

FINANCIAL RATIO MEDIANS FOR NOT-FOR-PROFIT ENTRANCE FEE CONTINUING CARE RETIREMENT COMMUNITIES

BASED ON AUDITED FYE 2021 RESULTS

Mike Vitiello | Vice President, Municipal Research | mvitiello@ziegler.com

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EXECUTIVE SUMMARY

Ziegler Credit Surveillance (ZCS) is pleased to present this annual study of 19 financial ratio median and quartile values we deem important for analyzing the credit quality of not-for-profit Continuing Care Retirement Communities (CCRCs). These ratios address profitability, liquidity, cash flow, and capital structure.

The medians and quartiles discussed in this report are based on the fiscal year-ended 2021 audits of 119 not-for-profit CCRC borrower entities. These borrowers comprise legal entities for which Ziegler has underwritten debt, as well as a select few others we follow. Of the 119 borrowers, 60 had debt rated in the investment grade categories, while 59 had non-rated debt or debt rated in non-investment grade rating categories. We also include a multi and single-site comparison. 44 multi-site and 75 single-site borrowers were included. The number of included borrowers increased by three from last year. The sample size changes yearly due to a combination of new Ziegler clients, borrowers starting or stabilizing new projects, borrowers exiting or entering the public debt market, borrowers defaulting on their debt, and efforts to include non-Ziegler borrowers. This year some audits were also delayed waiting for forbearance agreements related to debt covenants.

We did not include any FYE 2021 audits received after August 5, 2022. We were able to compute all 19 ratios for the vast majority of borrowers studied. However, for certain borrowers some ratios were not able to be computed. These instances are noted in the commentary for that particular ratio. The names of the 119 borrowers included in this Special Report can be found in Appendix A. Ziegler has underwritten bond issues for many more than the 119 borrowers included in our data. As of August 10, 2022, Ziegler Credit Surveillance follows 330 senior living borrowing entities, most of them with Ziegler underwritten debt outstanding. The rest of the 211 borrowers' audits were excluded from this report for the following reasons-

During the fiscal year 2021:

- The borrower had no material entrance fee collection. The borrower may operate on a rental basis only or requires only a nominal entrance fee to enter the community.
- The borrower did not offer a continuum of care: independent living as well as assisted living and/or skilled nursing care.
- The borrower was a new development CCRC or in the midst of a substantial repositioning and as such, the borrower was capitalizing a material amount of funded interest costs. Alternatively, material amounts of non-recurring initial

A CCRC provides coordinated care and services for older persons through contractual agreements. The community provides independent residential living, in addition to assisted living and/or skilled nursing care. To provide such services, the CCRC: 1) accepts an entrance fee or other type of advance fee; and/or 2) charges a full or discounted periodic fee.

Some industry participants have begun using the term "Life Plan Community" instead of CCRC. Ziegler Credit Surveillance has decided not to make this change yet.

Please refer to important analyst's certification and disclosure at the end of this *Special Report*.

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entrance fees were being collected. Borrowers with small expansion projects who were capitalizing interest amounts that Ziegler Credit Surveillance judged to be immaterial were included in the data.

- The borrower's only bond debt outstanding was either 100% Letter of Credit (LOC) enhanced Variable Rate Demand Bonds (VRDBs), a Direct/Bank Placement, or a combination of both. These CCRCs are typically not required to file audited financial statements with the MSRB's Electronic Municipal Market Access (EMMA).
- The borrower was in monetary default or was severely financially distressed. Ratios would not be reflective of an operationally viable CCRC.

Ziegler Credit Surveillance calculates financial ratios generally, but not fully, in accordance with the guidelines published by the Continuing Care Accreditation Commission (CARF), a reputable body that accredits CCRCs. If our method for a particular ratio varies from CARF's method, it will be noted in the commentary for that ratio. Standard & Poor's and Fitch Ratings annually publish financial ratio medians for borrowers who have rated bonds. The rating agency's methodologies are similar, but not identical to, Ziegler Credit Surveillance's. Moody's is not active in rating CCRC bonds. We note that due to CARF's extensive accreditation criteria, and the high bar set to obtain an investment grade rating from a rating agency, our aggregate median results tend to be lower than the median results reported by CARF, Fitch, and S&P. About a third of the borrowers included in our study have non-rated bonds outstanding.

Ziegler Credit Surveillance was able to calculate Maximum Annual Debt Service (MADS) for all borrowers included in this year's Special Report except for two. These borrowers had recent private placement debt with no published debt service schedule. Recently, some borrowers had issued bond debt under forward delivery agreements. Though these transactions may not have officially closed before the borrowers' FYE date, we used the MADS amount that will be effective going forward.

Consensus among the participants who have a stake in creating uniformity around calculating financial ratios has not fully taken place. No absolute uniform national standards exist. Because of differences related to methods and values used, we publish a companion Special Report entitled, "Calculating Financial Ratios for Not-for-Profit Continuing Care Retirement Communities." Our companion report provides extensive background and detail on the analytical protocols we follow when computing ratios.

All Borrower FYE 2021 Financial Ratio Median Values	Ratios
Net Operating Margin (NOM)	-1.5%
Net Operating Margin – Adjusted (NOM-A)	15.1%
Operating Ratio (OR)	99.7%
Operating Margin (OM)	-1.7%
Total Excess Margin (TEM)	2.7%
Change in Unrestricted Net Assets Margin (CUNAM)	7.3%
Days in Accounts Receivable (DAR)	15 days
Days Cash on Hand (DCOH)	403 days
Cushion Ratio (CUSH)	6.7 times
Debt Service Coverage – Revenue Only (DSC-R)	1.12 times
Debt Service Coverage (DSC)	2.26 times
Maximum Annual Debt Service (MADS) as a Percentage of Total Operating Revenues and Net Non-operating Gains and (Losses) (DS-TR)	12.1%
Unrestricted Cash and Investments to Long-Term Debt (CTD)	50.7%
Reserve Ratio (RR)	56.4%
Long-Term Debt as a Percentage of Total Capital (LTDC)	90.2%
Long-Term Debt as a Percentage of Total Capital – Adjusted (LTDC-A)	67.5%
Long-Term Debt as a Percentage of Total Assets (LTD-TA)	45.6%
Average Age of Plant (AAP)	12.3 years
Capital Expenditures as a Percentage of Depreciation Expense (CED)	78%

Of the 119 borrowers in our analysis, 60 had investment grade rated (“BBB-” or greater rating from S&P or Fitch) bonds when we compiled our data set in August 2022. We did not use the ratings in effect at FYE 2021, but we think this practice did not have material effect on the median split. The proportion of rated borrowers increased from last year. As expected, the ratio medians generated from the audited financial results of borrowers who have investment grade rated bonds show these borrowers are in a stronger financial state when compared to the typical non-investment grade rated/ non-rated borrower. (For ease of reading, henceforth, we aggregately refer to non-rated and non-investment grade rated bonds as ‘non-rated’ in this report.) The stronger ratios associated with investment grade rated status provides further credibility regarding the creditworthiness calibration accuracy of S&P and Fitch. If both agencies rate the borrower, and one gives an investment grade rating while the other does not, we count that borrower as non-rated. Only a small percentage of new-issue bond financings are sold with a non-investment grade rating (“BB+” or lower from S&P or Fitch), though non-investment grade new issues are increasingly common. Eighteen borrowers were rated non-investment grade and included as non-rated.

Breakout of FYE 2021 Financial Ratio Median Values: Investment Grade vs. Non-Rated		
Type	Investment Grade	Non-rated
Number of Borrowers	60	59
Net Operating Margin (NOM)	-1.5%	-1.4%
Net Operating Margin – Adjusted (NOM-A)	19.4%	14.0%
Operating Ratio (OR)	98.5%	100.9%
Operating Margin (OM)	0.5%	-5.8%
Total Excess Margin (TEM)	4.8%	-0.1%
Change in Unrestricted Net Assets Margin (CUNAM)	9.5%	3.1%
Days in Accounts Receivable (DAR)	14 days	16 days
Days Cash on Hand (DCOH)	536 days	276 days
Cushion Ratio (CUSH)	12.5 times	4.6 times
Debt Service Coverage – Revenue Only (DSC-R)	1.26 times	1 times
Debt Service Coverage (DSC)	2.8 times	1.86 times
Maximum Annual Debt Service (MADS) as a Percentage of Total Operating Revenues and Net Non-operating Gains and (Losses) (DS-TR)	10.3%	14.0%
Unrestricted Cash and Investments to Long-Term Debt (CTD)	87.8%	32.3%
Reserve Ratio (RR)	99.7%	37.8%
Long-Term Debt as a Percentage of Total Capital (LTDC)	74.2%	118.2%
Long-Term Debt as a Percentage of Total Capital – Adjusted (LTDC-A)	53.6%	90.7%
Long-Term Debt as a Percentage of Total Assets (LTD-TA)	36.9%	55.0%
Average Age of Plant (AAP)	12.6 years	11.8 years
Capital Expenditures as a Percentage of Depreciation Expense (CED)	104%	64%

For this year's multi-site versus single-site analysis, we consider 44 borrowers to be multi-site and 75 to be single site. We define a multi-site borrower as either a single corporation or multiple corporations owning and operating more than one senior living campus. Twenty eight of the 44 multi-site borrowers have investment grade rated debt. Due to this overlap in the samples we expect to see similar trends in the both the comparisons of multi vs single site, and investment grade vs non-rated. We do not compute ratios based on financial statements that are consolidated or combined with non-obligated entities.

Breakout of FYE 2021 Financial Ratio Median Values: Multi-Site vs. Single-Site		
Type	Multi-site	Single-site
Number of Borrowers	44	75
Net Operating Margin (NOM)	-2.6%	-1.2%
Net Operating Margin – Adjusted (NOM-A)	10.0%	18.0%
Operating Ratio (OR)	99.6%	100.2%
Operating Margin (OM)	-2.8%	-0.4%
Total Excess Margin (TEM)	3.5%	2.7%
Change in Unrestricted Net Assets Margin (CUNAM)	7.0%	7.6%
Days in Accounts Receivable (DAR)	19 days	12 days
Days Cash on Hand (DCOH)	310 days	424 days
Cushion Ratio (CUSH)	6.6 times	6.9 times
Debt Service Coverage – Revenue Only (DSC-R)	1.23 times	1 times
Debt Service Coverage (DSC)	2.27 times	2.22 times
Maximum Annual Debt Service (MADS) as a Percentage of Total Operating Revenues and Net Non-operating Gains and (Losses) (DS-TR)	10.3%	13.5%
Unrestricted Cash and Investments to Long-Term Debt (CTD)	51.3%	47.0%
Reserve Ratio (RR)	57.7%	52.4%
Long-Term Debt as a Percentage of Total Capital (LTDC)	85.9%	93.3%
Long-Term Debt as a Percentage of Total Capital – Adjusted (LTDC-A)	64.7%	67.8%
Long-Term Debt as a Percentage of Total Assets (LTD-TA)	44.7%	46.5%
Average Age of Plant (AAP)	12.7 years	12.2 years
Capital Expenditures as a Percentage of Depreciation Expense (CED)	80%	75%

FISCAL YEAR TRENDS 2017 THROUGH 2021

Financial Ratios	FYE 2017 Medians	FYE 2018 Medians	FYE 2019 Medians	FYE 2020 Medians	FYE 2021 Medians
Number of Borrowers	110	119	123	116	119
Net Operating Margin (NOM)	5.8%	4.3%	5.0%	3.6%	-1.5%
Net Operating Margin – Adjusted (NOM-A)	24.0%	22.3%	19.2%	14.3%	15.1%
Operating Ratio (OR)	98.8%	99.6%	98.9%	98.7%	99.7%
Operating Margin (OM)	-1.1%	-2.4%	-2.4%	-1.5%	-1.7%
Total Excess Margin (TEM)	1.2%	-0.2%	0.3%	1.0%	2.7%
Change in Unrestricted Net Assets Margin (CUNAM)	4.3%	-1.8%	1.6%	1.7%	7.3%
Days in Accounts Receivable (DAR)	14 days	15 days	15 days	13 days	15 days
Days Cash on Hand (DCOH)	330 days	334 days	367 days	360 days	403 days
Cushion Ratio (CUSH)	5.8 times	5.8 times	6.4 times	6.2 times	6.7 times
Debt Service Coverage – Revenue Only (DSC-R)	0.89 times	0.81 times	0.86 times	0.94 times	1.12 times
Debt Service Coverage (DSC)	2.24 times	2.05 times	1.90 times	1.77 times	2.26 times
Maximum Annual Debt Service (MADS) as a Percentage of Total Operating Revenues and Net Non-operating Gains and (Losses) (DS-TR)	14.0%	13.2%	12.8%	12.9%	12.1%
Unrestricted Cash and Investments to Long-Term Debt (CTD)	45.7%	42.7%	47.2%	50.0%	50.7%
Reserve Ratio (RR)	53.0%	53.0%	53.1%	54.8%	56.4%
Long-Term Debt as a Percentage of Total Capital (LTDC)	95.7%	98.6%	92.9%	97.3%	90.2%
Long-Term Debt as a Percentage of Total Capital – Adjusted (LTDC-A)	75.1%	76.8%	73.7%	75.4%	67.5%
Long-Term Debt as a Percentage of Total Assets (LTD-TA)	49.9%	47.9%	47.1%	46.2%	45.6%
Average Age of Plant (AAP)	11.4 years	11.9 years	12.0 years	11.9 years	12.3 years
Capital Expenditures as a Percentage of Depreciation Expense (CED)	88.0%	89.0%	91.0%	71.0%	78%

As we can see from the chart above, most ratios were reasonably stable, if not improved, year-over-year. The one glaring exception is NOM, which excludes government aid and shows organic performance. Due to the COVID pandemic, analysis of these results is more nuanced and difficult than usual. It is safe to say that ZCS does not find comfort in or opine on financial security for the sector based on FYE 2021 ratios. We believe that any stability shown is a function of government aid sufficiently covering lost revenues and additional expenses. With that in mind, we are forgoing our usual analysis in this report to ensure that the figures are made public as soon as possible. Similar to last year, we will publish a special purpose, in depth article analyzing how COVID-19 impacted the financial statements of senior living providers, and what we may expect for FYE 2022. We invite any interested readers to submit novel suggestions to the author of any specific analyses they may find useful.

