Financial Ratios & Trend Analysis

OF CARF-ACCREDITED CONTINUING CARE RETIREMENT COMMUNITIES



2026

A JOINT PROJECT OF CARF, ZIEGLER, AND BAKER TILLY

carf INTERNATIONAL

Table of Contents

Project Team and Feedback 2

What is CARF Accreditation? 3

Congratulations to CARF-Accredited CCRCs recognized as America's Best in 2026! 4

A Message from the CARF Financial Advisory Panel Chair 5

Executive Summary 7

Ratio Summary 9

Section 1 – Introduction 10

Uses and Limitations of this Publication 11

Development of the Database 15

Sample Ratio Charts 16

Accounting Updates and Current FASB Projects 17

Section 2 – Margin (Profitability) Ratios 18

Overview 19

Findings 20

Net Operating Margin Ratio 21

Net Operating Margin–Adjusted Ratio 24

Operating Ratio 27

Operating Margin Ratio 30

Total Excess Margin Ratio 33

Section 3 – Liquidity Ratios 36

Overview and Findings 37

Days in Accounts Receivable Ratio 38

Days Cash on Hand Ratio 41

Cushion Ratio 44

Section 4 – Capital Structure Ratios 47

Overview 48

Findings 49

Debt Service Coverage Ratio 50

Debt Service Coverage–Revenue Basis Ratio 53

Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio 56

Unrestricted Cash and Investments to Long-Term Debt Ratio 59

Long-Term Debt as a Percentage of Total Capital Ratio 62

Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio 65

Long-Term Debt to Total Assets Ratio 68

Average Age of Community Ratio 71

Capital Expenditures as a Percentage of Depreciation Ratio 74

Section 5 – Contract Type Ratios 77

Overview 78

2025 Median Ratios Comparison By Contract Type 79

*2025 Financial Ratios by Contract Type–Single-site Providers** 80

Rating Agency Median Ratios Comparison 81

Appendix A 82

CARF Discussion of Unrestricted Cash & Investments 82

Appendix B 85

Benchmarking Against the CARF Ratios 85

Ratio Definitions Matrix 87

Project Team and Feedback

CARF International

Julia Meashey*
Senior Business Development Specialist, Aging Services, Washington, DC
jmeashey@carf.org

Ziegler

Daniel Hermann
President and CEO, Head of Investment Banking, Chicago, IL
dhermann@ziegler.com

Thomas Meyers*
Senior Managing Director and Co-Leader of Senior Living Finance Practice, Chicago, IL
tmeyers@ziegler.com

Baker Tilly

Mark Ross
Principal, Healthcare Practice, Philadelphia, PA
Mark.Ross@bakertilly.com

Patrick Heavens*
Principal, Healthcare Practice, Philadelphia, PA
Patrick.Heavens@bakertilly.com

*Contact person for each organization.

Your feedback is important to us and the publication team would like to invite your feedback related to the 2026 edition of *Financial Ratios & Trend Analysis of CARF-Accredited Continuing Care Retirement Communities*. Suggestions for changes in terminology or other clarifications for ratio calculations are received through the online survey. Please complete the online survey at: **www.surveymonkey.com/s/RatiosPublicationFeedback**.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means electronic, mechanical, photocopied, recorded or otherwise without the prior written permission of the publisher.

Printed in the United States of America.

©2026, CARF International
6951 East Southpoint Road
Tucson, AZ 85756
Brian J. Boon, Ph.D., President/CEO



What is CARF Accreditation?

CARF accreditation is more than a certificate that hangs on a wall or a gold seal that is posted on a website. At its very core, the accreditation process supports organizations in aspiring to excellence and demonstrating high quality and value of their programs and services. CARF has robust standards for business practices in addition to standards that address specific program and service areas. The accreditation process is consultative rather than prescriptive and is a valuable resource to address many challenges facing providers. Organizations that participate in CARF accreditation demonstrate:

- A higher degree of internal quality.
- Greater involvement of persons served in their services.
- Increased cohesion among staff members at all levels within the organization.
- Enhanced status of accredited programs/services within the community.

CARF's consultative peer-review process promotes active, dynamic planning focused on impact and outcomes. Achieving accreditation demonstrates an organization's commitment to continuously improve services, manage risk, and distinguished service delivery.

Scan the QR code or visit **http://tinyurl.com/aboutcarf** to hear from industry leaders about the value of accreditation and their experiences with CARF.

CARF International 60th Anniversary

In 2026, CARF International marks its 60th anniversary–what an important milestone! This year is a period for us to reflect and take stock of what we have done and what needs to be done in the coming years.

Founded on September 27, 1966, we began with a mere 4 employees, a single office in Chicago, Illinois, and 4 accredited providers in the United States. Since then, we have experienced exceptional growth, evolving into one of the world's leading accrediting bodies for health and human services. Today, CARF International is composed of 130 employees, 1,767 surveyors, 5 offices, and 9,600 service providers with more than 68,300 accredited programs and services at 31,900 locations worldwide. Those accredited organizations serve 12 million persons annually.

We remain committed to helping organizations ASPIRE to Excellence® in the programs and services they provide to enhance the lives of persons served.

To all our customers, stakeholders, and friends–thank you for your continued commitment to CARF accreditation.

We look forward to the next milestone and continuing to make a lasting impact around the globe.

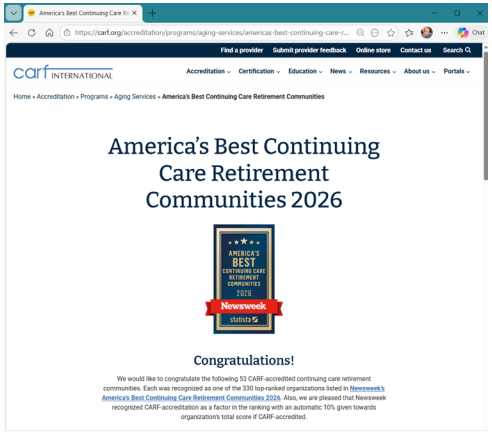
Sincerely,

Donald J. Dew, MSW, ACSW, Board Chair
Brian J. Boon, PhD, President/CEO
The CARF staff and surveyors

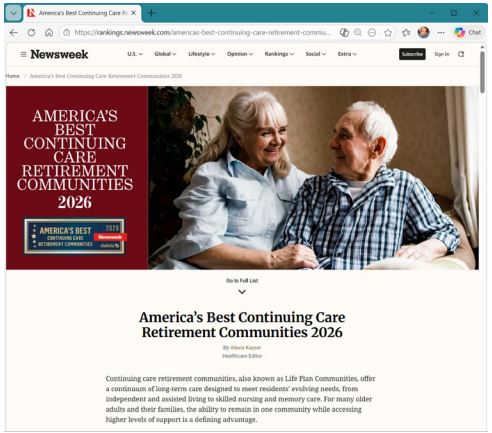
Congratulations to CARF-Accredited CCRCs recognized as America's Best in 2026!



CARF webpage:
carf.org/accreditation/programs/aging-services/americas-best-continuing-care-retirement-communities-2026



More information:
https://rankings.newsweek.com/americas-best-continuing-care-retirement-communities-2026



A Message from the CARF Financial Advisory Panel Chair

The 2026 edition of the Financial Ratios & Trend Analysis marks the 34th year for this publication that provides publicly available financial benchmarks for continuing care/life plan communities (CCRC/LPC). The past two years, the publication has tracked and observed large financial operational gains for both multi- and single-site organizations. This year's edition, which looks at the trends from fiscal year end 2025, continues to show operational financial improvement with some select ratios near or surpassing recent all-time publication highs. Please see the executive summary for highlights and additional insight into the year-over-year improvements, stable trends, and publication high marks.

CARF continued, for the fifth year, to invite a select number of formerly accredited multi-site communities to participate in the financial ratio analysis. We are thankful for their contributions to the publication and note their commitments as previously included in the ratio trends sample. The participation of these organizations helps to keep a robust sample size of multi-site (MS) data. Many of these same MS communities have participated every year, making the MS sample consistent and enhancing the validity of the data. These same organizations also contributed data from a small number of communities that benchmark as single-sites (SS) according to their debt structure. This is the fourth year that CARF has included this small sample with the single-site data.

The ratio trend publication is used by organizations (accredited and unaccredited) and interested parties (i.e., regulators, lenders, payers, funders, insurers, etc.) in gauging overall financial performance, tracking and comparing individual performance, and drawing attention to trends that impact the senior living sector.

The terms Continuing Care Retirement Community (CCRC) and Life Plan Community (LPC) are used throughout this publication. While most of the senior living field has embraced the term "LPC", most state statutes and regulatory language continue to make reference to "CCRC" or to "Continuing Care Retirement Communities". State legislators and regulators are an important, interested party in recognizing accreditation; therefore, the terms CCRC and LPC are used interchangeably throughout this publication.

The ratios presented in the 2026 publication capture fiscal years ending from March 31, 2025 to December 31, 2025.

Comparative single- and multi-site data for 17 distinct financial ratios is presented by contract type and quartile rankings. Fitch credit rating categories are provided for broader basis comparison.

To provide a greater historical perspective, this edition includes trended medians from 27 years of benchmark data. Quartile data is provided for each ratio by site type dating back to 2007 (the year prior to the housing downturn of 2008 and 2009).

Calculating ratios timely and using the information as part of an internal review process is part of a successful approach to financial management. Analyzing industry and organizational trends from one period to another is important to assessing financial health. These financial health assessments are encouraged and may be conducted in a variety of ways. Comparing actual to budgeted performance, evaluating trends, and utilizing financial ratios are all crucial components of performance appraisal. Ratios can be used as leading indicators providing valuable information as organizations strategically plan for their future.

Another important and successful practice supported by financial ratio data is sharing financial performance results with key audiences and interested parties. We encourage communities to provide regular updates regarding the financial health of the organization. Take advantage of the ratio publication as it provides calculations that are consistently applied against all participating organizations. This strategy allows for apples-to-apples comparisons to be made.

Comparing results to those of similar organizations and looking at trends over multiple periods helps to identify areas of strength as well as areas of focus for improvement. We also encourage use of the CARF ratio publication to set and measure future strategic financial goals.

CARF regularly reviews the validity and relevance of the financial ratios and definitions applied over the years. The Financial Advisory Panel (FAP) provides feedback and suggestions for the alignment of the ratio calculations with industry standards and banking practices to ensure the ratio data is meaningful to both providers and financial institutions.

A Message from the CARF Financial Advisory Panel Chair *continued*

I hope you find the 2026 edition of the Financial Ratios & Trend Analysis useful. Your feedback drives future publication improvements so please take a few minutes to respond to a brief (5 question) survey: **www.surveymonkey.com/s/RatiosPublicationFeedback**



CARF Financial Advisory Panel

The **Financial Advisory Panel (FAP)** is an advisory group to CARF that includes consumer representation and professional representation from CCRCs/LPCs and the finance and consulting industries. FAP members provide expertise and insight on current trends in not-for-profit and for-profit senior living.

Current Financial Advisory Panel Members:

- **A.V. Powell & Associates, LLC** – Alwyn V. Powell, Founder & CEO
- **Baker Tilly** – Pat Heavens, Principal
- **Baptist Senior Family** – Tim Myers, President & CEO
- **Frasier** – John Jenkins, Person Served/Resident
- **Herbert J. Sims & Co., Inc.** – Tom Bowden, Senior Vice President
- **Kendal at Oberlin** – Ann O'Malley, Chief Financial Officer
- **Moorings Park** – Mary Morton, Chief Financial Officer
- **Presbyterian SeniorCare Network** – Todd Boslau, Senior Vice President & CFO
- **RKL, LLP** – Jeffrey Boland, Partner, Senior Living Services Consulting Group
- **WesBanco** – Thomas Gibbons, Consultant
- **Ziegler** – Thomas Meyers, Senior Managing Director, Senior Living Finance

Timothy Myers
President & CEO, Baptist Senior Family
Chair, CARF Financial Advisory Panel

Executive Summary

The 2026 publication feels like it could be an inflection point in the financial performance of providers in the ratio publication that is similar to climbing a steep hill (in this case the hill of financial improvement). From an operations perspective, the publication documented quick and large operational gains made in the two years of 2023 and 2024 immediately following COVID. The climb was not over in 2025 as operational and financial improvements continued to take place in many of the ratios in this year's publication, but the rapid pace of improvements slowed down. Many ratios continued to push forward to all-time or near-term publication highs. The benefits of three years of continued operational improvement was certainly felt as liquidity and cash measures continued to rise.

To set the stage further for 2025's results, providers have been diligent in implementing monthly service fee increases for several years to fight back COVID related inflation. Further, occupancy continued to improve across all three tiers of the continuum of care as utilization continued to push well past operators' break-even points into strong levels of profitability.

The positive effects of these key operational pillars as well as strong operational acumen exhibited by the service providers participating in the publication allowed for 2025's strong operational and financial results that are found in this 2026 edition. As noted, while the rates of change were smaller, many ratios, across many of the quartiles, were at least stable or in a number of instances showed year-over-year improvements.

Looking at the results of select ratios and starting with Net Operating Margin (NOM), the single-site median pushed forward in 2025 to 6.67% from 6.19% in 2024 to its strongest value in 10 years and nearing a publication high. The single-site Operating Ratio (OR) fell strongly (lower values are desired for this ratio) by more than 2 percentage points to 95.40% to best last year's value as the strongest value ever for the publication. Similar to last year, the same ratios for the multi-sites were more neutral. NOM improved by one basis point (by 1/100th of 1%) to 5.78% and is at the high end of the range for this value through the life of the publication. On the other hand, OR also improved strongly by 2 percentage points to 94.75% to the publication's all-time low.

A key trend observed in 2025, which continued into 2026, is the observation among senior living providers and professionals that the number of age and income qualified potential residents of senior living is growing strongly as the Baby Boomers continue to flood into the target markets of many life-plan communities. It is also noted that the supply of senior housing is potentially not keeping up with this building demand. In the short run, this could spell strong demand for providers as occupancy levels throughout the continuum of care improve and as wait lists continue to grow, in particular for independent living units.

For the fifth year in a row, the average occupancy levels of all communities in the data set reached their near-term highs in 2025 on a line of business basis. Independent living rose by 1.13 percentage points to 93.38%, a level not seen since 2014. Assisted living also saw a nice rise, by 1.17 percentage points to 85.75%. This is the greatest occupancy level for assisted living since 2019 and represents a great improvement in the post-COVID period. It is important to remember that assisted living occupancy for the publications' data set throughout the entire decade of the 2010's was in the 89–90% range. Assisted living occupancies dipped towards the end of this period when there was a tremendous amount of new facility growth in the supply of free-standing assisted living product prior to COVID. On the nursing side, there was improvement by 0.46 percentage points to 79.67%. As recently as the early to mid-2010's, these values were in the high 80% range. Traditionally speaking, skilled nursing occupancies remain challenged and more will be said shortly about changes in consumer preference surrounding nursing product as well as the ability of providers to deliver this type of care in different settings.

Interestingly, the mix of nursing units as a percentage of all units offered by members of the data set has been declining over time and this matches trends seen in the broader senior living markets. In 2015, 19% of all units provided by the publication's members were nursing units and by 2025 this percent had fallen to 14%. Independent living units took all of this market share growing from 65% in 2015 to 69% by 2025. Assisted living units remained steady at 16% of total units throughout this period.

To recap, independent living occupancies are as strong as ever and as a percentage of provider's overall portfolio mix, this category is and has been growing. Both assisted living and skilled nursing average occupancy rates for providers have some ground to cover to reach pre-pandemic levels.

As was noted in last year's publication, when there is strong operating performance, strong cash flows will follow. For 2025, this resulted

in excellent Debt Service Coverage Ratios (DSC) for both groups. The single-site provider median for DSC rose strongly to 3.25x in 2025, up from 3.00x in 2024 while multi-site providers pushed forward modestly by 2 basis points to 2.79x coverage for the year. For single-sites, this was a second year in a row of record performance since the publication's beginning while multi-sites remained in line with historic performance. The median ratio of Unrestricted Cash and Investments to Long-Term Debt (CD) for single-sites jumped by more than 10 percentage points to 77.65% in 2025. Interestingly, multi-site organizations fell in 2025 by 6.86 percentage points to 72.07% in 2025 which was likely attributed to the issuance of new debt. Switching gears, the number of Days Cash on Hand (DCH) jumped forward for both groups. Single-site median DCH was 496 days for 2025, up almost 60 days, and multi-sites had 347 days, up 56 days from 2024.

Similar to last year, there are a handful of larger trends impacting not-for-profit senior living providers that are worth mentioning. This publication focuses on full continuums of care. If one were to consider assisted living and skilled nursing as stand-alone business models, both of these business lines continue to experience their own unique forms of pressure. Assisted living had experienced rapid for-profit unit growth in this segment which includes memory care. Because of product over-saturation before the pandemic, growth of this asset class has slowed dramatically since. Many not-for-profit operators are focused on re-filling their assisted living units as the U.S. senior population continues to grow.

Skilled nursing continues to remain fundamentally challenged on a number of fronts. Foremost is that there continues to be improved opportunities for consumers to receive increasing levels of care in their independent living units, assisted living units, and off-campus in their homes through ever growing technology capabilities and increased in-home services penetration. Each of these represents delays in residents transitioning through the continuum and in particular into nursing care. In addition to these changes, it is well accepted that Baby Boomers generally prefer to stay in their existing settings than move to nursing if given the option. All of this spells eroded consumer demand for skilled nursing. Further, there are many operating challenges facing nursing operators that are well-documented areas such as workforce, federal and state reimbursement, and the regulatory environment. The result is that skilled nursing operators continue to slowly reduce the available number of skilled nursing beds in the nation's overall supply pool. As noted above, this publication is seeing these trends play out in its data set too. Over time, the impact of fewer nursing beds could potentially help improve nursing occupancy of the remaining beds in inventory.

Providers also continued their longer-term trend noted in 2024 of focusing on new Independent Living Unit expansions. Underpinning this growth is the desire to meet the increasing numbers of Baby Boomers who reached 79 years of age in 2025. In addition to the sheer numbers of Boomers that are beginning to become eligible candidates for senior living services, providers are desiring to offer them new and fresh products that meet their needs, tastes and desires. There is also growing concern among the for profit and not-for-profit communities that there will be an acute shortage of senior living product in the coming years as the swelling ranks of Boomers seek senior living alternatives as they continue to age. Many providers are experiencing growing wait lists for their Independent Living products as a result of these trends.

