
Key West Senior Housing Development – Phase I (Revised) Supplemental Report



Project Sponsor:



Consultant:

Senior Capital Advisors, Inc.

Supplemental Report
Key West Senior Housing Development – Phase I (Revised)

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Definitions

Following are definitions for terms and acronyms that may be used in this report.

- 1) ALF – Assisted Living Facility.
- 2) Cashflow after Debt Service – NOI less Debt Service.
- 3) City – The City of Key West.
- 4) Consultant – Senior Capital Advisors, Inc.
- 5) Debt Service – The total monthly payment of principal and interest toward a mortgage.
- 6) FPC – Family Pride Corporation, the developer of Project.
- 7) FKACC – Florida Keys Assisted Care Coalition.
- 8) FNMA – Federal National Mortgage Association.
- 9) ILF – Independent Living Facility.
- 10) IRR – Internal Rate of Return. This calculation examines cashflows on a monthly basis to determine the potential return on the original equity invested in the Project.
- 11) LTC – Loan-To-Cost, ratio expressed as a percentage and calculated as the construction loan amount divided by the construction cost.
- 12) LTV – Loan-To-Value, ratio expressed as a percentage and calculated as the loan amount divided by property value.
- 13) NOI – Net Operating Income, defined as total revenue less total expenses. Expenses include operating expenses, management fees, property taxes, insurance and capital reserves but exclude amortization, depreciation, taxes and debt service.
- 14) Project – The Assisted and Independent Living community to be developed in the Truman Annex section of Key West.
- 15) PSF – Per Square Foot
- 16) ROGO – Key West's Rate of Growth Ordinance.
- 17) SSMG – Senior Solutions Management Group, the operator of Project.
- 18) Supplemental Report – This report, which covers the Revised Phase I of Project which has been changed from 50 to 60 assisted living units (30 affordable / 30 market rate) and has added 10 workforce housing units.

Supplemental Report

Key West Senior Housing Development – Phase I (Revised)

Forward

This Supplemental Phase I Report was requested by the City due to several material changes in the conceptual design of Phase I of the Project that arose out of a meeting between the City, FPC and Consultant that took place on May 13, 2011. The proposed changes included:

- 1) Swapping the location of the original Phase I with Phase II of the Project.
- 2) Decreasing the overall footprint of the Project to allow for more green space.
- 3) Increasing the number of AL units in Phase I from 50 to 60.
- 4) Adding 10 workforce housing units.

The resulting changes in the construction and operating budgets were substantial enough to justify another review of each, along with a more detailed analysis of the potential equity returns for the Project and the ability to finance the Project. This Supplemental Report focuses exclusively on these four items.

In preparing this Supplemental Report, Consultant has relied heavily on discussions with and information provided by FPC, especially with respect to construction and operating budgets. Consultant has also discussed various issues surrounding the Project with City officials.

Construction Budget

The comments regarding the construction budget expressed by Consultant in the original Phase I Report are still valid despite the changes in the scope of Phase I of the project. As such, there will not be a line-by-line review in this Supplemental Report. Instead, the focus will be on those items with significant differences. The Phase I (Revised) construction budget is shown in Exhibit A.

There were 10 workforce housing units that were added to Phase I. These units are budgeted at \$60,000 each. The number of assisted living units was increased from 50 to 60, but maintains the same 50/50 ratio of market rate to affordable units. The change in locations (swapping Phase I with Phase II) helped to somewhat lower the project cost because the expense associated with the historic preservation of the Keys Energy building would be shifted to Phase II.

Because of the increase in the number of assisted living units, the addition of the workforce housing units and FPC's revision of several line items, the overall project cost has increased by approximately \$3.2 million, or roughly 40%, to \$10.2 million. Interest/Bank Costs went from \$400,000 to \$550,000 and Contingency/Operating Loss Reserves went from \$730,000 to \$780,000, for a total increase of \$200,000 between these two line items. There were also increases to the Architect/Engineer (\$155,000) and Contractor (\$100,000) line items.

