OCEANSIDE

A Life Plan Community · Seaside, NH

Board of Trustees

Financial & Investment Report

For the six months ended June 30, 2026

FINANCE & INVESTMENT COMMITTEE · PREPARED JULY 30, 2026

Demonstration document. Oceanside Senior Living is a fictional Life Care (Type A) Life Plan Community in Seaside, NH, created by Odiorne Advisory Services as a work sample. All figures are illustrative and internally consistent across this document set; they do not represent any real organization.

Executive summary

Through the six months ended June 30, 2026, Oceanside delivered positive operating results, strengthened reserves, and stayed comfortably inside every debt covenant, while independent-living occupancy held at 96%.

$21,860,000	355	16.5%	2.43×
OPERATING REVENUE (YTD)	DAYS CASH ON HAND	NET OPERATING MARGIN (ADJ.)	DEBT SERVICE COVERAGE

WHAT THE BOARD SHOULD TAKE AWAY

Operating revenue of $21,860,000 finished 2.1% ahead of budget, and operating income of $395,000 was positive for the period. On a basis that includes net entrance-fee cash — the measure that best reflects a Life Plan Community's economics — the net operating margin was 16.5%.

Unrestricted cash and investments stand at $38,895,000, or **355 days cash on hand** and a **cash-to-debt ratio of 0.89**. Debt service coverage of **2.43×** clears the 1.20× covenant with wide headroom. Reserves grew as both markets and entrance-fee sales contributed; the investment portfolio returned 8.2% year to date in the Board-Designated Fund, modestly ahead of its blended benchmark.

Sales momentum was healthy: 20 new entrance-fee contracts closed for $5,360,000 of cash, against $450,000 of refunds. Two items warrant attention — agency nursing costs in Taylor River and a chiller repair at Harbor House — both discussed in the variance report.

> **Decisions before the board this cycle:** (1) ratify the FY2026 capital plan reforecast; (2) approve the reserve target policy refresh (days-cash floor); (3) authorize the Taylor River RN recruitment incentive. Detail on the final page.

Management discussion & analysis

Operating performance

Operating revenue for the six months ended June 30, 2026 was $21,860,000, 2.1% above the $21,400,000 budget. Resident monthly service fees of $13,050,000 reflected the January rate adjustment and stable independent-living occupancy; health-center revenue of $4,600,000 benefited from strong assisted-living demand. Amortization of entrance fees earned contributed $2,700,000.

Operating expenses of $21,465,000 produced operating income of $395,000. The two unfavorable drivers were labor and plant: agency nursing coverage in Taylor River lifted salaries and benefits to $11,050,000, and an unplanned chiller repair pushed plant operations to $1,760,000. Health-services and interest lines came in favorable.

Financial position & liquidity

Total assets closed at $137,105,000, up from $133,300,000 at year-end. Unrestricted cash and investments of $38,895,000 equate to 355 days cash on hand and a 0.89 cash-to-debt ratio — both well above policy floors. Long-term debt, net of the current portion, declined to $41,000,000 following $1,300,000 of scheduled principal repayment.

Entrance-fee & sales activity

New entrance-fee contracts generated $5,360,000 of cash across 20 move-ins, with the mix weighted toward traditional and 90% refundable plans. Refund outflows of $450,000 were in line with turnover. Deferred revenue from entrance fees rose to $52,510,000 and refundable deposits to $17,550,000; the full roll-forward, tied to the statement of cash flows, appears in the entrance-fee report.

Reserves & investments

The investment program is managed across three pools — an Operating Cash Reserve, a Board-Designated Fund, and an Endowment — using low-cost Vanguard index funds against published benchmarks. Portfolio value rose to $38,500,000. Allocations remain within policy tolerances, with a modest equity overweight from market appreciation flagged for rebalancing. Performance and allocation detail follow.