Next, the cost of construction has escalated precipitously in the post-COVID environment and is now a headwind to new unit construction. We will be watching for additional debt that will be used to fund this heightened demand in a higher cost environment. Rising home values will continue to give providers the opportunity to increase entrance fee pricing for new residents, especially in the case of new construction. It will be interesting to look for future changes in the capital structure and liquidity ratios as these changes take place. Lastly, the Average Age of Community calculation for both groups remained under 12 years for 2025 and is a sign of continued investment and/or reinvestment in provider's existing product offerings.

Ratio Summary

	2025 Median*	
	Single-Site**	Multi-site**
Sample Size	**70**	**28**
Margin (Profitability) Ratios		
Net Operating Margin Ratio	6.67%	5.78%
Net Operating Margin–Adjusted Ratio	22.79%	19.99%
Operating Ratio	95.40%	94.75%
Operating Margin Ratio	1.85%	2.36%
Total Excess Margin Ratio	5.01%	4.57%
Liquidity Ratios		
Days in Accounts Receivable Ratio	15	15
Days Cash on Hand Ratio	496	347
Cushion Ratio (x)	11.90	7.13
Capital Structure Ratios		
Debt Service Coverage Ratio (x)	3.25	2.79
Debt Service Coverage–Revenue Basis Ratio (x)	1.48	1.33
Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio	8.72%	8.71%
Unrestricted Cash and Investments to Long-Term Debt Ratio	77.65%	72.07%
Long-Term Debt as a Percentage of Total Capital Ratio	69.72%	75.70%
Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio	45.60%	47.07%
Long-Term Debt to Total Assets Ratio	35.14%	33.54%
Average Age of Community Ratio (Years)	11.92	11.48
Capital Expenditures as a Percentage of Depreciation Ratio	121%	126%

*50th Percentile

**In 2026, a select number of formerly accredited Multi-Site Life Plan Communities were invited to participate by submitting data for Ratio Trends. This helps to maintain the sample size for MS and also added 10 single-sites to the data for FYE 2025. Due to the small MS sample size, readers are cautioned in use of the data.



Section 1
Introduction

Uses and Limitations of this Publication

Background

The 2026 Financial Ratios & Trend Analysis provides a summary of the financial ratio quartiles of Continuing Care Retirement/Life Plan Communities (CCRC/LPC), the majority accredited by CARF as of December 2025. The terms Continuing Care Retirement Community (CCRC) and Life Plan Community (LPC) are used throughout this publication. While many in the senior living network have embraced the term LPC, most state statutes and regulatory language continues to reference "Continuing Care Communities" or "Continuing Care Retirement Communities". CARF utilizes the CCRC terminology for accreditation to align with state statutes and regulatory entities considered important interested parties. For this reason, the terms CCRC/LPC will be used together in combination throughout the publication.

This year's publication provides valuable industry benchmarks, allowing readers a unique opportunity to view the financial trends resulting from a variety of factors, including provider growth, operating performance and regulatory and accounting changes. To provide a historical perspective for the benchmarks, CARF has included 27 years (1999 through 2025) of trended median data for each ratio. Ratio quartile data is also provided by site type in the tables following each trended median dating back to 2007 (the year prior to the housing downturn of 2008 and 2009).

The group of organizations included in this report consists of 70 single-site providers and 28 multi-site providers. For a fifth year, the publication team sought to increase multi-site provider participation by inviting formerly accredited providers to participate. The sample of multi-site providers remains relatively consistent over the five years with most of the same multi-sites continuing their participation. A small number of CCRCs/LPCs from these formerly accredited multi-sites that are not part of the larger multi-site's obligated group continue to be included in the single-site data.

The intent of this report is to:

- Provide CCRC/LPC boards and management teams with financial tools to assist them in meeting their fiduciary responsibilities.
- Provide an ongoing mechanism for strengthening CARF's financial performance standards for CCRCs/LPCs.
- Promote better understanding of CCRCs/LPCs among interested parties, such as investors, regulators, and consumers.

This year marks the 34th publication of financial ratios for CARF-accredited providers. It provides standardized financial information to CCRC/LPC boards, management teams, and the broader professional and consumer constituencies.

The information provided in the publication is of a general nature and is not intended to address the specific circumstances of any individual organization or entity. Ratios have been computed using information from the audited financial statements. Data have been collected and the ratios calculated and analyzed by representatives from CARF, Baker Tilly, and Ziegler.

Quartile Rankings

For each financial ratio, quartile divisions have been calculated. Each single-site or multi-site provider's ratio was ranked in ascending order (or descending order, depending on the nature of the ratio); the list was then divided into four equal groups. The best ratio in the lowest quarter defines the 25th percent quartile (the point at which 25% of the providers reporting that ratio are at or below), the best ratio in the second quarter of the data defines the 50th percent quartile (or the median), and the best ratio in the third quarter of the data defines the 75th percent quartile.

A trimmed mean is presented along with the median for comparison in the interquartile range graphs. The trimmed mean helps eliminate the influence of outliers or data points on the tails that may unfairly affect the traditional mean.



The Benefits of Financial Ratios

Financial ratios can be valuable tools of analysis. Ratios are:

- Presented in the form of numerical computations that are easy to use for both internal and external comparisons.
- Useful for benchmarking and strategic financial planning.
- Useful in identifying trends.
- A beneficial tool in analyzing a provider's financial strengths and weaknesses.
- Helpful in identifying unusual operating results.
- Useful for illustrating best practices of the financially strong providers.
- Beneficial as they provide comparisons among providers regardless of the actual dollar amounts for the underlying data.

The Limitations of Financial Ratios

Financial ratios also have limitations. Specifically:

- Ratios are not an exclusive tool to be used in isolation.
- The interpretation of an individual provider's ratios may differ due to variations in service line components (i.e., independent living, assisted living, and skilled nursing).

Ratios are often characterized as having "best" values. Yet, specific circumstances often require substantial exceptions to these standard interpretations. The reader is cautioned about drawing any quick conclusions that Provider A is better than Provider B because Provider A has a particular financial ratio above the 75th percent quartile while Provider B's is below the 25th percent quartile. In general, no single ratio is regarded in isolation.

Ratios must be looked at in combination with other ratios and with nonfinancial information to interpret the overall financial condition of a provider.

For instance, whether a provider has one site or multiple sites will impact its financial ratios. It is for this reason that, throughout this publication, we always categorize the data as pertaining to either single-site providers or multi-site providers.

A particular provider's performance must also be evaluated based on where it is in its lifecycle. For example, a mature community would be expected to have a relatively favorable (low) Long-Term Debt to Total Assets Ratio (LTD-TA), whereas a start-up organization would be expected to have a relatively unfavorable (high) LTD-TA.

Similarly, a high Long-Term Debt as a Percentage of Total Capital Ratio (LTDC) for a start-up community should not necessarily be considered a point of concern. Conversely, unless further investigation reveals that a substantial renovation and modernization program has recently been financed, a comparatively high LTDC for a mature community might signal a significant concern.

Furthermore, the types of contracts that are offered to residents at CCRCs/LPCs impact certain ratios. Knowledge of this contract experience is helpful when examining ratio results. When the results of the ratios appear to have been affected by the types of contracts in existence, comments have been included in the ratio discussion. Section 5 discusses the variety of contract types and presents each of the ratios by the organization's predominant contract type.



Uses and Limitations of this Publication *continued*

Uses of this Report

Given the limitations mentioned previously, we expect CARF-accredited providers to use the ratios published in this report and defined within Ratio Pro (an Excel® spreadsheet provided by CARF to facilitate ratio calculations) as points of reference for developing internal targets of financial performance, but only after evaluating their own specific marketing, physical plant, and mission/vision considerations.

We also anticipate that others will use these ratio benchmarks, particularly within the capital markets, to learn about the financial position of organizations that have been through CARF's accreditation process.

The ratios may also be used as benchmarks against which to evaluate nonaccredited organizations and to gain a deeper understanding about the sector as a whole. When making these evaluations, keep in mind that the organizations included in this data set are unique and distinguished in the market by seeking independent accreditation and/or credit ratings. These characteristics are distinct and the financial benchmarks reflect this niche portion of the approximately 1,900 US based CCRCs/LPCs.

Growth in the financial sophistication of retirement communities and increased understanding of their credit strength and operational patterns by rating agencies and other capital market participants have produced a favorable environment for many CCRCs/LPCs. Currently, 172 senior living providers, the majority of which are life plan communities (LPCs), have their debt rated-106 are single-site providers and 66 are multi-site providers. Four organizations have debt rated by more than one rating agency. Within CARF's accredited population, 32 CCRCs/LPCs are affiliated with rated organizations, some of which are members of an obligated group where the parent company is the rated entity.

A reference chart in Appendix B provides a guide for the calculation of each of the ratios in this publication. It is noted that many CCRCs/LPCs are required to calculate certain financial ratios (e.g., Days Cash on Hand ratio, Debt Service Coverage ratio) in accordance with long-term debt agreement covenants. The methods used for these calculations may and do differ from the CARF methodology. The Ratio Definitions Matrix in Appendix B is provided for comparative purposes for this reason.

Award Winning Publication

The Financial Ratios & Trend Analysis of CARF-Accredited CCRCs publication is a joint project of CARF International, Ziegler, and Baker Tilly. The publication has received two National Mature Media Awards, which annually recognizes the best marketing, communications, and educational programs/materials for older adults and their families.





CARF International

Founded in 1966 as the Commission on Accreditation of Rehabilitation Facilities, CARF International is an independent, non-profit accreditor of health and human services in the following areas:

- Aging Services
- Behavioral Health
- Child and Youth Services
- Employment and Community Services
- Medical Rehabilitation
- Opioid Treatment Programs
- Vision Rehabilitation Services

In 2003, CARF acquired the Continuing Care Accreditation Commission (CCAC). The accreditation process for CCRCs/LPCs is supported by CARF's Aging Services Customer Service Unit. CARF-accredited CCRCs/LPCs are located in 22 states, including the District of Columbia. CARF's accreditation process offers assurance to the public that there has been an external third-party review of quality.

For more information, please visit the CARF website at **carf.org**. For more information about accreditation of CCRCs/LPCs, visit **carf.org/aging** or call us toll-free at (888) 281-6531.

Ziegler

Ziegler is a privately held investment bank, capital markets, and proprietary investments firm that specializes in the senior living, healthcare, and education sectors. Headquartered in Chicago with regional and branch offices throughout the U.S., Ziegler provides its clients with capital raising, strategic advisory services, fixed income sales, underwriting and trading, as well as Ziegler Credit, Surveillance and Analytics.

Ziegler is also a co-sponsor of The Ziegler Link•age Funds, a growth-oriented family of innovation funds, focused on technology, tech-enabled services, and emerging care delivery models in the post-acute and aging markets. Ziegler can be found at **www.ziegler.com**.



Baker Tilly

Baker Tilly is a leading advisory, tax and assurance firm, providing clients with a genuine coast-to-coast and global advantage in major regions of the U.S. and in many of the world's leading financial centers –New York, London, San Francisco, Seattle, Los Angeles, Chicago, and Boston. Baker Tilly Advisory Group, LP and Baker Tilly US, LLP (Baker Tilly) provide professional services through an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable laws, regulations and professional standards. Baker Tilly US, LLP is a licensed independent CPA firm that provides attest services to its clients. Baker Tilly Advisory Group, LP and its subsidiary entities provide tax and business advisory services to their clients. Baker Tilly Advisory Group, LP and its subsidiary entities are not licensed CPA firms.

Baker Tilly Advisory Group, LP and Baker Tilly US, LLP, trading as Baker Tilly, are independent members of Baker Tilly International, a worldwide network of independent accounting and business advisory firms in 147 territories, with more than 50,000 professionals and a combined worldwide revenue of $6.8 billion. Visit **bakertilly.com** or join the conversation on **LinkedIn**, **Facebook,** and **Instagram**.

Development of the Database

The tables in this report present data collected from the 1999 through 2025 fiscal year audited financial statements of the single-site and multi-site providers accredited as of December 2025. Additionally, consistent with recent practice, a number of formerly accredited multi-site providers were invited to participate and be included in the multi-site sample. A small number of CCRCs/LPCs not included in the obligated groups of these formerly accredited multi-sites were included with the single-site data.

Data Collected from Audited Financial Statements

Audited financial statements are used as the data source for the ratio calculations. The classification of certain items in the audited financial statements, such as unrestricted and restricted cash and investments, investment earnings, and contributions without donor restrictions, may differ among providers. Accordingly, certain reclassifications have been made by the preparers of this report for the purposes of calculating certain ratios to promote consistency within the ratio category. Such adjustments were analyzed by professionals from Baker Tilly.

Single-site and Multi-site Providers

The data of single-site and multi-site providers are shown separately. Where the type of provider appears to have a significant impact on ratio performance, the impact is noted and discussed. The decision to include only data derived from audited financial statements in calculating the ratios means that some single-site organizations may contain other operating entities, such as memory care, home health care, and adult day services. For multi-site organizations, the ratio calculation is dependent on the strategy employed by the organization for managing its debt. For multi-site organizations that originate debt at the individual CCRC/LPC level, the ratios are computed based on the audited financial statement of that CCRC/LPC, and that CCRC's/LPC's data are included with the single-site population. For organizations that use an obligated group structure, ratios are computed from the obligated group's financial statements and included with the multi-site ratio data. For multi-site organizations whose debt is originated at the corporate/parent level, the ratio analysis is done from the audit of the corporate/parent and included with the multi-site ratio data. Because multi-site providers generally have corporate structures that, for financial statement purposes, consolidate or combine subsidiaries or unincorporated divisions, some of these divisions may include activities and results from other operations in addition to those of a CCRC/LPC.

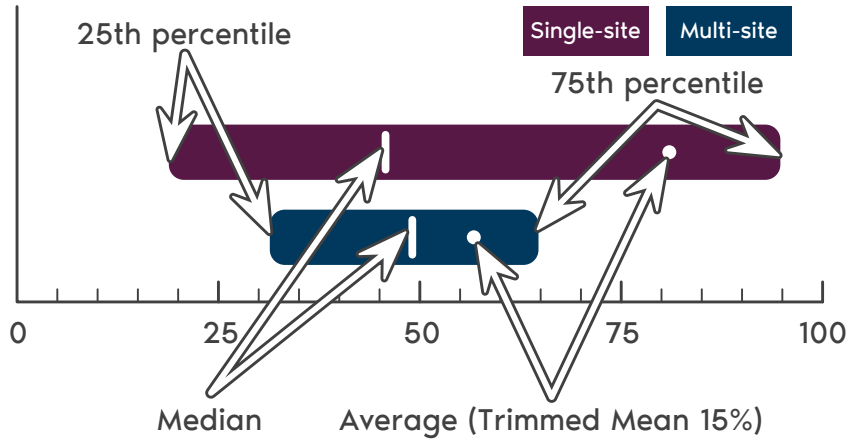
Types of Financial Ratios

Three groups of financial ratios are presented in this report: margin (or profitability) ratios, liquidity ratios, and capital structure ratios. Each group is covered in one of the following sections. Each section, in turn, is divided into certain commonly used ratios in each group.

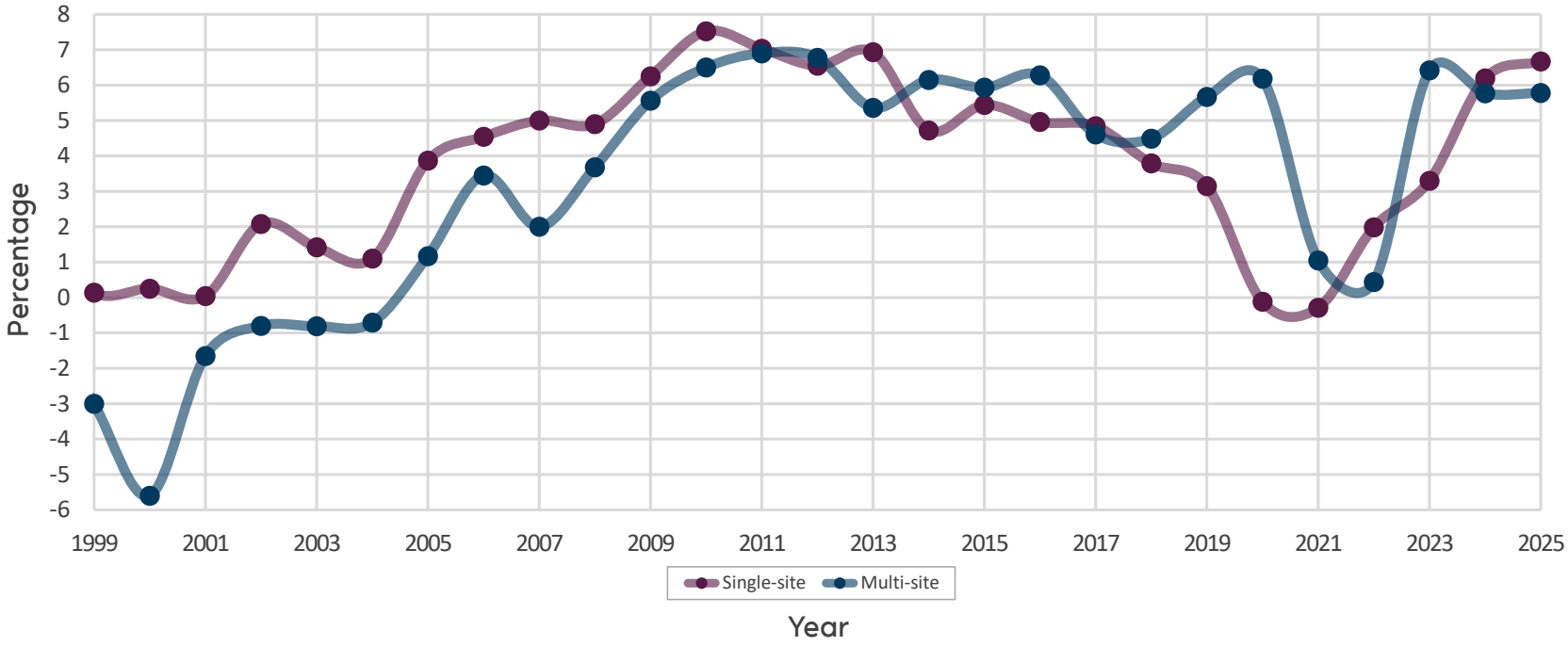
Each ratio is defined and the formula (i.e., what is included in the numerator and what is included in the denominator) is provided. Bar graphs illustrate single- and multi-site populations' interquartile range (from 25th to 75th percentiles) and trended median graphs display 27 years' worth of data. Tables summarizing the results of the quartile analysis for the last 19 years of the study beginning with 2007, the year prior to the housing downturn of 2008 and 2009, are provided for all ratios. Note that some ratios, such as the Capital Expenditures as a Percentage of Depreciation Ratio, were added later. In these cases, the trended data goes back only as far as the publication history of the ratio.