Even without our usual credit related analysis, it is important to understand how certain COVID related accounting items were treated in order to use this report as a tool. We included all PPP funding shown on the balance sheet as unrestricted liquidity, as we believe the allowable uses are broad enough to effectively make the funds unrestricted. If the auditor included a corresponding liability in the Long Term Debt figure, we backed that out. We also did not include any possible repayment requirements when calculating MADS. We believe this is reasonable, as we are not aware of any borrowers who have not been granted full forgiveness.

Whether or not the borrower amortized any funds or had their loan forgiven by FYE did not impact our treatment. We included any amortized PPP as “other operating income” for income statement ratios. While we realize there are downsides to this choice related to variability of FYE timing and auditor treatment, we believe there is no other feasible option for this analysis.

All CARES Act Provider Relief funding was similarly treated as unrestricted cash, and any amount amortized was included as “other operating income”.

We will give a high-level overview of how each ratio was, or was not, directly impacted by government aid. Bear in mind that we are focused on accounting treatment of government aid, not whether the COVID operating environment would impact the ratio. When we say “no material impact” below, we mean that the choices and timing of government aid accounting treatment would not impact the ratio. We do not mean that decreased revenues or increased expenses due to COVID would not impact the inputs used to compute the ratio.

We are also developing a special purpose companion report that will delve into greater detail, including in-depth analysis of how PPP impacted financial results, with a focus on DCOH and DSC. That report will be posted to ZieglerCreditSurveillance.com when completed.

NOM and NOM-A: These ratios only include “resident revenues”. We purposely excluded all government funding from these ratios, though COVID related expenses are included. We believe this treatment allows these two ratios to show what results would look like if there had been no aid.

DSC, DSC- R, DS-TR, OR, OM, TEM, and CUNAM: These ratios all include whatever funding was amortized into income, as well as any COVID related expenses. Fifty eight borrowers (49%) amortized some portion of their PPP funding during FYE 2021. The median amount amortized was 0.48 times coverage. Most of the borrowers that amortized PPP amortized all PPP received. Between 2020 and 2021, we believe the majority of borrowers that received PPP have now amortized. Only eleven (9%) borrowers in the sample have not amortized any portion.

DAR: No material impact, only resident revenues are included.

DCOH, CUSH, CTD, and RR: Included all government funding received, even if the auditor segregated the funds on the balance sheet. Eight four borrowers (71%) included in the study received PPP funding and all loans that we are aware of have been fully forgiven, even if not yet amortized. Thirty five (29%) borrowers did not apply for PPP.

LTDC, LTDC-A, and LTD-TA: Minimally impacted, to the extent that aid funding would increase total assets and/or net assets. Whether PPP loans were booked as a liability mainly depended on auditor decision and timing.

AAP and CED: No impact, government aid would not materially impact any figures used to calculate these ratios.

Another notable point is the variability of fiscal year end dates. Some borrowers may have had different COVID experiences during their fiscal year. For example, a borrower with a 3/31 FYE would have had their entire FY in deep COVID, and would not include much of the recovery that began when vaccines became available, but would likely include PPP amortization for FY 21 if they received. Borrowers with later FYEs would be more likely to have amortized PPP during FY 20. Unlike last year, all borrowers had their entire FY operating in a COVID impacted environment.

For reference here is the breakdown of FYE dates for the sample-

1/31-3/31: 4 (3%)
4/30-6/30: 34 (29%)
7/31-9/30: 19 (16%)
10/31-12/31: 62 (52%)

We look forward to publishing this report next year for FYE 2022 results. As always, we ask readers to comment on the utility of this report and make suggestions for improvements.

Ziegler Credit Surveillance has computed median ratios for this sector since 2012. For past results not displayed in this report, please contact the author.

RATIO 1: NET OPERATING MARGIN (NOM)

FYE 2021 MEDIAN: -1.5% FYE 2020 MEDIAN: 3.6%

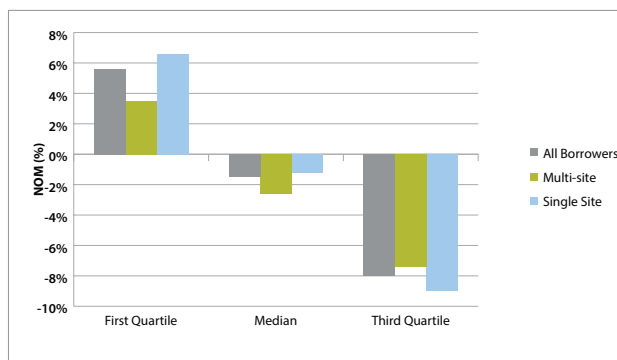
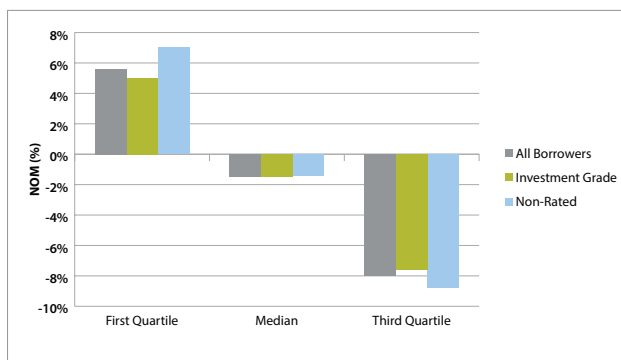
$$\frac{\text{(Resident and Healthcare Revenue)} - \text{(Operating Expenses - Interest, Depreciation \& Amortization Expenses)}}{\text{Resident and Healthcare Revenue}} = \text{NOM}$$

For this ratio, a higher value represents a more favorable result. All results were materially unfavorable to results for FYE 2020, with the exception of first quartile, rated borrowers with similar results. Non-rated borrowers had more of a negative impact than investment grade. Investment grade borrowers likely fared better than non-rated due to a combination of better revenue defensibility and expense management.

Non-rated borrowers usually outperform rated in this metric, but because of the disparate year over year changes this year's performance between the two categories is similar. Multi-site borrowers performed worse than single-site on this performance measure, with the exception of third quartile.

As stated earlier, this ratio shows “organic” results — in other words, not inflated by any government aid. Unlike last year, this year's result had every borrowers' entire fiscal year solidly impacted by COVID, so we are not surprised by the decline. Pre-COVID, results were hovering in the 5% range, though there has been a long term declining trend over the last decade. We do believe FY 2021 captured the most difficult COVID related period for borrowers. We expect NOM to improve for next year, though with residual COVID challenges and other changes in the operating environment we believe a return to 5% NOM in the next year is an optimistic case.

FYE 2021 Net Operating Margin by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	30.8%	21.4%	30.8%
First Quartile	5.6%	5.0%	7.0%
Median	-1.5%	-1.5%	-1.4%
Third Quartile	-8.0%	-7.6%	-8.8%
Worst	-63.6%	-55.1%	-63.6%

	All Borrowers	Multi-Site	Single Site
Best	30.8%	11.8%	30.8%
First Quartile	5.6%	3.5%	6.6%
Median	-1.5%	-2.6%	-1.2%
Third Quartile	-8.0%	-7.4%	-9.0%
Worst	-63.6%	-55.1%	-63.6%

The Net Operating Margin (NOM) measures the operations of a CCRC and examines the revenues and expenses related to the delivery of services to residents. The purpose of this ratio is to provide a benchmark from which users of this report can determine the margin generated by cash resident revenues after payment of cash operating expenses. This allows interested parties to gauge the operational performance of a CCRC. Amortization of Entrance Fees is not a component of Resident Revenue.

The NOM is expressed as a percentage rounded to one decimal point, e.g. 2.8%. For example, if a CCRC had \$20,000,000 in Resident Revenue (net of Amortization of Entrance Fees), \$22,000,000 in Operating Expense, \$1,000,000 in Interest, \$1,550,000 in Depreciation and Amortization; NOM would be 2.8%.

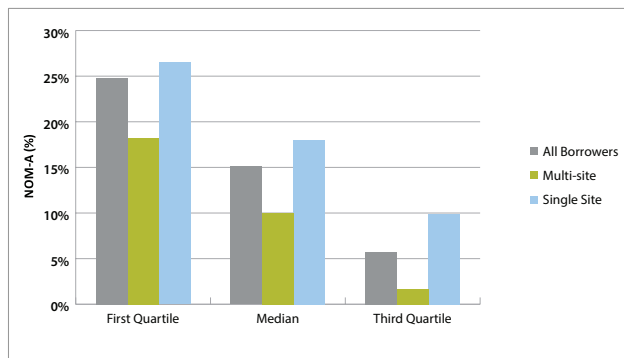
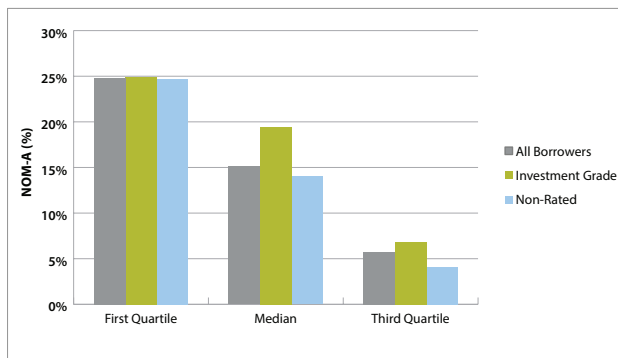
RATIO 2: NET OPERATING MARGIN-ADJUSTED (NOM-A)

FYE 2021 MEDIAN: 15.1% FYE 2020 MEDIAN: 14.3%

$$\frac{\text{(Resident and Healthcare Revenue + Net Entrance Fees From Turnover)} - \text{(Operating Expenses - Interest, Depreciation and Amortization Expenses)}}{\text{Resident and Healthcare Revenue + Net Entrance Fees From Turnover}} = \text{NOM-A}$$

For this ratio, a higher value represents a more favorable result. First quartile and median results improved from FY 2020, while third quartile results were generally worse. Improvement in NOM-A despite a worse NOM implies very strong entrance fee collection. Investment grade borrowers performed similarly to non-rated. Single-site borrowers performed better than multi-site.

FYE 2021 Net Operating Margin-Adjusted by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	43.9%	34.2%	43.9%
First Quartile	24.8%	24.9%	24.7%
Median	15.1%	19.4%	14.0%
Third Quartile	5.7%	6.8%	4.1%
Worst	-50.5%	-50.5%	-47.6%

	All Borrowers	Multi-Site	Single Site
Best	43.9%	34.2%	43.9%
First Quartile	24.8%	18.2%	26.5%
Median	15.1%	10.0%	18.0%
Third Quartile	5.7%	1.7%	9.9%
Worst	-50.5%	-50.5%	-47.6%

The Net Operating Margin-Adjusted (NOM-A) measures a CCRC's margin produced by cash operating revenues after meeting cash expenses, but is adjusted to add net entrance fee receipts from turnover in both the numerator and denominator. This means figures from the Statement of Cash Flows are needed. Net turnover-related entrance fees are the cash flows associated with residents moving into previously occupied units. By comparing the results of this ratio to Ratio #1, NOM, the user can determine to what extent a CCRC relies on net turnover entrance fee receipts to enhance annual cash flows. A substantial difference in the NOM and NOM-A ratios shows a high sensitivity to, and dependence on, these fees. If NOM-A is lower than NOM, the CCRC had more entrance fee refunds than proceeds in the period. In tandem with other ratios such as Ratios #10 and #11 (Debt Service Coverage-Revenue Only and Debt Service Coverage), users can determine the extent of a CCRC's reliance on net entrance fees for cash flow. Ziegler Credit Surveillance calculates this ratio differently from CARF. Ziegler Credit Surveillance excludes Initial Entrance Fees, while CARF includes them. Amortization of Entrance Fees is not a component of Resident Revenue.

