

KEY INDICATORS REPORT



Date Prepared: Nov. 17, 2023

899 Charleston DBA: Moldaw Residences

Ben Chaika, Chief Financial Officer

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

OPERATIONAL STATISTICS

1. Average Annual Occupancy by Site (%)

2019	2020	2021	2022	2023	Projected 2024	Forecast				Preferred Trend Indicator
2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	
97.15%	94.82%	88.60%	80.83%	80.83%	85.49%	88.60%	92.75%	94.82%	94.82%	N/A

N/A

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)

24.63%	18.59%	11.90%	-6.52%	-3.54%	1.17%	2.12%	3.06%	3.99%	4.91%	↑
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3. Net Operating Margin - Adjusted (%)

46.37%	37.00%	24.93%	18.95%	35.02%	38.07%	37.34%	37.94%	38.54%	39.13%	↑
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LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)

\$ 24,090	\$ 26,210	\$ 24,863	\$ 21,773	\$ 23,869	\$ 24,320	\$ 25,632	\$ 28,523	\$ 31,860	\$ 36,284	↑
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5. Days Cash on Hand (Unrestricted)

635	653	597	494	502	484	498	543	594	662	↑
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CAPITAL STRUCTURE INDICATORS

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

\$ 2,248	\$ 2,791	\$ 2,608	\$ 2,089	\$ 436	\$ 989	\$ 1,029	\$ 1,070	\$ 1,113	\$ 1,158	N/A
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N/A

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

\$ 5,528	\$ 3,961	\$ 2,284	\$ 3,796	\$ 7,888	\$ 8,893	\$ 8,726	\$ 9,075	\$ 9,438	\$ 9,816	N/A
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N/A

8. Unrestricted Net Assets (\$000)

\$ (50,881)	\$ (52,532)	\$ (55,579)	\$ (59,842)	\$ (67,355)	\$ (74,383)	\$ (81,340)	\$ (88,228)	\$ (95,047)	\$ (101,798)	N/A
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N/A

9. Annual Capital Asset Expenditure (\$000)

\$ 449	\$ 535	\$ 1,821	\$ 1,392	\$ 1,560	\$ 3,970	\$ 3,130	\$ 2,130	\$ 2,175	\$ 1,591	N/A
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N/A

10. Annual Debt Service Coverage
Revenue Basis (x)

0.83	0.64	0.58	(0.15)	0.12	0.11	0.15	0.19	0.22	0.24	↑
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11. Annual Debt Service Coverage (x)

1.57	1.48	1.06	0.71	1.91	1.88	1.89	2.00	2.10	2.20	↑
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12. Annual Debt Service/Revenue (%)

26.72%	27.57%	27.19%	31.11%	29.59%	32.30%	31.05%	29.84%	28.69%	27.59%	↓
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13. Average Annual Effective Interest Rate (%)

4.98%	5.16%	5.18%	4.69%	5.28%	5.47%	5.55%	5.62%	5.69%	5.76%	↓
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14. Unrestricted Cash & Investments/LT Debt (%)

33.92%	37.83%	36.33%	32.24%	36.01%	37.68%	40.84%	46.83%	54.01%	63.65%	↑
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15. Average Age of Facility (years)

9.75	11.86	13.31	14.69	11.66	12.58	13.10	13.47	14.08	14.67	↓
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KEY INDICATORS REPORT