Sample Ratio Charts

Interquartile Range (25th to 75th percentiles)



Trended Median



Accounting Updates and Current FASB Projects

COVID-19 Funding

For many organizations, funding from COVID-19 programs has ended. Below is a reminder of how COVID-19 relief funding was accounted for:

The accounting treatment and timing of recognition may vary depending on the individual facts and circumstances of each entity. As a result, COVID-19 Relief Income (i.e., FEMA, ERC, PRF and PPP) is excluded from certain ratio calculations. Additionally, debt incurred from PPP loans are excluded from ratios. However, the cash received from these programs is included in ratios where cash balances are incorporated, for example, DCH. Last, COVID related expenses were not removed from the applicable ratios.

Other Current FASB Projects

For more information on current FASB projects, please visit the FASB website: **www.fasb.org.**



Section 2

Margin (Profitability) Ratios

Overview

Margin ratios indicate an organization's excess or deficiency of revenues over expenses. One of the key drivers of financial success for senior living providers is the ability to consistently generate surpluses from operations which can be used for a variety of purposes including the funding of residential care and other operational needs, the maintenance of existing plant and equipment, the creation of reserves for unexpected events as well as building strategic capital for future growth. Five margin ratios measure the degree to which providers generate surpluses:

- Net Operating Margin Ratio (NOM)
- Net Operating Margin–Adjusted Ratio (NOM-A)
- Operating Ratio (OR)
- Operating Margin Ratio (OM)
- Total Excess Margin Ratio (TEM)

One intent of the CARF accreditation process is that organizations analyze the various components of their revenues and expenses in order to make well-informed decisions. Organizations must understand the revenues and expenses related to activities serving residents. They must identify revenues from nonresident income, such as contributions, investment earnings, and other income from non-core operations. Each organization will have its own degree of operational impact from these various revenue and expense items. Understanding how these elements impact operations will help their management teams navigate the environment in which they work.

Several of these profitability ratios measure the margins of an organization with both operating and nonoperating income included. Other ratios focus on the revenues and expenses of a senior living provider's core resident services.

Given the span of years and breadth of accounting firms auditing financial statements, inconsistencies across years and providers are to be expected. To maximize consistency among the information presented between providers and in previous years, certain protocols are employed. Certain items, regardless of the financial statement presentation of the individual provider, are reclassified as either operating or nonoperating revenue for the purpose of this publication. For example, interest earnings are considered operating revenue while realized gains on investments are not. Net assets released from restriction for operations are also considered operating revenue. Although the majority of the total contributions reported by organizations are identified as operating revenue on the audited financial statements, we have uniformly classified contributions/donations as nonoperating revenue. This classification method results in a variance between the OM ratio and TEM ratio that is useful for determining the degree to which a provider relies on its contributions/donations and realized investment gains to cover operating expenses. COVID funding received as part of the COVID-19 crisis has been excluded.

Contribution income and net assets released from restriction for operations are also excluded from a number of the profitability ratios. Some providers argue that contribution income earned for operations through consistent development efforts as well as the regular annual release of restricted assets from endowments should be included in all of the profitability ratios. Excluding these sources of revenue and their associated expenses results in greater consistency across the data set of providers, as not all organizations conduct these types of development related activities. Providers with proven, ongoing development efforts or those who employ a predictable annual release of net assets may find it useful to calculate these ratios on their own to include these activities as well.

Findings

For the 2026 publication, profitability ratios for the fiscal year of 2025 for both the single-site and multi-site organizations exhibited another year of overall strong improvement.

Net Operating Margin Ratio (NOM) generally experienced stable-to-strong improvement across the board in 2025 throughout the data set for both single-site and multi-site organizations. NOM is a key measure of core profitability and, for single-site providers, this median rose for the fifth year in a row to 6.67% in 2025 from 6.19% in 2024. One would have to look back more than a dozen years to the early 2010's to find other values in this range. The median NOM for multi-site organizations was essentially flat in 2025 at 5.78% which was up from 5.77% in 2024. This value is still on the high end of its range throughout the publication's history. Interestingly, the top quartiles for single-site providers and multi-site providers saw increases of more than 2.50% and 2.75% in the 75% quartile to 11.72% and 12.73% respectively.

The median Net Operating Margin-Adjusted Ratio (NOM-A), which includes the impact of net entrance fee revenue in addition to core profitability, showed strong improvements across all quartiles for multi-site providers while single-site providers saw their fifth year of improvement for the median but slight year over year declines for the other two quartiles. The median NOM-A for single-site providers improved to 22.79% in 2025 from 21.47% the year before while the median NOM-A for multi-site organizations improved marginally to 19.99% in 2025 from 19.76% in 2024.

The median Operating Ratio (OR), a measure of profitability on a cash-basis that includes interest/dividend income, interest expense, and net assets released for operation, showed strong improvement for both single-site and multi-site organizations across all quartiles. The single-site organization OR improved (decreased) significantly to 95.40% in 2025 from 97.58% in 2024 while multi-site provider median strengthened to 94.75% in 2025 from 96.74% in 2024. Both of these median values represented the strongest ever in the history of this publication.

The median Operating Margin Ratio (OM) improved for the fourth year in a row for single-site organizations and also improved year over year for multi-sites. The single-site provider OM median for 2025 was positive for the second time in seven years and jumped from 0.29% in 2024 to 1.85% in 2025. The median multi-site provider OM remained positive for a third year in a row and it too leapt forward from 1.00% in 2024 to 2.36% in 2025. All other quartiles for OM showed positive improvement for single and multi-site organizations and three of the other four exhibited strong year over year improvements.

Finally, the median Total Excess Margin (TEM) increased strongly for both single-site and multi-site organizations across all quartiles reflecting the inclusion of positive results of non-core activities. The medians for both groups represented a third year in a row improvement, and for both groups the 2025 values were at approximately 20-year highs. The median TEM for single-site organizations jumped from 2.44% in 2024 to 5.01% in 2025. The median TEM for multi-site organizations increased from 3.88% in 2024 to 4.57% in 2025. All of the single-site provider quartiles improved in 2025 while the other two quartiles saw setbacks for the multi-site organizations.



Net Operating Margin Ratio

For providers seeking to benchmark operating performance based solely on resident oriented activities, the Net Operating Margin Ratio (NOM) and Net Operating Margin-Adjusted Ratio (NOM-A) are ideal as they focus solely on resident-based operations.

The NOM looks solely at cash-based revenues and expenses realized from the delivery of services to residents. Note that net proceeds from entrance fees are excluded from this ratio while NOM-A includes net entrance fees received.

The purpose of this ratio is to provide a benchmark from which providers can determine the margin generated exclusively from cash based resident operating revenues after the payment of resident related cash operating expenses. Interest/dividend income, interest expense, depreciation, amortization, income taxes, and entrance fee amortization are excluded from this calculation. Property taxes, if incurred, are included in the numerator.

Over the course of this publication's study, NOM ratio results have typically varied by the contract types offered at each of the communities. Generally, the weakest NOM ratios are exhibited by providers who rely on net entrance fee revenues such as those offering Type A contracts (see definition in Section 5), as these communities may rely on net entrance fee receipts to fund operating shortfalls.



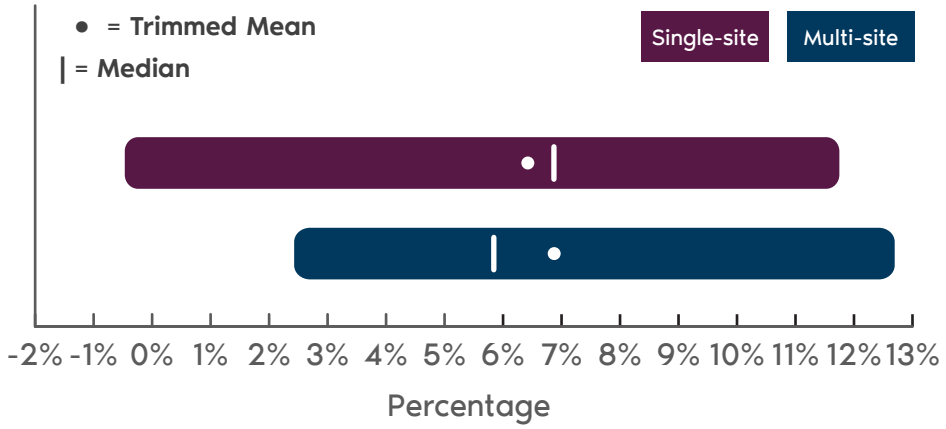
$$\frac{\text{Resident Revenue}^* - \text{Resident Expense}^{**}}{\text{Resident Revenue}}$$

** Resident Revenue = Total Operating Revenues, excluding interest/dividend income, entrance fee amortization, and contributions*

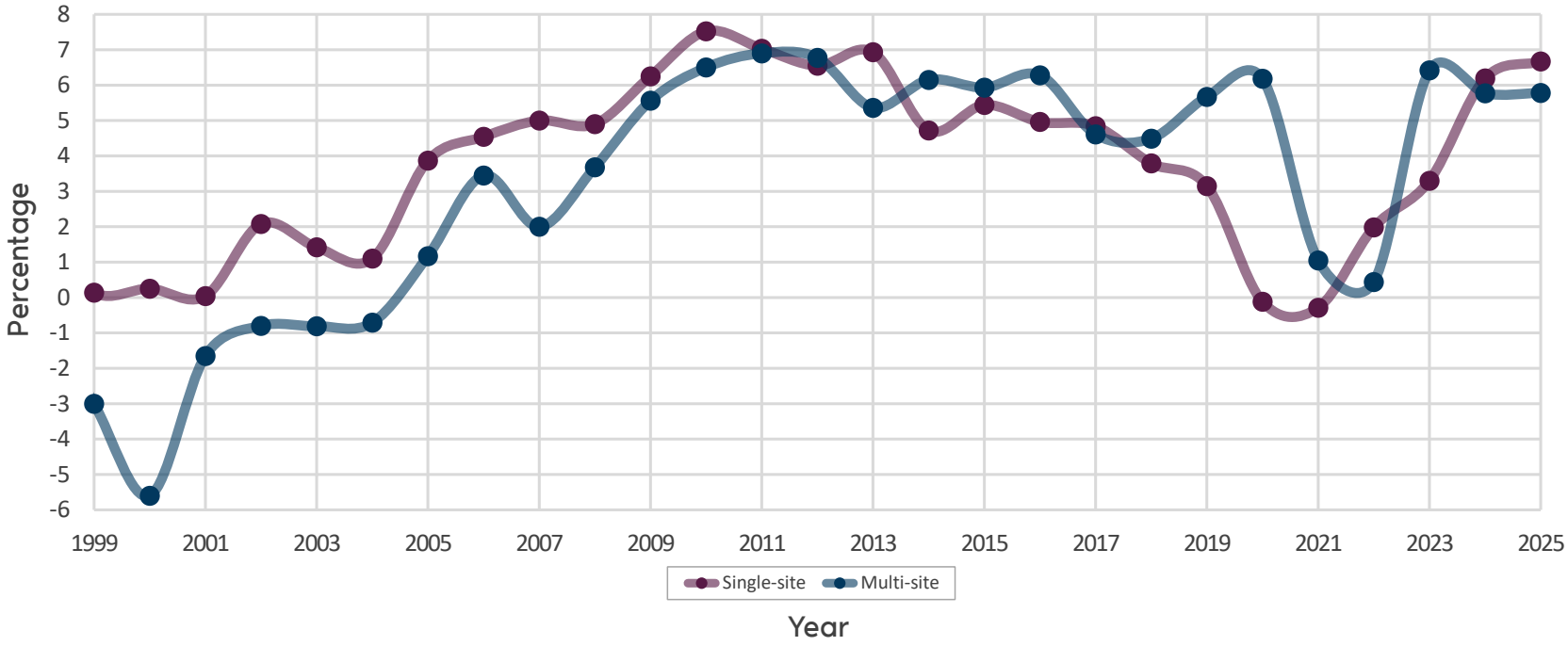
*** Resident Expense = Total Operating Expense, excluding interest expense, depreciation, amortization, and income taxes*

Net Operating Margin Ratio *continued*

Interquartile Range



Trended Median



Net Operating Margin Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	-0.49	**6.67**	11.72
2024	-1.18	**6.19**	9.21
2023	-3.89	**3.30**	8.05
2022	-5.32	**1.98**	8.87
2021	-5.50	**-0.29**	8.19
2020	-4.41	**-0.12**	8.48
2019	-1.91	**3.15**	8.61
2018	-1.83	**3.79**	9.88
2017	-1.03	**4.84**	10.19
2016	-1.57	**4.96**	10.39
2015	-0.83	**5.44**	11.73
2014	-1.43	**4.72**	11.47
2013	0.84	**6.93**	11.28
2012	-0.18	**6.55**	11.32
2011	1.40	**7.03**	12.32
2010	0.69	**7.52**	12.20
2009	-0.23	**6.25**	12.26
2008	-1.59	**4.90**	9.80
2007	-1.27	**5.00**	10.35

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**2.42**	**5.78**	**12.73**
2024	2.73	**5.77**	9.98
2023	0.98	**6.42**	9.18
2022	-3.25	**0.44**	4.53
2021	-4.21	**1.05**	6.05
2020	-5.75	**6.18**	11.39
2019	1.42	**5.67**	12.41
2018	-1.11	**4.49**	15.49
2017	1.35	**4.61**	14.04
2016	0.92	**6.28**	13.97
2015	0.43	**5.93**	11.78
2014	0.35	**6.15**	10.83
2013	-0.19	**5.36**	11.05
2012	1.03	**6.77**	12.08
2011	1.16	**6.90**	12.51
2010	1.22	**6.50**	12.30
2009	-0.71	**5.56**	12.11
2008	-3.22	**3.68**	12.12
2007	-2.17	**2.00**	10.85

Net Operating Margin–Adjusted Ratio

The Net Operating Margin Ratio (NOM) is adjusted in the computation of the NOM-Adjusted Ratio (NOM-A) to include net entrance fee receipts, recognizing that many not-for-profit CCRCs/LPCs have entrance fee contracts for their independent living units. Although excluded from the NOM ratio calculation, entrance fees are typically employed, in part, for the provision of healthcare services to their residents and other operating expenses. This practice is widely utilized by not-for-profit continuing care retirement/life plan communities and is accepted by creditors and ratings agencies. By comparing the results of this ratio to the NOM ratio, the user can determine the extent to which providers rely on net entrance fee receipts to enhance annual cash flows.

There are unique, one-time distortions created to NOM-A as well as Debt Service Coverage Ratio (DSC) when the entrance fees of new independent living units are collected. This will occur in the initial fill-up stage of new independent living units, such as in the case of a new CCRC/LPC or an independent living unit expansion undergoing its initial fill. Beginning in 2016, these first-time independent living unit entrance fees were excluded from "net proceeds from entrance fees" in this publication. This practice is consistent with the viewpoint of the various key capital markets credit sources as well as the credit rating agencies to senior living.



