



Christwood

\$33,080,000

ST. TAMMANY PUBLIC TRUST FINANCING AUTHORITY

REVENUE AND REFUNDING REVENUE BONDS

(CHRISTWOOD PROJECT)

SERIES 2014

QUARTERLY REPORT FOR THE PERIOD ENDING

JUNE 30, 2017



Christwood

Quarterly Report for the Period Ending:
June 30, 2017

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Christwood

COMMUNITY DESCRIPTION

Christwood is a not-for-profit corporation organized in 1991 under the laws of the State of Louisiana for the purpose of owning a continuing care retirement community. Christwood has been determined to be exempt from federal income tax by virtue of being an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986. Life Care Services LLC of Des Moines, Iowa has provided management services since 1999.

The community is located in Covington, Louisiana on approximately 125 acres. The community consists of 143 independent living apartments, 18 cottages, 34 assisted living apartments and 30 skilled nursing apartments. Christwood also has a Community Center which features an indoor swimming pool, aerobics room, exercise equipment room, game room, activity room, two conference rooms, spa and salon, coffee house as well as office space and common areas.

The project was originally financed with Mortgage Revenue Bonds, Series 1995A and Variable Rate Mortgage Revenue Bonds, Series 1995B for a total of \$15,805,000. The 1995 debt was refunded in 1998 with Revenue Refunding Bonds, Series 1998 in the amount of \$22,115,000. In 2011, additional Revenue Bonds were issued, Series 2011, in the amount of \$12,500,000 to acquire, construct, install and equip improvements at the Community, including a 24 unit atrium independent apartment building and a community center. In December, 2014, Series 2014 Revenue and Refunding Revenue Bonds were issued in the amount of \$33,080,000 for the purpose of refunding both the Series 1998 and Series 2011 Bonds, financing certain improvements (the "Project"), funding a debt service reserve fund, and paying a portion of the costs of issuance of the Bonds.



PROJECT SUMMARY AND UPDATE

\$6,705,000 in cash was generated from the bond proceeds to acquire, construct, install and equip improvements at the Community, including new buildings which will include an area for our Environmental Services and an employee dining room as well as a 28 unit memory Cognitive Care Center and adult day care.

As of June 30, 2017, all construction projects from bond proceeds has been completed.

The Environmental Services/Employee dining building was completed and the Certificate of Occupancy was obtained on October 1, 2015.

Phase I of the Cognitive Care Center was completed and Certificate of Occupancy issued on December 15, 2016. The license was received and all fourteen rooms were occupied as of March 31, 2017. Phase II of the Cognitive Care Center was completed June 15th with occupancy starting on June 21st. Occupancy is currently at 21 out of 28 rooms occupied with three more admissions expected in August and early September.

The license has also been issued for the Cognitive Care Adult Day Stay program which currently has nine clients.

Our last construction project is the completion of expanding the main kitchen to accommodate the growth of the community. The completion date for this final phase of construction is anticipated to be September 30, 2017.



MANAGEMENT DISCUSSION & ANALYSIS

Marketing Summary:

Christwood ended the 2nd quarter of 2017 with independent occupancy of 95.03%. There were four move-ins for second quarter 2017. Since the end of June there have been three move-ins for July with three move-ins currently scheduled for August and September. We have four premier apartments available for sale with a "Watch List" of approximately 50 prospective residents.

Year-to-Date Occupancy Summary:

Independent Living	153 occupied out of 161 compared to a budget of 153
	35.23 double occupied units compared to a budget of 38.25
Assisted Living	32.23 occupied out of 34 total units compared to a budget of 32
Cognitive Care	21 occupied out of 28 total units compared to a budget of 12 for second quarter
Health Center	22.13 occupied out of 30 total units compared to a budget of 25
HC by Payer Type	Private Pay 7.67
	Lifecare 5.76
	Medicare 5.97
	Managed Care 2.73

Financial Performance:

Operating revenue for second quarter 2017 is \$4,089,403 bringing the year-to-date revenue to \$8,126,408 which is only \$40,283 under budget. This is a 9.6% increase over second quarter 2016.