The NOM-A is expressed as a percentage rounded to one decimal point, e.g. 11.6%. For example, if a CCRC had \$20,000,000 in Resident Revenue (net of Amortization of Entrance Fees), \$22,000,000 in Operating Expense, \$1,000,000 in Interest, \$1,550,000 in Depreciation and Amortization, and \$2,000,000 in Net Entrance Fees From Turnover; NOM-A would be 11.6%.

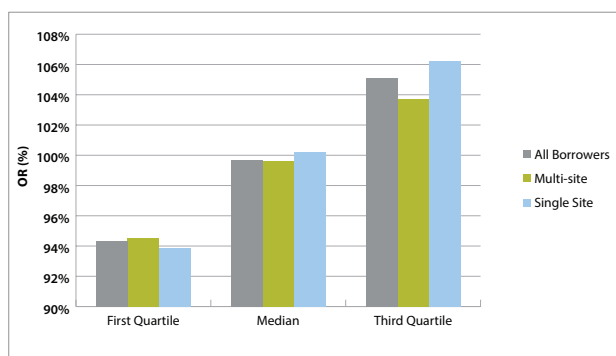
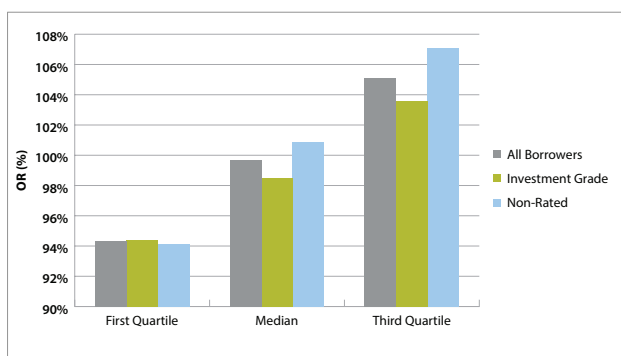
RATIO 3: OPERATING RATIO (OR)

FYE 2021 MEDIAN: 99.7% FYE 2020 MEDIAN: 98.7%

$$\frac{\text{Operating Expenses - (Depreciation, Amortization, Bad Debt Expenses)}}{\text{Operating Revenue - Amortization of Entrance Fees}} = \text{OR}$$

For this ratio, a lower value represents a more favorable result. From this ratio through CUNAM, we will be including any amortized aid funds — Provider Relief and PPP — as revenues. All results were similar to FYE 2020, though generally slightly worse. Stability in this ratio is actually a negative sign as many more borrowers amortized PPP in 2021 vs 2020. Investment grade borrowers performed slightly better than non-rated and multi-site borrowers performed better than single-site. About 63% of investment grade borrowers, and 42% of non-rated borrowers reached the desired 100% benchmark for this ratio. About 59% of multi-site borrowers and 49% of single-site borrowers reached the desired 100% benchmark. The proportion of investment grade and single-site borrowers that met the goal stayed stable while the proportion of non-rated and multi-site borrowers fell.

FYE 2021 Operating Ratio by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	80.9%	83.3%	80.9%
First Quartile	94.3%	94.4%	94.1%
Median	99.7%	98.5%	100.9%
Third Quartile	105.1%	103.6%	107.1%
Worst	155.2%	133.7%	155.2%

	All Borrowers	Multi-Site	Single Site
Best	80.9%	83.3%	80.9%
First Quartile	94.3%	94.5%	93.9%
Median	99.7%	99.6%	100.2%
Third Quartile	105.1%	103.7%	106.2%
Worst	155.2%	133.7%	155.2%

The Operating Ratio (OR) measures cash operating expenses against cash operating revenues. The OR differs from the Net Operating Margin because: a) Interest Expense is included within operating expenses, b) Investment Interest/Dividends and Net Assets Released for Operations are included within revenues, and c) no revenues are included in the numerator. Although an OR of less than 100 percent is desired, this ratio often pushes above the 100 percent mark, resulting from cash operating expenses exceeding cash operating revenues. The reason is the historical dependence of many CCRCs on cash from entrance fees collected to cover operating expenses, particularly interest expense. Although we do not include new development CCRCs in this study, these borrowers in particular will often experience an OR in excess of 100 percent if structured to rely on initial entrance fees to subsidize operating losses during the early fill-up years. The OR of a mature CCRC is generally expected to drop below 100 percent.

The OR is expressed as a percentage rounded to one decimal point, e.g. 100.3%. For example, if a CCRC has Operating Expenses of \$22,000,000, \$1,500,000 in Depreciation Expense, \$50,000 in Amortization Expense, \$22,400,000 of Operating Revenue and \$2,000,000 of Amortization of Entrance Fees; OR would be 100.3%.

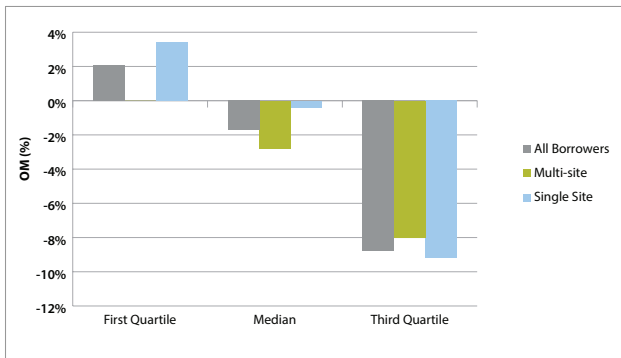
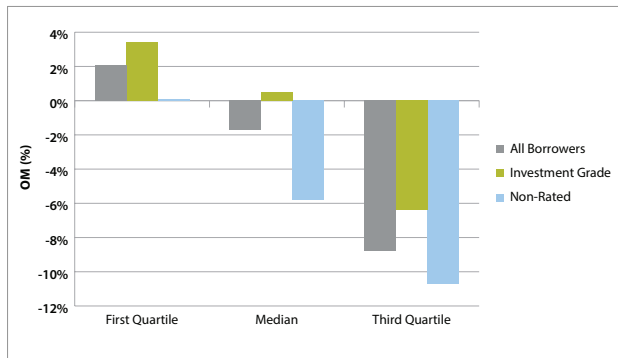
RATIO 4: OPERATING MARGIN (OM)

FYE 2021 MEDIAN: -1.7% FYE 2020 MEDIAN: -1.5%

$$\frac{\text{Income (Loss) from Operations}}{\text{Operating Revenue}} = \text{OM}$$

For this ratio, a higher value represents a more favorable result. Most results declined or were stable from FYE 2020, with the exceptions of non-rated third quartile and single-site median and third quartile. Investment grade borrowers performed better than non-rated, and single-site borrowers performed better than multi-site, except for the third quartile. Of all borrowers, 40% had a positive result from this ratio.

FYE 2021 Operating Margin by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	16.2%	16.2%	11.9%
First Quartile	2.1%	3.4%	0.1%
Median	-1.7%	0.5%	-5.8%
Third Quartile	-8.8%	-6.4%	-10.7%
Worst	-59.2%	-31.1%	-59.2%

	All Borrowers	Multi-Site	Single Site
Best	16.2%	7.6%	16.2%
First Quartile	2.1%	0.0%	3.4%
Median	-1.7%	-2.8%	-0.4%
Third Quartile	-8.8%	-8.0%	-9.2%
Worst	-59.2%	-26.7%	-59.2%

The Operating Margin (OM) measures the total portion of “operating” revenues remaining after operating expenses have been satisfied. It is considered to be a strong measure of the borrower’s ability to generate surpluses for future requirements.

The OM is expressed as a percentage rounded to one decimal point, e.g. 1.8%. For example, if a CCRC had an Income from Operations of \$400,000 and Operating Revenue of \$22,500,000; OM would be 1.8%.

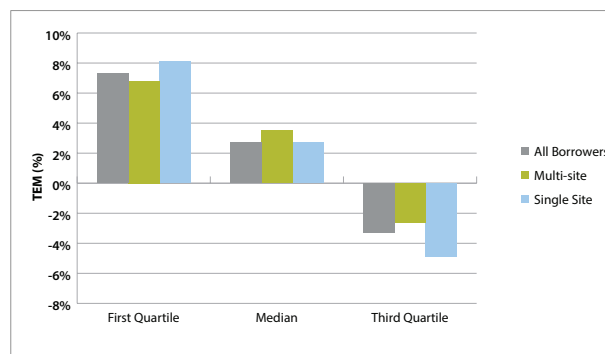
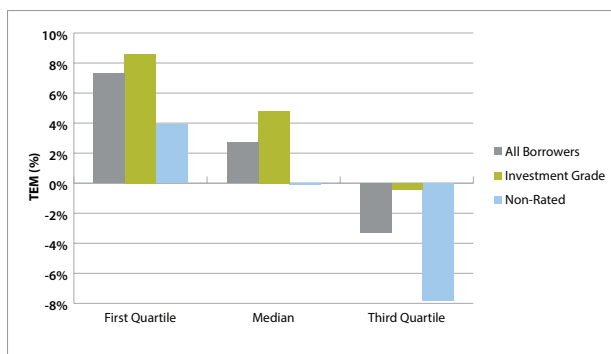
RATIO 5: TOTAL EXCESS MARGIN (TEM)

FYE 2021 MEDIAN: 2.7% FYE 2020 MEDIAN: 1.0%

$$\frac{\text{Total Excess of Revenues over Expenses}}{\text{Operating Revenue + Net Nonoperating Gains and (Losses)}} = \text{TEM}$$

For this ratio, a higher value represents a more favorable result. All results were improved from FYE 2020, continuing a trend from last year. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed better than single-site. ZCS believes the improvement was caused by strong realized gains.

FYE 2021 Total Excess Margin by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	22.4%	22.4%	15.6%
First Quartile	7.3%	8.6%	3.9%
Median	2.7%	4.8%	-0.1%
Third Quartile	-3.3%	-0.4%	-7.8%
Worst	-57.4%	-14.3%	-57.4%

	All Borrowers	Multi-Site	Single Site
Best	22.4%	15.7%	22.4%
First Quartile	7.3%	6.8%	8.1%
Median	2.7%	3.5%	2.7%
Third Quartile	-3.3%	-2.6%	-4.9%
Worst	-57.4%	-13.9%	-57.4%

The Total Excess Margin (TEM) includes both operating and non-operating revenues and gains. In contrast to the Operating Margin, unrestricted contributions are included, as are realized gains or losses on investments or assets.

The TEM is expressed as a percentage rounded to one decimal point, e.g. 1.8%. For example, if a CCRC had an Excess of Revenues over Expenses of \$400,000, Operating Revenue of \$22,400,000, and Net Non-Operating Gain of \$100,000; the TEM would be 1.8%.

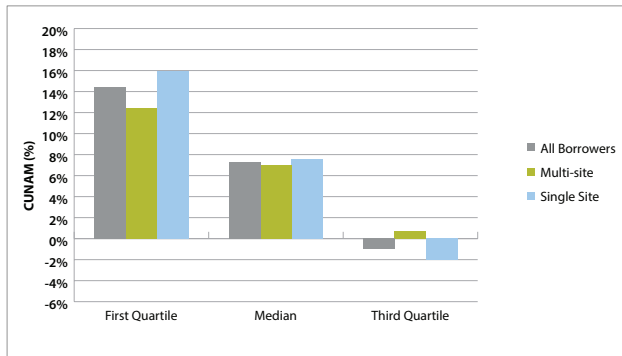
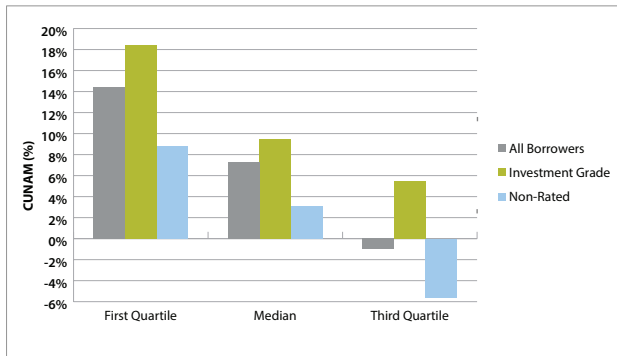
RATIO 6: CHANGE IN UNRESTRICTED NET ASSETS MARGIN (CUNAM)

FYE 2021 MEDIAN: 7.3% FYE 2020 MEDIAN: 1.7%

Increase (Decrease) in Unrestricted Net Assets
All Revenues **CUNAM**

For this ratio, a higher value represents a more favorable result. All results were improved from FYE 2020. Similar to TEM, ZCS believes the improvement to be mostly from addition of investment gains. Many borrowers had significant unrealized gains during the year. Investment grade borrowers performed better than non-rated, and single-site borrowers performed similarly to multi-site.