Despite these seemingly large-scale changes, the overall development cost is still well within industry norms. The net of all of these changes results in a project average of \$145,700 per unit (including the workforce and assisted living units) whereas the original cost per unit for Phase I, which included only assisted living, was \$137,700.

It should also be noted that the revised construction budget does not contain a development fee, just as the original budget did not. Typically, these fees are 3% to 6% of the hard construction cost, depending on overall project size. For a project in this dollar range, a 5% fee (approximately \$500,000) would be common.

Operating Budget

The comments regarding the Operating Budget expressed by Consultant in the original Phase I Report are still valid despite the changes in the scope of Phase I of the project. As such, there will not be a line-by-line review in this Supplemental Report. Instead, the focus will be only on those items which are either new or that underwent changes.

The Operating Budget now calls for the following unit and rate mix:

- 42 market rate units at \$3,800/unit
- 8 moderate income units at \$1,700/resident
- 10 low income semi-private units at \$1,100/resident
- 10 workforce housing units at \$825/unit

The rates listed are the same as in the previous budget, with the exception of the new category of workforce housing, where 10 units were added at \$825 per month.

The general & professional liability insurance estimate of \$36,000 went unchanged from the previous budget. Consultant assumes that this should have increased to approximately \$43,200 to maintain the same rate of \$720 per unit, but could be lower as rates are not computed strictly on a per unit basis. No adjustment is needed as the variance is minor at this early date.

Property taxes were increased from \$60,000 to \$140,000 per year. This increase is due to two causes: 1) the increase from 50 to 60 units and the addition of 10 workforce housing unit and 2) the initial calculation did not include personal property taxes.

Overall, the revised Operating Budget now shows a stabilized profit margin of about 31%, which is slightly lower than the original margin of 34%. While Consultant cannot point to any individual items in the operating budget that are out of line, the profit margin may still be slightly aggressive given the low/moderate income units. The workforce housing component of the Project actually increases the profit margin to a small degree because the profit margin on these units is higher than that of the assisted living units.

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Debt & Equity & Financing

Due to the close relationship between debt and equity in a development project, these two categories have been combined. As with other sections of this report, the comments regarding debt and equity expressed by Consultant in the original Phase I Report are still valid despite the changes in the scope of Phase I of the project.

Based on FPC's construction budget, operating budget and lease up assumptions, a monthly cashflow schedule was created for the purpose of calculating the IRR, which represents the rate of return to the investor on the equity invested in a project. In this case, the IRR is calculated as 12.11%. An annualized summary of the monthly schedule is shown below. As noted in the original Phase I Report, investors typically like desire an IRR above 20% for development projects and an IRR in the low teens for existing projects. This can, however, vary from investor to investor depending on their projected hold period, risk tolerance and other factors.

Phase I Revised - Cashflow Analysis [1]

	Construction [2]	Year 1 [3]	Year 2 [3]	Year 3	Year 4	Year 5
Equity	(3,200,000)	0	0	0	0	0
Net Operating Income (Loss)	0	241,635	827,178	832,263	799,493	823,478
Debt Service	(232,571)	(371,837)	(382,235)	(533,903)	(547,691)	(547,691)
Interest Reserve	232,571	317,429	0	0	0	0
Operating Loss Reserve [4]	0	150,589	0	0	0	0
Cashflow After Debt Service	(3,200,000)	337,817	444,943	298,360	251,802	275,787
Annual Return on Equity [5]		5.85%	13.90%	9.32%	7.87%	8.62%
		Year 6	Year 7	Year 8	Year 9	Year 10 [4]
Equity		0	0	0	0	6,218,941
Net Operating Income (Loss)		848,182	873,628	899,836	926,831	954,636
Debt Service		(547,691)	(547,691)	(547,691)	(547,691)	(547,691)
Interest Reserve		0	0	0	0	0
Operating Loss Reserve [4]		0	0	0	0	0
Cashflow After Debt Service		300,492	325,937	352,146	379,141	6,625,887
Annual Return on Equity [5]		9.39%	10.19%	11.00%	11.85%	12.72%
IRR During 10-Year Hold Period						12.11%

[1] For purposes of display, the data has been condensed into the above columns. The IRR has been computed on a monthly basis.