Expenses for six out of eleven departments remain under budget through second quarter 2017. Total expenses through second quarter 2017 are \$8,326,750 and are over budget by \$153,427. This is an increase of 5.3% over expenses at the end of second quarter 2016.

Christwood has a net operating loss at year-to-date through June 30 of \$200,343 compared to a budgeted net operating loss of \$6,633. Christwood has a year-to-date net loss of \$194,695 compared to a budgeted net income of \$181,925.

Christwood has received \$5,065,600 in entrance fees year-to-date and paid out \$828,484 in refunds for net entrance fees received of \$4,237,116. Net entrance fees budgeted through 2017 second quarter is \$3,301,134, leaving a variance of \$935,982 over budget.

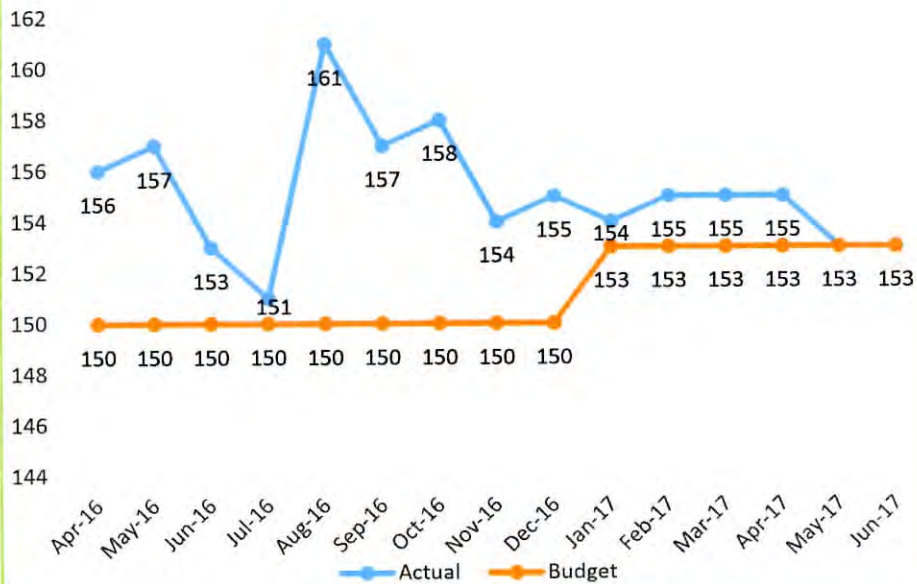
Capital expenditures are \$2,346,290 compared to a budget of \$1,993,584. The variance is over budget due to the common area refurbishment. Construction Work-in-Progress through second quarter is \$197,171. For period ended June 30, 2017, there has been a decrease in cash of \$594,561.



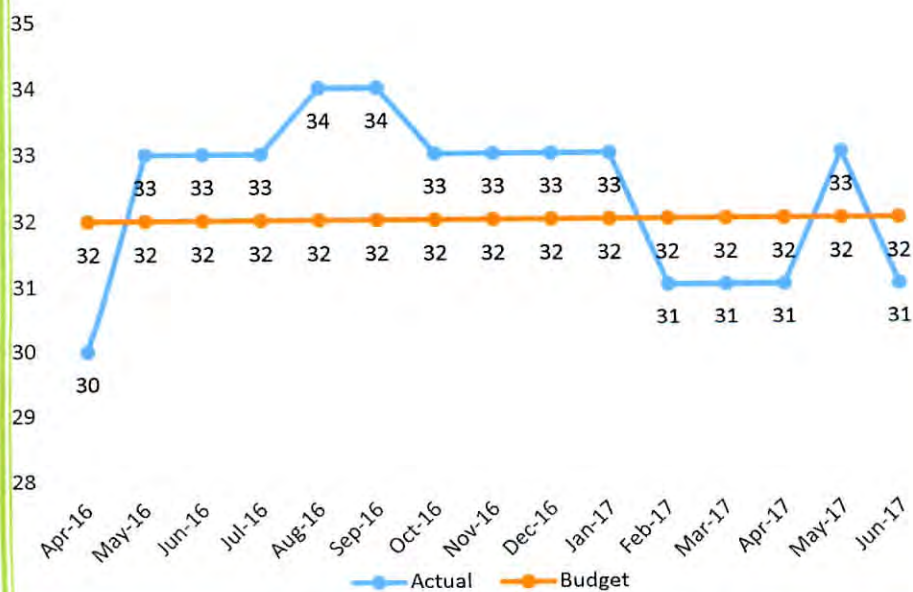
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OCCUPANCY STATISTICS

