



December 2021 Financial Summary

Year to Date Operating Result

- Our combined revenue and expense for the year is an operating loss of \$5.8M vs. a budget of \$4.4M or \$1.5M worse than plan. This result is a combination of revenue falling short of plan by \$1.5M while total expenses are worse than plan by \$30K. This result includes the extraordinary expenses discussed below.

December 2021 Extraordinary Expenses:

Please note that December 2021 expenses include provision for 2 extraordinary unplanned items which we have been discussing the past several months. They are: #1) an adjustment for the CA Meal Premium expected payment in the amount of \$361K which is hitting our wages and salaries line and #2) an adjustment in the amount of \$169K for the Healthy San Francisco audit which is hitting our benefits line. The combined total for both entries is \$530K. Basically we are taking the financial hit for these items in 2021 (even though they have not yet been paid) so they will not impact our financial results in 2022.

Revenue - Month

- Monthly revenue from all sources continues below plan and was \$591K with principal variances in monthly care fees (apartment vacancies), worse by \$29K, SNF fees (reduced census) worse by \$52K and Medicare revenue which was \$74K below plan due to a depressed patient census.
- Monthly care fees are below plan due to 8 apartment vacancies composed of 3, 2 bedroom units, 2, 1 bedroom units, and 3 studio units. The estimated revenue from these vacant apartments is \$53K per month or \$636K annualized. (There are also currently 9 studio apartments that have been taken out of service for possible resident occupancy consisting of 2 used for storage, 3 used for COVID isolation, and 4 assisted living units which are reserved for existing resident transitions to this level of service.)
- One resident (Barbara Clevenger) terminated her contract in the month of December.

Expenses-Month

- Excluding the extraordinary expenses discussed above, monthly operating expenses were \$1.1M and basically on plan. The major variances in the month are discussed below.
- Utilities - \$14K under budget, \$6.7K of which is for a lifeline discount credit received in the month.
- Contract/Grounds Maintenance - over budget by \$17.3K principally due to a reallocation of a preventive maintenance expense of \$19.9K to the account.
- Equipment & Long-Term Maintenance – over budget by \$11.6K primarily due to unexpected repairs to the freezer \$8.3K, plumbing repairs \$6.1K, and the laundry/water heater and a kitchen sink repair \$5.2K.

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- Legal Fees - over budget by \$9.9K due to ongoing consults regarding a variety of subjects including contracts, employee issues, CA MP, Healthy San Francisco, etc..
- Marketing – over budget in the month by \$8.3K due to 2, \$5.5K payments to our sales consultant (BILD) which was unbudgeted.

Capital Projects - Month

- There was 1 minor renovation project payment made in the month for apartment 412.

Bernstein Investment Portfolio – Cash Draws Month

- Bernstein regular monthly draws were \$205K. For the year, regular transfers stand at \$2.460M, additional transfers at \$2.485M, and \$4.945M in total. Through 12 months, the average additional monthly transfer rate is \$207K. See detail below.

Heritage Monthly Transfers Summary YTD						
			Regular		Additional	Date
Jan.	2021		\$ 205,000		\$ -	
Feb.	2021		\$ 205,000		\$ 600,000	2/1/2021 and 2/18/2021
Mar.	2021		\$ 205,000		\$ 350,000	3/24/2021
Apr.	2021		\$ 205,000		\$ 535,000	4/18/2021 and 4/28/2021
May.	2021		\$ 205,000		\$ 450,000	5/26/2021
Jun.	2021		\$ 205,000		\$ 300,000	6/23/2021
Jul.	2021		\$ 205,000		\$ -	
Aug.	2021		\$ 205,000		\$ -	
Sep.	2021		\$ 205,000		\$ -	
Oct.	2021		\$ 205,000		\$ 250,000	10/27/2021
Nov.	2021		\$ 205,000		\$ -	
Dec.	2021		\$ 205,000		\$ -	
YTD			\$ 2,460,000		\$ 2,485,000	
Net Actual Cash Transferred			\$ 2,460,000		\$ 2,485,000	\$ 4,945,000

Bernstein Portfolio Performance

- Performance before and after fees vs. benchmark as of December 2021 is displayed below.

Portfolio Performance Overview			
		Cumulative Jan. 2021- Dec. 2021	Cumulative Dec. 2021
Before Fees		14.9%	2.8%
After Fees		14.7%	2.8%
Blended Benchmark		12.9%	2.9%

Joseph T. Conroy III
 Controller

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