[2] Construction period is 18 months.

[3] Years 1-2 represent the operations prior to permanent financing.

[4] The current lease up schedule projects use of only approximately \$150k in Operating Loss Reserves, out of a possible \$780k. This IRR calculation assumes a best case scenario with none of the remaining \$630k in Contingency/Operating Reserves being utilized.

[5] Annual Return calculation excludes net sale proceeds at end of Year 10.

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In reviewing this schedule, it should be noted that there were several critical assumptions made which could materially negatively impact the project as development is carried out. These assumptions include the following:

- 1) The project leases up to stabilized occupancy in 14 months. This results in a very short time to reach a breakeven cashflow. As such, only about \$150,000 of the \$780,000 Contingency/Operating Reserve is utilized.
- 2) It is assumed that none of the remaining \$630,000 from the Contingency/Operating Reserve is utilized for development cost overruns or changes. This means that the construction loan reaches a maximum of \$6.4 million, resulting in slightly lower interest costs during the construction period. If there are any cost overruns or changes, the construction loan could very easily reach the \$7 million mark, thus negating any savings.
- 3) It is assumed that due to the previous items, the permanent loan placed in month 25 is for the outstanding balance of the construction loan, not the \$7 million originally contemplated. In other words, there is no cash out, or return of equity, upon placement of the permanent loan. This results in a slightly lower debt service cost during the hold period, through year 10.
- 4) The Construction Budget does not include any cost associated with the ROGO.
- 5) The Operating Budget does not include any cost associated with a ground lease as nothing other than the current \$1 per year has been negotiated.
- 6) It is assumed that the Project is sold at the end of year 10, at a capitalization rate of 8.50%. It is very difficult to predict where capitalization rates will be in one year, let alone 5 or 10 years.

All of the above assumptions and calculations are predicated on the idea that it is possible to secure an equity investor and construction lender for the Project. This will be a very difficult task given the relatively low returns of about 10% shown in the schedule. It is Consultant's thought that most traditional lenders (banks) and institutional investors will not too look favorably on the Project as it now stands. There may be an opportunity for FPC to partner with an insurance company, pension fund or union to source both the debt and equity required. These groups are suggested as they typically have lower return thresholds and longer hold periods due to the nature of their investment business. It may also be necessary for FPC to seek some combination of grants or charitable contributions to offset some of the development costs and thereby lower the equity requirement. Such a lowering of the amount of equity would result in an increase in the rate of return, thus attracting more potential investors. This would also increase debt service coverage thereby increasing the potential for a favorable permanent loan.

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Exhibit A – Construction Budget (5/27/11)

Site/utility work	50,000
Drainage/retention	75,000
Environmental	20,000
Demolition	25,000
Construction 46,000 x \$140 psf	6,440,000
FF&E	615,000
Landscaping/paving/irrigation	125,000
Predevelopment/permitting, etc.	685,000
Marketing	75,000
Administration	50,000
Contractor	250,000
Architect and Engineer	350,000
Legal and Accounting	25,000
Taxes/Insurance	135,000
Interest/bank costs	550,000
Contingency/Operating Loss Reserves	780,000
Total	\$ 10,200,000

Exhibit B – Operating Budget (5/24/11)