Units Occupied vs. Budget - Independent Living



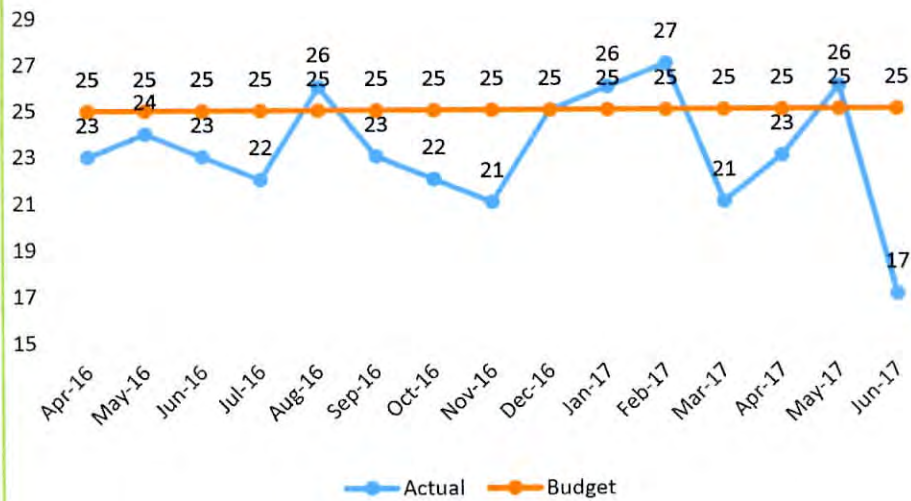
Units Occupied vs. Budget - Assisted Living



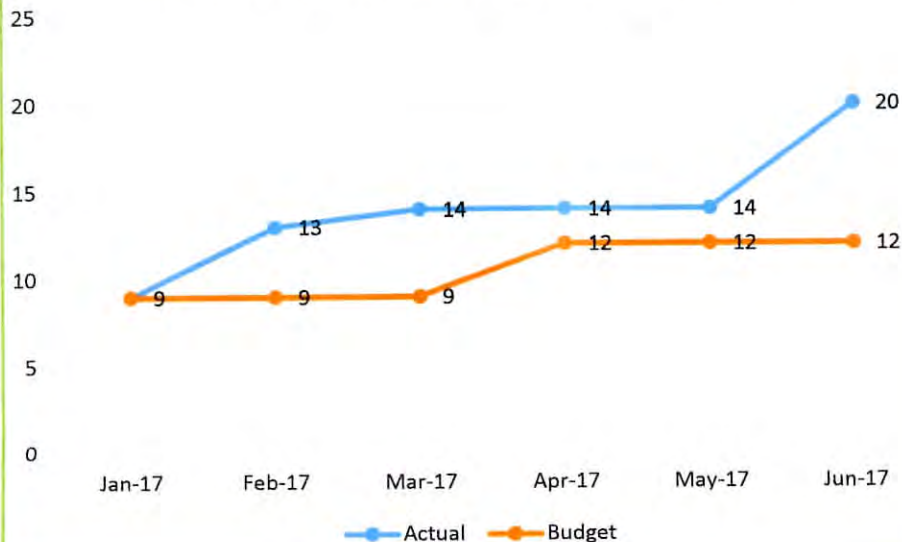


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Units Occupied vs. Budget - Skilled Nursing



Units Occupied vs. Budget - Cognitive Care





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Balance Sheet
Unaudited June 30, 2017 and Audited YE December 31, 2016

