

KEY INDICATORS REPORT



Date Prepared: Nov. 7, 2024

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 (%)

	Historical					Projected	Forecast				Preferred Trend Indicator
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	
1. Average Annual Occupancy by Site (%)	94.82%	88.60%	80.83%	80.83%	86.27%	89.38%	91.97%	94.04%	94.82%	94.82%	N/A
MARGIN (PROFITABILITY) INDICATORS											
2. Net Operating Margin (%)	18.59%	11.90%	-6.52%	-3.54%	2.46%	7.22%	8.11%	9.00%	9.87%	10.74%	↑
3. Net Operating Margin - Adjusted (%)	37.00%	24.93%	18.95%	35.02%	41.66%	43.15%	43.02%	43.56%	44.11%	44.65%	↑
LIQUIDITY INDICATORS											
4. Unrestricted Cash and Investments (\$000)	\$ 26,210	\$ 24,863	\$ 21,773	\$ 23,869	\$ 27,833	\$ 28,607	\$ 33,505	\$ 38,909	\$ 44,751	\$ 51,027	↑
5. Days Cash on Hand (Unrestricted)	653	597	494	502	554	548	625	711	801	893	↑
CAPITAL STRUCTURE INDICATORS											
6. Deferred Revenue from Entrance Fees (\$000)	\$ 2,791	\$ 2,608	\$ 2,089	\$ 436	\$ 1,387	\$ 1,299	\$ 1,351	\$ 1,405	\$ 1,461	\$ 1,519	N/A
7. Net Annual E/F proceeds (\$000)	\$ 3,961	\$ 2,284	\$ 3,796	\$ 7,888	\$ 9,910	\$ 10,560	\$ 10,644	\$ 11,070	\$ 11,513	\$ 11,973	N/A
8. Unrestricted Net Assets (\$000)	\$ (52,532)	\$ (55,579)	\$ (59,842)	\$ (67,355)	\$ (72,124)	\$ (76,652)	\$ (81,135)	\$ (85,573)	\$ (89,967)	\$ (94,317)	N/A
9. Annual Capital Asset Expenditure (\$000)	\$ 535	\$ 1,821	\$ 1,392	\$ 1,560	\$ 1,496	\$ 6,521	\$ 2,630	\$ 2,690	\$ 2,752	\$ 2,834	N/A
10. Annual Debt Service Coverage Revenue Basis (x)	0.64	0.58	(0.15)	0.12	0.34	0.35	0.38	0.41	0.42	0.43	↑
11. Annual Debt Service Coverage (x)	1.48	1.06	0.71	1.91	2.31	2.45	2.50	2.61	2.71	2.82	↑
12. Annual Debt Service/Revenue (%)	27.57%	27.19%	31.11%	29.59%	27.23%	26.18%	25.16%	24.19%	23.26%	22.37%	↓
13. Average Annual Effective Interest Rate (%)	5.16%	5.18%	4.69%	5.28%	5.96%	5.56%	5.70%	5.78%	5.87%	5.96%	↓
14. Unrestricted Cash & Investments/LT Debt (%)	37.83%	36.33%	32.24%	36.01%	43.08%	45.54%	54.95%	65.88%	78.40%	92.61%	↑
15. Average Age of Facility (years)	11.86	13.31	14.69	11.66	15.68	16.31	16.69	16.89	17.40	17.89	↓