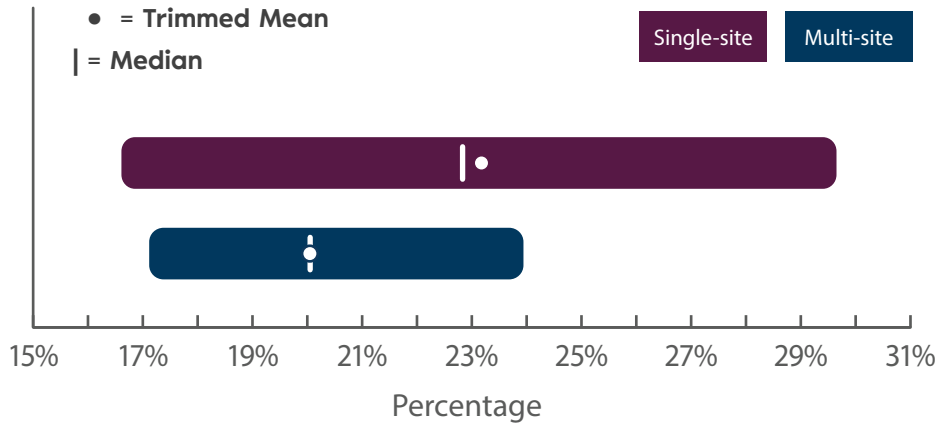
$$\frac{\text{Resident Revenue}^* + \text{Net Proceeds from Entrance Fees} - \text{Resident Expense}^{**}}{\text{Resident Revenue} + \text{Net Proceeds from Entrance Fees}}$$

** Resident Revenue = Total Operating Revenues, excluding interest/dividend income, entrance fee amortization, and contributions*

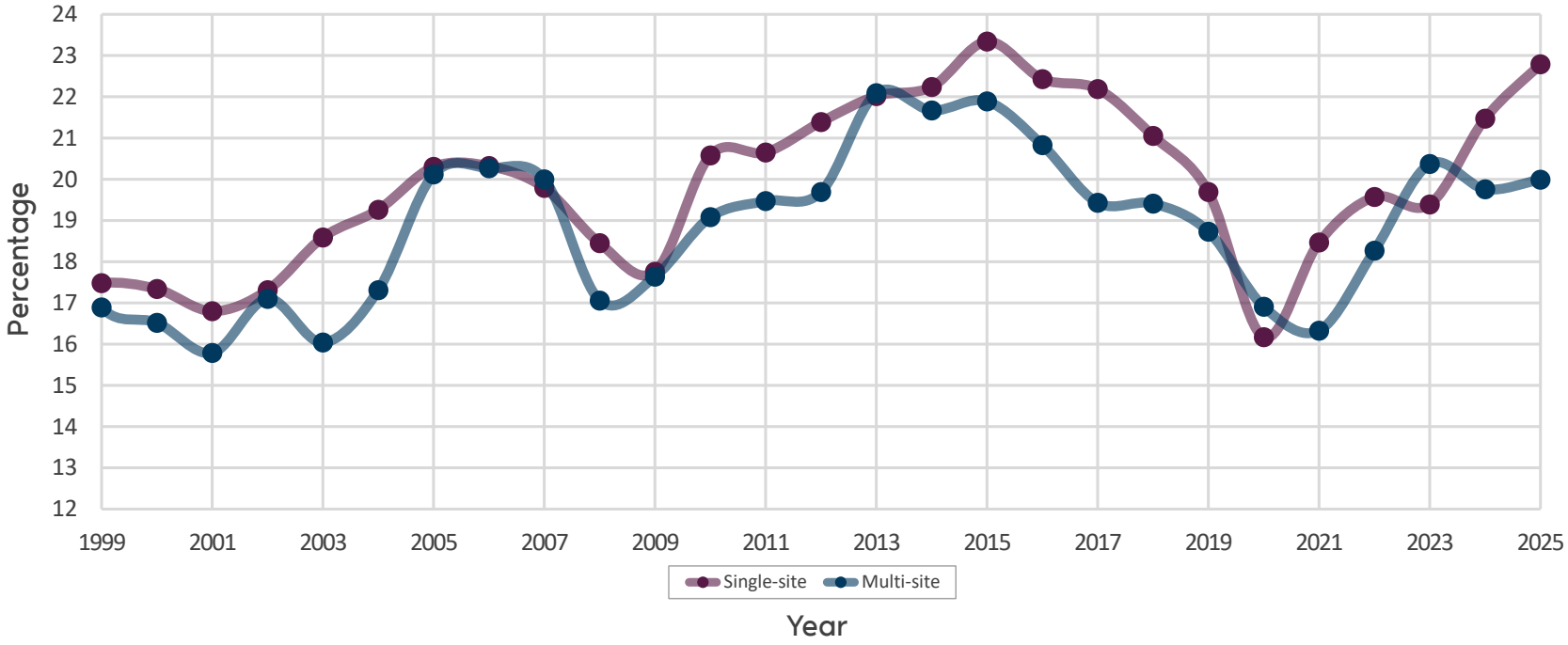
*** Resident Expense = Total Operating Expense, excluding interest expense, depreciation, amortization, and income taxes*

Net Operating Margin–Adjusted Ratio *continued*

Interquartile Range



Trended Median



Net Operating Margin–Adjusted Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	16.53	**22.79**	29.67
2024	16.61	**21.47**	30.15
2023	12.75	**19.39**	24.79
2022	10.78	**19.57**	27.96
2021	9.92	**18.47**	25.92
2020	8.08	**16.17**	24.34
2019	15.52	**19.69**	26.44
2018	14.40	**21.05**	27.58
2017	14.57	**22.19**	30.27
2016	15.01	**22.43**	30.39
2015	14.53	**23.34**	29.37
2014	14.30	**22.24**	29.96
2013	16.11	**22.02**	29.06
2012	15.04	**21.39**	27.40
2011	13.53	**20.65**	29.43
2010	13.31	**20.58**	27.57
2009	11.71	**17.76**	26.88
2008	11.56	**18.45**	25.83
2007	13.96	**19.79**	28.03

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	17.13	**19.99**	23.93
2024	15.70	**19.76**	22.41
2023	16.18	**20.37**	25.31
2022	13.95	**18.27**	20.93
2021	9.60	**16.33**	22.37
2020	12.08	**16.91**	21.82
2019	9.48	**18.73**	27.00
2018	11.62	**19.41**	25.19
2017	10.10	**19.43**	27.02
2016	15.61	**20.83**	27.35
2015	14.69	**21.89**	27.42
2014	15.59	**21.67**	27.07
2013	12.46	**22.09**	26.28
2012	14.05	**19.69**	25.17
2011	13.77	**19.47**	23.30
2010	14.09	**19.08**	23.66
2009	11.24	**17.64**	21.16
2008	13.82	**17.06**	22.34
2007	14.52	**20.00**	23.78

Operating Ratio

The Operating Ratio (OR) measures whether current year cash operating revenues are sufficient to cover current year cash operating expenses. The set of items considered in the OR differs from the Net Operating Margin Ratio (NOM) only by the inclusion of Interest/Dividend Income, Interest Expense, and Net Assets Released for Operations. This makes it a more stringent test of a provider's ability to support annual operating expenses from resident operations than the Operating Margin Ratio (OM). Thus, like the NOM and Net Operating Margin-Adjusted Ratio (NOM-A), the OR focuses on cash.

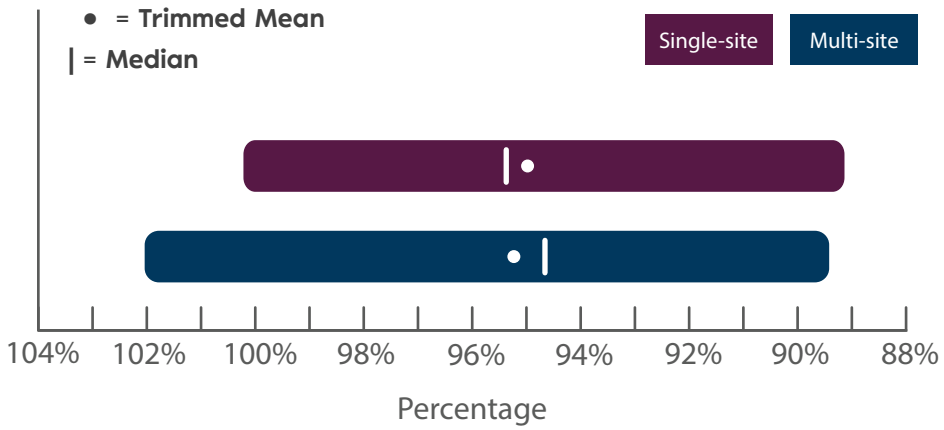
Although an OR of less than 100% is desired, this ratio may push above the 100% mark (a value resulting from cash operating expenses exceeding cash operating revenues) because of the historical dependence of some CCRCs/LPCs on cash generated from net entrance fees turnover collected during the year.

Several factors should be considered when evaluating the OR. These factors include contract type, price structure balance between entrance fees and monthly service fees, and entrance fee refund provisions. New CCRCs/LPCs in particular will often experience ratios in excess of 100% if they have been structured to rely on initial entrance fees to subsidize operating losses during the early fill-up years. ORs of mature CCRCs/LPCs can drop below 100% if these providers generate more annual cash flow from resident operations. ORs for both single- and multi-site providers crept over 100% during the COVID period, which was not a surprise given the operational elements discussed earlier that had a large inflationary effect on provider's operating expenses. Also noted earlier, multi-site providers slipped back under 100% in 2023 with single-site providers joining them in 2024.

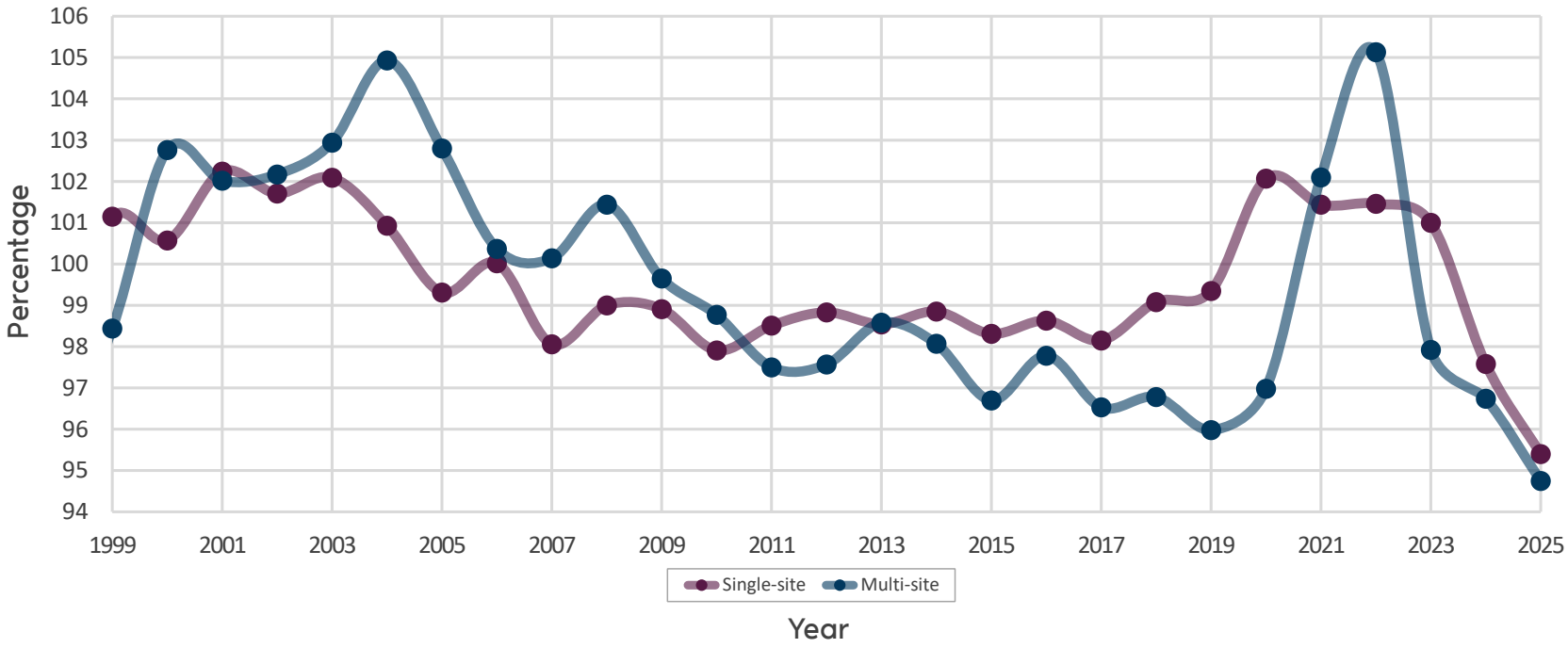
A final caveat is that Type A independent living contract providers typically have ORs in excess of 100. This is for a variety of reasons but can most simply be understood as the resident's upfront payment for future healthcare services made through a larger relative entrance fee and presumptively in exchange for a lower relative monthly service fee.

$$\frac{\text{Total Operating Expenses} - \text{Depreciation Expense} - \text{Amortization Expense}}{\text{Total Operating Revenues} - \text{Amortization of Deferred Revenue}}$$

Interquartile Range



Trended Median



Operating Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**100.22**	**95.40**	**89.18**
2024	102.96	**97.58**	91.43
2023	103.98	**101.00**	94.96
2022	108.08	**101.46**	95.91
2021	108.51	**101.44**	93.77
2020	109.41	**102.07**	96.04
2019	105.10	**99.35**	93.40
2018	104.64	**99.08**	93.07
2017	104.20	**98.15**	92.96
2016	104.39	**98.63**	92.97
2015	104.79	**98.31**	93.74
2014	104.66	**98.85**	93.88
2013	103.32	**98.54**	92.99
2012	103.82	**98.83**	94.32
2011	103.18	**98.51**	94.08
2010	104.24	**97.91**	93.43
2009	103.30	**98.91**	93.08
2008	105.74	**99.00**	93.59
2007	104.39	**98.06**	92.80

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**102.02**	**94.75**	**89.44**
2024	103.88	**96.74**	93.04
2023	104.65	**97.92**	91.80
2022	108.98	**105.13**	100.36
2021	107.98	**102.10**	98.92
2020	109.76	**96.98**	89.14
2019	102.77	**95.98**	91.10
2018	105.72	**96.78**	89.19
2017	102.35	**96.53**	92.49
2016	101.39	**97.78**	92.44
2015	101.49	**96.70**	95.67
2014	102.79	**98.07**	95.17
2013	104.44	**98.58**	95.00
2012	105.11	**97.57**	93.40
2011	103.63	**97.50**	92.08
2010	101.65	**98.77**	93.62
2009	105.60	**99.65**	93.83
2008	108.18	**101.44**	91.14
2007	104.46	**100.14**	93.09

Operating Margin Ratio

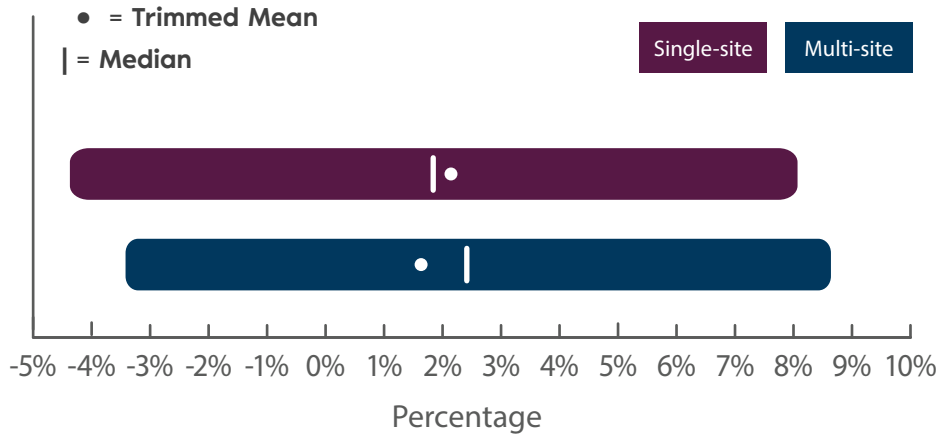
The Operating Margin Ratio (OM) measures the portion of total operating revenues remaining after operating expenses are met. For purposes of calculating the OM ratio, "total operating revenues" are defined to include all operating revenues net of contractual adjustments and charity care. Although financial statements may present contributions and realized investment gains and losses within operating income, these items are excluded from the OM ratio calculation in this document. Revenues from nonoperating sources that are not ongoing, or central to operations, such as gains and losses from the disposition of assets, are also excluded. However, noncash operating items such as earned entrance fees and depreciation are included. For this reason, this ratio sometimes is considered to be the primary indicator of a provider's ability to generate surpluses for future needs and unplanned events. However, many credit analysts believe the Total Excess Margin Ratio (TEM) to be a stronger indicator of a provider's overall financial performance.

For purposes of calculating the OM ratio, we have excluded the impact of any changes in future service obligation reflected on the Statement of Operations. Typically, credit analysts do not consider the effects of this line item in their analysis of operating profitability because this actuarial computation has only long-range implications. Furthermore, incorporating this item in the budgeting process when targeting a specific level of performance in terms of the OM ratio could prove misleading because the change in future service obligation reflects a year-end adjustment in the associated deferred liability accounts in contrast to an ongoing cash operating expense. Other noncash items excluded from the computation of the OM are unrealized gains/losses on investments and derivatives (e.g., interest rate swap agreements).

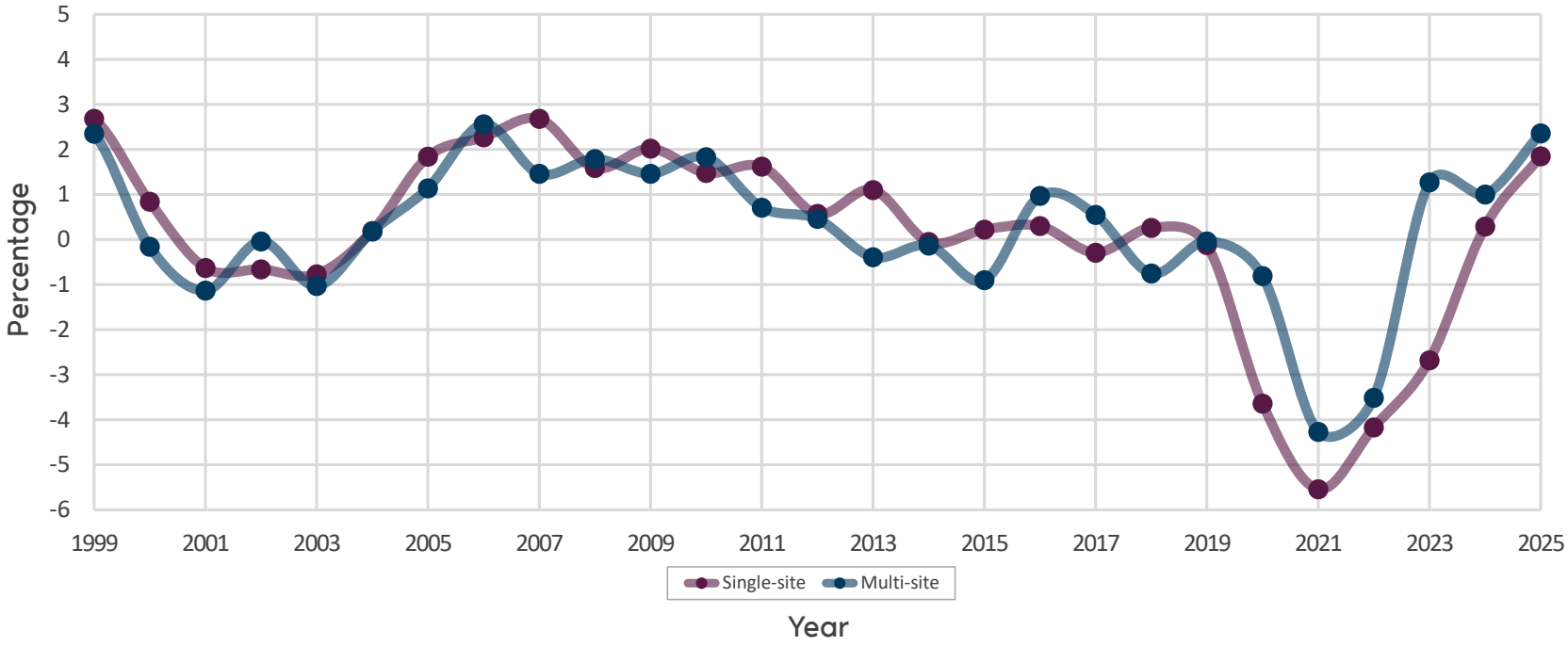
In general, a trend of stable or increasing OM ratio values is favorable. A declining trend and/or negative ratio may signal an inappropriate monthly service fee pricing structure, poor expense control, low occupancy, or operating inefficiencies. If a provider has a low OM ratio but a high TEM ratio, the provider may be relying significantly on nonoperating gains and/or contributions. Although some providers experience a trend of steady contributions, others find donation revenue difficult to control and predict.

$$\frac{\text{Income or Loss from Operations}}{\text{Total Operating Revenues}}$$

Interquartile Range



Trended Median



Operating Margin Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	-4.35	**1.85**	8.07
2024	-4.74	**0.29**	5.08
2023	-7.96	**-2.68**	2.06
2022	-12.45	**-4.17**	1.48
2021	-9.14	**-5.54**	1.52
2020	-10.02	**-3.64**	3.25
2019	-5.53	**-0.12**	3.33
2018	-5.18	**0.26**	4.75
2017	-5.36	**-0.29**	5.70
2016	-5.56	**0.30**	5.02
2015	-4.80	**0.22**	5.30
2014	-6.76	**-0.05**	4.13
2013	-5.92	**1.10**	4.96
2012	-3.96	**0.57**	5.21
2011	-3.41	**1.62**	5.15
2010	-1.98	**1.48**	5.05
2009	-2.13	**2.02**	5.83
2008	-2.84	**1.59**	5.94
2007	-1.43	**2.68**	6.62

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	-3.43	**2.36**	8.67
2024	-8.18	**1.00**	6.21
2023	-7.69	**1.27**	7.80
2022	-17.48	**-3.51**	0.79
2021	-11.16	**-4.27**	0.85
2020	-5.83	**-0.81**	4.98
2019	-3.09	**-0.04**	6.20
2018	-6.15	**-0.75**	4.67
2017	-5.50	**0.55**	3.57
2016	-3.65	**0.97**	3.08
2015	-5.01	**-0.90**	3.92
2014	-3.32	**-0.13**	4.02
2013	-4.27	**-0.39**	2.49
2012	-3.88	**0.46**	5.83
2011	-4.75	**0.71**	6.22
2010	-2.56	**1.83**	4.53
2009	-4.29	**1.46**	3.74
2008	-3.68	**1.79**	5.03
2007	-1.34	**1.46**	4.48

Total Excess Margin Ratio

The Total Excess Margin Ratio (TEM) includes both operating and nonoperating sources of revenue and gains. To promote consistency and comparability, the TEM ratio includes contributions without donor restrictions, realized gains/losses on investments without donor restrictions or derivatives, and net assets released from restrictions for PP&E in both the numerator and denominator. Unrealized gains/losses on investments and derivatives are excluded from the computation of all profitability ratios.

