



Sunnyside Communities

Resident meetings

September 6, 2019

Resident Talk

Cap Ex – Overview

I. History

	Actual 2016	Actual 2017	Actual 2018	Budget 2019
Capital Spend	\$ 6,553,739	\$ 8,465,946	\$ 10,182,620	\$ 11,571,014
Cash Flow from EF	\$ 5,287,956	\$ 8,884,526	\$ 9,247,920	\$ 6,684,316
EF as a % of Cap ex - Total	81%	105%	91%	58%
EF as a % of Cap ex - Base			109%	96%

- Cash flow from entrance fees largely offsets total normal cap ex spend
- 2018 cap ex actual includes \$1.8 million for KG memory care and 2019 cap ex budget has \$4.6 million of special project cap ex for the wellness center at SS and memory care at SQ.
- Loan capacity utilized for the special project cap ex spends

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II. Financial Strength

- a) Covenants – calc at 12/31/18
 - i. Debt Service Coverage– 4.8 vs 1.2 covenant (\$10.5 million cushion – we would have been in compliance even if we would have received \$0 in EF)
 - ii. Debt to Total Capitalization – 39% vs 60% covenant (\$60 million of additional debt headroom)
 - iii. Days Cash on Hand – 369 days vs. covenant of 150 days (Could use \$20 million in cash and still be in compliance)
- b) Actuarial – all campuses I “satisfactory actuarial balance”. SS campus gold star rating
- c) Industry Benchmark - First quartile on NOM measure

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III. Wellness Project

a) “Theoretical” calculation of wellness project per month per resident

Total Cost	\$	4,000,000
Depreciation Life		25 years
Cost per year	\$	160,000
Cost per month	\$	13,333
Cost per resident per year	\$	398
Cost per resident per month	\$	33

Considerations:

1. It is never a good idea to look at a project in a vacuum without considering all the tangible and intangible factors.
 - i. Focus group feedback (current AND prospective residents)
 - ii. Relevant in the marketplace
 - iii. Effect on census – a 10% decline in IL census impacts revenues +/- \$1 million without considering EF
 - iv. Impact on development effectiveness
2. Cap ex is more or less funded by entrance fees
3. Net increase in depreciation way less than the gross calculation