excess revenue over expenses + interest + depreciation + amortization expense - amortization of deferred revenue | 5,639 | 6,291 | 6,053 | 5,815 | 5,351 | 4,789 | 4,764 | 4,736 | 4,705 | 4,671 | |
| Annual debt service (principal & interest paid) | 4,429 | 4,450 | 4,429 | 4,725 | 4,724 | 4,722 | 5,021 | 5,019 | 5,018 | 5,015 | Cut and paste 1 |
| Total excess revenue over expenses | (1,277) | (1,959) | (2,284) | (1,651) | (3,047) | (2,494) | (2,469) | (2,444) | (2,420) | (2,396) | |
| Add interest expense | 3,659 | 3,528 | 3,556 | 3,535 | 3,489 | 3,442 | 3,391 | 3,339 | 3,283 | 3,225 | From Row 48 |
| Add depreciation/amortization expense | 4,209 | 4,212 | 4,238 | 3,803 | 3,665 | 3,714 | 3,714 | 3,714 | 3,714 | 3,714 | |
| Add Non-Cash Change in FSO Liability | (1,413) | 50 | - | - | 1,116 | - | - | - | - | - | |
| Less - Non Cash Discount on Loan | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | 128 | |
| Add amortization expense | 332 | 332 | 415 | - | - | - | - | - | - | - | |
| Total | 5,639 | 6,291 | 6,053 | 5,815 | 5,351 | 4,789 | 4,764 | 4,736 | 4,705 | 4,671 | |
| 11. Annual Debt Service Coverage (x) | 2.31 | 1.38 | 2.11 | 1.48 | 1.06 | 1.84 | 1.23 | 1.24 | 1.25 | 1.25 | |
| Total excess revenue over expenses + interest + depreciation + amortization expense - amortization of deferred revenue + EF proceed | 10,212 | 6,139 | 9,332 | 6,985 | 5,027 | 8,685 | 6,191 | 6,220 | 6,249 | 6,277 | ↑ |
| Annual debt service | 4,429 | 4,450 | 4,429 | 4,725 | 4,724 | 4,722 | 5,021 | 5,019 | 5,018 | 5,015 | From Row 63 |
| 12. Annual Debt Service/Revenue (%) | 26% | 27% | 27% | 28% | 27% | 28% | 29% | 28% | 27% | 26% | ↓ |
| Annual debt service (principal & interest exclude capitalized int.) | 4,429 | 4,450 | 4,429 | 4,725 | 4,724 | 4,722 | 5,021 | 5,019 | 5,018 | 5,015 | From Row 63 |
| Total operating revenue + Net assets released from restriction for operation + Net non-operating gain & loss | 16,771 | 16,389 | 16,576 | 17,136 | 17,373 | 16,719 | 17,388 | 18,083 | 18,807 | 19,559 | |
| 13. Average Annual Effective Interest Rate (%) | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | 5% | ↓ |
| Total interest expense on LT debt | 3,659 | 3,656 | 3,579 | 3,535 | 3,489 | 3,442 | 3,391 | 3,339 | 3,283 | 3,225 | From Row 48 |
| Total LT term | 75,168 | 74,363 | 71,862 | 70,672 | 69,714 | 68,434 | 66,804 | 65,124 | 63,444 | 61,764 | |
| 14. Unrestricted Cash & Investments/ Long-Term Debt (%) | 25.22% | 27.97% | 33.92% | 37.83% | 36.33% | 41.78% | 42.43% | 43.10% | 43.76% | 44.41% | ↑ |
| Unrestricted (current +noncurrent) Cash and Investment | 18,552 | 20,352 | 24,090 | 26,210 | 24,863 | 28,056 | 27,799 | 27,516 | 27,203 | 26,859 | |
| Long term Debt less Current Portion | 73,573 | 72,768 | 71,012 | 69,289 | 68,434 | 67,154 | 65,524 | 63,844 | 62,164 | 60,484 | |
| 15. Average Age of Facility (years) | 7.80 | 8.79 | 9.75 | 11.86 | 13.31 | 14.13 | 15.13 | 16.13 | 17.13 | 18.13 | ↓ |
| Accumulated depreciation | 32,809 | 37,020 | 41,300 | 45,103 | 48,768 | 52,482 | 56,196 | 59,910 | 63,624 | 67,338 | |
| Annual depreciation expense | 4,209 | 4,212 | 4,238 | 3,803 | 3,665 | 3,714 | 3,714 | 3,714 | 3,714 | 3,714 | |

