
Key West Senior Housing Development – Phase II Preliminary Report



Project Sponsor:



Consultant:

Senior Capital Advisors, Inc.

Preliminary Report
Key West Senior Housing Development – Phase II

Contents

Definitions..... 1

Forward..... 2

Ground Lease..... 4

Construction Budget 5

Operating Budget..... 6

Construction Financing..... 9

Permanent Financing 10

Equity..... 11

Exhibit A – Operating Budget (4/12/11) 12

Preliminary Report
Key West Senior Housing Development – Phase II

Definitions

Following are definitions for many of the terms and acronyms 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) LTC – Loan-To-Cost, ratio expressed as a percentage and calculated as the construction loan amount divided by the construction cost.
- 11) LTV – Loan-To-Value, ratio expressed as a percentage and calculated as the loan amount divided by property value.
- 12) 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.
- 13) Preliminary Report – This report, which covers Phase II of Project.
- 14) Project – The Assisted and Independent Living community to be developed in the Truman Annex section of Key West, (Phase I: 50-unit / 60-bed ALF; Phase II: 90-unit ILF).
- 15) PSF – Per Square Foot
- 16) SSMG – Senior Solutions Management Group, the operator of Project.

Preliminary Report
Key West Senior Housing Development – Phase II

Forward

Consultant was engaged by the City on January 24, 2011 to provide advice with respect to the ground leasing, financing, development and operation of the Project. The Project is to be developed by FPC and operated by SSMG. The Final Report for Phase I (50-unit ALF) was delivered to the City on April 26, 2011. Just prior to that submission, Consultant was asked to provide a similar report regarding Phase II of the Project, which involves a 90-unit, ILF.

At the beginning of the assignment, Consultant was asked to perform the following tasks:

- A. Review and provide City with comments on the proposed ground lease or sublease between either City and FPC or FKACC and FPC.
- B. Assist City in establishing the financial structure to be incorporated into the ground lease or sublease with FPC so that City is afforded an appropriate return.
- C. Review and provide City with comments on the proposed construction budget to assure that FPC is providing City with a budget that is within established senior housing industry guidelines. This will involve a comparison to projects similar in size and type.
- D. Review and provide City with comments on the proposed operating budget to assure that FPC is providing City with a budget that is within established senior housing industry guidelines. This will involve a comparison to projects similar in size and type.
- E. Review and provide City with comments on the proposed construction and operating budgets as they relate to potential construction or permanent financing to be placed on Project.
- F. Review and provide City with comments on any proposed financing instruments relating to Project, especially as they relate to Project's feasibility and potential impact on financial returns to City.

In reviewing this Preliminary Phase II Report, the following should be noted:

1. The ground lease was reviewed in the Phase I report and is omitted from discussion in Phase II.
2. A construction budget for Phase II is not yet available.
3. Construction of Phase II is projected to start after Phase I is construction is completed and has reached a stabilized occupancy. This means that if construction on Phase I started today, a start for Phase II would be least 4 or 5 years away. As such, any projections are subject to meaningful variance due to market changes.
4. The combination of items 1 and 2 makes it very difficult for Consultant to provide solid guidance with respect to potential construction or permanent financing, equity and even the operating budget.

Preliminary Report
Key West Senior Housing Development – Phase II

In preparing this Preliminary Report, Consultant has relied heavily on discussions with and information provided by FPC. Consultant has also discussed various issues surrounding the Project with City officials.

Generally speaking, the Project appears to be well conceived and has a credible developer and operator in the form of FPC and SSMG. The Project will serve a largely unmet need in the lower Keys. Consultant looks forward to seeing this Project come to fruition and is able to provide additional advice once additional Project milestones have been met or as the City deems appropriate.

Preliminary Report
Key West Senior Housing Development – Phase II

Ground Lease

It is assumed that the Ground Lease, as discussed in the Phase I Report, will include Phase II of the Project as well. For that reason, a discussion on the ground lease has been omitted from this Preliminary Report on Phase II.

Construction Budget

A construction budget for Phase II of the Project, to be comprised of a 90-unit, 3-story, ILF is not yet available. The building is estimated to be about 80,000 square feet.