FYE 2021 Change in Unrestricted Net Assets Margin by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	35.3%	35.3%	23.7%
First Quartile	14.4%	18.4%	8.8%
Median	7.3%	9.5%	3.1%
Third Quartile	-1.0%	5.5%	-5.6%
Worst	-30.7%	-17.9%	-30.7%

	All Borrowers	Multi-Site	Single Site
Best	35.3%	25.8%	35.3%
First Quartile	14.4%	12.4%	15.9%
Median	7.3%	7.0%	7.6%
Third Quartile	-1.0%	0.7%	-2.0%
Worst	-30.7%	-17.9%	-30.7%

This ratio is not computed by CARE, Fitch, or S&P. The CUNAM calculation includes all items listed on the Statement of Operations. Any net changes in the donor restricted Net Asset accounts for Temporarily or Permanently Restricted Net Assets are excluded from this ratio. We believe this ratio is the most comprehensive measure of the unrestricted “margin” a CCRC can produce. It incorporates all activities and financial line items that make up the bottom line change Unrestricted Net Assets on the Statement of Operations. Some examples of items that would be included in this ratio but are not included in Ratios 1-5 are: unrealized gain/loss on investments, gain/loss on bond refundings, and changes in pension obligations.

CUNAM is expressed as a percentage rounded to one decimal point, e.g. 0.4%. For example, if a borrower had a Change in Unrestricted Net Assets of \$100,000 and Revenues of \$22,800,000; CUNAM would be 0.4%.

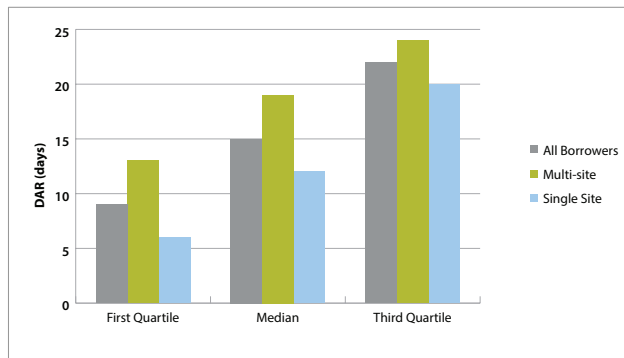
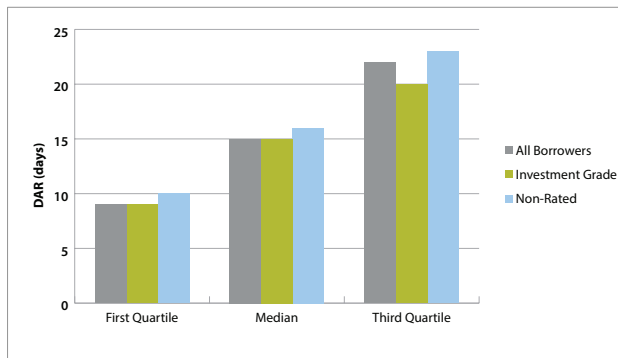
RATIO 7: DAYS IN ACCOUNTS RECEIVABLE (DAR)

FYE 2021 MEDIAN: 15 DAYS FYE 2020 MEDIAN: 13 DAYS

$$\frac{\text{Net Accounts Receivable}}{\text{Resident and Healthcare Revenue}/365} = \text{DAR}$$

For this ratio, a lower value represents a more favorable result. Results for FYE 2021 were similar to results for FYE 2020. Investment grade borrowers performed comparably to non-rated, and single-site borrowers performed slightly better than multi-site.

FYE 2021 Days in Accounts Receivable by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	0	2	0
First Quartile	9	9	10
Median	15	14	16
Third Quartile	22	20	23
Worst	64	64	61

	All Borrowers	Multi-Site	Single Site
Best	0	7	0
First Quartile	9	13	6
Median	15	19	12
Third Quartile	22	24	20
Worst	64	52	64

The Days in Accounts Receivable (DAR) ratio measures how much revenue is tied up in uncollected billings. The calculation compares the total amount in accounts receivable (net of allowances for uncollectible accounts) to average daily operating revenues associated with net charges to residents of independent living, assisted living, and nursing units.

Generally, ILUs and ALUs in a CCRC are private pay. Typically, ILU charges are monthly, and billed in advance. For CCRCs with a high percentage of private pay (i.e., non-Medicare or Medicaid-insured) residents in nursing care beds (NCBs), this number should be low because typically private pay residents keep their account current. On the other hand, CCRCs with a high percentage of revenues from third-party payors (i.e. Medicaid and Medicare) will generally have a higher DAR because of systemic reasons that are somewhat out of management's control. The Medicaid receivable issue especially is more prevalent in some states than others. Before being able to judge a CCRC based on this ratio, users should understand the Borrower state's Medicaid billing/collection environment. It should be noted that a strong collection rate for private pay residents could mask potential issues with collections from third party payors.

DAR is expressed as a whole number of days, e.g. 12 days. For example, if a CCRC had \$750,000 in Net Accounts Receivable and \$60,300 in Daily Residential and Healthcare Revenues; DAR would be 12 days.

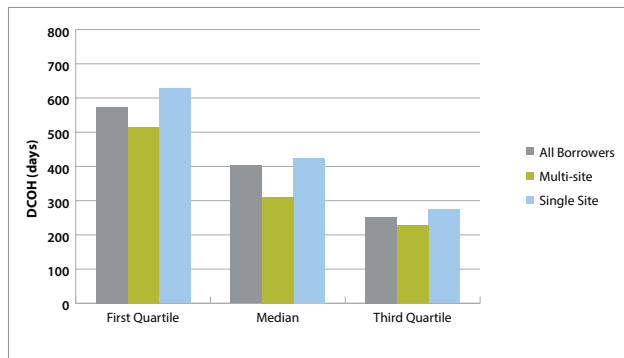
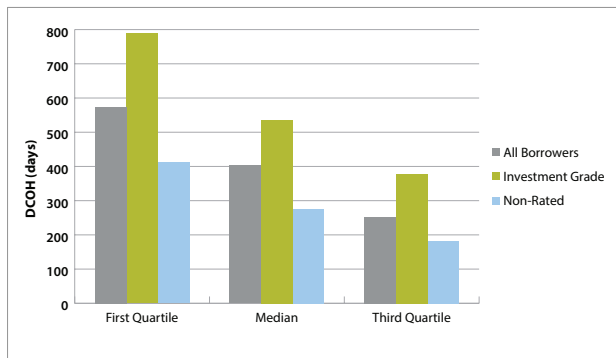
RATIO 8: DAYS CASH ON HAND (DCOH)

FYE 2021 MEDIAN: 403 DAYS FYE 2020 MEDIAN: 360 DAYS

$$\frac{\text{Unrestricted Cash and Investments}}{\text{Daily Operating Expenses}} = \text{DCOH}$$

For this ratio, a higher value represents a more favorable result. The improved median from FYE 2020 was mostly due to increased DCOH for single-site and non-rated borrowers. These borrowers were much more likely to apply for PPP. Investment grade and multi-site results were relatively stable. The receipt of PPP by some, but not all, borrowers, as well as timing of receipt and COVID/inflation related expense increases, complicates liquidity trend analysis. ZCS believes that PPP receipts during FY 2021, strong investment gains and lower cap ex spend were mitigated by increased expenses. Again, 84 (71%) of borrowers received PPP. Last year's analysis showed a median PPP amount of approximately 33 DCOH, with a relatively narrow distribution. We did not collect this data point for FYE 2021.

FYE 2021 Days Cash on Hand by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	1,757	1,757	939
First Quartile	573	789	412
Median	403	536	276
Third Quartile	253	378	182
Worst	79	187	79

	All Borrowers	Multi-Site	Single Site
Best	1,757	1,163	1,757
First Quartile	573	516	628
Median	403	310	424
Third Quartile	253	227	274
Worst	79	79	86

The purpose of this ratio is to measure the number of days of cash the borrower has available for cash operating expenses, assuming no new revenue is received. A high DCOH indicates financial health in the event of an emergency or an immediate need for cash. With high liquidity, a borrower can hedge against potentially volatile annual cash flows and can internally fund routine capital expenditures. In addition, a CCRC offering entrance fee refunds needs to build cash reserves to offset any long-term nursing care subsidy while also keeping sufficient reserves to fund promised refunds, regardless of whether the refund is contingent upon resale/reoccupancy of the unit.

DCOH is expressed as a whole number of days, e.g. 179 days. Some put a possessive apostrophe (days') indicating a statement of the denominator's daily expenses. Ziegler Credit Surveillance chooses to make it simply a plural expression of days. For example, if a CCRC had Operating Expenses of \$22,000,000 and Depreciation, Amortization, and Bad Debt Expenses of \$1,550,000, the net annual cash operating expenses would be \$20,450,000. This amount is divided by 365 to arrive at the daily operating expense value, \$56,000. If the CCRC had Unrestricted Cash and Investments of \$10,000,000, we divide the daily operating expenses into the Unrestricted Cash and Investments to arrive at 179 days.

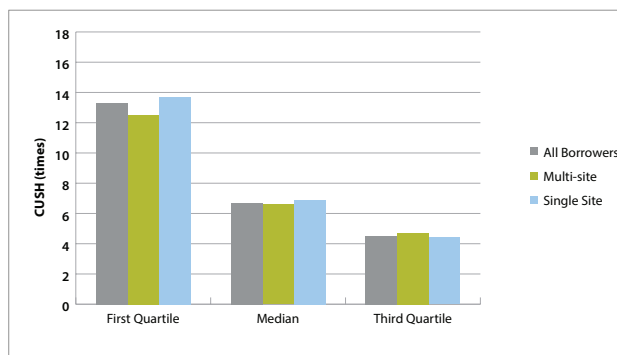
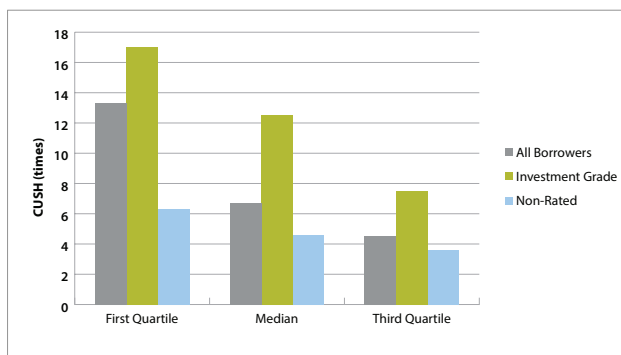
RATIO 9: CUSHION RATIO (CUSH)

FYE 2021 MEDIAN: 6.7 TIMES FYE 2020 MEDIAN: 6.2 TIMES

$$\frac{\text{Unrestricted Cash and Investments}}{\text{Maximum Annual Debt Service}} = \text{CUSH}$$

For this ratio, a higher value represents a more favorable result. All categories were favorable or stable compared to FYE 2020. Investment grade borrowers performed considerably better than non-rated. ZCS believes the improvement is caused by a mix of strong investment gains and lower MADS from refinancings at favorable rates. Two borrowers were excluded from this ratio because we could not compute MADS.

FYE 2021 Cushion Ratio by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	46.0	46.0	44.3
First Quartile	13.3	17.0	6.3
Median	6.7	12.5	4.6
Third Quartile	4.5	7.5	3.6
Worst	1.8	3.9	1.8

	All Borrowers	Multi-Site	Single Site
Best	46.0	28.9	46.0
First Quartile	13.3	12.5	13.7
Median	6.7	6.6	6.9
Third Quartile	4.5	4.7	4.4
Worst	1.8	2.1	1.8

The Cushion Ratio (CUSH) measures the borrower's cash position in relation to its annual debt service obligation. Ziegler Credit Surveillance uses Maximum Annual Debt Service (MADS) while CARF uses historical Annual Debt Service (ADS) taken straight from the audited financial statements. If we cannot compute a reliable MADS amount we will use ADS for analytical purposes, but we only use MADS for this report in order to avoid mixing calculation methods. A CUSH ratio of 1.0 times signifies that a CCRC has enough liquidity to cover MADS. If a CCRC's debt service has not been structured to be level, a low CUSH ratio using MADS may signal an inability to meet escalating or balloon principal payments.

The CUSH ratio is expressed to one decimal point, followed by the word "times," e.g. 6.7 times. Some use an "x" to represent the word times, however Ziegler Credit Surveillance chooses to write the word out. For example, if a CCRC had \$10,000,000 in Unrestricted Cash and Investments and Maximum Annual Debt Service of \$1,500,000; CUSH would be 6.7 times.