This ratio is most sensitive to the argument put forward by some not-for-profit providers that, because many have unique and reliable access to charitable donations as an ongoing source of support, charitable donations should be included in measuring their ability to generate surpluses. Some providers classify contributions in operating revenues if they believe their contributions are ongoing, major, or central to the operation of the provider. Others classify contributions as nonoperating revenue. This latter presentation can be used to emphasize to potential donors that resident revenue does not fully cover expenses.

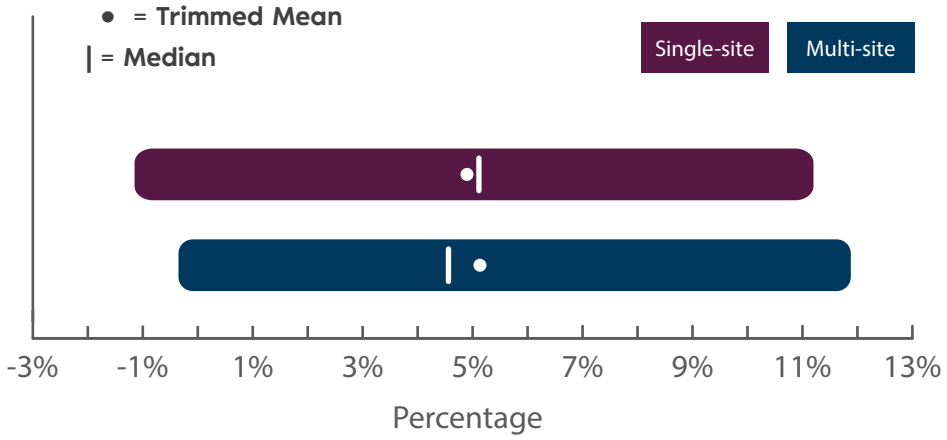
A value greater than zero for the TEM ratio is essential for a provider to achieve positive net assets, to maintain a favorable balance sheet, and to provide adequate contingency funds for unforeseen financial needs.

The TEM ratio for both single-site and multi-site providers presents a more complete picture of financial performance than the other profitability ratios. The gap between the Operating Margin Ratio (OM) and the TEM ratio is primarily due to the inclusion of contributions without donor restrictions, realized gains and losses on investments, and net assets released from restrictions for PP&E in the calculation of the latter ratio. Concerns about a provider's OM ratio may be mitigated when the TEM is evaluated depending on the provider's performance in these areas.

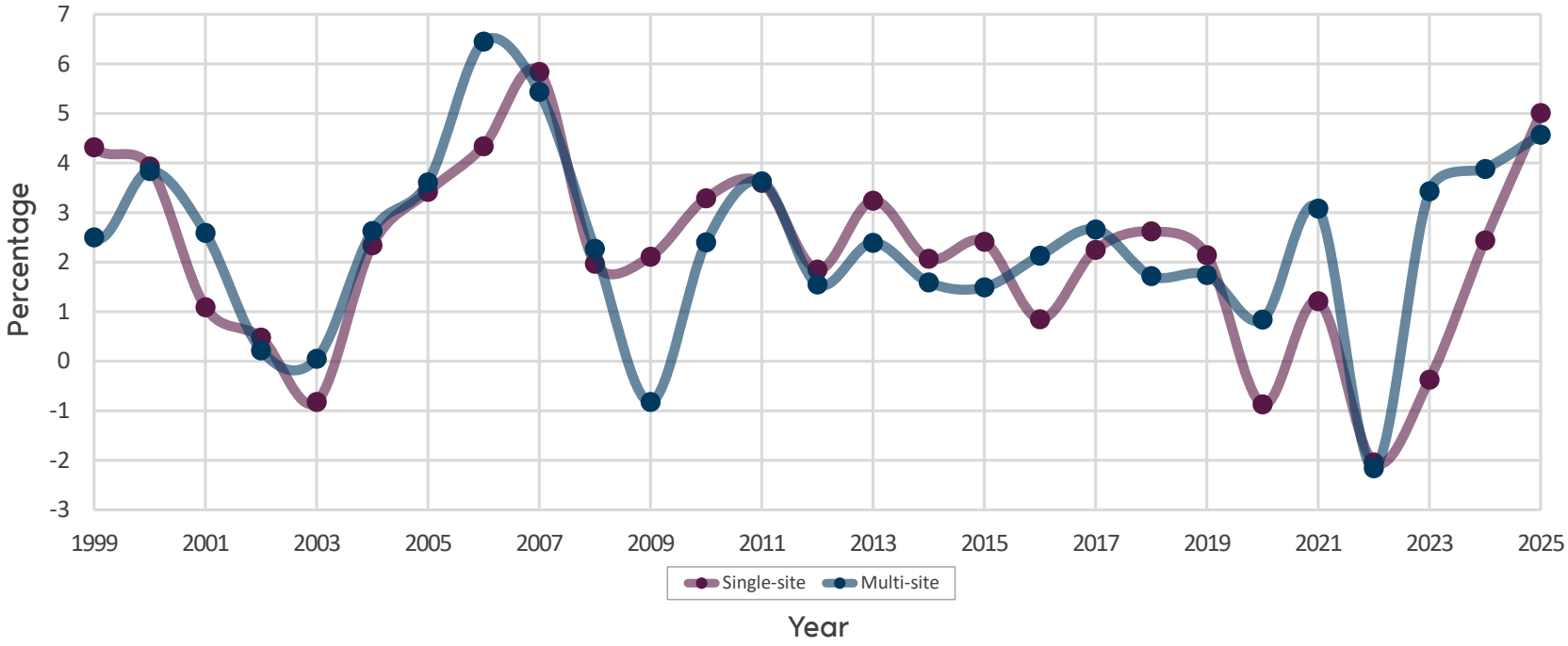
$$\frac{\text{Total Excess of Revenues over Expenses}}{\text{Total Operating Revenues and Net-Nonoperating Gains and Losses}}$$

Total Excess Margin Ratio *continued*

Interquartile Range



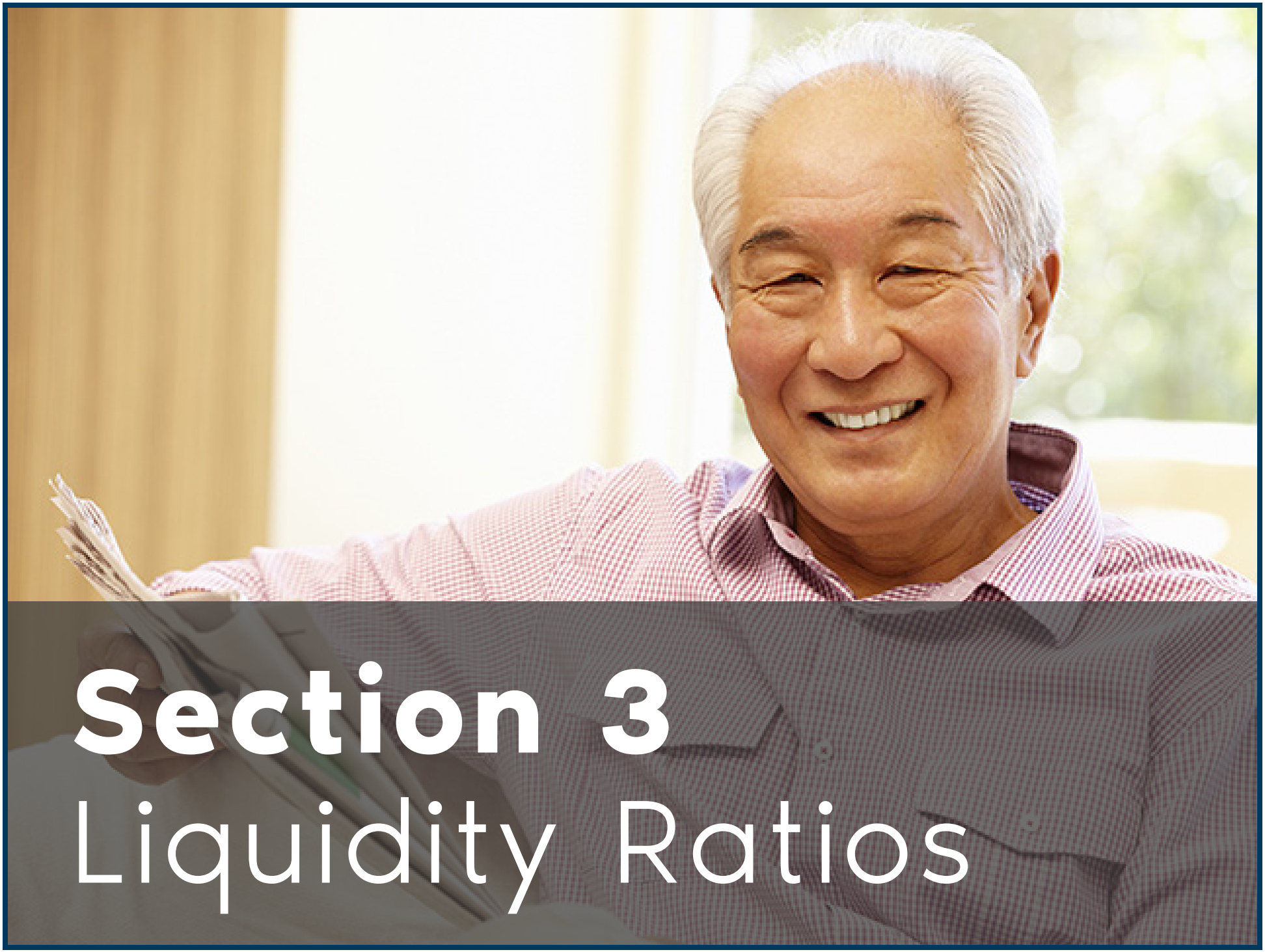
Trended Median



Total Excess Margin Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**-1.17**	**5.01**	**11.16**
2024	-1.57	**2.44**	7.93
2023	-5.99	**-0.37**	5.26
2022	-12.29	**-2.04**	3.57
2021	-4.51	**1.21**	7.06
2020	-8.92	**-0.87**	5.41
2019	-3.40	**2.14**	5.35
2018	-3.29	**2.62**	8.49
2017	-3.65	**2.25**	7.72
2016	-6.33	**0.85**	6.01
2015	-3.26	**2.41**	7.46
2014	-5.22	**2.07**	7.65
2013	-1.38	**3.24**	8.47
2012	-1.49	**1.85**	7.38
2011	-1.63	**3.60**	7.42
2010	-2.52	**3.29**	6.84
2009	-2.79	**2.11**	6.59
2008	-3.31	**1.97**	6.86
2007	1.25	**5.84**	9.08

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**-0.33**	**4.57**	**11.84**
2024	0.12	**3.88**	12.10
2023	-0.55	**3.43**	7.71
2022	-14.23	**-2.16**	4.37
2021	-4.47	**3.08**	7.72
2020	-2.71	**0.84**	5.00
2019	-2.90	**1.74**	8.42
2018	-0.91	**1.72**	6.79
2017	-0.12	**2.66**	10.36
2016	-2.59	**2.13**	6.66
2015	-3.69	**1.49**	8.60
2014	-1.91	**1.59**	8.93
2013	-0.70	**2.39**	4.68
2012	-3.84	**1.55**	4.48
2011	-2.08	**3.63**	7.27
2010	-1.57	**2.40**	5.99
2009	-6.85	**-0.82**	2.93
2008	-5.89	**2.27**	7.57
2007	1.02	**5.44**	10.45



Section 3
Liquidity Ratios

Overview and Findings

Overview

Liquidity ratios are intended to measure a provider's ability to meet the short-term (one year or less) cash needs of their ongoing operations. As is true of any business, a CCRC/LPC needs to ensure that it has sufficient cash, or investments readily convertible to cash, to meet its payroll, pay for goods and services, fund current debt service payments, refund entrance fees (if applicable), and provide for essential maintenance and repairs. Further, liquidity is also assessed over the long-term to understand an organization's ability to reinvest in bricks and mortar to refresh its existing facilities, to provide reserves to withstand unforeseen circumstances as well as to support future strategic growth (such as bricks and mortar expansions, acquisition activity or the creation of new service lines to highlight a few).

An intent of the CCRC/LPC accreditation process is that financially sound organizations maintain adequate unrestricted cash and investment reserves, or have access to third-party cash/reserves, to fund unforeseen operating cash shortfalls and to meet the commitments of serving their residents and other persons served.

The three liquidity ratios commonly used to evaluate the ability of senior living organizations to meet their liquidity needs include:

- Days in Accounts Receivable Ratio (DAR)
- Days Cash on Hand Ratio (DCH)
- Cushion Ratio (CUSH)

Often cash and investments have been set aside by board action as assets limited as to use. For purposes of the ratio calculations within this document, all board-designated funds are considered unrestricted and all donor-restricted funds are considered restricted. When unrestricted funds are used in a liquidity ratio, all such funds, whether classified as current or noncurrent on the balance sheet, are included as liquidity in these calculations. This treatment is consistent with how many senior living creditor providers, as well as the credit rating agencies, treat these two classes of assets.

Appendix A of this publication includes an explanatory discussion of these determinations as well as the uses of cash and investments in ratio calculations.

Findings

At a high level, median liquidity ratios showed strong improvements in 2025. The median Days Cash on Hand Ratio (DCH) for single-site and multi-site organizations both experienced more than 50 day improvements in 2025. Median Days in Accounts Receivable Ratio (DAR) improved for multi-site organizations and the Cushion Ratio (CUSH) medians for both groups improved.

The single-site median DCH rose by 59 Days to 496 days in 2025. This is the third highest value in the publication's history with the other two years being in the early 2020's following extraordinary U.S. Government, COVID-related stimulus payments. The multi-site median improved by 56 days to 347 days in 2025 which represented the second highest value in the publication's history. Three of the other four quartile values showed strong improvement also, other than multi-site 75th quartile which stepped back a bit but still remained quite strong. It is worth noting that the Days Cash on Hand Ratio can be managed by providers once a comfortable level of liquidity has been reached. For example, after reaching a targeted DCH value, a management team could choose to use excess liquidity to fund additional capital expenditures or other resident related activities.

The median CUSH, a measure of unrestricted cash and investments as a multiple of the annual debt service requirement, was stronger for both single and multi-sites in 2025. The data showed strong improvement to 11.90x in 2025 up from 10.61x in 2024 for single-site providers. This was the second highest value for this median in the publication's history. For multi-site organizations, the median CUSH ratio showed improvement to 7.13x in 2025 from 6.67x in the year before. This value is in the middle of the pack of values for the publication's history.

Finally, the median DAR showed modest declines in 2025 for single-site providers while the multi-sites improved during the year. Single-site provider medians declined by one day increasing to 15 days which still ties for third best in the publication's history. Multi-site provider medians improved by three days, falling to 15 days which handily beat the prior best value of 17 days. Lower values are desired for this measure.

Days in Accounts Receivable Ratio

The Days in Accounts Receivable Ratio (DAR) measures the average number of days accounts receivable remain outstanding. The calculation compares the total amount in accounts receivable (net of allowances for uncollectible accounts) to average daily operating revenues received from residents of independent living, personal care, assisted living, and nursing units. Third-party settlements are excluded from the numerator of this calculation; net assets released from restriction for operations and amortization of entrance fees are excluded from the denominator.