Statement of financial position

As of June 30, 2026, with December 31, 2025 comparative. (US$)

ASSETS

ASSETS	6/30/2026	12/31/2025
Cash and cash equivalents	$3,305,000	$5,000,000
Accounts receivable, net	$1,150,000	$1,030,000
Prepaid expenses and other current assets	$640,000	$600,000
Assets whose use is limited, at fair value	$38,500,000	$34,850,000
Property and equipment, net	$92,010,000	$90,260,000
Deferred costs and other assets	$1,500,000	$1,560,000
Total assets	**$137,105,000**	**$133,300,000**

LIABILITIES

LIABILITIES	6/30/2026	12/31/2025
Accounts payable and accrued expenses	$3,460,000	$3,200,000
Current portion of long-term debt	$2,600,000	$2,600,000
Long-term debt, net of current portion	$41,000,000	$42,300,000
Refundable entrance-fee deposits	$17,550,000	$16,940,000
Deferred revenue from entrance fees	$52,510,000	$50,910,000
Other liabilities	$480,000	$350,000
Total liabilities	**$117,600,000**	**$116,300,000**

NET ASSETS

NET ASSETS	6/30/2026	12/31/2025
Without donor restrictions	$16,595,000	$14,700,000
With donor restrictions	$2,910,000	$2,300,000
Total net assets	**$19,505,000**	**$17,000,000**

Total liabilities and net assets: $137,105,000 (6/30/2026); $133,300,000 (12/31/2025) — in balance with total assets.

Statement of operations

For the six months ended June 30, 2026. (US$)

OPERATING REVENUE

	YTD 6/30/2026
Resident monthly service fees	$13,050,000
Health center revenue — Harbor House, Plaice Cove, Taylor River	$4,600,000
Amortization of entrance fees earned	$2,700,000
Ancillary services & other operating revenue	$1,250,000
Investment income designated for operations	$260,000
Total operating revenue	**$21,860,000**

OPERATING EXPENSES

	YTD 6/30/2026
Salaries, wages, and employee benefits	$11,050,000
Dining and nutrition	$1,620,000
Plant operations and maintenance	$1,760,000
Housekeeping and resident services	$980,000
Health services and clinical	$1,520,000
Ancillary services and program costs	$425,000
General and administrative	$1,190,000
Insurance and property taxes	$470,000
Interest	$940,000
Depreciation and amortization	$1,510,000
Total operating expenses	**$21,465,000**

Operating income	$395,000
Non-operating: investment return, net (unrestricted)	$1,500,000
Change in net assets without donor restrictions	**$1,895,000**

Contributions with donor restrictions	$400,000
Investment return on donor-restricted funds	$210,000

Change in net assets with donor restrictions	$610,000
Total change in net assets	**$2,505,000**

Statement of changes in net assets

For the six months ended June 30, 2026. (US$)

	WITHOUT DONOR RESTR.	WITH DONOR RESTR.	TOTAL
Net assets, December 31, 2025	$14,700,000	$2,300,000	$17,000,000
Operating income	$395,000	–	$395,000
Investment return, net	$1,500,000	$210,000	$1,710,000
Contributions	–	$400,000	$400,000
Change in net assets	$1,895,000	$610,000	$2,505,000
Net assets, June 30, 2026	**$16,595,000**	**$2,910,000**	**$19,505,000**

Statement of cash flows

For the six months ended June 30, 2026. (US$)

OPERATING ACTIVITIES

	YTD 6/30/2026
Change in net assets	$2,505,000
Depreciation and amortization	$1,510,000
Amortization of entrance fees (non-cash)	($2,700,000)
Net investment gains (non-cash)	($1,710,000)
Proceeds from non-refundable entrance fees	$4,300,000
Changes in receivables, prepaids, and payables	$230,000
Net cash from operating activities	**$4,135,000**

INVESTING ACTIVITIES

Purchases of property and equipment	($3,200,000)
Purchases of investments, net	($1,940,000)
Net cash used in investing activities	**($5,140,000)**

FINANCING ACTIVITIES

Repayment of long-term debt	($1,300,000)
Proceeds from refundable entrance-fee deposits	$1,060,000
Refunds of entrance fees	($450,000)
Net cash used in financing activities	**($690,000)**

Net change in cash	($1,695,000)
Cash, December 31, 2025	$5,000,000
Cash, June 30, 2026	**$3,305,000**

Budget vs. actual — variance report

For the six months ended June 30, 2026. Favorable variances marked ▲. (US$)