RATIO 10: DEBT SERVICE COVERAGE – REVENUE ONLY (DSC-R)

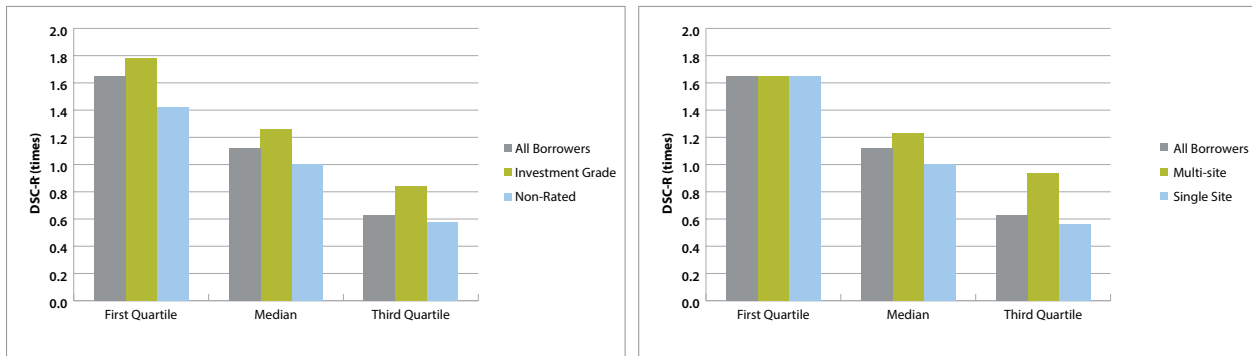
FYE 2021 MEDIAN: 1.12 TIMES FYE 2020 MEDIAN: 0.94 TIMES

$$\frac{\text{Net Available for Debt Service}}{\text{Maximum Annual Debt Service}} = \text{DSC-R}$$

For this ratio, a higher value represents a more favorable result. As mentioned earlier, amortization of PPP by some, but not all, borrowers complicates analysis. Again, 57 (48%) included borrowers that amortized PPP, with a median amount of 0.45 times coverage. Of the 117 borrowers whose DSC-R we were able to calculate, 54 or 46% had a DSC-R of over 1.00 times excluding PPP amortization (69 borrowers hit that benchmark including PPP). This proportion is generally in the high 30 to low 40 percent range. Two borrowers were excluded from this ratio because we could not compute MADS. We will include a more detailed analysis of DSC-R, focusing on PPP impact, in our upcoming companion report. ZCS believes that once PPP is adjusted out, 2021 DSC-R will be in the 0.8-0.9 times range, but we will confirm and publish the results.

It is worth noting that low or even negative DSC-R may not be indicative of a struggling CCRC, dependent on entrance fee structure. For example, seven of the ten lowest DSC-Rs in the study had DSCs of over 1.00 times, excluding PPP amortization. This data point illustrates that it is vital to view this ratio in conjunction with DSC.

FYE 2021 Debt Service Coverage – Revenue Basis by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	3.85	3.85	3.29
First Quartile	1.65	1.78	1.42
Median	1.12	1.26	1.00
Third Quartile	0.63	0.84	0.58
Worst	-1.77	-0.08	-1.77

	All Borrowers	Multi-Site	Single Site
Best	3.85	3.85	3.76
First Quartile	1.65	1.65	1.65
Median	1.12	1.23	1.00
Third Quartile	0.63	0.94	0.56
Worst	-1.77	0.08	-1.77

Debt Service Coverage-Revenue Only (DSC-R) shows how well a borrower can cover MADS without the benefit of cash flow from turnover-related net entrance fees. Covering debt service solely through operations and not relying on entrance fees is a more stringent and difficult goal to achieve. Ziegler Credit Surveillance uses Maximum Annual Debt Service (MADS) while CARF uses historical Annual Debt Service (ADS) taken straight from the audited financial statements. If we cannot compute a reliable MADS amount we will use ADS for analytical purposes, but we only use MADS for this report in order to avoid mixing calculation methods.

DSC-R is expressed to two decimal points, followed by the word “times”, e.g. 0.77 times. Some use an “x” to represent the word times, however Ziegler chooses to write the word out. For example, if a borrower had Net Available for Debt Service of \$1,150,000 and Maximum Annual Debt Service of \$1,500,000; DSC-R would be 0.77 times.

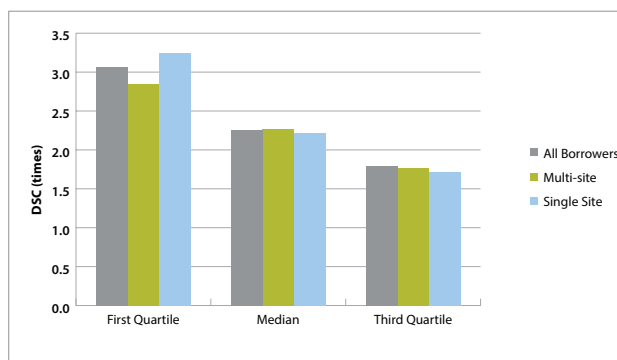
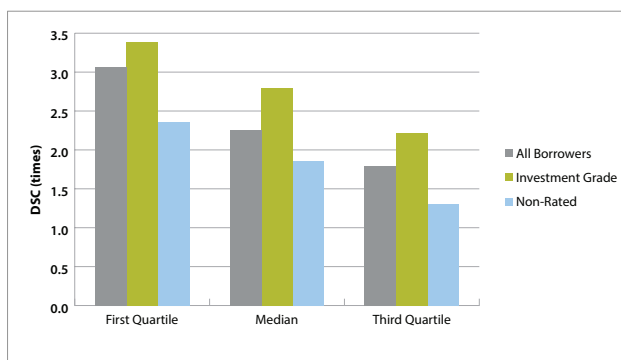
RATIO 11: DEBT SERVICE COVERAGE (DSC)

FYE 2021 MEDIAN: 2.26 TIMES FYE 2020 MEDIAN: 1.77 TIMES

$$\frac{\text{Net Available for Debt Service + Net Entrance Fees From Turnover}}{\text{Maximum Annual Debt Service}} = \text{DSC}$$

For this ratio, a higher value represents a more favorable result. Of the 117 borrowers whose DSC we were able to calculate, 104 or 89% had a DSC of over 1.00 times excluding PPP amortization (112 borrowers hit that benchmark including PPP). This proportion is generally higher, in the low 90 percent range, but is improved from last year. As this ratio improved more than DSC-R for FY 2021, we can conclude that net entrance fee collection was strong. We will include a more detailed analysis of DSC, to include PPP impact, in our upcoming companion report. Two borrowers were excluded from this ratio because we could not compute MADS.

FYE 2021 Debt Service Coverage by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	12.05	12.05	6.18
First Quartile	3.07	3.39	2.36
Median	2.26	2.80	1.86
Third Quartile	1.79	2.22	1.30
Worst	-0.72	0.00	-0.72

	All Borrowers	Multi-Site	Single Site
Best	12.05	6.53	12.05
First Quartile	3.07	2.85	3.25
Median	2.26	2.27	2.22
Third Quartile	1.79	1.77	1.71
Worst	-0.72	0.65	-0.72

Debt Service Coverage (DSC) shows how well a borrower can cover MADS with the inclusion of cash flow from turnover-related net entrance fees. DSC should be considered in tandem with Ratio #10, Debt Service Coverage- Revenue Only (DSC-R), discussed earlier. Again, Ziegler Credit Surveillance uses Maximum Annual Debt Service (MADS) while CARF uses historical Annual Debt Service (ADS) taken straight from the audited financial statements. If we cannot compute a reliable MADS amount we will use ADS for analytical purposes, but we only use MADS for this report in order to avoid mixing calculation methods.

DSC is expressed to two decimal points, followed by the word “times,” e.g. 2.10 times. Some use an “x” to represent the word times, however Ziegler Credit Surveillance chooses to write the word out. For example, if a CCRC had Net Available for Debt Service of \$1,150,000, plus Net Entrance Fees from Turnover of \$2,000,000 the numerator would equal \$3,150,000. If Maximum Annual Debt Service was \$1,500,000; DSC would be 2.10 times.

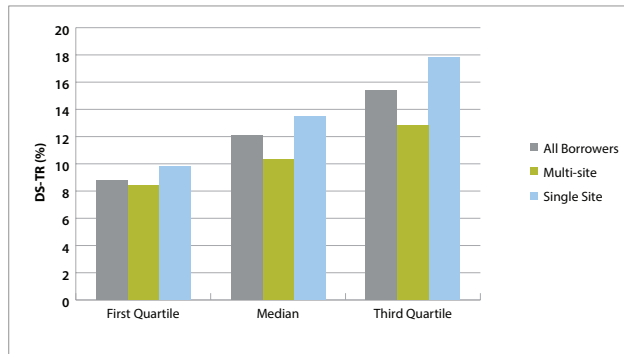
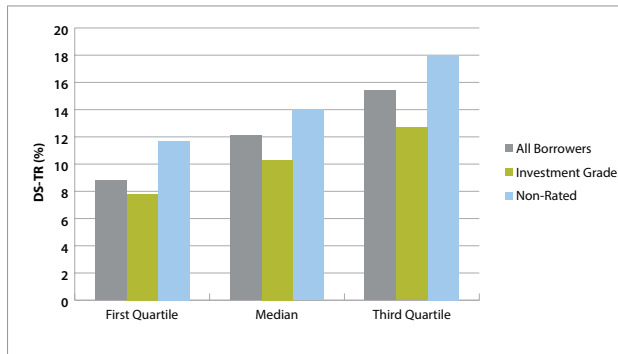
RATIO 12: MADS AS A PERCENTAGE OF TOTAL OPERATING REVENUES AND NET NONOPERATING GAINS AND (LOSSES) (DS-TR)

FYE 2021 MEDIAN: 12.1% FYE 2020 MEDIAN: 12.9%

$$\frac{\text{Maximum Annual Debt Service}}{\text{Operating Revenues + Net Nonoperating Gains and (Losses) - Net Assets Released from Restrictions for PP\&E}} = \text{DS-TR}$$

For this ratio, a lower value represents a more favorable result. All results were similar to or slightly improved from FYE 2020. ZCS believes that improvement stemmed from lower MADS amounts. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed better than single-site. Two borrowers were excluded from this ratio because we could not compute MADS.

FYE 2021 Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains (and Losses) by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	2.3%	2.3%	4.0%
First Quartile	8.8%	7.8%	11.7%
Median	12.1%	10.3%	14.0%
Third Quartile	15.4%	12.7%	18.0%
Worst	30.7%	23.0%	30.7%

	All Borrowers	Multi-Site	Single Site
Best	2.3%	2.3%	2.7%
First Quartile	8.8%	8.4%	9.8%
Median	12.1%	10.3%	13.5%
Third Quartile	15.4%	12.8%	17.8%
Worst	30.7%	20.5%	30.7%

The purpose of this ratio is to indicate the percentage of operating revenues and non-operating gains (or losses) taken up by MADS. Year-to-year, the DS-TR ratio will be affected by changes in Maximum Annual Debt Service (MADS) and market conditions that enable favorable gains. Again, Ziegler Credit Surveillance uses MADS while CARF uses historical Annual Debt Service (ADS) taken straight from the audited financial statements. If we cannot compute a reliable MADS amount we will use ADS for analytical purposes, but we only use MADS for this report in order to avoid mixing calculation methods.

DS-TR is expressed as a percentage rounded to one decimal point, e.g. 6.7%. For example, if a CCRC had MADS of \$1,500,000, Operating Revenues of \$22,400,000, and Net Non-Operating Gain of \$100,000; DS-TR would be 6.7%.

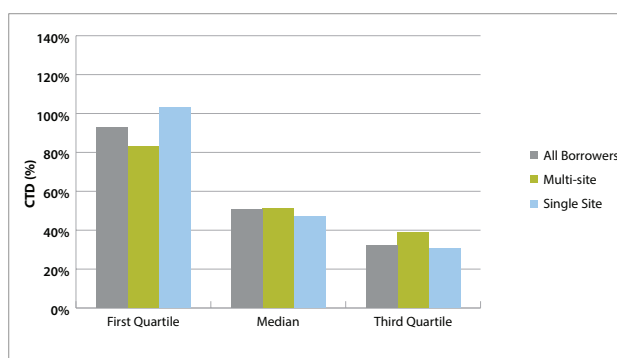
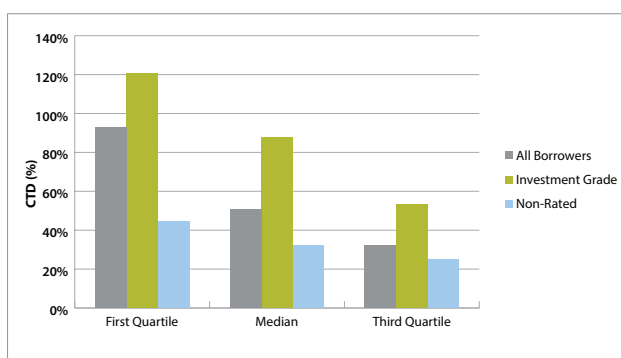
RATIO 13: UNRESTRICTED CASH & INVESTMENTS TO LONG-TERM DEBT (CTD)

FYE 2021 MEDIAN: 50.7% FYE 2020 MEDIAN: 50.0%

$$\frac{\text{Unrestricted Cash and Investments}}{\text{Long-Term Debt}} = \text{CTD}$$

For this ratio, a higher value represents a more favorable result. We believe that the increase in cash and investments was countered by many borrowers taking the opportunity to take on some new money debt for small projects and routine cap-ex along with refinancings due to the favorable rate environment. As a reminder, we did not include PPP liabilities as Long-Term Debt for purposes of ratio calculation.