Consultant would like to note that land costs for independent living units are typically about the same as those for assisted living units. The most senior housing developments have land costs that range from about \$10,000 to \$20,000 per unit.

Preliminary Report
Key West Senior Housing Development – Phase II

Operating Budget

The Operating Budget (see Exhibit A) shows a lease-up period of 13 months, to obtain 96% occupancy. This period results in an average of 6.7 net leased units per month, which is likely well above what operators or lenders in most markets would project for a new project. However, the Key West market is quite different from most other markets due to the following factors:

- a) Key West’s island location and being part of an archipelago puts severe restrictions on the area from which a property can draw residents. This is quite different from most developments which draw from a typical radius of 5 to 7 miles.
- b) There is likely pent up demand since there has not been development of new senior communities anywhere in the Keys for an extended period of time. This could substantially increase the lease up rate from what one would normally expect.

The market (operators, investors and lenders) would probably assume stabilized occupancy to be closer to 90%, as opposed to the 96% shown. Although this would be considered too aggressive for underwriting purposes, it could certainly be realized due to the factors noted above and thus could be perfectly legitimate for budgeting purposes. In contrast to ALF occupancy levels which often fluctuate due to seasonal changes reflected in illness/death, ILF occupancy levels tend to be more stable throughout the year. The lone exception to this rule is in cases of seasonal occupancy during warmer/colder months. It should also be noted that the decision making for an ILF resident is “want” based as opposed to an ALF which is “need” based. As such, ILF occupancies tend to drop faster than ALF occupancies during tougher economic cycles such as we recently experienced.

The budget calls for the following unit mix:

| <u>Unit Type</u> | <u>Qty</u> | <u>Rate</u> |
|---------------------|------------|-------------|
| Low Income | 10 | \$1,115 |
| Moderate Income | 20 | \$2,070 |
| One Bedroom (Small) | 25 | \$2,300 |
| One Bedroom (Large) | 25 | \$2,800 |
| Two Bedroom (Small) | 5 | \$3,100 |
| Two Bedroom (Large) | 5 | \$4,800 |

Unlike ALFs which can charge on a per bed basis, ILFs charge rent on a per unit basis, just as would any multifamily property. In other words, two roommates or a couple living in an ILF would pay the same as a single resident renting a comparable unit. There is, however, usually a charge for the additional meals or other basic services that may be included in the normal rent for a single resident.

Preliminary Report

Key West Senior Housing Development – Phase II

It is also important to consider the ILF market rates relative to the ALF market rates of \$3,800 in Phase I. This comparison shows a difference of \$1,500 between the small one bedroom independent unit and the assisted unit, which is a typical variance for independent vs assisted.

Independent Living rates typically include one meal per day and exclude any additional services above the standard amenity package, such as extra housecleaning or laundry. Also typical of many senior communities, but by no means a majority, the budget assumes a community fee of \$1,500 that is due with each new resident move-in. This community fee is well within the \$500 to 1 month's rent range of what would be considered normal.

Consultant does have a small concern regarding the rate for the large two bedroom independent units. While \$4,800 for a two bedroom unit with views of the ocean sounds appropriate, the concern, which is more social as opposed to economic, is whether residents with higher incomes will want to live in the same building as residents with substantially lower incomes. The answer is only found in people that make up the market. Some communities thrive with a mix of resident incomes while others do not.

The general & professional liability insurance estimate of \$36,000 (\$400 per unit) is about average for an ILF. This is about 56% of the \$720 per unit called for in the ALF portion of the Project due to the fact that there is not the same level of healthcare and services delivered to residents. The property & auto insurance estimate of \$111,000 (\$1,233 per unit), although high compared to most other senior housing properties is within range given the Project's somewhat remote island location.

Property taxes were estimated at \$108,000 per year (\$1,200 per unit), and were obtained by FPC via the Property Tax Appraiser's office. As such, this estimate should be considered reliable. Property taxes can vary from one area to another, but this would appear to be in line with an ILF of 90 units.

The operating budget shows a management fee of 5% of total revenue. This rate is very typical and is considered an industry standard.