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Truman Waterfront	Phase I Revised - Summary Pro Forma Income Statement (5/24/11)												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total Year 1
Number of Residents	3	13	23	32	41	48	54	60	65	68	71	73	46
Average Occupancy	9.6%	21.5%	33.3%	44.6%	54.8%	62.7%	70.2%	77.3%	82.3%	85.8%	89.2%	90.8%	60.2%
Revenue:													
Assisted Living	17,267	45,250	68,950	90,750	112,550	130,917	146,217	160,950	170,750	174,850	177,050	178,517	1,474,017
Leveling Charges	238	678	1,036	1,366	1,696	1,989	2,264	2,539	2,759	2,897	3,007	3,080	23,549
Work Force	1,925	3,025	4,675	6,325	7,288	7,288	7,288	7,288	7,288	7,563	8,113	8,113	76,175
Community Fees	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Other	1,000	2,500	4,000	5,500	7,000	8,500	9,000	10,500	12,000	13,500	15,000	17,000	105,500
Total Revenue	26,430	57,453	84,661	109,941	134,533	154,693	170,768	187,277	198,797	204,809	209,169	212,709	1,751,241
Operating Expenses:													
Labor:													
Resident Care	17,686	18,747	23,216	24,822	28,389	29,238	32,648	34,257	35,288	36,984	37,201	39,009	357,485
Dietary	10,732	9,622	10,650	10,331	10,807	10,366	10,845	10,742	10,541	10,779	10,578	10,938	126,932
Activities	3,034	2,740	3,034	2,936	3,034	2,936	3,034	3,034	2,936	3,034	2,936	3,034	35,719
Housekeeping & Laundry	3,593	3,212	3,554	3,451	3,628	3,468	3,645	3,597	3,549	3,614	3,566	3,689	42,566
Maintenance	3,034	2,740	3,034	2,936	3,034	2,936	3,034	3,034	2,936	3,034	2,936	3,034	35,719
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	1,026	918	1,016	986	1,036	991	1,041	1,028	1,014	1,033	1,019	1,054	12,162
Administration	9,047	8,205	9,047	8,766	9,047	8,766	9,047	9,047	8,766	9,047	8,766	9,047	106,595
Total Labor	48,152	46,183	53,550	54,227	58,974	58,701	63,293	64,738	65,030	67,524	67,001	69,804	717,178
Non-Labor:													
Resident Care	588	636	683	728	769	801	831	859	879	893	907	913	9,488
Dietary	2,576	2,979	4,692	5,997	7,426	8,250	9,419	10,288	10,576	11,337	11,493	12,051	97,084
Activities	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Housekeeping & Laundry	1,250	900	1,100	1,200	1,250	1,300	1,300	1,300	1,400	1,500	1,500	1,500	15,500
Maintenance	3,075	3,075	3,075	3,075	3,075	3,075	3,075	3,075	3,075	3,075	3,096	3,075	36,921
Marketing	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	20,232
Transportation	345	345	345	345	345	345	345	345	345	345	345	345	4,140
Administration	3,484	3,584	3,684	3,784	3,884	3,934	4,084	4,084	4,084	4,084	4,084	4,084	46,858
Total Non-Labor	13,505	13,705	15,765	17,315	18,935	19,891	21,240	22,137	22,545	23,420	23,611	24,154	236,224
Total Controllable	61,657	59,888	69,316	71,542	77,909	78,591	84,533	86,875	87,576	90,945	90,612	93,958	953,401
Management fees	1,322	2,873	4,233	5,497	6,727	7,735	8,538	9,364	9,940	10,240	10,458	10,635	87,562
Real estate taxes	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,575	140,000
Utilities	5,250	5,250	5,750	5,750	6,250	6,250	6,750	6,750	6,750	7,250	7,250	7,250	76,500
Workers Compensation	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	1,412	16,942
General and Prof Liability	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Property & Auto Insurance	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	106,200
Evacuation Reserve	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Capital Reserves (\$300/unit)	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	21,000
Total Operating Expenses	100,915	100,698	111,985	115,476	123,573	125,263	132,508	135,676	136,952	141,122	141,007	144,430	1,509,605
Net Operating Income (Loss)	(74,485)	(43,244)	(27,325)	(5,535)	10,961	29,430	38,260	51,601	61,844	63,687	68,162	68,279	241,635
Net Operating Margin	-281.8%	-75.3%	-32.3%	-5.0%	8.1%	19.0%	22.4%	27.6%	31.1%	31.1%	32.6%	32.1%	13.8%

