Heritage
ON THE MARINA

2020 Forecast (Ex. COVID-19 Impact)

Purpose of Forecast
To forecast our estimated operating result excluding the impact of the COVID-19 crisis.

Forecast Exhibit Description
The forecast exhibit has 7 columns of information. From left to right they are: 2020 Annual Budget, Current Month Actual Result for May 2020, Current Month Variance to Budget, Current Year-to-Date Actual through May 2020, the June through December Forecast, the 2020 Forecast for the entire year and the Annual Budget Variance against the forecasted amount. The document shows both the stimulus payments received and COVID-19 expenses incurred through May for reference purposes only, but neither is included in the annual forecast for the year.

Overall Operating Result Forecast - Summary
Overall revenue is forecasted to come in at $8.7M or $131K below budget principally because of lower than planned monthly care fees $683K and Medicare fees $283K offset by higher than planned skilled nursing fees $229K, AL private pay fees $177K and amortized entrance fees $332K.
Operating expenses are forecasted to be $207K over budget principally due to Outside Services being worse than budget in total by $285K; and worse by department in this account in Dining Services by $120K, Health Center by $18K, and Medicare ONR therapy costs by $164K. The overall variance in this single account is offset somewhat by favorable variances in other expense accounts. Additionally, although Wages & Salaries are projected to come in slightly better than plan by $28K principally because of staff vacancies or turnover in all departments with the exception of the Health Center, that department is forecasted to finish worse than budget by $179K. This is under the assumption that staffing levels and overtime usage will remain at approximately the same rate for the remainder of the year.
Depreciation expense is forecasted at $174K worse than plan due to projects in progress not moved to completed status until year-end after the budget had already been finalized.
Total expenses are projected at $12.9M or $381K worse than plan.

The overall forecasted operating result is a loss of $4.2M or $513K worse than plan.

Other Income & Expense - Summary

Other Income & Expense is forecasted at $83K below budget principally because of lower than expected Planning & Development expenses. (Note that the $222K in stimulus payments we have received have been removed from the forecast.)

Operating Revenue Assumptions - Detail

- Monthly Care Fees-assumes all current resident fees through year-end and the addition of 3 1BR occupied apartments. (As of right now, 2 apartments have become occupied in 2020: the 1BR apartment on Octavia St. and a studio apartment in the Morgan building.)
- MCF Fee Subsidy-assumes current run rate.
- SNF Private Pay fees-assumes no change from current level of 9 residents.
- AL Private Pay-assumes no change from our current level of 4 residents.
- Amortized Entry fees-includes amortization of the 3 1 BR apartments noted above. Note that the year-to-date amount is heavily impacted by the $190K booking of the remaining amortization from a resident who passed away earlier this year.
- Guest charges-assumes the same as the 2019 actual result.
- Processing fees-based on current plus expected residents.
- Other Resident Program Fees-principally parking, straight lined from year to date May and is in line with last year's result.

Operating Expense Assumptions - Detail

- Outside Services-Dining Services, most of the unfavorable forecast variance in this account $120K has been from staffing shortages, temporary services, and unplanned overtime in either the Morrison operation or the dining room as well as some unplanned special dining events. However, to the extent Morrison provides temporary staff for dining room server shortages, there is at least a partial offset to our Heritage employee wage line which is forecast at $35K favorable to budget. The net effect of these 2 combined accounts is an $85K unfavorable variance. Also, effective approximately July 1, the budgeted Certified Dietary Manager has been replaced with a Registered Dietician the net change of which is $4K per month.
- Outside Services-Health Center, forecasted to be over budget principally because of ongoing staff relief services and staff hiring fees.
- Outside Services-Medicare, it appears that there was an error in the budget amount making it approximately $88K lower than it should have been. Despite this difference, based on the level therapy is being provided in 2020, we are on track to exceed this amount by another $78K. Therapy being provided this year is much higher in volume than it historically has been.

Other Income & Expense Assumptions - Detail

- Donations-assumed at budget.
- Planning & Development-Chief of Strategy costs beginning April 1, affiliation costs, i.e. survey, appraisal, legal and accounting fees, etc.
- Other Income-assumed at budget.

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