LINE	ACTUAL	BUDGET	VARIANCE	PRIMARY CAUSE
Total operating revenue	$21,860,000	$21,400,000	$460,000 ▲	Ancillary-service revenue and IL rate realization ahead of plan; entrance-fee amortization on pace.
Salaries, wages, and benefits	$11,050,000	$10,800,000	$250,000 ▼	Agency nursing coverage in Taylor River during two open RN lines (recruiting underway).
Dining and nutrition	$1,620,000	$1,580,000	$40,000 ▼	Food-cost inflation above the 3% budgeted; partly offset by menu engineering.
Plant operations and maintenance	$1,760,000	$1,640,000	$120,000 ▼	Unplanned chiller repair at Harbor House; deferred-maintenance catch-up.
Housekeeping and resident services	$980,000	$960,000	$20,000 ▼	On plan.
Health services and clinical	$1,520,000	$1,560,000	($40,000) ▲	Favorable — therapy utilization below plan.
General and administrative	$1,190,000	$1,150,000	$40,000 ▼	Timing of D&O renewal and audit fees.
Insurance and property taxes	$470,000	$460,000	$10,000 ▼	Property premium renewal above plan.
Interest	$940,000	$955,000	($15,000) ▲	Favorable — scheduled debt amortization.
Depreciation and amortization	$1,510,000	$1,510,000	–	On plan.

Entrance-fee activity

For the six months ended June 30, 2026. Cash and contract counts tie to the statement of cash flows. (US$)

INFLOWS — NEW ENTRANCE-FEE CONTRACTS

CONTRACT TYPE	COUNT	CASH RECEIVED	TO REFUNDABLE DEPOSITS	TO DEFERRED REVENUE
Traditional (non-refundable, declining)	12	$3,840,000	–	$3,840,000
90% refundable	2	$1,000,000	$900,000	$100,000
50% refundable	1	$320,000	$160,000	$160,000
Second-person fees	5	$200,000	–	$200,000
Total inflows	**20**	**$5,360,000**	**$1,060,000**	**$4,300,000**

OUTFLOWS — REFUNDS

REFUND TYPE	COUNT	CASH PAID
90% refundable — estate refund	1	$410,000
50% refundable — move-out	1	$40,000
Total refunds	**2**	**$450,000**

ROLL-FORWARD OF ENTRANCE-FEE BALANCES — TIES TO CASH FLOW

	DEFERRED REVENUE	REFUNDABLE DEPOSITS
Balance, December 31, 2025	$50,910,000	$16,940,000
New contracts (per inflows above)	$4,300,000	$1,060,000
Amortization to revenue (non-cash)	($2,700,000)	–
Refunds paid (per outflows above)	–	($450,000)
Balance, June 30, 2026	**$52,510,000**	**$17,550,000**

Cash-flow tie-out. Non-refundable proceeds of $4,300,000 appear in operating activities; refundable-deposit proceeds of $1,060,000 and refunds of $450,000 appear in financing activities; amortization of $2,700,000 is the non-cash reduction of deferred revenue. Entrance-fee receivables were immaterial (fees collected at occupancy).

Census & occupancy by level of care

As of June 30, 2026. Life Care (Type A). Community capacity 200 IL / 32 AL / 20 MS / 40 SNF.

LEVEL OF CARE	UNITS / BEDS	OCCUPIED	OCCUPANCY
Independent Living — residences & cottages	200	192	96.0%
Harbor House — Assisted Living	32	29	90.6%
Plaice Cove — Memory Support	20	18	90.0%
Taylor River — Skilled Nursing	40	35	87.5%
Community total	**292**	**274**	**93.8%**

Independent-living occupancy of 96% supports the entrance-fee pipeline; Taylor River (SNF) at 87.5% reflects two beds held for planned respite conversions.

CARF / Ziegler ratio dashboard & covenant coverage

As of June 30, 2026. CARF-CCAC / Ziegler key indicators. Reserves basis excludes only donor-restricted assets whose use is limited.