Consultant added a line item in the operating budget for capital reserves, so that they could be used in the NOI calculation. Because the Project will be new and will likely require a relatively low level of replacement and repair the first several years, Consultant chose to use \$300 per unit per year for capital reserves. As time goes by, this number should be gradually increased and may be higher depending on the permanent lender's requirements, which are sometimes higher than what may actually be necessary.

Newer, well operated and stabilized ILFs typically see profit margins running from 45% to 55%, with some seeing margins as high as 60%. The project shows a stabilized profit margin of

Preliminary Report
Key West Senior Housing Development – Phase II

approximately 53%, which is within range of what would be considered normal. However, because of the low/moderate income component, Consultant believes the profit margin and the underlying assumptions that make up the income and expense calculations may be slightly aggressive. The individual line items are all within the range of reasonableness, but when taken in total appear to be slightly above what one would expect for a project with an affordable component.

Consultant would like to mention that it would be more much more efficient, from the standpoint of both construction cost and operating cost, to have the building's phases (ALF and ILF) connected by a common area that would include a single commercial kitchen and two separate dining rooms. This is a common solution found in the vast majority of IL/AL combinations and eliminates the need to build two commercial kitchens and reduces redundant staffing once operations commence.

Construction Financing

As noted above, ILFs differ from ALFs in the “want” vs “need” of the move-in decision. During the recent downturn, average ILF occupancies dropped from the low 90’s down to the mid 80’s in many markets; whereas ALF occupancies only dropped from the mid 90’s down to the high 80’s. As such, it is currently much more difficult to obtain construction financing for ILFs.

Given the foregoing and the fact that construction for Phase II is potentially several years away, there is no point in reviewing the current state of construction financing for this component.

Permanent Financing

As with construction financing, permanent financing is even further away. Given the timing and the fact that there is not yet a construction budget available, there is no point in reviewing the current underwriting or potential lending sources.

Equity

Equity investors will look at Phase II in much the same way they would Phase I with respect to desired return criteria. Most investors are looking for low to mid twenties returns on development projects.

As with construction and permanent financing, given the timing and the fact that there is not yet a construction budget available, there is no point in reviewing the current underwriting or potential equity sources.

Preliminary Report
Key West Senior Housing Development – Phase II

Exhibit A – Operating Budget (4/12/11)