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Phase I Revised - Summary Pro Forma Income Statement (5/24/11)													
Truman Waterfront	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Total Year 2
Number of Residents	73	74	74	74	74	74	74	74	74	74	74	74	74
Average Occupancy	91.3%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.0%
Revenue:													
Assisted Living	178,700	179,433	179,433	179,433	179,433	179,433	179,433	179,433	179,433	179,433	179,433	179,433	2,152,467
Leveling Charges	4,634	4,689	4,689	4,689	4,689	4,689	4,689	4,689	4,689	4,689	4,689	4,689	56,210
Work Force	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	8,500	102,000
Community Fees	7,500	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	73,500
Other	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	204,000
Total Revenue	216,334	215,622	215,622	215,622	215,622	215,622	215,622	215,622	215,622	215,622	215,622	215,622	2,588,177
Operating Expenses:													
Labor:													
Resident Care	40,444	36,474	40,345	39,166	41,094	39,336	41,273	40,784	40,170	40,960	40,343	41,719	482,106
Dietary	12,233	10,962	12,133	11,771	12,324	11,815	12,370	12,245	12,027	12,290	12,071	12,483	144,726
Activities	2,528	2,283	2,528	2,447	2,528	2,447	2,528	2,528	2,447	2,528	2,447	2,528	29,766
Housekeeping & Laundry	3,695	3,303	3,656	3,550	3,731	3,567	3,749	3,700	3,651	3,718	3,668	3,794	43,782
Maintenance	5,401	4,792	5,297	5,128	5,401	5,128	5,401	5,297	5,232	5,297	5,232	5,401	63,005
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	1,103	986	1,092	1,060	1,114	1,065	1,120	1,105	1,090	1,110	1,095	1,133	13,074
Administration	8,521	7,730	8,521	8,257	8,521	8,257	8,521	8,521	8,257	8,521	8,257	8,521	100,404
Total Labor	73,925	66,531	73,571	71,379	74,713	71,614	74,961	74,180	72,874	74,423	73,114	75,579	876,863
Non-Labor:													
Resident Care	915	918	918	918	918	918	918	918	918	918	918	918	11,017
Dietary	12,191	11,170	12,297	11,921	12,297	11,921	12,297	12,297	11,921	12,297	11,921	12,297	144,825
Activities	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Housekeeping & Laundry	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,320	15,840
Maintenance	2,390	2,390	2,390	2,390	2,390	2,390	2,390	2,390	2,390	2,390	2,411	2,390	28,701
Marketing	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	20,232
Transportation	345	345	345	345	345	345	345	345	345	345	345	345	4,140
Administration	3,319	3,319	3,319	3,319	3,319	3,319	3,319	3,319	3,319	3,319	3,319	3,319	39,828
Total Non-Labor	22,766	21,748	22,875	22,499	22,875	22,499	22,875	22,875	22,499	22,875	22,520	22,875	271,783
Total Controllable	96,692	88,279	96,446	93,878	97,588	94,114	97,836	97,055	95,374	97,298	95,634	98,454	1,148,646
Management fees	10,817	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	10,781	129,409
Real estate taxes	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,575	140,000
Utilities	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	7,250	87,000
Workers Compensation	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729	1,729	20,743
General and Prof Liability	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Property & Auto Insurance	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	106,200
Evacuation Reserve	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Capital Reserves (\$300/unit)	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	21,000
Total Operating Expenses	147,762	139,313	147,481	144,913	148,623	145,148	148,870	148,089	146,408	148,333	146,669	149,388	1,760,998
Net Operating Income (Loss)	68,572	76,309	68,141	70,709	66,999	70,474	66,752	67,533	69,214	67,289	68,953	66,234	827,178
Net Operating Margin	31.7%	35.4%	31.6%	32.8%	31.1%	32.7%	31.0%	31.3%	32.1%	31.2%	32.0%	30.7%	32.0%