FYE 2021 Unrestricted Cash and Investments to Long-Term Debt by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	554.2%	554.2%	380.4%
First Quartile	92.7%	120.6%	44.4%
Median	50.7%	87.8%	32.3%
Third Quartile	32.1%	53.3%	24.7%
Worst	12.4%	29.9%	12.4%

	All Borrowers	Multi-Site	Single Site
Best	554.2%	168.8%	554.2%
First Quartile	92.7%	83.1%	103.3%
Median	50.7%	51.3%	47.0%
Third Quartile	32.1%	38.9%	30.8%
Worst	12.4%	15.5%	12.4%

The Unrestricted Cash and Investments to Long-Term Debt ratio (CTD) measures a CCRC's easily available cash and marketable securities (liquid and unencumbered cash and investments) in relation to its Long-Term Debt. This ratio is a measure of the borrower's ability to withstand annual fluctuations in cash flow, either from weakened operating results or negligible resident entrance fee receipts due to low turnover or a high amount of refunds.

CTD is expressed as a percentage rounded to one decimal point, e.g. 40.0%. For example, if a borrower had Unrestricted Cash and Investments of \$10,000,000 and Long-term Debt of \$25,000,000, CTD would be 40.0%.

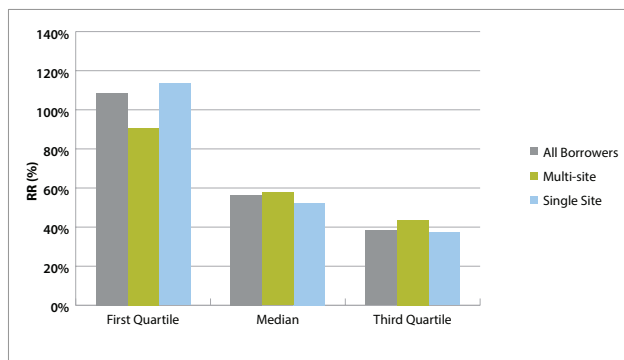
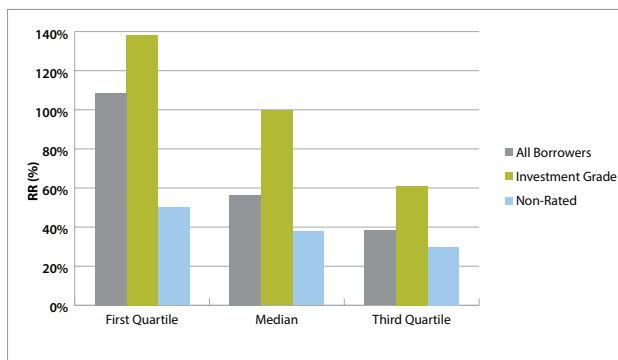
RATIO 14: RESERVE RATIO (RR)

FYE 2021 MEDIAN: 56.4% FYE 2020 MEDIAN: 54.8%

$$\frac{\text{Unrestricted Cash and Investments + Debt Service Reserve Fund}}{\text{Long-Term Debt}} = \text{RR}$$

For this ratio, a higher value represents a more favorable result, with similar trends to the CTD ratio. We were unable to compute a Reserve Ratio for 34 borrowers as the specific amount of the Trustee-held Debt Service Reserve Fund was not disclosed in the audit. Investment grade borrowers performed significantly better than non-rated, and multi-site borrowers performed better than single-site except for the first quartile. As a reminder, we did not include PPP liabilities as Long-Term Debt for purposes of ratio calculation.

FYE 2021 Reserve Ratio by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	565.5%	565.5%	390.0%
First Quartile	108.5%	138.1%	50.0%
Median	56.4%	99.7%	37.8%
Third Quartile	38.3%	61.1%	29.8%
Worst	18.8%	38.3%	18.8%

	All Borrowers	Multi-Site	Single Site
Best	565.5%	176.1%	565.5%
First Quartile	108.5%	90.7%	113.5%
Median	56.4%	57.7%	52.4%
Third Quartile	38.3%	43.6%	37.3%
Worst	18.8%	23.1%	18.8%

This ratio is not computed by CARE, Fitch, or S&P. We compute it for several reasons. Many CCRC bond issues impose operational covenants associated with cash and investments. One common covenant allows a new development CCRC the option of converting an initial Reserve Ratio into a DCOH ratio after certain financial milestones are reached. With longer fill-up time periods occurring with regularity, the Reserve Ratio covenant has stayed in place longer than most would have anticipated. Without the conversion, CCRCs – that self-report ratios – include any Debt Service Reserve Funds to report Reserve Ratio covenant compliance figures. As such, we include this ratio in our normal analysis.

The RR is expressed as a percentage rounded to one decimal point, e.g. 46.0%. For example, if a CCRC had Unrestricted Cash and Investments of \$10,000,000, a Debt Service Reserve Fund of \$1,500,000, and Long-term Debt of \$25,000,000; the Reserve Ratio would be 46.0%.

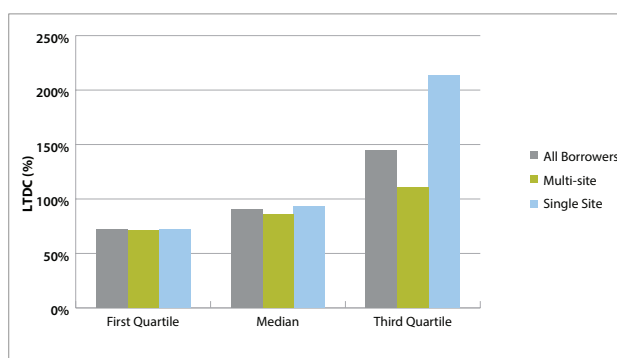
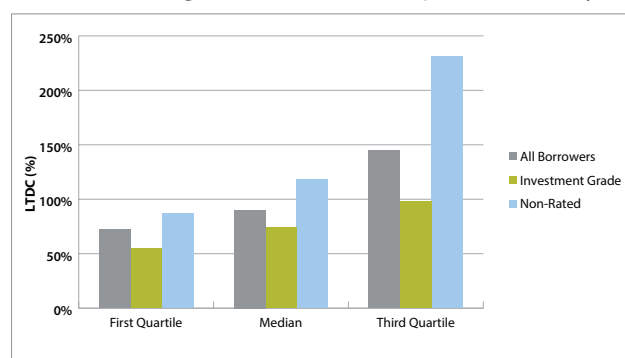
RATIO 15: LONG-TERM DEBT AS A PERCENTAGE OF TOTAL CAPITAL (LTDC)

FYE 2021 MEDIAN: 90.2% FYE 2020 MEDIAN: 97.3%

$$\frac{\text{Long-Term Debt}}{\text{Long-Term Debt + Unrestricted Net Assets}} = \text{LTDC}$$

For this ratio, a lower value represents a more favorable result. FYE 2020 results were slightly unfavorable to FYE 2019. Five borrowers were excluded from this ratio. They had larger negative Unrestricted Net Assets than Long-Term Debt, and including these negative results would skew the median results. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed better than single-site.

FYE 2021 Long-Term Debt-to-Capitalization by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	17.9%	-70.4%	-781.0%
First Quartile	72.1%	54.9%	86.8%
Median	90.2%	74.2%	118.2%
Third Quartile	144.9%	98.2%	231.3%
Worst	51,254.1%	818.4%	51,254.1%

	All Borrowers	Multi-Site	Single Site
Best	17.9%	23.6%	-781.0%
First Quartile	72.1%	71.2%	71.7%
Median	90.2%	85.9%	93.3%
Third Quartile	144.9%	111.0%	213.2%
Worst	51,254.1%	10,281.5%	51,254.1%

The purpose of this ratio is to indicate the borrower's amount of leverage by measuring the debt compared to total "capital". When using this ratio to analyze for-profit corporations, debt includes both Short Term and Long Term Debt, and capital includes all debt and Shareholder's Equity. When analyzing not-for-profits (which, by definition, do not have shareholders), Unrestricted Net Assets is substituted for Shareholder's Equity. When analyzing CCRCs, we have decided to omit short term debt from the calculation because the vast majority of CCRCs only utilize long term bond debt. In general, for this ratio a lower value represents a more favorable result. However, this rule is negated if negative unrestricted net assets outweigh long term debt in the denominator. This situation yields a negative result from the subtraction in the denominator, and therefore a negative result for the ratio. Thus, the "favorability" of the results do not follow a linear track. For example, if a CCRC had Long-Term Debt of \$25,000,000 and negative Unrestricted Net Assets of \$24,000,000 the result would be a very unfavorable 2,500%. However, if negative Unrestricted Net Assets were \$26,000,000 the result would be negative 2,500%. All else equal, as negative Unrestricted Net Assets outweigh Long Term Debt and become more negative, the negative result moves closer to 0%. Thus, we cannot effectively compare negative results with normal, positive results, though a negative result does hold some telling information by itself.

LTDC is expressed as a percentage rounded to one decimal place, e.g. 92.6%. For example, if a CCRC had \$25,000,000 in Long-Term Debt and \$2,000,000 in Unrestricted Net Assets; LTDC would be 92.6%.

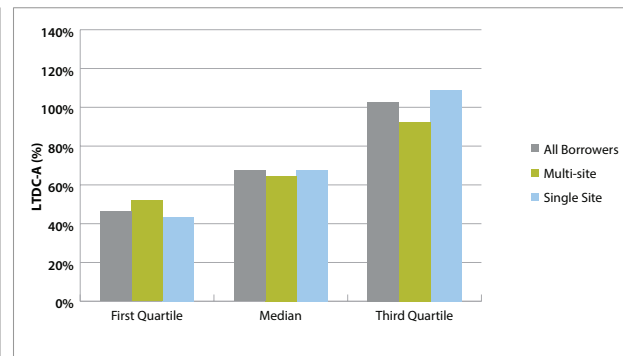
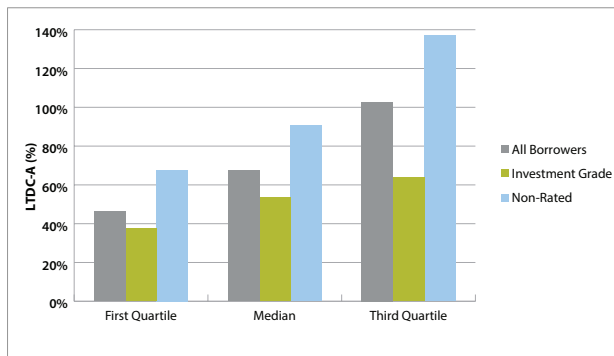
RATIO 16: LONG-TERM DEBT AS A PERCENTAGE OF TOTAL CAPITAL-ADJUSTED (LTDC-A)

FYE 2021 MEDIAN: 67.5% FYE 2020 MEDIAN: 75.4%

$$\frac{\text{Long-Term Debt}}{\text{Long-Term Debt + Unrestricted Net Assets + Unearned Entrance Fees (Non-Refundable)}} = \text{LTDC-A}$$

For this ratio, a lower value represents a more favorable result. Like LTDC, ZCS believes this ratio was harmed in FY 2020 due to receipt of PPP creating a liability and lowering unrestricted net assets, then improved in FY 2021 as most borrowers received forgiveness and that liability was forgiven. Two borrowers were excluded from this ratio. They had larger negative Unrestricted Net Assets than Long-Term Debt and Unearned Entrance Fees, and including these negative results would skew the median. Investment grade borrowers performed better than non-rated. Single and multi-site borrowers performed comparably, except for the third quartile where multi-site well outperformed single-site.