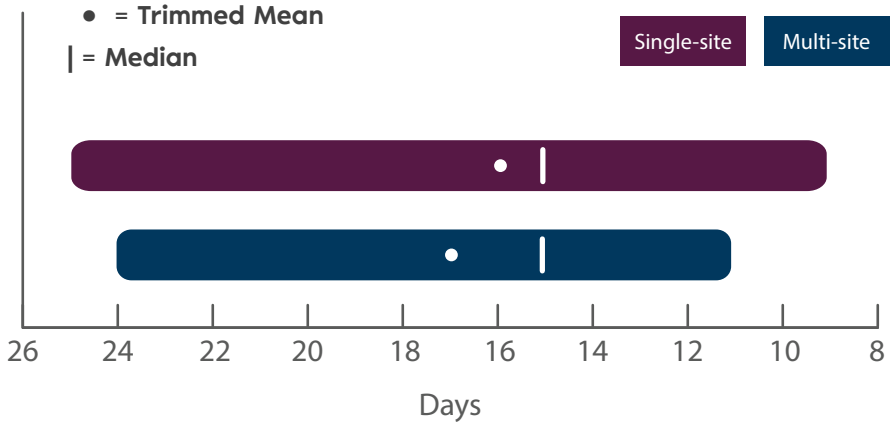
The CARF accreditation long-term financial planning intent states that "effective management of accounts receivable ensures a steady stream of cash that can be invested to earn additional income for the organization." A key component of accounts receivable management is understanding how receivables will change depending on the payer type. Amounts billed to third parties, such as government or other third-party payers, generally will be paid on a much slower basis than amounts billed to residents. In fact, the payer mix of a provider, along with the configuration of healthcare units as a percentage of the provider's total units, dramatically affects the value of this ratio. Generally, a value of 30 days or less is desired, although for providers with a low level of government or other third-party reimbursement, values may be less than ten days because most CCRCs/LPCs bill private-pay residents at the beginning of the month and receive payment before the close of the monthly accounting period.

For providers with significant reliance on third-party reimbursement, values generally will exceed 30 days. Conversely, the higher the percentage of the resident population that is private pay, the lower this value should be. It is important to note that the timeliness of Medicaid payments varies from state to state. Therefore, a CCRC's/LPC's DAR ratio may vary significantly depending on the magnitude of third-party payments, regardless of management's efforts. Management may want to track the DAR ratio separately for residential and healthcare services; the former usually are private payers, and the latter often are third-party payers.

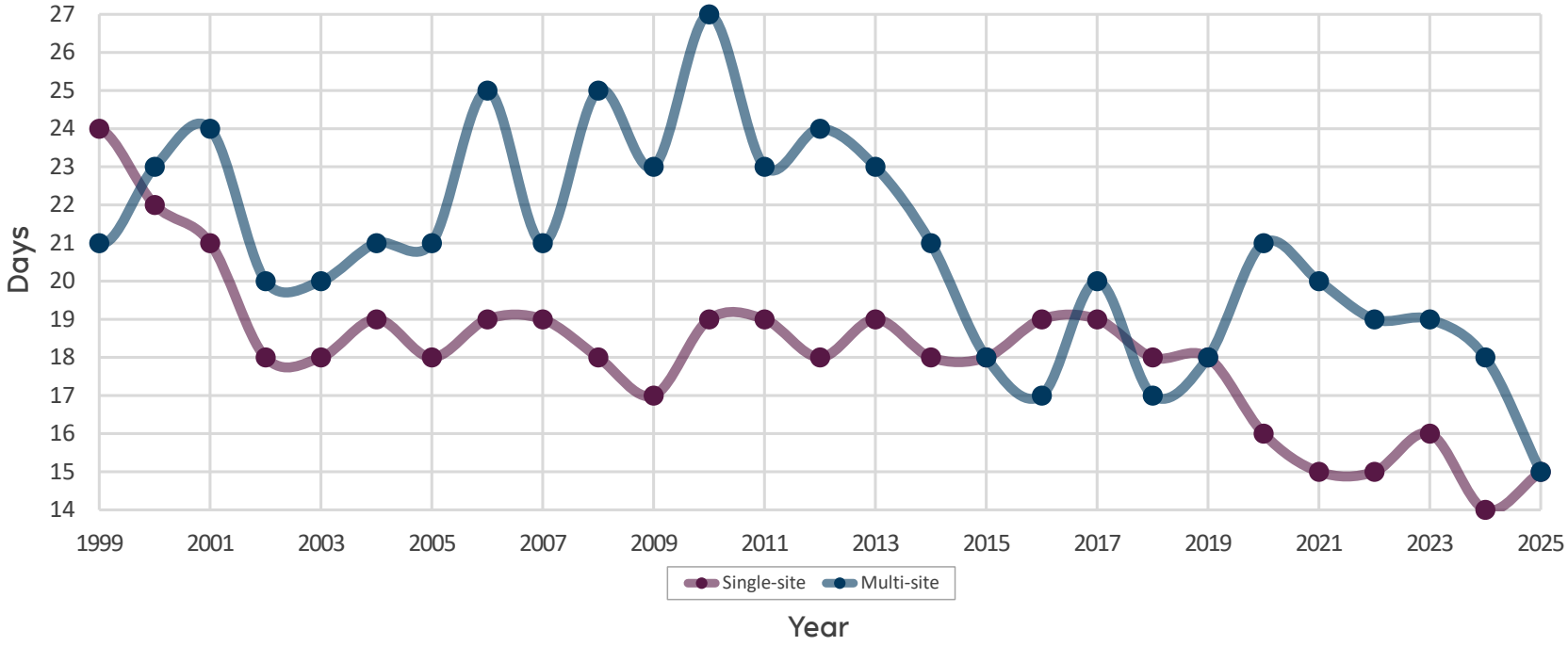
$$\frac{\text{Net Accounts Receivable}}{\text{Residential and Healthcare Revenues}/365}$$

Days in Accounts Receivable Ratio *continued*

Interquartile Range



Trended Median



Days in Accounts Receivable Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**25**	**15**	**9**
2024	23	**14**	8
2023	24	**16**	10
2022	24	**15**	8
2021	25	**15**	8
2020	23	**16**	9
2019	26	**18**	9
2018	25	**18**	9
2017	25	**19**	10
2016	28	**19**	9
2015	27	**18**	10
2014	28	**18**	10
2013	27	**19**	10
2012	28	**18**	9
2011	27	**19**	11
2010	29	**19**	11
2009	28	**17**	10
2008	30	**18**	10
2007	29	**19**	11

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**24**	**15**	**11**
2024	28	**18**	12
2023	24	**19**	12
2022	23	**19**	14
2021	26	**20**	14
2020	26	**21**	13
2019	31	**18**	14
2018	29	**17**	12
2017	25	**20**	14
2016	25	**17**	14
2015	26	**18**	12
2014	30	**21**	13
2013	34	**23**	15
2012	31	**24**	16
2011	34	**23**	17
2010	34	**27**	20
2009	30	**23**	17
2008	29	**25**	18
2007	28	**21**	16

Days Cash on Hand Ratio

The Days Cash on Hand Ratio (DCH) measures the number of days of cash operating expenses a provider could cover with its unrestricted cash, cash equivalents, and marketable securities on hand. Board-designated funds should be included in the numerator, whereas funds that are either trustee-held or donor-restricted should be excluded. This treatment of these balances is the same whether the assets are classified as current or noncurrent. Please refer to Appendices A and B for additional information regarding accounts included in this ratio.



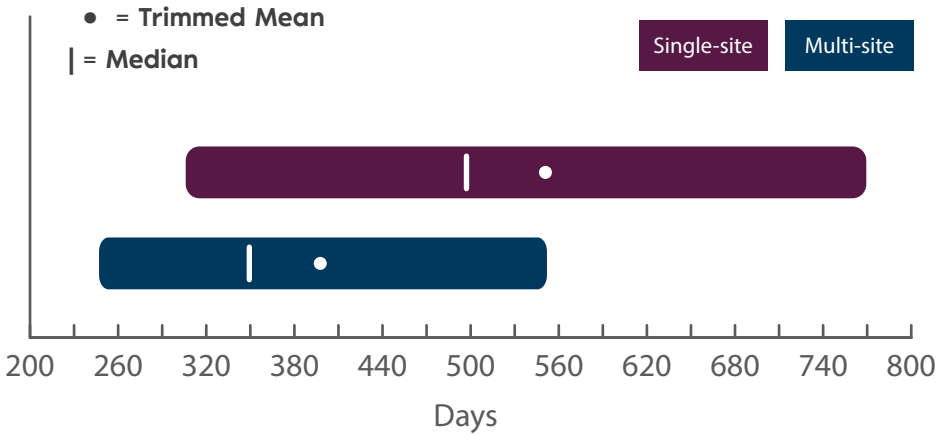
Regardless of contract type or ownership type (for-profit or not-for-profit), it is essential that organizations have access to liquidity, either through direct cash on hand or via third-party support. Third-party sources of liquidity are less common and they may include a parent or affiliate organization's legal guarantee to fund operating shortfalls, a parent or affiliate organization's history of funding operating shortfalls without a guarantee (moral obligation), foundations, annual subsidies, annual appropriation, and owner/limited partners.

Positive cash flows from operations, net entrance fee receipts, to the extent they are used to build reserves, and robust contribution programs are each key drivers impacting provider's DCH. The performance of the investment markets (stock and bonds for example) in any given year also can have a significant influence on the DCH ratio. Another key driver of DCH is a provider's daily cash expenses. The addition of new programs, be it through brick and mortar or services, will impact this measure. Therefore, pure service lines with little physical capital associated with them are sometimes removed from the borrower's debt borrowing group to minimize the impact on DCH.

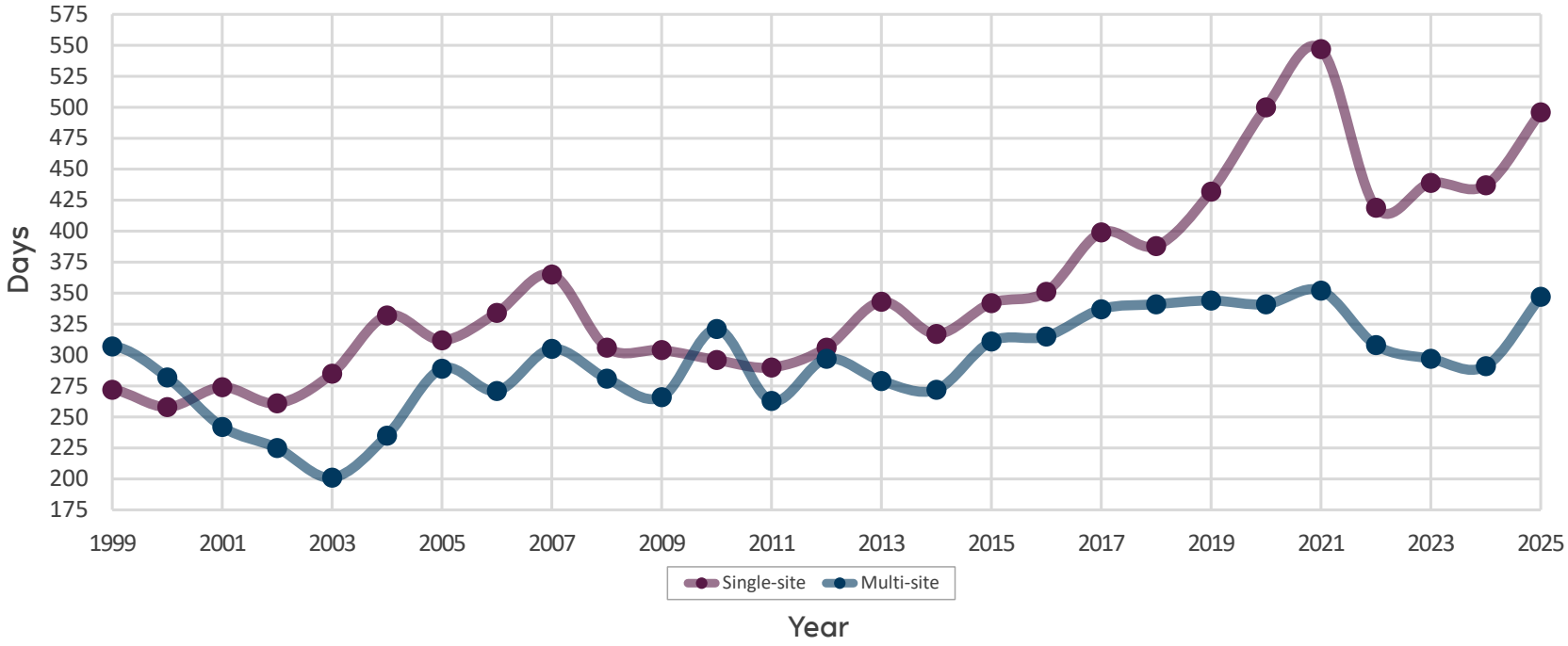
$$\frac{\text{Unrestricted Current Cash and Investments} + \text{Unrestricted Noncurrent Cash and Investments}}{(\text{Operating Expenses} - \text{Depreciation} - \text{Amortization})/365}$$

Days Cash on Hand Ratio *continued*

Interquartile Range



Trended Median



Days Cash on Hand Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**307**	**496**	**768**
2024	288	**437**	685
2023	297	**439**	640
2022	266	**419**	720
2021	372	**547**	805
2020	260	**500**	746
2019	225	**432**	654
2018	200	**388**	650
2017	188	**399**	641
2016	181	**351**	609
2015	196	**342**	579
2014	172	**317**	556
2013	180	**343**	549
2012	184	**306**	511
2011	181	**290**	517
2010	179	**296**	524
2009	176	**304**	492
2008	188	**306**	470
2007	224	**365**	529

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**247**	**347**	**548**
2024	203	**291**	581
2023	216	**297**	643
2022	166	**308**	439
2021	218	**352**	571
2020	221	**341**	602
2019	242	**344**	510
2018	200	**341**	506
2017	232	**337**	538
2016	193	**315**	428
2015	205	**311**	460
2014	173	**272**	418
2013	182	**279**	402
2012	182	**297**	396
2011	201	**263**	365
2010	239	**321**	380
2009	204	**266**	338
2008	181	**281**	411
2007	238	**305**	476

Cushion Ratio

The Cushion Ratio (CUSH) measures the provider's cash position relative to its annual debt obligation. This ratio is calculated using annual debt service (the current year's capitalized interest cost plus interest expense and scheduled principal payments) in the denominator as annual debt service is obtainable from a provider's audited financial statements. This is similar to the approach used for the Debt Service Coverage Ratio (DSC). The numerator of this ratio includes unrestricted cash and investments, both current and noncurrent. All board-designated funds (including those set aside for capital improvements, replacements, etc.) also are included in the numerator.

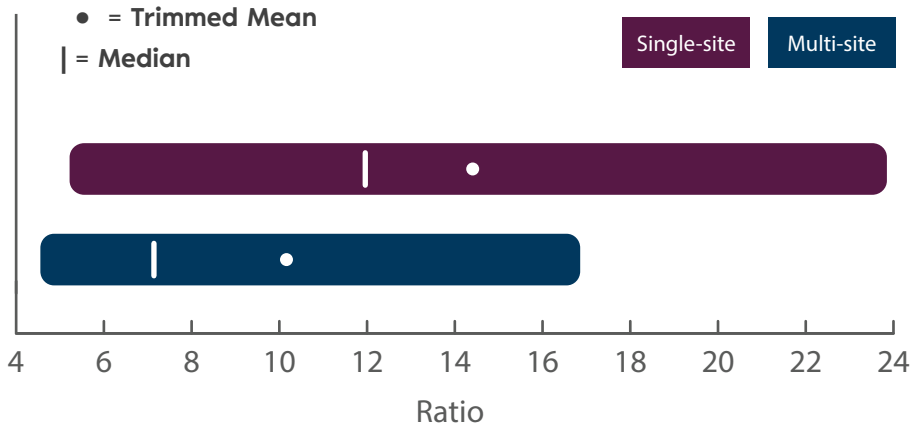
Because this ratio is computed on the basis of current annual debt service payments rather than the maximum annual debt service, the ratios may vary each year as principal payments and interest payments vary, particularly if a provider has refinanced or has no scheduled principal payments in the current year. In the event a provider refinanced, it may be difficult to obtain a "normal" annual principal payment from the provider's audited financial statements. In these situations, the "normal" principal payments used in this ratio calculation may be estimated using information in the CCRC's/LPC's financial statements (e.g., the prior year current maturities of long-term debt). In addition, a provider may incur additional debt service payments for temporary debt for the construction of new independent living units that are to be repaid from initial entrance fee proceeds.

In the event a provider had no principal payments in one or more of the years, the provider's CUSH ratio was excluded from the median computation for the missing year(s).