Preliminary Report
Key West Senior Housing Development – Phase II

| Summary Pro Forma Income Statement (4/12/11) | | | | | | | | | | | | | |
|--|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Phase II - Independent Living | 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 | 0 | 16 | 22 | 31 | 37 | 46 | 52 | 61 | 67 | 73 | 80 | 85 | 48 |
| Average Occupancy | 6.5% | 19.6% | 27.8% | 36.3% | 44.3% | 53.0% | 60.9% | 69.4% | 76.1% | 83.1% | 90.0% | 94.4% | 55.1% |
| Revenue: | | | | | | | | | | | | | |
| Low Income | 1,858 | 5,761 | 6,876 | 7,991 | 9,106 | 9,849 | 10,221 | 10,964 | 10,964 | 10,964 | 10,964 | 10,964 | 106,483 |
| Moderate Income | 3,105 | 7,245 | 10,350 | 13,455 | 16,560 | 19,665 | 22,770 | 26,910 | 31,050 | 35,190 | 38,295 | 40,365 | 264,960 |
| Market - 1 BR (Sml) | 2,300 | 8,050 | 12,650 | 17,250 | 21,850 | 26,450 | 31,050 | 35,650 | 40,250 | 45,617 | 51,750 | 55,583 | 348,450 |
| Market - 2 BR (Lg) | 2,800 | 9,800 | 15,400 | 21,000 | 26,600 | 32,200 | 37,800 | 43,400 | 49,000 | 54,600 | 60,200 | 63,933 | 416,733 |
| Market - 2 BR (Sml) | 1,033 | 3,100 | 4,133 | 6,200 | 7,233 | 10,333 | 13,433 | 14,983 | 14,983 | 14,983 | 14,983 | 14,983 | 120,383 |
| Market - 2 BR (Lg) | 1,600 | 4,800 | 6,400 | 9,600 | 11,200 | 14,400 | 16,000 | 18,400 | 18,400 | 18,400 | 18,400 | 18,400 | 156,000 |
| Community Fees | 24,000 | 15,000 | 19,500 | 15,000 | 19,500 | 15,000 | 19,500 | 18,000 | 18,000 | 19,500 | 16,500 | 12,000 | 211,500 |
| Other | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| Total Revenue | 37,697 | 54,756 | 76,309 | 91,496 | 113,049 | 128,898 | 161,774 | 169,308 | 183,648 | 200,254 | 212,093 | 217,229 | 1,636,509 |
| Operating Expenses: | | | | | | | | | | | | | |
| Labor: | | | | | | | | | | | | | |
| Resident Care | 1,120 | 1,043 | 1,112 | 1,091 | 1,127 | 1,095 | 1,130 | 1,120 | 1,111 | 1,124 | 1,114 | 1,139 | 13,325 |
| Dietary | 8,808 | 7,902 | 8,746 | 8,482 | 8,864 | 8,509 | 8,892 | 8,815 | 8,640 | 8,843 | 8,667 | 8,962 | 104,129 |
| Activities | 3,034 | 2,740 | 2,936 | 2,936 | 3,034 | 2,936 | 3,034 | 3,034 | 2,936 | 3,034 | 2,936 | 3,034 | 35,719 |
| Housekeeping & Laundry | 7,185 | 6,423 | 7,109 | 6,902 | 7,255 | 6,935 | 7,290 | 7,195 | 7,098 | 7,229 | 7,132 | 7,378 | 85,132 |
| Maintenance | 5,674 | 5,024 | 5,552 | 5,376 | 5,674 | 5,376 | 5,674 | 5,552 | 5,498 | 5,552 | 5,498 | 5,674 | 66,122 |
| Marketing | 3,742 | 3,379 | 3,742 | 3,621 | 3,742 | 3,621 | 3,742 | 3,742 | 3,621 | 3,742 | 3,621 | 3,742 | 44,054 |
| Transportation | 2,053 | 1,835 | 2,031 | 1,972 | 2,073 | 1,981 | 2,083 | 2,056 | 2,028 | 2,065 | 2,038 | 2,108 | 24,323 |