ASSETS

	6/30/2017	12/31/2016
<u>CURRENT ASSETS:</u>		
Cash and cash equivalents	\$ 4,540,444	\$ 5,054,830
Cash and cash equivalents limited to payment of debt service	-	910,000
Accounts receivable, net	1,621,371	1,055,144
Employee advances	(344)	(4,058)
Assets held by others	11,097,141	10,684,104
Prepaid insurance	278,945	121,350
Prepaid expenses	147,966	110,525
Total current assets	17,685,524	17,931,895
<u>ASSETS LIMITED AS TO USE:</u>		
Held by trustee:		
Cash and cash equivalents	3,302,466	455,384
Accrued interest receivable	35,883	36,855
Investments	1,054,909	2,518,477
Total assets limited as to use	4,393,258	3,010,716
<u>PROPERTY AND EQUIPMENT:</u>		
Land	3,650,250	3,650,250
Land improvements	2,166,158	2,127,327
Buildings and improvements	50,995,200	50,978,814
Furniture and fixtures	2,608,265	2,474,962
Machinery and equipment	2,442,090	2,262,452
Vehicles	509,163	466,489
Construction in progress	3,532,141	1,399,513
Total property and equipment	65,903,267	63,359,807
Less: accumulated depreciation	(18,297,707)	(17,356,180)
Net property and equipment	47,605,559	46,003,627
<u>OTHER ASSETS:</u>		
Deposits	3,350	3,350
Debt Issue Cost	1,193,221	1,222,317
Total Other Assets	1,196,571	1,225,667
Total assets	\$ 70,880,911	\$ 68,171,905



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Balance Sheet Unaudited June 30, 2017 and Audited YE December 31, 2016

LIABILITIES AND NET DEFICIT

	<u>6/30/2017</u>	<u>12/31/2016</u>
<u>CURRENT LIABILITIES:</u>		
Accounts payable	\$ 321,078	\$ 414,901
Deposits on unoccupied units	307,062	352,814
Accrued interest payable	132,158	132,158
Accrued expenses	424,415	382,180
Contracts payable	0	1,099,722
Compensated absences	268,935	268,935
Refundable endowment	700,142	820,494
Refund liabilities	30,154,284	28,321,428
Current portion of long-term debt	<u>910,000</u>	<u>910,000</u>
Total current liabilities	<u>33,218,075</u>	<u>32,702,632</u>
<u>OTHER LIABILITIES:</u>		
Long-term debt, less current portion	31,410,447	31,442,467
Deferred revenue from advance fees	18,993,523	17,540,636
Deposits	<u>14,957</u>	<u>14,286</u>
Total other liabilities	<u>50,418,926</u>	<u>48,997,389</u>
Total liabilities	<u>83,637,001</u>	<u>81,700,021</u>
<u>NET DEFICIT:</u>		
Unrestricted	<u>(12,561,338)</u>	<u>(13,528,116)</u>
Total net deficit	<u>(12,756,090)</u>	<u>(13,528,116)</u>
Total liabilities and net deficit	<u>\$ 70,880,911</u>	<u>\$ 68,171,905</u>



Statement of Operations
Unaudited June 30, 2017 and Audited YE December 31, 2016

	<u>6/30/2017</u>	<u>12/31/2016</u>
<u>CHANGES IN UNRESTRICTED NET DEFICIT:</u>		
Revenues:		
Resident services	\$ 8,112,891	\$ 14,828,059
Earned advance fees	1,225,951	2,603,928
Contributions	84,585	189,250
Investment income	501,164	700,782
Other Revenues - insurance proceeds		149,427
(Loss) on disposition of assets	<u>3,000</u>	<u>(429,845)</u>
Total revenues	<u>9,927,591</u>	<u>18,041,601</u>
Expenses:		
Operating expenses	8,390,789	15,644,019
Depreciation and amortization	970,624	1,756,301
Interest expense	760,930	1,565,933
Extraordinary loss on refunding of debt	<u>-</u>	<u>-</u>
Total expenses	<u>10,122,343</u>	<u>18,966,253</u>
(Increase) decrease in unrestricted net deficit	(194,752)	(924,652)
Net deficit at beginning of year	<u>(12,561,338)</u>	<u>(12,603,463)</u>
Net deficit at end of year	<u>\$ (12,756,090)</u>	<u>\$ (13,528,115)</u>