Moldaw Residences

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

FORMULA	2019	2020	2021	2022	2023	Projected	Forecast				Preferred Trend Indicator	
						2024	2025	2026	2027	2028		
OPERATIONAL STATISTICS												
1. Average Annual Occupancy by Site (%)	$\frac{\text{total occupied units @ 7/1} + \text{total occupied units @ 6/30}}{2}$ total number of units at the community	97%	95%	89%	81%	81%	85%	89%	93%	95%	95%	N/A
	BB occupancy	188.00	187.00	179.00	163.00	149.00	163.00	167.00	175.00	183.00	183.00	
	EB occupancy	187.00	179.00	163.00	149.00	163.00	167.00	175.00	183.00	183.00	183.00	
	Average occupancy	187.50	183.00	171.00	156.00	156.00	165.00	171.00	179.00	183.00	183.00	
	Total available occupancy	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	13,631	13,556	13,155	12,076	13,296	14,926	15,523	16,144	16,790	17,461	↑
	<u>less resident expenses excluding depreciation & amortization</u> = net resident operating INCOME	(10,274)	(11,036)	(11,590)	(12,863)	(13,767)	(14,752)	(15,195)	(15,651)	(16,120)	(16,604)	
	Resident revenue	13,631	13,556	13,155	12,076	13,296	14,926	15,523	16,144	16,790	17,461	
3. Net Operating Margin - Adjusted (%)	<u>Resident revenue + Net Proceed from EF - Resident Expenses</u> Resident revenue + Net Proceeds from EF	46.4%	37.0%	24.9%	19.0%	35.0%	38.1%	37.3%	37.9%	38.5%	39.1%	↑
	Resident revenue	13,631	13,556	13,155	12,076	13,296	14,926	15,523	16,144	16,790	17,461	
	Net proceed from EF	5,528	3,961	2,284	3,796	7,888	8,893	8,726	9,075	9,438	9,816	
	Less: Resident Expenses	(10,274)	(11,036)	(11,590)	(12,863)	(13,767)	(14,752)	(15,195)	(15,651)	(16,120)	(16,604)	
		8,885	6,481	3,850	3,008	7,418	9,067	9,055	9,569	10,108	10,674	
LIQUIDITY INDICATORS												
4. Unrestricted Cash and Investments (\$000)		24,090	26,210	24,863	21,773	23,869	24,320	25,632	28,523	31,860	36,284	↑
5. Days Cash on Hand (Unrestricted)		635	653	597	494	502	484	498	543	594	662	↑
	<u>Unrestricted cash and investment</u>	24,090	26,210	24,863	21,773	23,869	24,320	25,632	28,523	31,860	36,284	
	(Operating expenses - depreciation and amortization)/365	37.95	40.14	41.65	44.08	47.55	50.21	51.45	52.54	53.66	54.80	
	Operating resident expenses	10,274	11,036	11,590	12,863	13,767	14,752	15,195	15,651	16,120	16,604	
	Interest expense, and LOC and other fees	3,579	3,653	3,611	3,227	3,591	3,624	3,583	3,525	3,464	3,400	
		13,852	14,689	15,201	16,090	17,357	18,377	18,778	19,176	19,584	20,004	
CAPITAL STRUCTURE INDICATORS												
6. Deferred Revenue from Entrance Fees (\$000)		2,248	2,791	2,608	2,089	436	989	1,029	1,070	1,113	1,158	N/A
7. Net Annual E/F proceeds (\$000)		5,528	3,961	2,284	3,796	7,888	8,893	8,726	9,075	9,438	9,816	N/A
8. Unrestricted Net Assets (\$000)		(50,881)	(52,532)	(55,579)	(59,842)	(67,355)	(74,383)	(81,340)	(88,228)	(95,047)	(101,798)	N/A
9. Annual Capital Asset Expenditure (\$000)		449	535	1,821	1,392	1,560	3,970	3,130	2,130	2,175	1,591	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	2019	2020	2021	2022	2023	Projected	Forecast				Preferred Trend Indicator
						2024	2025	2026	2027	2028	
	0.83	0.64	0.58	(0.15)	0.12	0.11	0.15	0.19	0.22	0.24	
Total excess revenue over expenses + interest + depreciation + amortization expense - amortization of deferred revenue	3,676	3,014	2,737	(677)	547	547	734	961	1,088	1,214	
Annual debt service (principal & interest paid)	4,429	4,725	4,724	4,422	4,421	5,019	5,018	5,015	5,014	5,015	
Total excess revenue over expenses	(2,284)	(1,651)	(3,047)	(4,262)	(7,513)	(7,028)	(6,957)	(6,888)	(6,819)	(6,751)	
Add interest expense	3,556	3,653	3,611	3,227	3,591	3,624	3,583	3,525	3,464	3,400	
Add: depreciation/amortization expense	4,238	3,803	3,665	3,563	4,906	4,940	5,137	5,394	5,556	5,722	
Add: Non-Cash Change in FSO Liability	-	-	1,116	(1,116)	-	-	-	-	-	-	
Add: amortization expense	415	-	-	-	-	-	-	-	-	-	
Less: EF amortization revenue	(2,248)	(2,791)	(2,608)	(2,089)	(436)	(989)	(1,029)	(1,070)	(1,113)	(1,158)	
Total	3,676	3,014	2,737	(677)	547	547	734	961	1,088	1,214	
11. Annual Debt Service Coverage (x)	1.57	1.48	1.06	0.71	1.91	1.88	1.89	2.00	2.10	2.20	↑
Total excess revenue over expenses + interest + depreciation + amortization expense - amortization of deferred revenue + EF proceed	6,956	6,975	5,021	3,118	8,435	9,440	9,460	10,036	10,526	11,030	
Annual debt service	4,429	4,725	4,724	4,422	4,421	5,019	5,018	5,015	5,014	5,015	
12. Annual Debt Service/Revenue (%)	27%	28%	27%	31%	30%	32%	31%	30%	29%	28%	↓
Annual debt service (principal & interest exclude capitalized int.)	4,429	4,725	4,724	4,422	4,421	5,019	5,018	5,015	5,014	5,015	
Total operating revenue + Net assets released from restriction for operation + Net non-operating gain & loss	16,576	17,136	17,373	14,211	14,942	15,539	16,161	16,807	17,480	18,179	
13. Average Annual Effective Interest Rate (%)	5%	5%	5%	5%	5%	5%	6%	6%	6%	6%	↓
Total interest expense on LT debt	3,579	3,653	3,611	3,227	3,591	3,624	3,583	3,525	3,464	3,400	
Total LT term	71,862	70,824	69,714	68,862	67,959	66,279	64,544	62,754	60,904	58,989	
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	33.92%	37.83%	36.33%	32.24%	36.01%	37.68%	40.84%	46.83%	54.01%	63.65%	↑
Unrestricted (current + noncurrent) Cash and Investment	24,090	26,210	24,863	21,773	23,869	24,320	25,632	28,523	31,860	36,284	
Long term Debt less Current Portion	71,012	69,289	68,434	67,532	66,279	64,544	62,754	60,904	58,989	57,009	
15. Average Age of Facility (years)	9.75	11.86	13.31	14.69	11.66	12.58	13.10	13.47	14.08	14.67	↓
Accumulated depreciation	41,300	45,103	48,768	52,331	57,196	62,136	67,273	72,667	78,223	83,945	
Annual depreciation expense	4,238	3,803	3,665	3,563	4,906	4,940	5,137	5,394	5,556	5,722	