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Moldaw Residences

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FORMULA	2020	2021	2022	2023	2024	Projected	Forecast				Preferred Trend Indicator						
						2025	2026	2027	2028	2029							
OPERATIONAL STATISTICS																	
1. Average Annual Occupancy by Site (%)	<u>(total occupied units @ 7/1 + total occupied units @ 6/30)/2</u>					95%	89%	81%	81%	86%	89%	92%	94%	95%	95%	N/A	
	total number of units at the community																
	BB occupancy	187.00	179.00	163.00	149.00	163.00	170.00	175.00	180.00	183.00	183.00	183.00	183.00	183.00	183.00		
	EB occupancy	179.00	163.00	149.00	163.00	170.00	175.00	180.00	183.00	183.00	183.00	183.00	183.00	183.00	183.00		
	Average occupancy	183.00	171.00	156.00	156.00	166.50	172.50	177.50	181.50	183.00	183.00	183.00	183.00	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	193.00	193.00	193.00	193.00		
MARGIN (PROFITABILITY) INDICATORS																	
2. Net Operating Margin (%)	Resident revenue exclude EF amortization income					13,556	13,155	12,076	13,296	14,751	16,710	17,378	18,073	18,796	19,548	↑	
	<u>less resident expenses excluding depreciation & amortization</u>					(11,036)	(11,590)	(12,863)	(13,767)	(14,388)	(15,503)	(15,968)	(16,447)	(16,940)	(17,449)		
	<u>= net resident operating INCOME</u>					2,520	1,565	(787)	(471)	363	1,207	1,410	1,626	1,856	2,099		
	Resident revenue					13,556	13,155	12,076	13,296	14,751	16,710	17,378	18,073	18,796	19,548		
3. Net Operating Margin - Adjusted (%)	<u>Resident revenue + Net Proceed from EF - Resident Expenses</u>					37.0%	24.9%	19.0%	35.0%	41.7%	43.1%	43.0%	43.6%	44.1%	44.6%	↑	
	Resident revenue + Net Proceeds from EF																
	Resident revenue	13,556	13,155	12,076	13,296	14,751	16,710	17,378	18,073	18,796	19,548	19,548	19,548	19,548	19,548		
	Net proceed from EF	3,961	2,284	3,796	7,888	9,910	10,560	10,644	11,070	11,513	11,973	11,973	11,973	11,973	11,973		
	Less: Resident Expenses	(11,036)	(11,590)	(12,863)	(13,767)	(14,388)	(15,503)	(15,968)	(16,447)	(16,940)	(17,449)	(17,449)	(17,449)	(17,449)	(17,449)		
		6,481	3,850	3,008	7,418	10,273	11,767	12,054	12,696	13,369	14,073	14,073	14,073	14,073	14,073		
LIQUIDITY INDICATORS																	
4. Unrestricted Cash and Investments (\$000)						26,210	24,863	21,773	23,869	27,833	28,607	33,505	38,909	44,751	51,027	↑	
5. Days Cash on Hand (Unrestricted)						653	597	494	502	554	548	625	711	801	893	↑	
	<u>Unrestricted cash and investment</u>					26,210	24,863	21,773	23,869	27,833	28,607	33,505	38,909	44,751	51,027		
	<u>(Operating expenses - depreciation and amortization)/365</u>					40.14	41.65	44.08	47.55	50.25	52.17	53.56	54.72	55.90	57.12		
	Operating resident expenses					11,036	11,590	12,863	13,767	14,388	15,503	15,968	16,447	16,940	17,449		
	Interest expense, and LOC and other fees					3,653	3,611	3,227	3,591	3,954	3,592	3,583	3,525	3,464	3,400		
		14,689	15,201	16,090	17,357	18,342	19,095	19,551	19,972	20,404	20,849	20,849	20,849	20,849	20,849		
CAPITAL STRUCTURE INDICATORS																	
6. Deferred Revenue from Entrance Fees (\$000)						2,791	2,608	2,089	436	1,387	1,299	1,351	1,405	1,461	1,519	N/A	
7. Net Annual E/F proceeds (\$000)						3,961	2,284	3,796	7,888	9,910	10,560	10,644	11,070	11,513	11,973	N/A	
8. Unrestricted Net Assets (\$000)						(52,532)	(55,579)	(59,842)	(67,355)	(72,124)	(76,652)	(81,135)	(85,573)	(89,967)	(94,317)	N/A	
9. Annual Capital Asset Expenditure (\$000)						535	1,821	1,392	1,560	1,496	6,521	2,630	2,690	2,752	2,834	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	2020	2021	2022	2023	2024	Projected	Forecast				Preferred Trend Indicator
						2025	2026	2027	2028	2029	
	0.64	0.58	(0.15)	0.12	0.34	0.35	0.38	0.41	0.42	0.43	
Total excess revenue over expenses + interest + depreciation + amortization expense - amortization of deferred revenue	3,014	2,737	(677)	547	1,694	1,754	1,898	2,038	2,096	2,152	
Annual debt service (principal & interest paid)	4,725	4,724	4,422	4,421	5,019	5,018	5,015	5,014	5,015	5,015	
Total excess revenue over expenses	(1,651)	(3,047)	(4,262)	(7,513)	(4,769)	(4,528)	(4,483)	(4,438)	(4,394)	(4,350)	
Add interest expense	3,653	3,611	3,227	3,591	3,954	3,592	3,583	3,525	3,464	3,400	
Add: depreciation/amortization expense	3,803	3,665	3,563	4,906	3,896	3,989	4,149	4,356	4,487	4,621	
Add: Non-Cash Change in FSO Liability	-	1,116	(1,116)	-	-	-	-	-	-	-	
Add: amortization expense	-	-	-	-	-	-	-	-	-	-	
Less: EF amortization revenue	(2,791)	(2,608)	(2,089)	(436)	(1,387)	(1,299)	(1,351)	(1,405)	(1,461)	(1,519)	
Total	3,014	2,737	(677)	547	1,694	1,754	1,898	2,038	2,096	2,152	
11. Annual Debt Service Coverage (x)	1.48	1.06	0.71	1.91	2.31	2.45	2.50	2.61	2.71	2.82	↑
Total excess revenue over expenses + interest + depreciation + amortization expense - amortization of deferred revenue + EF proceed	6,975	5,021	3,118	8,435	11,603	12,314	12,542	13,108	13,609	14,125	
Annual debt service	4,725	4,724	4,422	4,421	5,019	5,018	5,015	5,014	5,015	5,015	
12. Annual Debt Service/Revenue (%)	28%	27%	31%	30%	27%	26%	25%	24%	23%	22%	↓
Annual debt service (principal & interest exclude capitalized int.)	4,725	4,724	4,422	4,421	5,019	5,018	5,015	5,014	5,015	5,015	
Total operating revenue + Net assets released from restriction for operation + Net non-operating gain & loss	17,136	17,373	14,211	14,942	18,430	19,167	19,934	20,731	21,560	22,423	
13. Average Annual Effective Interest Rate (%)	5%	5%	5%	5%	6%	6%	6%	6%	6%	6%	↓
Total interest expense on LT debt	3,653	3,611	3,227	3,591	3,954	3,592	3,583	3,525	3,464	3,400	
Total LT term	70,824	69,714	68,862	67,959	66,348	64,613	62,823	60,973	59,058	57,078	
14. Unrestricted Cash & Investments/ Long-Term Debt (%)	37.83%	36.33%	32.24%	36.01%	43.08%	45.54%	54.95%	65.88%	78.40%	92.61%	↑
Unrestricted (current +noncurrent) Cash and Investment	26,210	24,863	21,773	23,869	27,833	28,607	33,505	38,909	44,751	51,027	
Long term Debt less Current Portion	69,289	68,434	67,532	66,279	64,613	62,823	60,973	59,058	57,078	55,098	
15. Average Age of Facility (years)	11.86	13.31	14.69	11.66	15.68	16.31	16.69	16.89	17.40	17.89	↓
Accumulated depreciation	45,103	48,768	52,331	57,196	61,093	65,082	69,230	73,587	78,073	82,695	
Annual depreciation expense	3,803	3,665	3,563	4,906	3,896	3,989	4,149	4,356	4,487	4,621	