FYE 2021 Long-Term Debt to Capitalization – Adjusted by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	10.3%	-70.4%	-522.0%
First Quartile	46.2%	37.6%	67.7%
Median	67.5%	53.6%	90.7%
Third Quartile	102.7%	63.8%	137.1%
Worst	1,295.5%	457.2%	1,295.5%

	All Borrowers	Multi-Site	Single Site
Best	10.3%	20.1%	-522.0%
First Quartile	46.2%	52.0%	43.4%
Median	67.5%	64.7%	67.8%
Third Quartile	102.7%	92.5%	109.0%
Worst	1,295.5%	346.8%	1,295.5%

Similar to the Long-Term Debt to Capitalization Percentage, the purpose of this ratio is to measure leverage by comparing the borrower's debt to total capital. Unearned revenue from entrance fees is added in recognition that this account balance represents cash paid to the community that is often used for capital improvements and/or retained as cash reserves. In general, for this ratio a lower value represents a more favorable result. However, this rule is negated if negative unrestricted net assets outweigh long term debt in the denominator. This situation yields a negative result from the subtraction in the denominator, and therefore a negative result for the ratio. Thus, the "favorability" of the results do not follow a linear track. For example, if a CCRC had Long-Term Debt of \$25,000,000 and negative Unrestricted Net Assets of \$24,000,000 the result would be a very unfavorable 2,500%. However, if negative Unrestricted Net Assets were \$26,000,000 the result would be negative 2,500%. All else equal, as negative Unrestricted Net Assets outweigh Long Term Debt and become more negative, the negative result moves closer to 0%. Thus, we cannot effectively compare negative results with normal, positive results, though a negative result does hold some telling information by itself.

LTDC-A is expressed as a percentage rounded to one decimal place, e.g. 59.5% For example, if a CCRC had \$25,000,000 in Long-Term Debt, \$2,000,000 in Unrestricted Net Assets, and \$15,000,000 in Non-Refundable Unearned Entrance Fees; LTDC-A would be 59.5%.

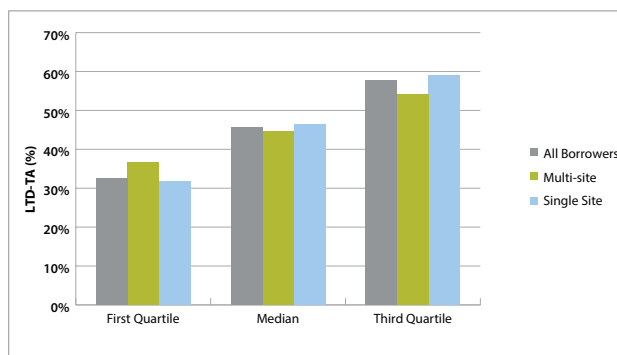
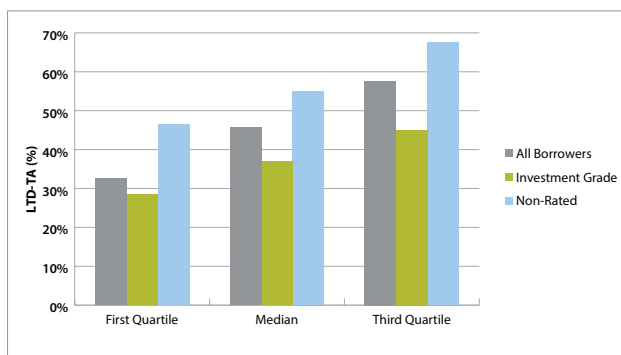
RATIO 17: LONG-TERM DEBT AS PERCENTAGE OF TOTAL ASSETS (LTD-TA)

FYE 2021 MEDIAN: 45.6% FYE 2020 MEDIAN: 46.2%

$$\frac{\text{Long-Term Debt}}{\text{Total Assets}} = \text{LTD-TA}$$

For this ratio, a lower value represents a more favorable result. Similar to LTDC and LTDC-A, this ratio was harmed initially by PPP receipt and then improved by subsequent forgiveness. First quartile, median, and third quartile results for FYE 2021 were all slightly favorable to FYE 2020. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed similarly to single-site.

FYE 2021 Long-Term Debt as a Percentage of Total Assets by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	8.5%	8.5%	13.6%
First Quartile	32.6%	28.4%	46.6%
Median	45.6%	36.9%	55.0%
Third Quartile	57.6%	45.0%	67.5%
Worst	98.3%	65.6%	98.3%

	All Borrowers	Multi-Site	Single Site
Best	8.5%	16.5%	8.5%
First Quartile	32.6%	36.6%	31.8%
Median	45.6%	44.7%	46.5%
Third Quartile	57.6%	54.2%	58.9%
Worst	98.3%	87.0%	98.3%

The Long-Term Debt to Total Assets (LTD-TA) ratio relates an organization's indebtedness to total assets. This ratio has some attributes of a liquidity ratio, as its value is sensitive to the market values of the borrower's investments. A borrower with a higher percentage for this ratio is considered to have a weaker capital structure than a borrower with a lower percentage.

LTD-TA is expressed as a percentage rounded to one decimal place, e.g. 41.7%. For example, if a borrower had \$25,000,000 in Long-Term Debt and \$60,000,000 in Total Assets; LTD-TA would be 41.7%.

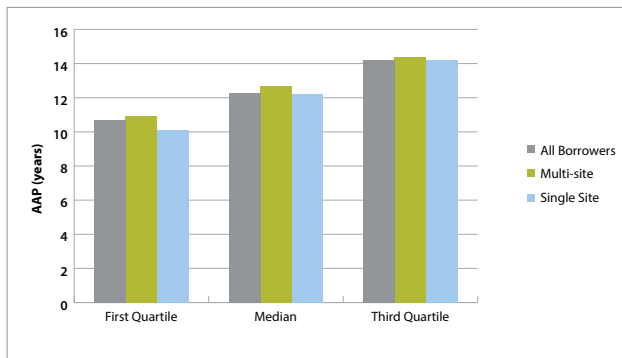
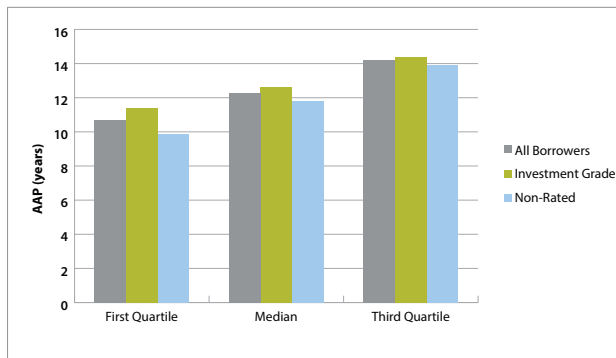
RATIO 18: AVERAGE AGE OF PLANT (AAP)

FYE 2021 MEDIAN: 12.3 YEARS FYE 2020 MEDIAN: 11.9 YEARS

$$\frac{\text{Accumulated Depreciation}}{\text{Depreciation Expense}} = \text{AAP}$$

For this ratio, a lower value represents a more favorable result. First quartile and median results for FYE 2021 were unfavorable compared to FYE 2020 results, while third quartile results were favorable. We were unable to calculate AAP for five borrowers because material non-obligated entities were included in the consolidated/combined audited Accumulated Depreciation figure; no separate Obligated Group-only figures were presented. Non-rated borrowers performed better than investment grade, and single-site borrowers performed better than multi-site.

FYE 2021 Average Age of Plant/Facility by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	5.1	5.6	5.1
First Quartile	10.7	11.4	9.9
Median	12.3	12.6	11.8
Third Quartile	14.2	14.4	13.9
Worst	22.9	19.4	22.9

	All Borrowers	Multi-Site	Single Site
Best	5.1	7.4	5.1
First Quartile	10.7	10.9	10.1
Median	12.3	12.7	12.2
Third Quartile	14.2	14.4	14.2
Worst	22.9	20.5	22.9

The Average Age of Plant ratio (AAP) measures the historical commitment of a CCRC to facility upkeep and renewal. Instead of “plant” some ratio calculators use the word facility.

A lower Average Age of Plant is desired, as with older facilities there is a greater chance that a large expenditure will be required to keep the CCRC relevant. However, AAP is not a perfect measure of a CCRC’s renewal because a low AAP could be a result of an expansion rather than renovation of existing facilities. This ratio may also indicate the “curb appeal” of the physical plant to a potential resident.

AAP is expressed as a number of years rounded to one decimal place, i.e. 10.0 years. For example, if the borrower had \$15,000,000 in Accumulated Depreciation and \$1,500,000 in Depreciation Expense; Average Age of Plant would be displayed as 10.0 years.

RATIO 19: CAPITAL EXPENDITURES AS A PERCENTAGE OF DEPRECIATION EXPENSE (CED)

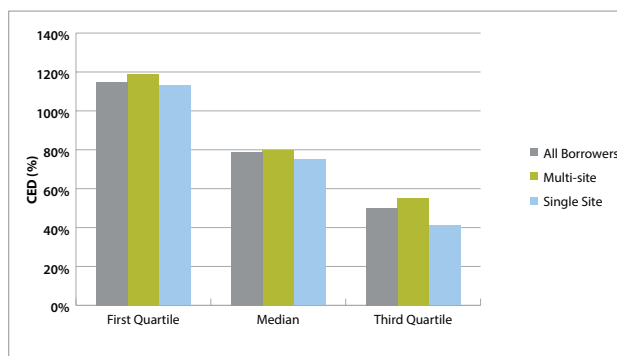
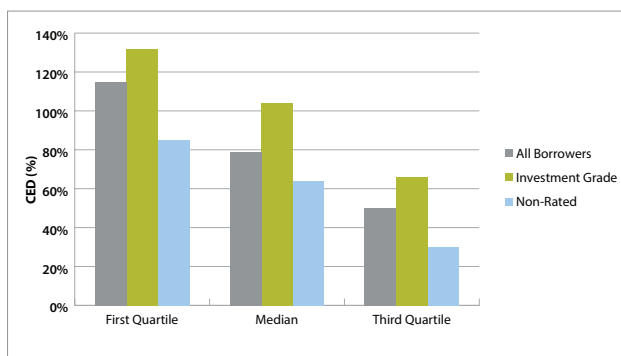
FYE 2021 MEDIAN: 78% FYE 2020 MEDIAN: 71%

$$\frac{\text{Acquisition of PP\&E}}{\text{Depreciation Expense}} = \text{CED}$$

For this ratio, a higher value represents a more favorable result. Results were generally higher than FYE 2020, though still lower than pre-COVID levels. Note that the decrease in capital expenditure would reflect both normal replacement items as well as longterm material items, such as building replacement or renovation.

We were unable to calculate CED for one borrower because material non-obligated entities were included in the audited Acquisition of PP&E figure. Investment grade borrowers performed better than non-rated, and multi-site borrowers performed similarly to single-site. We believe that an 80-90% range for this ratio is healthy, as most stable CCRCs will let plant age a bit until doing a major repositioning, at which point they will usually be excluded from this study. ZCS is concerned by two years in row below with the median below this target range. While it was prudent to rein in capital spending during uncertain times, CCRC borrowers should not neglect already aging facilities.

FYE 2021 Capital Expenditures as a Percentage of Depreciation by Quartile



	All Borrowers	Investment Grade	Non-rated
Best	775%	407%	775%
First Quartile	115%	132%	85%
Median	79%	104%	64%
Third Quartile	50%	66%	30%
Worst	2%	30%	2%

	All Borrowers	Multi-Site	Single Site
Best	775%	407%	775%
First Quartile	115%	119%	113%
Median	79%	80%	75%
Third Quartile	50%	55%	41%
Worst	2%	15%	2%

The CED ratio is a tool for understanding the sufficiency of a CCRC's annual reinvestment in physical plant. A result of 100% shows that the borrower's expenditures on PP&E equaled the amount of depreciation expense.

CED is expressed as a percentage rounded to the nearest whole number, e.g. 67%. For example, if Acquisition of PP&E was \$1,000,000 and Depreciation Expense was \$1,500,000; CED would be 67%.

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ABOUT THE AUTHOR

Mike Vitiello joined the surveillance team at Ziegler in April of 2013. He is primarily responsible for monitoring a portfolio of Ziegler and non-Ziegler underwritten senior living, healthcare and education credits. Mike analyzes and comments on each borrower's financial condition and highlights any significant changes for the benefit of investors and Ziegler's internal business groups. His responsibilities also include the ZCS annual CCRC Financial Ratio Median Analysis and the Default Study. He is a member of Ziegler's business origination Credit and Risk Committee. Mike received a B.S.B.A. from Boston University in 2009, an M.B.A. from Pace University in 2018, holds Series 7 and 52 licenses from FINRA, is a CFA charter candidate, and belongs to several healthcare and municipal bond-related organizations.



ANALYST CERTIFICATION

I, Mike Vitiello, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities, issuers and borrowers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendation or view expressed in this research report. The opinions expressed here reflect my judgment and are subject to change. This is not a complete analysis of every material fact regarding any company, industry or security. Information has been obtained from sources considered reliable, but Ziegler cannot guarantee the accuracy. Additional information is available upon request. Other departments of Ziegler may have information, which is not available to Ziegler Credit Surveillance and Analytics, about companies mentioned in the report. Ziegler may execute transactions in the securities mentioned in the report, which may not be consistent with the report conclusions. Past performance should not be taken as an indication or guarantee of future performance. Ziegler may perform investment banking or other services for, or solicit investment banking business from, any company mentioned in this report. This document may not be reprinted without permission.