Chief Financial Officer Signature

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 FY22 before starting to gradually improve during FY23. Gradual recovery is expected to continue over the next couple of years, reaching stabilized occupancy levels anticipated in FY26.

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)

Margins had been stable thru 2019 as opportunities for increased operating efficiencies were realized, while maintaining service and quality levels of service to our residents. Margins were lower than previous trend in FY20-21 due to a combination of decreased occupancy due to the COVID-19 pandemic and expense inflation outpacing revenue growth. These trends continued through FY22, but margins started to increase in FY23 as the community continues to recover from the COVID-19 pandemic. Margins are expected to continue growing in the coming years as occupancy recovers.

3. Net Operating Margin - Adjusted (%)

Includes net proceeds from Entrance Fees which include fees received from re-occupancy of units, net of refunds. FY21-22 margin was lower than previous trend due to an increase in unsold units due to the pandemic. FY23 was a rebound year with 19 sales of units, there are an additional 24 budgeted for FY24. FY25-28 sales are expected to return to normal volumes.

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)

Cash generated by operations expected to increase in FY24 as 24 RLU resales are planned. FY25-28 sales are expected to return to continue at similar volumes.

5. Days Cash on Hand (Unrestricted)

Days cash on hand expected to decrease in FY24 due renovation costs included in CapEx budget. FY25-28 should trend upward due to RLU resale activity and increases in entrance fee rates.

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 volume of resale activity.

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 FY24 due to a higher planned number RLU resales and increases in entrance fee rates. Expected to continue at similar levels in FY25-28.

8. Unrestricted Net Assets (\$000)

Change reflects expected gain/loss from operations.

9. Annual Capital Asset Expenditure (\$000)

In FY21, a \$1.5 million project was completed to expand and improve one of the resident common areas. In FY24 a \$3 million project is planned to refurbish resident common areas, with additional costs expected in FY25. A \$630 thousand per year special assessments in FY25, FY26, and FY27 for the reserve fund, which is used for capital expense on the shared campus, are included here.

10. Annual Debt Service Coverage - Revenue Basis (x)

Trended downward through FY22 due to increased operating losses and increase in debt service principal payments. Expected to trend upward due to revenue increasing as occupancy continues recovery to stabilized levels.

11. Annual Debt Service Coverage (x)

Trended downward through FY22 due to decrease in net entrance fees from resale activity combined with an increase in debt principal payments. FY23 Ratio was higher due to increase in net entrance fees. Expected to trend upward as entrance fee increases are implemented and the volume of resale activity remains at similar levels to FY24 projections.

12. Annual Debt Service/Revenue (%)

Expected to trend downward starting in FY25 due to revenue increasing as occupancy continues recovery to stabilized levels.

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)

The facility opened in 2009. A \$1.5 million expansion of a resident common area was completed in FY21, a planned \$3 million refresh of resident common areas is planned for 2023.