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. Occupancy continued to improve in FY24. Gradual improvement is expected to continue over the next few years.

MARGIN (PROFITABILITY) INDICATORS

2. Net Operating Margin (%)

Margins had been stable through 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 and FY24 as the community continues to recover from the COVID-19 pandemic. Margins are expected to continue growing in the coming years as occupancy increases to stabilized levels.

3. Net Operating Margin - Adjusted (%)

Net Operating Margin - Adjusted includes net proceeds from Entrance Fees. 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, and FY 24 continued to grow with 23 sales of units. There are an additional 24 budgeted for FY25. A similar sales volume is expected in FY26 - 29.

LIQUIDITY INDICATORS

4. Unrestricted Cash and Investments (\$000)

Cash generated by operations expected to increase in FY25 as 24 RLU resales are planned. FY26-29 sales are expected to continue at similar volumes.

5. Days Cash on Hand (Unrestricted)

Days cash on hand expected to increase in FY25 due to RLU resale activity and increases in entrance fee rates. This upward trend should continue in FY26-29.

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 higher 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 residents. Expected to increase in FY25 due to a higher planned number RLU resales and increases in entrance fee rates. Expected to continue at similar levels in FY26-29.

8. Unrestricted Net Assets (\$000)

Change reflects expected gain/loss from operations.

9. Annual Capital Asset Expenditure (\$000)

In FY25 a \$4.4 million project is planned to refurbish resident common areas. A \$400 thousand per year special assessments in FY26 - FY29 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 due to the COVID-19 pandemic. Trend was reversed and began to move upward in FY23 and continued in FY24 due to improved operating results and increases in net entrance fees. Expected to continue upward trend as entrance fee increases are implemented and the volume of resale activity remains at similar levels to FY25 projections.

12. Annual Debt Service/Revenue (%)

Expected to continue downward trend 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 \$4.4 million refresh of resident common areas is planned for FY25.