355
DAYS CASH ON HAND
Unrestricted cash & investments ÷ daily cash operating expense

0.89
CASH-TO-DEBT
Unrestricted cash & investments ÷ total debt

16.5%
NET OPERATING MARGIN (ADJ.)
Incl. net entrance-fee cash

2.43×
DEBT SERVICE COVERAGE
Annualized; revenue basis

98.2%
OPERATING RATIO
Operating expense ÷ operating revenue

$38,895,000
UNRESTRICTED RESERVES
Cash + investments, excl. donor-restricted

DEBT COVENANT COVERAGE

COVENANT	REQUIREMENT	ACTUAL	HEADROOM	STATUS
Debt service coverage	≥ 1.20×	2.43×	+1.23×	PASS
Days cash on hand	≥ 250 days	355 days	+105 days	PASS
Cash-to-debt (policy)	≥ 0.35	0.89	+0.54	PASS

Ratios use annualized cash operating expense and annual debt service; the debt-service-coverage figure is management’s revenue-basis estimate and is confirmed against the master trust indenture at fiscal year-end.

Reserves & investment report

As of June 30, 2026. Portfolio value $38,500,000, tying to “Assets whose use is limited” on the statement of financial position. Managed in low-cost Vanguard index funds against published benchmarks.

PORTFOLIO SUMMARY

ACCOUNT	BALANCE	% OF PORTFOLIO	YTD RETURN	YTD BENCHMARK	EXCESS
Operating Cash Reserve	$8,000,000	20.8%	2.0%	2.1%	-0.1 pp
Board-Designated Fund	$24,000,000	62.3%	8.2%	8.1%	+0.1 pp
Endowment	$6,500,000	16.9%	8.8%	8.8%	–pp
Total portfolio	**$38,500,000**	**100.0%**			

Operating Cash Reserve · $8,000,000

ASSET ALLOCATION VS. TARGET

HOLDING	VALUE	ACTUAL	TARGET	VARIANCE
VMFXX · Vanguard Federal Money Market	$8,000,000	100.0%	100.0%	–pp

PERFORMANCE BY PERIOD (TOTAL RETURN)

HOLDING / BENCHMARK	FY2023	FY2024	FY2025	Q1 2026	Q2 2026	YTD 2026
VMFXX	5.1%	5.2%	4.6%	1.0%	1.0%	2.0%
vs FTSE 3-Mo US T-Bill	5.0%	5.3%	4.5%	1.1%	1.0%	2.1%
Account (blended)	5.1%	5.2%	4.6%	1.0%	1.0%	2.0%
Benchmark (target-weighted)	5.0%	5.3%	4.5%	1.1%	1.0%	2.1%
Excess return	+0.1	–	–	–	–	-0.1

Board-Designated Fund · $24,000,000

ASSET ALLOCATION VS. TARGET

HOLDING	VALUE	ACTUAL	TARGET	VARIANCE
VMFXX · Vanguard Federal Money Market	$4,320,000	18.0%	20.0%	-2.0 pp
VTSAX · Vanguard Total Stock Market	$11,880,000	49.5%	48.0%	+1.5 pp
VTIAX · Vanguard Total Int'l Stock	$7,800,000	32.5%	32.0%	+0.5 pp

PERFORMANCE BY PERIOD (TOTAL RETURN)

HOLDING / BENCHMARK	FY2023	FY2024	FY2025	Q1 2026	Q2 2026	YTD 2026
VMFXX	5.1%	5.2%	4.6%	1.0%	1.0%	2.0%
vs FTSE 3-Mo US T-Bill	5.0%	5.3%	4.5%	1.1%	1.0%	2.1%
VTSAX	26.0%	23.8%	14.2%	3.8%	5.9%	9.9%
vs CRSP US Total Market	26.0%	23.8%	14.2%	3.8%	5.9%	10.0%
VTIAX	15.6%	5.1%	11.4%	4.1%	4.6%	8.9%
vs FTSE Global All Cap ex US	15.6%	5.2%	11.6%	4.2%	4.7%	9.0%
Account (blended)	18.9%	14.4%	11.6%	3.4%	4.6%	8.2%
Benchmark (target-weighted)	18.5%	14.2%	11.4%	3.4%	4.5%	8.1%
Excess return	+0.4	+0.2	+0.1	–	+0.1	+0.1

Endowment · $6,500,000

ASSET ALLOCATION VS. TARGET

HOLDING	VALUE	ACTUAL	TARGET	VARIANCE
VMFXX · Vanguard Federal Money Market	$585,000	9.0%	10.0%	-1.0 pp
VTSAX · Vanguard Total Stock Market	$3,575,000	55.0%	54.0%	+1.0 pp
VTIAX · Vanguard Total Int'l Stock	$2,340,000	36.0%	36.0%	– pp

