OCEANSIDE

A Life Plan Community · Seaside, NH

CARF–Baker Tilly–Ziegler Ratio Analysis

Financial Ratio Profile & Covenant Coverage — FY2023–FY2031

PREPARED BY ODIORNE ADVISORY SERVICES · ILLUSTRATIVE WORK SAMPLE

Purpose & methodology

This analysis profiles Oceanside Senior Living against the financial ratios most watched by CARF–CCAC accreditation, the Baker Tilly senior-living benchmarking studies, and Ziegler / rating-agency credit analysis — across three audited historical years, the current year, and the five-year expansion forecast.

Basis of presentation

Figures are drawn from the same internally consistent financial model that supports the board financial report and the five-year forecast; the three deliverables tie to one another. Historical years (FY2023–FY2025) reflect audited results; FY2026 is the current-year projection; FY2027–FY2031 are the forecast, which includes the Shoreline Expansion. A stabilized run-rate column (one year beyond the horizon) is shown where useful. All ratios use unrestricted liquidity (cash and investments, excluding donor-restricted and trustee-held funds); coverage is computed on annualized cash operating expense and total annual debt service.

The ratio families

- **Liquidity** — days cash on hand; cash-to-debt. How long reserves would fund operations, and reserves relative to debt.
- **Capital / leverage** — cash-to-debt (excl. temporary), debt-to-capitalization, average age of plant.
- **Profitability** — operating ratio; net operating margin; net operating margin (adjusted) — the CCRC-specific measure that includes net entrance-fee cash.
- **Coverage** — debt-service (MADS) coverage, on the covenant basis (including entrance fees) and on a stricter basis excluding the new units' initial entrance fees.

> **A note on entrance fees.** Continuing-care communities are cash-flow businesses: net entrance-fee receipts, not operating income, drive coverage and reserve growth. The adjusted margin and covenant coverage ratios therefore include net entrance-fee cash — the standard CARF/Ziegler treatment — while the operating ratio and net operating margin isolate recurring operations.

Ratio dashboard — current year (FY2026)

Entering the expansion, Oceanside presents a strong ratio profile — reserves and coverage comfortably above the thresholds typical of investment-grade continuing-care credits.

373
DAYS CASH ON HAND
Unrestricted reserves ÷ daily cash operating expense

0.97
CASH-TO-DEBT
Unrestricted reserves ÷ total debt

2.92×
DEBT-SERVICE COVERAGE
Income available for debt service ÷ MADS

10.8%
NET OPERATING MARGIN (ADJ.)
Incl. net entrance-fee cash

98.2%
OPERATING RATIO
Operating expense ÷ operating revenue

$ 40.8M
UNRESTRICTED RESERVES
Cash + investments, excl. donor-restricted

HOW FY2026 COMPARES TO SECTOR REFERENCE POINTS

INDICATOR	OCEANSIDE FY2026	ILLUSTRATIVE SECTOR REFERENCE†	READ
Days cash on hand	373 days	~300–450 (A / strong)	STRONG
Cash-to-debt	0.97	~0.60–1.00	STRONG
Debt-service coverage	2.92×	~2.0–2.5×	STRONG
Operating ratio	98.2%	~95–102%	IN RANGE
Net operating margin (adj.)	10.8%	~18–24%	MODEST

†Illustrative reference points reflecting the general ranges reported in published CARF–CCAC, Baker Tilly, and Ziegler median studies for not-for-profit continuing-care communities; shown for orientation only, not as a formal peer benchmark. Oceanside's adjusted margin is modeled conservatively.

Ratio history & projection

$ in millions where noted. FY2026 is the current-year base; the shaded FY2027–FY2031 reflect the Shoreline Expansion.

LIQUIDITY & CAPITAL

INDICATOR	FY2023	FY2024	FY2025	FY2026*	FY2027	FY2028	FY2029	FY2030	FY2031
Days cash on hand	328	345	361	373	350	328	266	283	332
Cash-to-debt (excl. temporary)	0.63	0.72	0.84	0.97	0.42	0.41	0.40	0.47	0.60
Cash-to-debt (all debt)	0.63	0.72	0.84	0.97	0.33	0.32	0.36	0.47	0.60
Unrestricted reserves ($M)	31.3	34.3	37.5	40.8	39.4	37.9	35.6	39.5	48.0
Total debt ($M)	50.1	47.5	44.9	42.3	119.7	117.0	99.7	84.3	80.4