ZIEGLER CREDIT SURVEILLANCE AND ANALYTICS ASSOCIATES

Lavinia Criswell

Director
Credit Surveillance and Analytics
312-705-7310
lcriswell@ziegler.com

Keith Bernard

Vice President
Credit Surveillance and Analytics
212-284-5436
kbernard@ziegler.com

Mike Vitiello

Vice President
Credit Surveillance and Analytics
212-284-5419
mvitiello@ziegler.com

Victoria Neitzel

Jr. Credit Analyst & Senior Website Administrator
Credit Surveillance and Analytics
414-978-6464
vneitzel@ziegler.com

Jill Kuehn

Associate
Credit Surveillance and Analytics
414-978-6461
jkuehn@ziegler.com

ZIEGLER CREDIT SURVEILLANCE AND ANALYTICS

2631 West Jetton Avenue
Tampa, FL 33629

800 366 8899

www.ziegler.com

APPENDIX A

CCRC Borrower Audits Used in Ratio Calculations

Below is a listing of the borrowing entities whose financial results are part of this overall median study. In many instances, these borrowers have multiple bond issues outstanding. Ninety three of the 119 borrowers (78%) of the borrowers included this year were also included last year, 23 dropped out and 26 were included this year but not last year.

Borrower Name	City	State	Included Last Year
Aberdeen Heights (aka Ashfield Active Living & Wellness Communities, Inc.) (subsidiary Presbyterian Manors of Mid-America, Inc. (PMMA))	Kirkwood	MO	yes
ACTS (Adult Communities Total Services) Retirement-Life Communities, Inc.	West Point	PA	yes
Aldersgate United Methodist Retirement Community (NC)	Charlotte	NC	no
Aldersly Garden Retirement Community (CA)	San Rafael	CA	yes
American Baptist Homes of the Midwest (ABHM)	Eden Prairie	MN	yes
Asbury Maryland Obligated Group (subsidiary of Asbury Communities, Inc.)	Gaithersburg	MD	yes
Asbury Pennsylvania Obligated Group (composed solely of Asbury Atlantic, Inc.) (subsidiary of Asbury Communities, Inc.)	Gaithersburg	MD	yes
Asbury Place (aka Asbury, Inc.) (subsidiary of Asbury Communities, Inc.)	Maryville	TN	yes
Atherton Baptist Homes	Alhambra	CA	yes
Bayview Retirement Community (aka Bayview Manor)	Seattle	WA	yes
Beatitudes Campus	Phoenix	AZ	yes
Bethany Lutheran Village (aka Graceworks Lutheran Services)	Centerville	OH	yes
BHI Senior Living, Inc. (fka Baptist Homes of Indiana)	Indianapolis	IN	no
Blue Skies of Texas Obligated Group (fka Air Force Village Obligated Group)	San Antonio	TX	yes
Brazos Presbyterian Homes, Inc. (TX)	Houston	TX	yes
Brethren Village Retirement Community	Lancaster	PA	yes
Canterbury Court (aka All Saints – St. Luke’s Episcopal Home for the Retired, Inc.)	Atlanta	GA	yes
Capital Manor, Inc.	Salem	OR	no
Carillon Senior LifeCare Community	Lubbock	TX	yes
Carleton-Willard Village	Bedford	MA	yes
Cedar Community (aka Benevolent Corporation Cedar Community)	West Bend	WI	yes
Christian Care Communities Obligated Group (fka Christian Church Homes of Kentucky, Inc. (CCHK))	Louisville	KY	no
Christian Horizons Obligated Group (fka Christian Homes, Inc.)	St. Louis	MO	yes
Christian Living Neighborhoods (subsidiary of Christian Living Communities)	Greenwood Village	CO	yes
Collington Episcopal Life Care Community, Inc. (sponsored by The Kendal Corporation)	Mitchellville	MD	yes
Community First Solutions Obligated Group	Hamilton	OH	no
Covenant Living Communities and Services (fka Covenant Retirement Communities, Inc.) (Parent to Covenant Living Services)	Skokie	IL	yes
Covenant Woods	Mechanicsville	VA	yes
Crane’s Mill (Lutheran Social Ministries)	West Caldwell	NJ	yes
Deerfield Episcopal Retirement Community, Inc. (NC)	Asheville	NC	yes
Duncaster, Inc.	Bloomfield	CT	yes
Emerald Heights (subsidiary of Emerald Communities; affiliate of Heron’s Key; aka Eastside Retirement Association)	Redmond	WA	yes
Episcopal Communities & Services for Seniors	Pasadena	CA	yes

Borrower Name	City	State	Included Last Year
Estates at Carpenters, The (aka Carpenter's Home Estates)	Lakeland	FL	yes
Evergreens (The) (Subsidiary of ACTS Retirement-Life Communities)	Moorestown	NJ	yes
EveryAge (fka United Church Homes and Services Obligated Group) (NC)	Newton	NC	yes
Foulkeways at Gwynedd	Gwynedd	PA	yes
Fox Run at Orchard Park (Subsidiary of United Church Home Society, Inc.) (aka Orchard Park CCRC, Inc.)	Orchard Park	NY	yes
Franciscan Communities, Inc. Obligated Group (subsidiary of Franciscan Sisters of Chicago Service Corporation)	Homewood	IL	yes
Frasier Meadows Retirement Community (aka Frasier Meadows Manor, Inc.)	Boulder	CO	no
Friendship Village of Dublin	Columbus	OH	yes
Friendship Village of Kalamazoo (aka Lifecare, Inc.)	Kalamazoo	MI	yes
Goodwin House Incorporated	Alexandria	VA	yes
Greencroft Obligated Group (IN) (sponsored by Greencroft Retirement Communities, Inc.)	Goshen	IN	yes
Gulf Coast Village (aka Gulf Care, Inc.) (subsidiary of Volunteers of America)	Cape Coral	FL	yes
Hearthstone at Green Lake (aka Lutheran Retirement Home of Greater Seattle)	Seattle	WA	no
Highlands at Wyomissing	Wyomissing	PA	yes
Holland Home Obligated Group (MI)	Grand Rapids	MI	yes
Horizon House	Seattle	WA	yes
HumanGood California Obligated Group (HumanGood NorCal, SoCal, and Fresno) (Subsidiary of HumanGood)	Pleasanton	CA	yes
HumanGood Idaho (Terraces of Boise) (Subsidiary of HumanGood Cornerstone)	Boise	ID	no
HumanGood National Obligated Group (HumanGood Washington and HumanGood Arizona) (Subsidiary of HumanGood Cornerstone)	Phoenix	AZ	yes
Immanuel Lutheran Corporation	Kalispell	MT	yes
John Knox Village Obligated Group (MO) (subsidiary of PremierLife)	Lees Summit	MO	no
Judson Obligated Group	Cleveland	OH	yes
Kahala Nui (aka Kahala Senior Living Community, Inc.)	Honolulu	HI	yes
Kendal at Hanover (sponsored by The Kendal Corporation)	Hanover	NH	yes
Kendal at Ithaca (NY) (sponsored by The Kendal Corporation)	Ithaca	NY	yes
Kendal at Lexington (aka Lexington Retirement Community, Inc.) (Sponsored by the Kendal Corporation)	Lexington	VA	no
Lakeview Village, Inc. (KS)	Lenexa	KS	yes
Lifespace Communities Obligated Group (fka Life Care Retirement Communities (LCRC))	West Des Moines	IA	yes
LifeSpire of Virginia (aka Virginia Baptist Homes) Obligated Group		VA	yes
Londonderry Village (fka Lebanon Valley Brethren Home)	Palmyra	PA	no
Longhorn Village	Austin	TX	yes
Lutheran Homes of South Carolina Obligated Group	Irmo	SC	yes
Lutheran Life Communities Obligated Group	Arlington Heights	IL	yes
Lutheran Senior Services (LSS) Obligated Group	St. Louis	MO	yes
Lutheran Village at Miller's Grant (subsidiary of Carroll Lutheran Village, Inc.)	Ellicott City	MD	yes
Marquette (aka Retirement Living, Inc.) (IN)	Indianapolis	IN	no
Masonic Homes Kentucky	Louisville	KY	no
Masonicare Obligated Group	Wallingford	CT	yes

Borrower Name	City	State	Included Last Year
Meadowlark Hills Retirement Community (aka Manhattan Retirement Foundation, Inc.)	Manhattan	KS	no
Menno Haven, Inc.	Chambersburg	PA	no
Messiah Lifeways (fka Messiah Village)	Mechanicsburg	PA	yes
Mirabella at South Waterfront (subsidiary of Pacific Retirement Services, Inc.)	Portland	OR	yes
Moldaw Residences (aka 899 Charleston Project)	Palo Alto	CA	no
MonteCedro (subsidiary of Episcopal Communities & Services For Seniors)	Pasadena	CA	yes
Montereau, Inc.	Tulsa	OK	yes
Montgomery Place (IL)	Chicago	IL	yes
Moravian Manors, Inc.	Lititz	PA	no
Mt. San Antonio Gardens (Congregational Homes, Inc.)	Pomona	CA	yes
Nazareth Living Center (50/50 subsidiary of Benedictine Health System & Sisters of St. Joseph of Carondelet)	St. Louis	MO	yes
Oak Hammock at the University of Florida	Gainesville	FL	yes
Ohio Living Communities (fka Ohio Presbyterian Retirement Services (OPRS Communities))	Columbus	OH	yes
Osborn, The (Miriam Osborn Memorial Home Association)	Rye	NY	yes
Otterbein SeniorLife (fka Otterbein Senior Lifestyle Choices)	Lebanon	OH	no
Pennswood Village Project	Newtown	PA	yes
Plymouth Place, Inc.	LaGrange Park	IL	yes
Presbyterian Homes Obligated Group (IL)	Evantson	IL	yes
Presbyterian Manors, Inc. (PMI) (subsidiary of Presbyterian Manors of Mid-America, Inc. (PMMA))	Wichita	KS	yes
Presbyterian Retirement Communities Obligated Group (FL)	Orlando	FL	yes
Seabury (aka Church Home of Hartford Incorporated) (affiliated with Episcopal Diocese of Connecticut)	Bloomfield	CT	yes
Simpson Senior Services	Bala Cynwyd	PA	yes
Springpoint at Lewes (SaL, d/b/a The Moorings at Lewes) (fka The Cadbury) (Subsidiary of Springpoint Senior Living)	Lewes	DE	yes
Springpoint Senior Living Obligated Group (fka PHS Senior Living)	Princeton	NJ	no
St. James Place of Baton Rouge	Baton Rouge	LA	yes
Sun Health Communities	Surprise	AZ	no
Sunnyside Presbyterian Home	Harrisonburg	VA	yes
Sunnyside Village (aka Sunnyside Properties of Sarasota, Inc.)	Sarasota	FL	no
Three Crowns Park (subsidiary of Three Crowns Foundation) (Subsidiary of Covenant Living Services)	Evanston	IL	yes
Trezevant Manor (aka Trezevant Episcopal Home)	Memphis	TN	yes
United Methodist Communities (fka United Methodist Homes of New Jersey)	Neptune	NJ	yes
United Methodist Retirement Communities (UMRC) Obligated Group (MI)	Chelsea	MI	yes
United Methodist Retirement Homes (UMRH) Obligated Group (NC)	Durham	NC	no
Villa St. Benedict (IL)	Lisle	IL	yes
Village at Germantown, Inc. (The)	Germantown	TN	yes
Village on the Isle (aka Southwest Florida Retirement Center, Inc.)	Venice	FL	no
Wake Robin Corporation (VT)	Shelburne	VT	yes
Waverly Heights	Gladwyne	PA	yes
Wesley Enhanced Living Obligated Group	Philadelphia	PA	no

Borrower Name	City	State	Included Last Year
Wesleyan Homes, Inc. Obligated Group	Georgetown	TX	yes
Westminster at Lake Ridge (aka Westminster Presbyterian Retirement Community) (affiliate of Ingleside)	Lake Ridge	VA	yes
Westminster-Canterbury of Richmond (aka Westminster-Canterbury Corp.) (sponsored by Virginia Diocesan Homes, Inc. and Westminster Presbyterian Homes, Inc.)	Richmond	VA	yes
Westminster-Canterbury of the Blue Ridge (sponsored by Virginia Diocesan Homes, Inc. and Westminster Presbyterian Homes, Inc.)	Charlottesville	VA	no
Westminster-Canterbury on Chesapeake Bay Obligated Group (aka Westminster-Canterbury of Hampton Roads, Inc.)	Virginia Beach	VA	yes
Whitney Center	Hamden	CT	yes
Williamsburg Landing	Williamsburg	VA	no
WindsorMeade of Williamsburg (aka Virginia United Methodist Homes of Williamsburg, Inc.) (subsidiary of Pinnacle Living)	Williamsburg	VA	yes
Woodland Pond at New Paltz (aka HealthAlliance Senior Living Corp.)	New Paltz	NY	yes