899 Charleston DBA: Moldaw Residences

Attachment to Key Indicator Report

OPERATIONAL STATISTICS

1. Average Annual Occupancy by Site (%)
- Stabilized Occupancy attained in December 2014. Beginning in FY20, average occupancy began to drop due to the COVID-19 pandemic, as the facility encountered difficulty in reselling vacant units. This issue continued into FY21 and is expected to gradually improve by the end of FY22, with full recovery to historic occupancy levels anticipated in FY24

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)
- Margins had been stable or increasing gradually for the three years 2017 thru 2019 as opportunities for increased operating efficiencies were realized, while maintaining service and quality levels of service to our residents. FY20 and FY21 margins were lower than trend due to a combination of decreased occupancy due to the COVID-19 pandemic and expected wage and salaries growth outpacing revenue growth.
3. Net Operating Margin - Adjusted (%)
- Includes net proceeds from Entrance Fees which include fees received from re-occupancy of units, net of refunds. FY21 margin was lower than FY17-20 trend due to an increase in unsold units due to the pandemic. FY22 is expected to be a rebound year with 30 sales of units budgeted. FY23-26 sales are expected to return to normal volumes.

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)
- Cash generated by operations expected to increase in FY22 as 30 RLU resales are planned. FY23-26 sales are expected to return to normal volumes.
5. Days Cash on Hand (Unrestricted)
- Days cash on hand expected to increase in FY22 due to elevated number of RLU resales. Days cash on hand is expected to trend slightly downward FY23-26 due to increased operating expenses and decreased net entrance fees collected.

CAPITAL STRUCTURE INDICATORS

6. Deferred Revenue from Entrance Fees (\$000)
- Amortization of the non-refundable portion of entrance fees based on resident's life expectancy. Expected to increase slightly due to implemented increases to entrance fees and the transition from 90% refundable contracts to 85% refundable contracts.
7. Net Annual E/F proceeds (\$000)
- Includes net entrance fees received from re-occupancy, calculated as entrance fees collected on resold units less refund paid to prior resident. Expected to increase in FY22 due to a higher than typical planned number RLU resales. Expected to return to more historic levels FY23-26.
8. Unrestricted Net Assets (\$000)
- Change reflects expected gain/loss from operations
9. Annual Capital Asset Expenditure (\$000)
- Expected to increase gradually starting after FY22 as facilities age. In FY21, a \$1.5 million project was completed to expand and improve one of the resident common areas.
10. Annual Debt Service Coverage - Revenue Basis (x)
- Expected to trend downward starting in FY22 due to increased operating losses and increase in debt service principal payments
11. Annual Debt Service Coverage (x)
- Trending downward after FY22 due to expected decrease in net entrance fees from resale activity combined with an increase in debt principal payments. FY22 Ratio is higher due to budgeted resales of 30 RLUs, much higher than typical
12. Annual Debt Service/Revenue (%)
- No significant changes in trend
13. Average Annual Effective Interest Rate (%)
- No significant changes in trend
14. Unrestricted Cash & Investments/LT Debt (%)
- The upward trending relates to projected increases in unrestricted cash and investments coupled with principle payments that reduce debt balances
15. Average Age of Facility (years)
- No major renovations planned as facility is relatively new, except for a \$1.5 million expansion of a resident common area in FY21