PROFITABILITY

INDICATOR	FY2023	FY2024	FY2025	FY2026*	FY2027	FY2028	FY2029	FY2030	FY2031
Operating ratio	98.3%	97.8%	97.5%	98.2%	97.8%	97.4%	109.1%	106.6%	103.3%
Net operating margin (adjusted)	10.8%	11.4%	11.3%	10.8%	11.0%	11.4%	20.1%	22.2%	13.3%
Operating income (loss) ($M)	0.7	0.9	1.1	0.8	1.0	1.2	-4.4	-3.5	-1.9
Change in net assets ($M)	2.9	3.4	3.9	3.8	3.6	3.9	-1.9	-0.6	1.3

DEBT-SERVICE COVERAGE

INDICATOR	FY2023	FY2024	FY2025	FY2026*	FY2027	FY2028	FY2029	FY2030	FY2031
Debt-service coverage — covenant	2.51×	2.72×	2.85×	2.92×	2.91×	3.02×	2.78×	3.45×	2.71×
Debt-service coverage — excl. initial EFs	2.51×	2.72×	2.85×	2.92×	2.91×	3.02×	1.32×	1.54×	1.71×
Cushion ratio (reserves ÷ MADS)	6.8×	7.5×	8.3×	9.1×	8.9×	8.7×	3.8×	4.7×	5.9×
Annual debt service ($M)	4.6	4.5	4.5	4.5	4.4	4.4	9.3	8.5	8.1

Reading the arc. Ratios strengthen through FY2026, moderate during construction and fill-up (FY2027–FY2030) as leverage rises and the new residences carry cost ahead of revenue, then recover from FY2031 forward. On the covenant basis, coverage never falls below 2.7×; even excluding the new units' initial entrance fees, it holds above 1.20× in every year (trough 1.32× in FY2029).

Covenant coverage & definitions

Covenant coverage across the full horizon

COVENANT	REQUIREMENT	WORST VALUE	WORST YEAR	STATUS
Debt-service coverage (incl. EFs)	≥ 1.20×	2.51×	FY2023	PASS
Debt-service coverage (excl. initial EFs)	≥ 1.20×	1.32×	FY2029	PASS
Days cash on hand	≥ 250 days	266 days	FY2029	PASS
Cash-to-debt (excl. temporary)	≥ 0.35	0.40	FY2029	PASS

Watch item — days cash on hand is the binding covenant. It is satisfied every year, but only narrowly at the FY2029 fill-up trough, where it clears the 250-day floor by ~16 days (~6% headroom) — roughly a $2M reserve draw. Debt-service coverage, by contrast, holds well above its 1.20× floor throughout. Management should monitor days cash monthly through the expansion fill-up and set an internal early-warning trigger above the covenant (≈275–285 days).

Odiorne Advisory recommendation. The tightness is a designed, temporary feature of a debt-financed fill-up, not underlying weakness. We recommend negotiating the days-cash covenant with the lender: a **fill-up step-down** (~175–200 days FY2027–FY2030, stepping up to 250 at stabilization), or a **lower permanent floor (~200–225 days)**, and/or **broadening the liquidity definition** to include the debt-service reserve fund, paired with a **cure mechanism** (semi-annual testing; two consecutive failures before default). Any one resolves the FY2029 pinch while preserving the lender's protection.

Bottom line. Across nine years spanning three audited actuals, the current year, and a debt-financed expansion, every covenant is satisfied in every year — including on the conservative basis that excludes the new units' initial entrance fees. The community's ratio profile is consistent with an investment-grade continuing-care credit throughout, with days cash on hand the metric to manage most closely during fill-up.

Definitions

RATIO	DEFINITION
Days cash on hand	Unrestricted cash & investments ÷ (annual cash operating expense ÷ 365).
Cash-to-debt	Unrestricted cash & investments ÷ total long-term debt (temporary EF-redemption debt excluded from the covenant measure).
Net operating margin (adjusted)	(Operating income + net entrance-fee cash − EF amortization) ÷ (operating revenue + net entrance-fee cash − EF amortization).
Debt-service coverage	(Change in unrestricted net assets + interest + depreciation + amortization − EF amortization + net entrance-fee cash) ÷ annual debt service.
Cushion ratio	Unrestricted cash & investments ÷ maximum annual debt service.
Operating ratio	Total operating expense ÷ total operating revenue (below 100% indicates an operating surplus).

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.