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Statement of Cash Flows
Unaudited for June 30, 2017

	YEAR-TO-DATE		
	ACTUAL	BUDGET	VARIANCE
OPERATING ACTIVITIES			
Excess (deficit) revenues over expenses	(194,695)	181,925	(376,620)
Add items not requiring the expenditures of cash:			
Depreciation	941,527	875,000	66,527
Amortization	29,097	29,100	(3)
Less items not resulting in the receipt of cash:			
Earned entrance fees	(1,225,951)	(1,732,189)	506,238
Change in working capital	(1,915,317)	(86,977)	(1,828,340)
NET CASH PROVIDED (USED) BY OPERATIONS	(2,365,340)	(733,141)	(1,632,199)
INVESTING ACTIVITIES			
Capital Additions	(2,543,460)	(1,993,584)	(549,876)
Purchase of Land	0	0	0
Loss/(Gain) from Disposal of Assets	0	0	0
NET CASH USED BY INVESTING ACTIVITIES	(2,543,460)	(1,993,584)	(549,876)
FINANCING ACTIVITIES			
Bond Principal Payment	0	0	0
Bond Premium Discount	(32,020)	0	(24,854)
Changes in Entrance Fee and Carport Deposits	(45,083)	0	(45,083)
CAH Entrance Fees Received	154,227	327,950	
Net Entrance Fees Received	4,237,116	3,301,134	935,982
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	4,314,240	3,629,084	685,156
INCR(DEC)R IN CASH AND CASH EQUIVALENTS	(594,561)	902,359	(1,496,920)
Cash and cash equivalents at Beginning of Period	20,589,576	20,589,576	0
CASH & CASH EQUIVALENTS AT END OF PERIOD	19,995,015	21,491,935	(1,496,920)



Christwood

LOAN COVENANTS

Unaudited for twelve months ended June 30, 2017

DEBT SERVICE COVERAGE RATIO:

<u>Funds Available for Debt Service received during the twelve months ended June 30, 2017</u>	INCLUDING NET ENTRANCE FEES	EXCLUDING NET ENTRANCE FEES
Decrease in net assets	\$ (1,057,967)	\$ (1,057,967)
Add: Entrance fees received in cash (excluding entrance fees paid by the initial residents other than entrance fees paid in respect of the last six independent living units occupied)	\$ 9,236,500	
Unrealized (gains) or losses on marketable securities	(452,631)	(452,631)
(Gains) and losses from disposition of capital assets	426,845	426,845
Interest expense	1,540,941	1,540,941
Depreciation and amortization	1,864,267	1,864,267
	<u>12,615,922</u>	<u>3,379,422</u>
Deduct:		
Entrance fees accrued as revenues	2,498,891	2,498,891
Refunds paid	<u>1,822,567</u>	
	<u>4,321,458</u>	<u>2,498,891</u>
Total Funds Available for Debt Service	<u>\$ 7,236,497</u>	<u>\$ (177,436)</u>
<u>Debt Service Requirements for the year ended December 31, 2017</u>		
Interest, Principal & Sinking fund requirements for bonds or long-term indebtedness	<u>\$ 2,494,450</u>	<u>\$ 2,494,450</u>
Total Debt Service Requirements	<u>\$ 2,494,450</u>	<u>\$ 2,494,450</u>
Debt Service Coverage Ratio	<u>2.90</u>	<u>(0.07)</u>
Required Debt Service Coverage Ratio	<u>1.20</u>	<u>1.20</u>

DAYS CASH ON HAND AS OF JUNE 30, 2017:

Unrestricted cash and investments	\$ 16,692,493
Total cash operating expenses for the period ended June 30, 2017	9,087,680
Days Cash on Hand	<u>332</u>
Required Days Cash on Hand	<u>180</u>



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HISTORICAL COVENANT RESULTS