| Administration | 8,339 | 7,566 | 8,339 | 8,081 | 8,339 | 8,081 | 8,339 | 8,339 | 8,081 | 8,339 | 8,081 | 8,339 | 98,260 |
| Total Labor | 39,953 | 35,912 | 39,664 | 38,461 | 40,106 | 38,534 | 40,183 | 39,852 | 39,013 | 39,927 | 39,087 | 40,374 | 471,064 |
| Non-Labor: | | | | | | | | | | | | | |
| Resident Care | 179 | 238 | 274 | 313 | 349 | 388 | 424 | 463 | 493 | 524 | 555 | 575 | 4,776 |
| Dietary | 3,450 | 4,092 | 5,565 | 6,669 | 7,967 | 8,996 | 10,369 | 11,545 | 12,090 | 13,438 | 14,046 | 15,098 | 113,325 |
| Activities | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 1,000 | 12,000 |
| 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 | 2,140 | 2,140 | 2,140 | 2,140 | 2,140 | 2,140 | 2,140 | 2,140 | 2,140 | 2,140 | 2,140 | 2,140 | 25,701 |
| Marketing | 1,751 | 1,751 | 1,751 | 1,751 | 1,751 | 1,751 | 1,751 | 1,751 | 1,751 | 1,751 | 1,751 | 1,751 | 21,012 |
| Transportation | 420 | 420 | 420 | 420 | 420 | 420 | 420 | 420 | 420 | 420 | 420 | 420 | 5,040 |
| Administration | 3,584 | 3,684 | 3,784 | 3,884 | 3,984 | 4,034 | 4,184 | 4,184 | 4,184 | 4,184 | 4,184 | 4,184 | 48,058 |
| Total Non-Labor | 14,044 | 14,845 | 16,455 | 17,697 | 19,131 | 20,249 | 21,808 | 23,023 | 23,597 | 24,977 | 25,637 | 26,688 | 248,151 |
| Total Controllable | 53,997 | 50,757 | 56,118 | 56,158 | 59,237 | 58,783 | 61,991 | 62,875 | 62,610 | 64,904 | 64,724 | 67,062 | 719,216 |
| Management fees | 1,865 | 2,738 | 3,815 | 4,575 | 5,652 | 6,445 | 7,589 | 8,465 | 9,182 | 10,013 | 10,605 | 10,861 | 81,825 |
| Real estate taxes | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 9,000 | 108,000 |
| Utilities | 10,500 | 10,500 | 11,500 | 11,500 | 12,500 | 12,500 | 13,500 | 13,500 | 13,500 | 14,500 | 14,500 | 14,500 | 153,000 |
| Workers Compensation | 930 | 930 | 930 | 930 | 930 | 930 | 930 | 930 | 930 | 930 | 930 | 930 | 11,166 |
| 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 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 9,250 | 111,000 |
| Capital Reserves (\$300/unit) | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 1,250 | 15,000 |
| Total Operating Expenses | 89,812 | 87,425 | 94,864 | 95,662 | 100,820 | 101,158 | 106,509 | 108,270 | 108,722 | 112,847 | 113,258 | 115,653 | 1,236,198 |
| Net Operating Income (Loss) | (52,115) | (32,669) | (18,554) | (4,166) | 12,230 | 27,740 | 46,266 | 61,038 | 74,926 | 87,408 | 98,835 | 101,376 | 401,312 |
| Net Operating Margin | -138.2% | -59.7% | -24.3% | -4.6% | 10.8% | 21.5% | 29.8% | 36.1% | 40.8% | 43.6% | 46.6% | 46.7% | 24.5% |