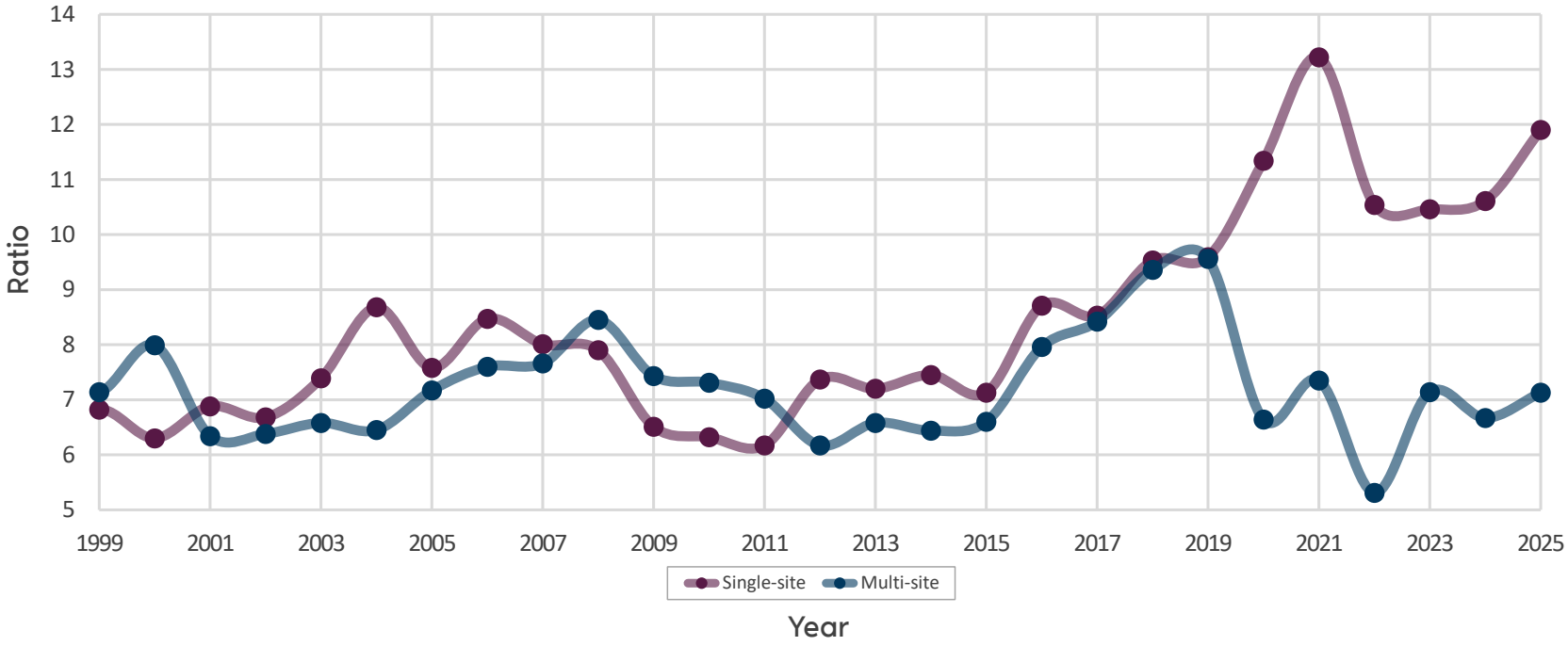
Typically, mature organizations would be expected to have greater cash reserves than newer organizations and, therefore, a stronger CUSH ratio. A provider's debt structure also plays an important role in its CUSH ratio. Tax-exempt bond financings often have level debt service requirements where the principal is amortized over 30- to 35-year periods. Capital structures that are comprised 100% with bank debt may have shorter amortization schedules, such as 20 or 25 years. This would have the effect of reducing the CUSH ratio relative to a public, fixed interest rate financing.

$$\frac{\text{Unrestricted Current Cash and Investments} + \text{Unrestricted Noncurrent Cash and Investments}}{\text{Annual Debt Service}}$$

Interquartile Range



Trended Median



Cushion Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**5.18**	**11.90**	**23.85**
2024	5.50	**10.61**	20.75
2023	5.66	**10.46**	17.48
2022	6.12	**10.54**	17.89
2021	7.54	**13.22**	23.57
2020	5.51	**11.34**	20.88
2019	5.03	**9.59**	16.82
2018	5.34	**9.53**	15.82
2017	5.59	**8.53**	15.77
2016	4.01	**8.71**	14.94
2015	3.73	**7.13**	13.52
2014	3.41	**7.45**	13.24
2013	3.41	**7.20**	13.46
2012	3.37	**7.37**	12.66
2011	2.63	**6.17**	11.11
2010	2.99	**6.32**	14.39
2009	2.91	**6.51**	13.58
2008	3.49	**7.90**	13.57
2007	4.28	**8.01**	13.32

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**4.57**	**7.13**	**16.82**
2024	4.25	**6.67**	15.13
2023	4.78	**7.14**	14.26
2022	3.37	**5.31**	12.08
2021	5.36	**7.35**	14.89
2020	4.76	**6.64**	14.30
2019	4.58	**9.56**	14.32
2018	4.16	**9.36**	13.32
2017	4.07	**8.42**	16.01
2016	3.25	**7.96**	13.20
2015	3.06	**6.60**	13.48
2014	3.29	**6.44**	12.79
2013	4.26	**6.58**	13.17
2012	4.26	**6.17**	10.58
2011	4.15	**7.02**	11.66
2010	4.86	**7.31**	10.19
2009	4.51	**7.43**	14.88
2008	4.19	**8.45**	15.28
2007	5.54	**7.66**	12.82



Section 4
Capital Structure Ratios

Overview

Capital structure ratios primarily focus on a provider's balance sheet strengths and weaknesses. These ratios are useful in assessing the long-term solvency of a provider and they measure the relative amount of debt a provider has undertaken. A high percentage of debt relative to assets or equity is an important indication of organizational risk as greater leverage typically means high annual debt service requirements. One of the capital structure ratios, and arguably the most watched financial ratio of all, is the Debt Service Coverage Ratio (DSC) which measures annual cash flow and provides an important link between operating performance relative to the provider's annual debt service requirements.

One intent of the CARF accreditation process is for organizations to effectively manage their balance sheet with the objective of maintaining long-term viability. Example goals are to ensure that funds are available to meet the long-term contractual needs of residents, for both healthcare and contract refunds, as well as strategic growth objectives relating to existing and future facilities, affiliations, and new service line opportunities.

The capital structure ratios presented in this section are tools to measure the balance sheet strength of senior living provider organizations. Nine ratios are provided to help measure the strength of an organization's capital structure:

- Debt Service Coverage Ratio (DSC)
- Debt Service Coverage–Revenue Basis Ratio (DSC-R)
- Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio (DS-TR)
- Unrestricted Cash and Investments to Long-Term Debt Ratio (CD)
- Long-Term Debt as a Percentage of Total Capital Ratio (LTDC)
- Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio (LTDC-A)
- Long-Term Debt to Total Assets Ratio (LTD-TA)
- Average Age of Community Ratio (AGE)
- Capital Expenditures as a Percentage of Depreciation Ratio (CED)

As discussed here, the ratios incorporating current annual debt service as a component of their calculation will be affected during years in which interest cost is capitalized. To adjust for such occurrences, when capitalized interest for a given year is provided in the audited financial statements, that amount is added to interest expense in the current year. This treatment by the publication is more conservative than the capital markets and credit agencies who generally do not make this adjustment.



Findings

The median capital structure ratios for the 2026 publication (2025 fiscal year) generally showed across the board improvement for both single- and multi-site providers for nearly all ratio medians and for many of the quartiles. In instances of deterioration, many were modest declines from the prior year, and the ratio could be thought of as remaining in a narrow, stable range. The general directional movements of these findings are anticipated given the improvements noted earlier in both profitability and liquidity measures.

For single-site organizations, the median Debt Service Coverage Ratio (DSC) rose in 2025 for the third year in a row to 3.25x in 2025, its highest value in the publication's history (beating last year's highest ever value) of 3.00x in 2024. The median DSC for multi-site providers also bumped upward to 2.79x in 2025 from 2.77x in the prior year and remains as one of the highest values in approximately 20 years.

The median Debt Service Coverage-Revenue Basis Ratio (DSC-R), which excludes net cash flow from turnover entrance fees, rocketed upward for single-site organizations to 1.48x in 2025 from 0.98x in 2024. On the other hand, multi-site providers slid backwards from 1.52x in 2024 to 1.33x in 2025. Median DSC-R for single-site providers in 2025 is by far the highest value in the publications' history. Although the multi-site median slid this year, 2025's value remained on the upper end of values reported throughout the publication's history. Interestingly, the other two quartiles for single-site providers rose with their median and the two other quartiles for multi-site providers also fell with their median.

The median ratio of Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio (DS-TR) nominally weakened (increased) for both single-site and multi-site providers in 2025. For single-site providers, the median rose to 8.72% in 2025, and for multi-site organizations it rose to 8.71%. Both median ratios still remain at favorable levels relative to the publication's history.

The median Unrestricted Cash and Investments to Long-Term Debt Ratio (CD) for single-site providers in 2025 improved by more than 10 percentage points to 77.65%. On the other hand, all of the multi-site quartiles fell marginally in 2025 with the median dropping by 6.86% to 72.07%.

The change in multi-site organizations is not a surprise given the recent capital markets activity involving the debt financing of new money projects in recent years. Medians for both provider types still remain at the high end of the range for this ratio throughout the publication's history.

The debt-to-capital ratios generally improved moderately for both single- and multi-site organizations during the year or held steady. The median Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio (LTDC-A) improved to 45.60% in 2025 from 47.97% in 2024 for single-site providers, and this value remained consistent with recent years. The median multi-site LTDC-A ratio fell to 47.07% in 2025 from 52.31% in 2024.

Finally, single-site providers' median Average Age of Community Ratio (AGE) declined moderately, rising modestly to 11.92 years in 2025 from 11.77 years in 2024. The median multi-site AGE similarly improved with its decline to 11.48 in 2025 from 11.87 years the year prior as providers continued to invest in their communities. The median Capital Expenditures as a Percentage of Depreciation Ratio (CED) compares purchases of property, plant, and equipment to annual depreciation expense. The median CED for single-site organizations was up from 103% in 2024 to 121% for 2025. The median CED for multi-site organizations fell from 133% in 2024 to 126% in 2025.

The capital markets rule of thumb for annual capital spending is for borrowers to annually match their depreciation expense. This rule of thumb even at a 1:1 ratio may still lead to an increase in the Average Age of Community
Ratio (AGE).



Debt Service Coverage Ratio

Many credit analysts and lenders generally consider the Debt Service Coverage Ratio (DSC) to be the penultimate credit ratio. DSC, combined with Days Cash on Hand Ratio (DCH) and the Unrestricted Cash and Investments to Long-Term Debt Ratio (CD) for many, are considered to be apex credit ratios as they are powerful tools used in evaluating a provider's short- and long-term financial viability. The DSC ratio reflects a provider's ability to fund its annual debt service requirements with cash flow from operations as well as net entrance fees received.

This ratio is calculated using annual debt service (the current year's capitalized interest cost plus interest expense and scheduled principal payments) in the denominator as annual debt service is obtained from a provider's audited financial statements. However, certain lenders may require that the maximum annual debt service (MADS) be used in the denominator. Accordingly, the results included in this report may vary from a lender's calculation of the DSC ratio. For CCRCs/LPCs with level annual debt service requirements, the difference between annual debt service and MADS should be insignificant.

Most debt obligations require CCRCs/LPCs to maintain a minimum DSC ratio of at least 1.20 times, and lenders often use underwriting levels in the 1.30 to 1.40 times range. As CCRCs/LPCs mature, and as the positive impact of inflation grows operating cash flows relative to the debt load, it is common to see the DSC ratio begin to grow beyond these underwriting levels. This is particularly true for organizations that are not growing their physical plant and equipment through the use of debt financed projects.

Because the DSC ratios are computed on the basis of current annual debt service payments, these ratios may vary based on the amortization principal payment from the provider's audited financial statements. In these situations, the "normalized" principal payments used in the DSC ratio calculation may be estimated using information in the CCRC's/LPC's financial statements (i.e. the prior year current maturities of long-term debt). In the event a provider had no principal payments in one or more of the years, the provider's DSC ratio was excluded from the median computation for the missing year(s).

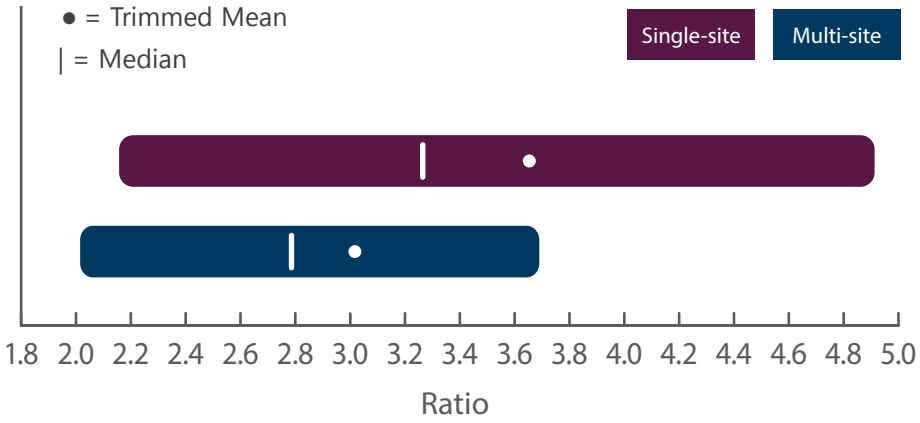
A high DSC ratio may be reflective of a low level of annual debt service requirements relative to cash flow. This circumstance may or may not be a sign of financial strength as relative to annual cash flows, it could be a sign of underinvestment in the community's assets. For this reason, it is often necessary to analyze the DSC ratio in combination with other information and ratios to evaluate the adequacy of annual cash flows for achieving the financial goals of the organization. Further, the DSC ratio is influenced to a certain degree by contract type, price structure (balance between entrance fees and monthly service fees), and entrance fee refund provisions.

Beginning in 2016, entrance fee receipts relating to the initial occupancy of an independent living unit have been excluded from "net proceeds from entrance fees" to be consistent with industry credit analysis practices. Covenant calculation methodologies in lender documents typically exclude entrance fees from these first-generation units from the debt service calculations. This is because all or a substantial portion of these entrance fees are often used to immediately retire debt, and, more importantly, because these initial entrance fees are not upon their collection a consistent source of recurring cash flow from operations.

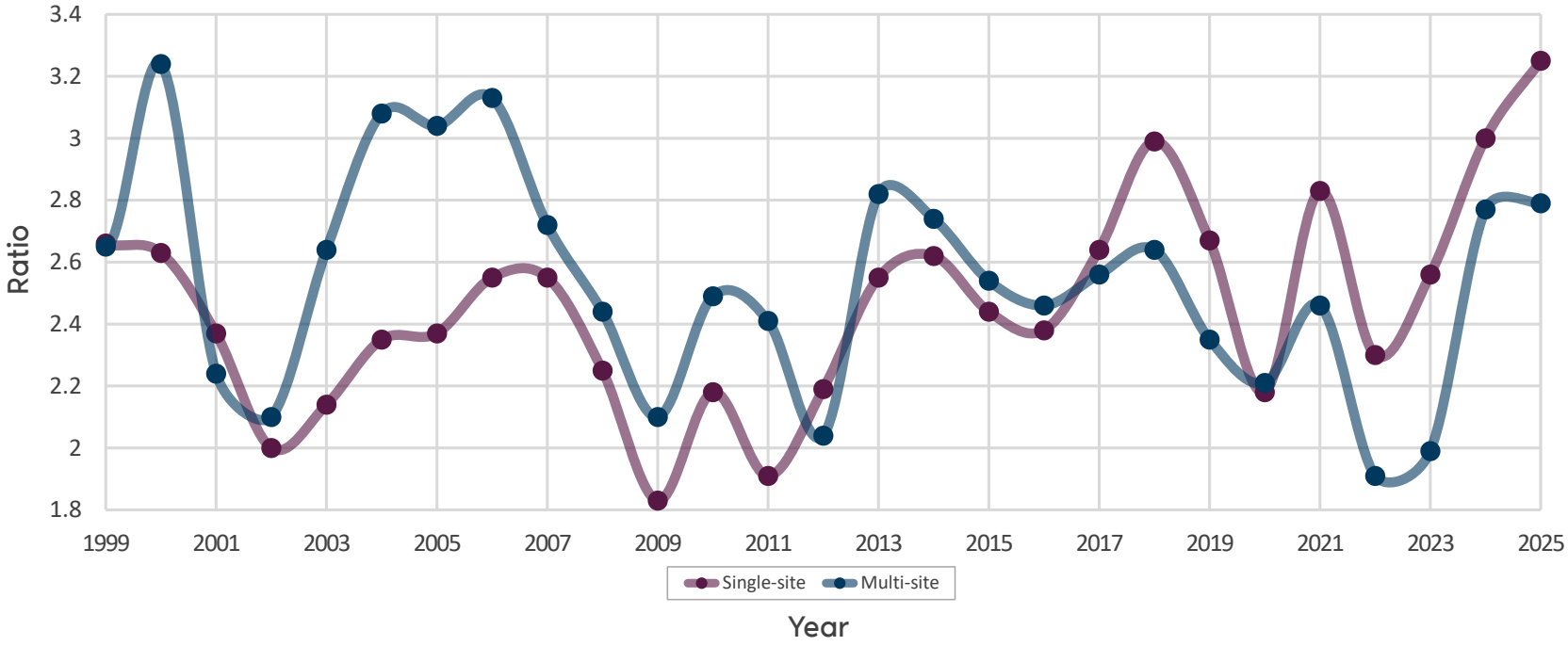
While the CARF ratios are calculated excluding COVID funding from the numerator, many lenders permit the inclusion of COVID funding within the numerator of this calculation. This may result in significant differences between the CARF DSC ratio and a lender's required ratio.

$$\frac{\text{Total Excess of Revenues over Expenses} + \text{Interest, Depreciation, and Amortization Expenses} - \text{Amortization of Deferred Revenue} + \text{Net Proceeds from Entrance Fees}}{\text{Annual Debt Service}}$$

Interquartile Range



Trended Median



Debt Service Coverage Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**2.13**	**3.25**	**4.91**
2024	2.10	**3.00**	4.64
2023	1.82	**2.56**	3.49
2022	1.58	**2.30**	3.47
2021	1.86	**2.83**	4.02
2020	1.33	**2.18**	3.46
2019	1.89	**2.67**	4.00
2018	1.95	**2.99**	4.18
2017	2.01	**2.64**	4.31
2016	1.79	**2.38**	3.41
2015	1.65	**2.44**	3.87
2014	1.78	**2.62**	3.78
2013	1.79	**2.55**	3.90
2012	1.60	**2.19**	3.44
2011	1.26	**1.91**	3.32
2010	1.32	**2.18**	3.58
2009	1.00	**1.83**	3.24
2008	1.32	**2.25**	3.85
2007	1.68	**2.55**	3.97

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**2.01**	**2.79**	**3.69**
2024	1.88	**2.77**	3.61
2023	1.45	**1.99**	3.54
2022	1.52	**1.91**	3.85
2021	1.93	**2.46**	3.37
2020	1.50	**2.21**	3.78
2019	1.71	**2.35**	3.67
2018	1.62	**2.64**	3.75
2017	1.79	**2.56**	3.73
2016	1.59	**2.46**	4.00
2015	1.71	**2.54**	4.08
2014	2.17	**2.74**	3.38
2013	1.95	**2.82**	4.32
2012	1.46	**2.04**	3.64
2011	1.24	**2.41**	3.52
2010	1.50	**2.49**	3.51
2009	1.14	**2.10**	2.86
2008	1.55	**2.44**	4.01
2007	2.24	**2.72**	3.27

Debt Service Coverage–Revenue Basis Ratio

The Debt Service Coverage–Revenue Basis Ratio (DSC-R) is a more conservative measure of a CCRC's/LPC's ability to meet its debt obligations through revenues alone (i.e. exclusive of net entrance fees from independent living unit turnover). By excluding net proceeds from entrance fees from operating cash flows from the numerator (they are included in the numerator for the DSC ratio), this ratio indicates a provider's ability to cover debt service exclusively from net operating revenues and nonoperating sources. A low DSC-R ratio indicates that a provider relies heavily on entrance fees to meet ongoing annual operating expenses. Ideally organizations can show DSC-R of 1.0 times meaning operations can fund annual debt service requirements.