PERFORMANCE BY PERIOD (TOTAL RETURN)

HOLDING / BENCHMARK	FY2023	FY2024	FY2025	Q1 2026	Q2 2026	YTD 2026
VMFXX	5.1%	5.2%	4.6%	1.0%	1.0%	2.0%
vs FTSE 3-Mo US T-Bill	5.0%	5.3%	4.5%	1.1%	1.0%	2.1%
VTSAX	26.0%	23.8%	14.2%	3.8%	5.9%	9.9%
vs CRSP US Total Market	26.0%	23.8%	14.2%	3.8%	5.9%	10.0%
VTIAX	15.6%	5.1%	11.4%	4.1%	4.6%	8.9%
vs FTSE Global All Cap ex US	15.6%	5.2%	11.6%	4.2%	4.7%	9.0%
Account (blended)	20.4%	15.4%	12.3%	3.7%	5.0%	8.8%
Benchmark (target-weighted)	20.2%	15.3%	12.3%	3.7%	5.0%	8.8%
Excess return	+0.2	+0.1	–	–	–	–

Market commentary

Global equities extended their advance through the first half of 2026. U.S. stocks led — the CRSP US Total Market benchmark returned 9.96% year to date — as easing inflation and resilient earnings supported valuations; developed and emerging markets outside the U.S. gained 9.03%. Short-term rates drifted lower as the Federal Reserve began a measured easing cycle, holding the Federal Money Market yield near 2.0% year to date after two years above 5%.

For Oceanside, the practical implications are three: the Operating Cash Reserve continues to earn a meaningful, liquid return with no principal risk; the Board-Designated Fund and Endowment benefited from the equity rally but now sit modestly overweight equities versus target, supporting a routine rebalance; and the reserve base is strong enough to weather a market drawdown without pressuring days-cash. No change to the investment policy statement is recommended this cycle.

Capital projects status

As of June 30, 2026. (US$)

PROJECT	STATUS	BUDGET	SPENT TO DATE	REMAINING	NOTES
Harbor House HVAC replacement	In progress	$1,850,000	$1,240,000	$610,000	On budget; completion Q3 2026.
Independent-living kitchen refresh	In progress	$1,200,000	$780,000	$420,000	On schedule.
Campus generator & resiliency	Planned	$2,400,000	–	$2,400,000	Board approval on the FY2026 reforecast requested.
Wellness center expansion	Design	$3,600,000	$240,000	$3,360,000	Design phase; funding from Board-Designated Fund under review.
Routine capital & equipment	Ongoing	$1,500,000	$940,000	$560,000	Tracking to annual allowance.
Total capital program		**$10,550,000**	**$3,200,000**	**$7,350,000**	

Year-to-date capital expenditure of $3,200,000 is reflected in the statement of cash flows.

Key risks & decisions before the board

RISK SUMMARY

RISK	LEVEL	WHY IT MATTERS	MITIGATION / OWNER
Skilled-nursing labor	Elevated	Agency reliance in Taylor River pressures cost and margin.	RN recruitment incentive (decision 3); float-pool pilot.
Entrance-fee sales pace	Moderate	IL turnover and refund timing drive liquidity swings.	90-day rolling pipeline review; refund-reserve policy holds.
Market drawdown	Moderate	Equity overweight raises reserve volatility.	Rebalance to target; days-cash floor policy (decision 2).
Capital cost inflation	Moderate	Generator and wellness bids trending above plan.	Reforecast for ratification (decision 1); value-engineering.
Interest-rate / refinancing	Low	2028 maturity; rates easing.	Monitor; early-refunding analysis in Q4.

DECISIONS REQUESTED THIS MEETING

DECISION	RECOMMENDATION
1. Ratify the FY2026 capital-plan reforecast	Finance & Investment Committee recommends approval.
2. Approve the reserve-target policy refresh (days-cash floor of 300 days)	Aligns policy with current strength; supports rebalancing discipline.
3. Authorize the Taylor River RN recruitment incentive	Reduces agency reliance; funded within the approved labor budget.