Preliminary Report
Key West Senior Housing Development - Phase II

Summary Pro Forma Income Statement (4/12/11)

| | 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 | | |
|--------------------------------------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|----------------|-------|------------------|
| | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | 87 | 95.7% | |
| Phase II - Independent Living | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of Residents | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 138,060 |
| Average Occupancy | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 95.7% | | 490,200 |
| Revenue: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Low Income | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 11,505 | | 138,060 |
| Moderate Income | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 40,850 | | 490,200 |
| Market - 1 BR (Sml) | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 59,401 | | 712,816 |
| Market - 1 BR (Lg) | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 69,403 | | 832,832 |
| Market - 2 BR (Sml) | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 15,583 | | 186,992 |
| Market - 2 BR (Lg) | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 19,136 | | 229,632 |
| Community Fees | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 108,000 |
| Other | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 12,000 |
| Total Revenue | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 225,878 | | 2,710,532 |
| Operating Expenses: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Labor: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resident Care | 1,120 | | 1,043 | | 1,112 | | 1,091 | | 1,127 | | 1,095 | | 1,130 | | 1,120 | | 1,111 | | 1,114 | | 1,124 | | 1,114 | | 1,139 | | 13,325 |
| Dietary | 8,808 | | 7,902 | | 8,746 | | 8,482 | | 8,864 | | 8,509 | | 8,892 | | 8,815 | | 8,640 | | 8,667 | | 8,843 | | 8,667 | | 8,962 | | 104,129 |
| Activities | 3,034 | | 2,740 | | 3,034 | | 2,936 | | 3,034 | | 2,936 | | 3,034 | | 3,034 | | 2,936 | | 3,034 | | 3,034 | | 2,936 | | 3,034 | | 35,719 |
| Housekeeping & Laundry | 7,185 | | 6,423 | | 7,109 | | 6,902 | | 7,255 | | 6,935 | | 7,290 | | 7,195 | | 7,098 | | 7,132 | | 7,229 | | 7,132 | | 7,378 | | 85,132 |
| Maintenance | 5,674 | | 5,024 | | 5,552 | | 5,376 | | 5,674 | | 5,376 | | 5,674 | | 5,552 | | 5,498 | | 5,552 | | 5,552 | | 5,498 | | 5,674 | | 66,122 |
| Marketing | 1,871 | | 1,690 | | 1,871 | | 1,810 | | 1,871 | | 1,810 | | 1,871 | | 1,810 | | 1,810 | | 1,871 | | 1,871 | | 1,810 | | 1,871 | | 22,027 |
| Transportation | 2,053 | | 1,835 | | 2,031 | | 1,972 | | 2,073 | | 1,981 | | 2,083 | | 2,056 | | 2,028 | | 2,065 | | 2,065 | | 2,038 | | 2,108 | | 24,323 |
| Administration | 8,339 | | 7,566 | | 8,339 | | 8,081 | | 8,339 | | 8,081 | | 8,339 | | 8,339 | | 8,081 | | 8,339 | | 8,339 | | 8,081 | | 8,339 | | 98,260 |
| Total Labor | 38,082 | | 34,222 | | 37,793 | | 36,651 | | 38,235 | | 36,723 | | 38,312 | | 37,981 | | 37,202 | | 38,056 | | 37,276 | | 38,503 | | 38,503 | | 449,038 |
| Non-Labor: | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Resident Care | 581 | | 581 | | 581 | | 581 | | 581 | | 581 | | 581 | | 581 | | 581 | | 581 | | 581 | | 581 | | 581 | | 6,970 |
| Dietary | 14,222 | | 12,181 | | 13,422 | | 13,108 | | 13,522 | | 13,208 | | 13,622 | | 13,622 | | 13,208 | | 13,622 | | 13,622 | | 13,308 | | 13,722 | | 160,764 |
| Activities | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 1,000 | | 12,000 |
| Housekeeping & Laundry | 2,140 | | 2,140 | | 2,140 | | 2,140 | | 2,140 | | 2,140 | | 2,140 | | 2,140 | | 2,140 | | 2,140 | | 2,140 | | 2,161 | | 2,140 | | 18,240 |
| Maintenance | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 1,751 | | 25,701 |
| Marketing | 420 | | 420 | | 420 | | 420 | | 420 | | 420 | | 420 | | 420 | | 420 | | 420 | | 420 | | 420 | | 420 | | 21,012 |
| Transportation | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 4,184 | | 5,040 |
| Administration | 25,817 | | 23,777 | | 25,017 | | 24,704 | | 25,117 | | 24,804 | | 25,217 | | 25,217 | | 24,804 | | 25,217 | | 25,217 | | 24,925 | | 25,317 | | 50,208 |
| Total Non-Labor | 63,900 | | 57,999 | | 62,810 | | 61,354 | | 63,353 | | 61,827 | | 63,529 | | 63,199 | | 62,006 | | 63,274 | | 62,201 | | 63,820 | | 63,820 | | 748,973 |
| Total Controllable | 101,982 | | 92,221 | | 100,603 | | 98,005 | | 101,588 | | 98,550 | | 101,841 | | 101,186 | | 99,208 | | 101,550 | | 101,477 | | 102,323 | | 102,323 | | 1,468,011 |
| Management fees | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 11,294 | | 135,527 |
| Real estate taxes | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 9,000 | | 108,000 |
| Utilities | 10,500 | | 10,500 | | 11,500 | | 11,500 | | 12,500 | | 12,500 | | 13,500 | | 13,500 | | 13,500 | | 14,500 | | 14,500 | | 14,500 | | 14,500 | | 153,000 |
| Workers Compensation | 884 | | 884 | | 884 | | 884 | | 884 | | 884 | | 884 | | 884 | | 884 | | 884 | | 884 | | 884 | | 884 | | 10,611 |
| 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 | | 3,000 | | 36,000 |
| Property & Auto Insurance | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 9,250 | | 111,000 |
| Capital Reserves (\$300/unit) | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 1,250 | | 15,000 |
| Total Operating Expenses | 109,078 | | 103,177 | | 108,989 | | 107,533 | | 110,531 | | 108,705 | | 111,707 | | 111,377 | | 110,184 | | 112,462 | | 111,379 | | 112,998 | | 112,998 | | 1,318,111 |
| Net Operating Income (Loss) | 116,800 | | 122,701 | | 116,889 | | 118,345 | | 115,347 | | 117,172 | | 114,170 | | 114,501 | | 115,694 | | 113,426 | | 114,498 | | 112,879 | | 112,879 | | 1,392,421 |
| Net Operating Margin | 51.7% | | 54.3% | | 51.7% | | 52.4% | | 51.1% | | 51.9% | | 50.5% | | 50.7% | | 51.2% | | 50.2% | | 50.7% | | 50.0% | | 50.0% | | 51.4% |