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Phase I Revised - Summary Pro Forma Income Statement (5/27/11)													
Truman Waterfront	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Total Year 3
Number of Residents	74	74	74	74	74	74	74	74	74	74	74	74	74
Average Occupancy	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%	92.1%
Revenue:													
Assisted Living	186,249	186,249	186,249	186,249	186,249	186,249	186,249	186,249	186,249	186,249	186,249	186,249	2,234,990
Leveling Charges	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	5,115	61,380
Work Force	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	8,750	105,000
Community Fees	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Other	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	17,000	204,000
Total Revenue	223,114	223,114	223,114	223,114	223,114	223,114	223,114	223,114	223,114	223,114	223,114	223,114	2,677,370
Operating Expenses:													
Labor:													
Resident Care	40,737	36,474	40,345	39,166	41,094	39,336	41,273	40,784	40,170	40,960	40,343	41,719	482,400
Dietary	12,233	10,962	12,133	11,771	12,324	11,815	12,370	12,245	12,027	12,290	12,071	12,483	144,726
Activities	2,528	2,283	2,528	2,447	2,528	2,447	2,528	2,528	2,447	2,528	2,447	2,528	29,766
Housekeeping & Laundry	5,543	4,955	5,484	5,324	5,597	5,350	5,624	5,550	5,476	5,577	5,502	5,691	65,673
Maintenance	5,401	4,792	5,297	5,128	5,401	5,128	5,401	5,297	5,232	5,297	5,232	5,401	63,005
Marketing	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation	2,207	1,973	2,183	2,120	2,228	2,130	2,239	2,210	2,180	2,220	2,191	2,266	26,148
Administration	8,521	7,730	8,521	8,257	8,521	8,257	8,521	8,521	8,257	8,521	8,257	8,521	100,404
Total Labor	77,170	69,169	76,491	74,213	77,693	74,463	77,955	77,134	75,790	77,392	76,043	78,609	912,122
Non-Labor:													
Resident Care	918	918	918	918	918	918	918	918	918	918	918	918	11,020
Dietary	13,039	11,879	13,039	12,653	13,039	12,653	13,039	13,039	12,653	13,039	12,653	13,039	153,764
Activities	700	700	700	700	700	700	700	700	700	700	700	700	8,400
Housekeeping & Laundry	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	1,520	18,240
Maintenance	3,925	3,925	3,925	3,925	3,925	3,925	3,925	3,925	3,925	3,925	3,946	3,925	47,121
Marketing	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	1,686	20,232
Transportation	345	345	345	345	345	345	345	345	345	345	345	345	4,140
Administration	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	4,069	48,828
Total Non-Labor	26,203	25,042	26,203	25,816	26,203	25,816	26,203	26,203	25,816	26,203	25,837	26,203	311,745
Total Controllable	103,373	94,211	102,693	100,029	103,896	100,278	104,157	103,337	101,605	103,594	101,880	104,811	1,223,866
Management fees	11,156	11,156	11,156	11,156	11,156	11,156	11,156	11,156	11,156	11,156	11,156	11,156	133,869
Real estate taxes	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,675	11,575	140,000
Utilities	7,550	7,550	7,550	7,550	7,550	7,550	7,550	7,550	7,550	7,550	7,550	7,550	90,600
Workers Compensation	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	1,798	21,572
General and Prof Liability	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	36,000
Property & Auto Insurance	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	8,850	106,200
Evacuation Reserve	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	72,000
Capital Reserves (\$300/unit)	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	1,750	21,000
Total Operating Expenses	155,151	145,989	154,472	151,808	155,674	152,057	155,936	155,115	153,384	155,373	153,658	156,490	1,845,107
Net Operating Income (Loss)	67,963	77,125	68,642	71,306	67,440	71,057	67,178	67,999	69,730	67,741	69,456	66,624	832,263
Net Operating Margin	30.5%	34.6%	30.8%	32.0%	30.2%	31.8%	30.1%	30.5%	31.3%	30.4%	31.1%	29.9%	31.1%