As with the DSC ratio, this ratio is calculated using annual debt service (the current year's capitalized interest cost plus interest expense and scheduled principal payments) in the denominator as annual debt service is obtainable from a provider's audited financial statements. Lenders do not typically require CCRCs/LPCs to maintain a certain DSC-R ratio.

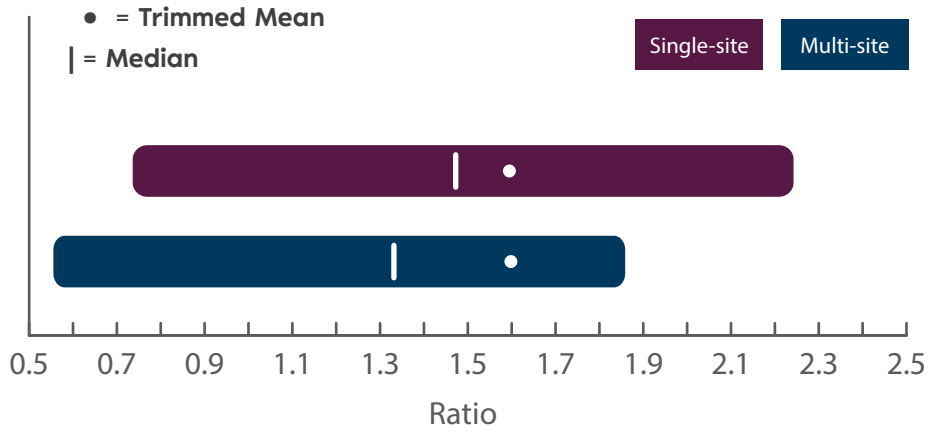
Some financial analysts argue that heavy reliance on entrance fees may leave a provider vulnerable to a slowdown in independent living unit demand from disruptions in local housing markets, the ability of residents in the service area to secure home financing, or new competition in the service area for example. Further, as with the DSC ratio, this ratio is influenced to a certain degree by contract type and entrance fee plans and provisions (i.e., fees, refund provisions, etc.). For example, a provider that offers highly refundable entrance fee plans is obligated to refund a substantial portion of the entrance fee to residents. As a result, this type of provider should place less reliance on entrance fees for debt service coverage. Also, fee-for-service contracts typically require a lower entrance fee because future monthly service payments are anticipated to fully cover the future care needs of the residents. Generally, the weakest DSC-R ratios are exhibited by providers with Type A (extensive) contracts (see definition in Section 5).

Readers should recognize that most providers need to be sensitive to contract types, price structure (balance between entrance fees and monthly service fees), and entrance fee refund provisions offered. If the provider's market is accustomed to high entrance fees and low monthly fees, a provider may have neither the flexibility nor the desire to adjust its pricing structure.

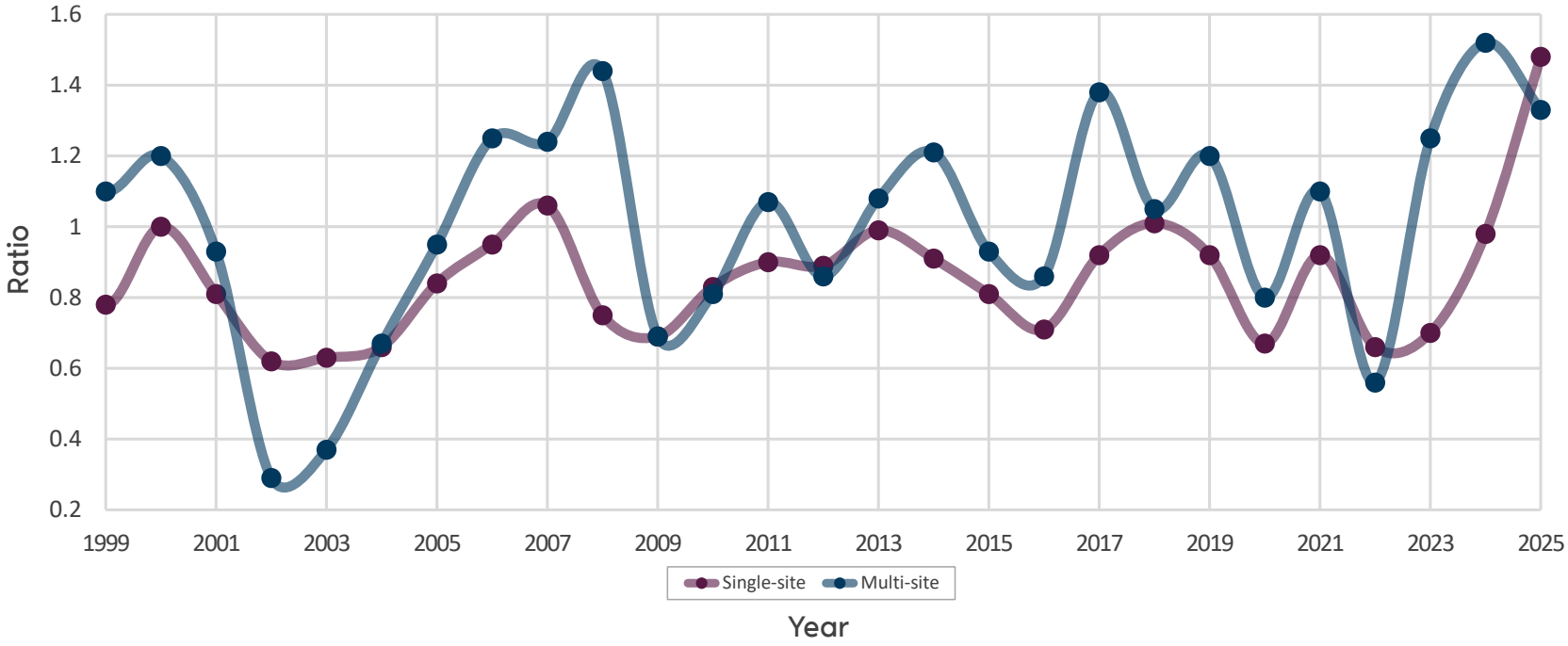
$$\frac{\text{Total Excess of Revenues over Expenses} + \text{Interest, Depreciation and Amortization Expenses} - \text{Amortization of Deferred Revenue}}{\text{Annual Debt Service}}$$

Debt Service Coverage–Revenue Basis Ratio *continued*

Interquartile Range



Trended Median



Debt Service Coverage–Revenue Basis Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**0.74**	**1.48**	**2.24**
2024	0.57	**0.98**	2.01
2023	0.39	**0.70**	1.27
2022	0.03	**0.66**	1.22
2021	0.31	**0.92**	2.02
2020	0.18	**0.67**	1.31
2019	0.34	**0.92**	1.63
2018	0.58	**1.01**	1.89
2017	0.43	**0.92**	1.48
2016	0.27	**0.71**	1.17
2015	0.34	**0.81**	1.36
2014	0.36	**0.91**	1.42
2013	0.50	**0.99**	1.63
2012	0.45	**0.89**	1.39
2011	0.37	**0.90**	1.39
2010	0.39	**0.83**	1.55
2009	0.17	**0.69**	1.36
2008	0.21	**0.75**	1.45
2007	0.53	**1.06**	1.65

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**0.55**	**1.33**	**1.86**
2024	0.75	**1.52**	2.37
2023	0.39	**1.25**	1.44
2022	0.24	**0.56**	1.02
2021	0.28	**1.10**	1.51
2020	0.20	**0.80**	1.69
2019	0.52	**1.20**	1.65
2018	0.37	**1.05**	2.06
2017	0.68	**1.38**	1.81
2016	0.35	**0.86**	1.64
2015	0.63	**0.93**	1.59
2014	0.79	**1.21**	1.83
2013	0.70	**1.08**	1.64
2012	0.40	**0.86**	1.37
2011	0.34	**1.07**	1.66
2010	0.26	**0.81**	1.58
2009	0.00	**0.69**	1.28
2008	0.18	**1.44**	1.90
2007	0.79	**1.24**	2.10

Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio

This ratio indicates the percentage of all operating revenues and nonoperating gains and losses utilized for annual debt service. This ratio has similar uses and limitations as the Debt Service Coverage–Revenue Basis Ratio (DSC-R). CCRCs/LPCs that are newly developed or undergoing significant renovation or expansion generally have financed construction with debt. Unoccupied units resulting from new construction, renovation, or expansion, coupled with additional debt, could cause a temporary deterioration in this ratio.

For new CCRCs/LPCs still in start-up and without the benefit of operating revenues from full occupancy, debt service may exceed 30% of total operating revenues plus net nonoperating gains and losses. Credit capital markets generally prefer to see this ratio at 20% or below for mature organizations.

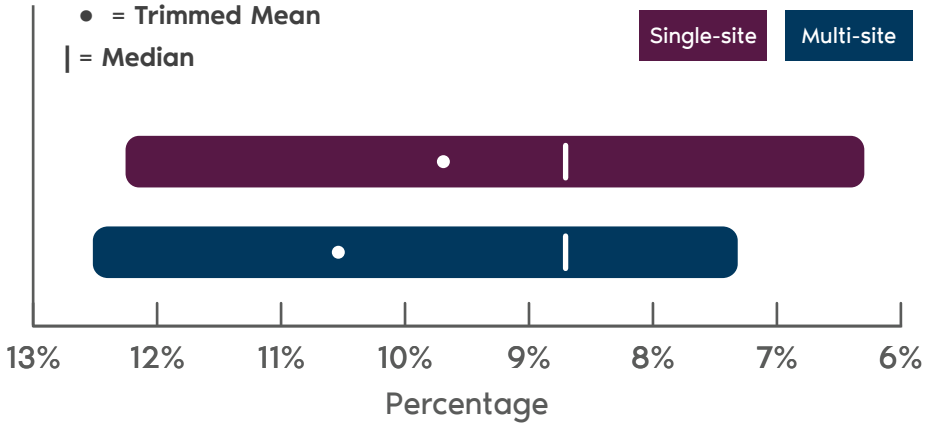
As with both the DSC ratio and DSC-R ratio, the Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio (DS-TR) will be affected by changes in current annual debt service, periods in which no principal payments were due, and market conditions that enable favorable gains.



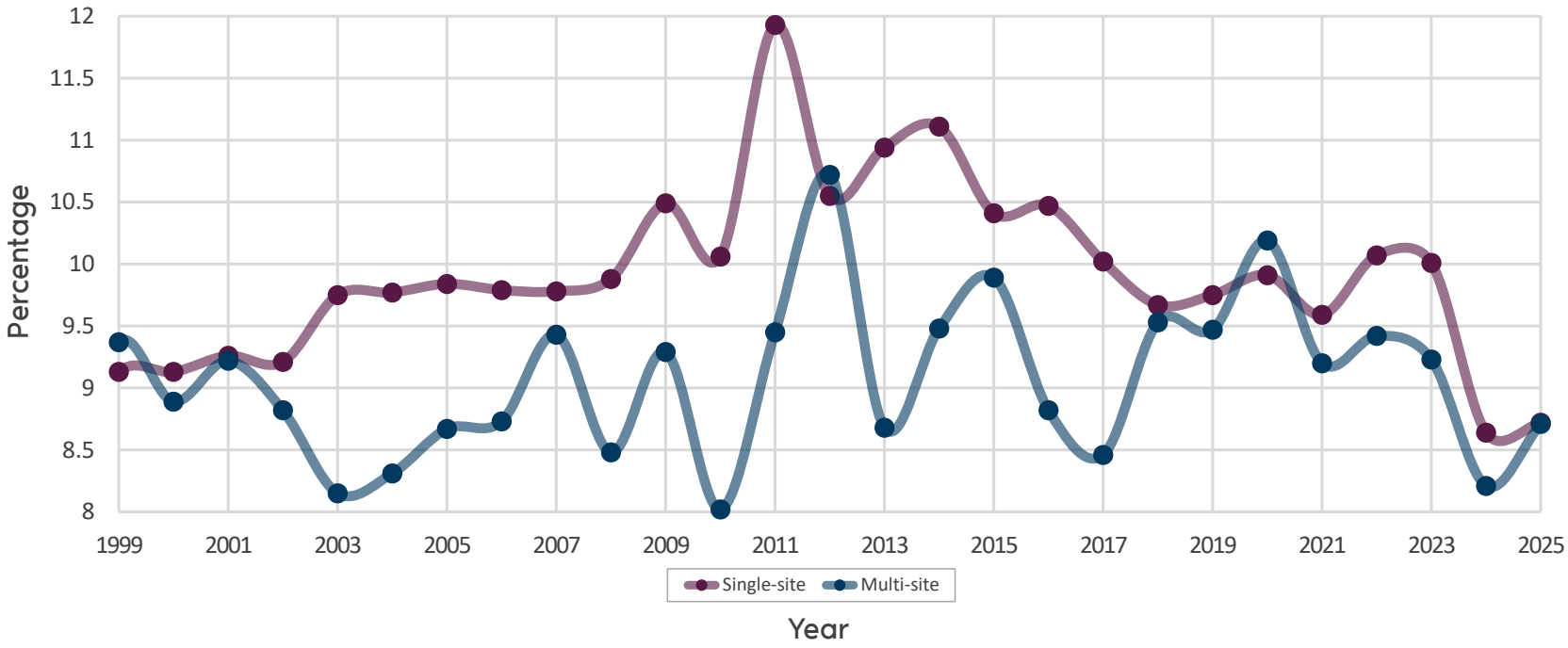
$$\frac{\text{Annual Debt Service}}{\text{Total Operating Revenues} + \text{Net Nonoperating Gains and Losses}}$$

Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio *continued*

Interquartile Range



Trended Median



Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**12.25**	**8.72**	**6.31**
2024	12.61	**8.64**	6.41
2023	13.20	**10.01**	6.32
2022	14.27	**10.07**	7.21
2021	12.89	**9.59**	6.57
2020	12.64	**9.91**	6.72
2019	12.37	**9.75**	6.90
2018	12.61	**9.67**	5.92
2017	13.77	**10.02**	6.87
2016	15.33	**10.47**	6.61
2015	15.46	**10.41**	6.93
2014	14.11	**11.11**	6.52
2013	15.06	**10.94**	6.86
2012	15.64	**10.55**	7.05
2011	18.85	**11.93**	6.92
2010	16.75	**10.06**	6.25
2009	17.33	**10.49**	5.83
2008	15.47	**9.88**	5.72
2007	13.86	**9.78**	6.12

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**12.48**	**8.71**	**7.32**
2024	11.87	**8.21**	7.08
2023	13.34	**9.23**	7.74
2022	12.55	**9.42**	8.12
2021	12.16	**9.20**	6.99
2020	11.71	**10.19**	8.05
2019	11.50	**9.47**	6.55
2018	11.66	**9.53**	6.41
2017	11.41	**8.46**	6.21
2016	13.98	**8.82**	5.94
2015	13.92	**9.89**	6.16
2014	14.03	**9.48**	6.57
2013	13.21	**8.68**	5.37
2012	12.63	**10.72**	7.23
2011	11.25	**9.45**	0.70
2010	13.49	**8.02**	6.45
2009	10.44	**9.29**	6.27
2008	11.41	**8.48**	5.95
2007	11.89	**9.43**	6.31

Unrestricted Cash and Investments to Long-Term Debt Ratio

The Unrestricted Cash and Investments to Long-Term Debt Ratio (CD) measures a provider's cash and marketable securities in relation to its long-term debt, less current portion. The numerator includes all cash and investments (excluding trustee-held funds) that are in any way available to retire debt or to pay operating expenses. Board-designated assets are included in the numerator; trustee-held funds and assets restricted by donors are excluded.

This treatment of asset balances is the same whether the assets are classified as current or noncurrent. Please refer to the "Discussion of Unrestricted Cash & Investments" as well as Appendices A and B for additional information regarding accounts included in this ratio.

Credit analysts place a high degree of reliance on this ratio as an indicator of a provider's balance sheet strength and therefore its debt capacity. A ratio of unrestricted reserves in excess of 20% of long-term debt is desired. It has become a norm in the public, fixed interest rate capital markets, as well as with certain credit rating agencies, to include bond debt service reserve funds if they are available as a source of cash in the numerator of this ratio's calculations. Some credit analysts make this adjustment using the rationale that, while debt service reserve funds are not generally considered "unrestricted" sources of cash, this cash is available to make debt service payments in an emergency. In this light, the publication is more conservative than the capital markets and certain credit rating agencies. Including the debt service reserve fund as a source of cash, a ratio of cash to long-term-debt at or about 30% is desired. Although they view annual cash flow as the primary source of support for long-term debt, credit analysts also prefer to see adequate discretionary liquidity to hedge against potentially volatile annual cash flows. In addition to building cash reserves to support any existing debt or planned expenditure, providers should build cash reserves to offset their long-term healthcare liabilities, if any.

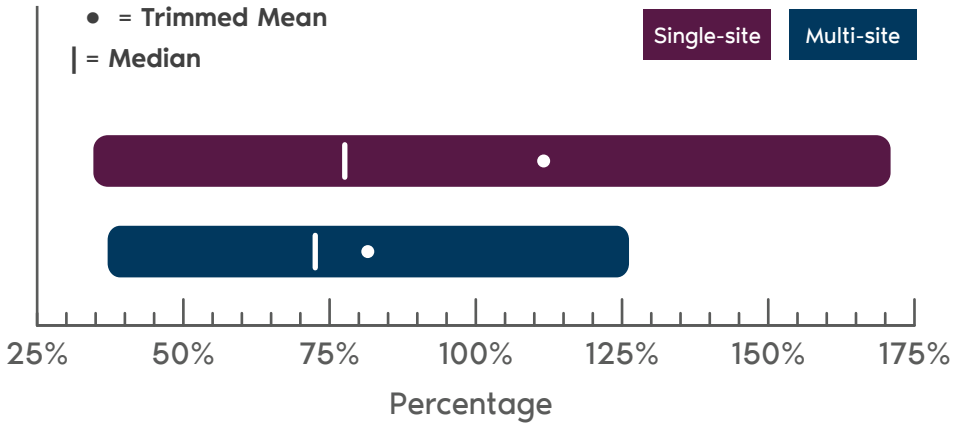
The median multi-site ratio has been volatile over the past several years. This is in part likely due to the receipt and subsequent spending of COVID-19 stimulus funding.



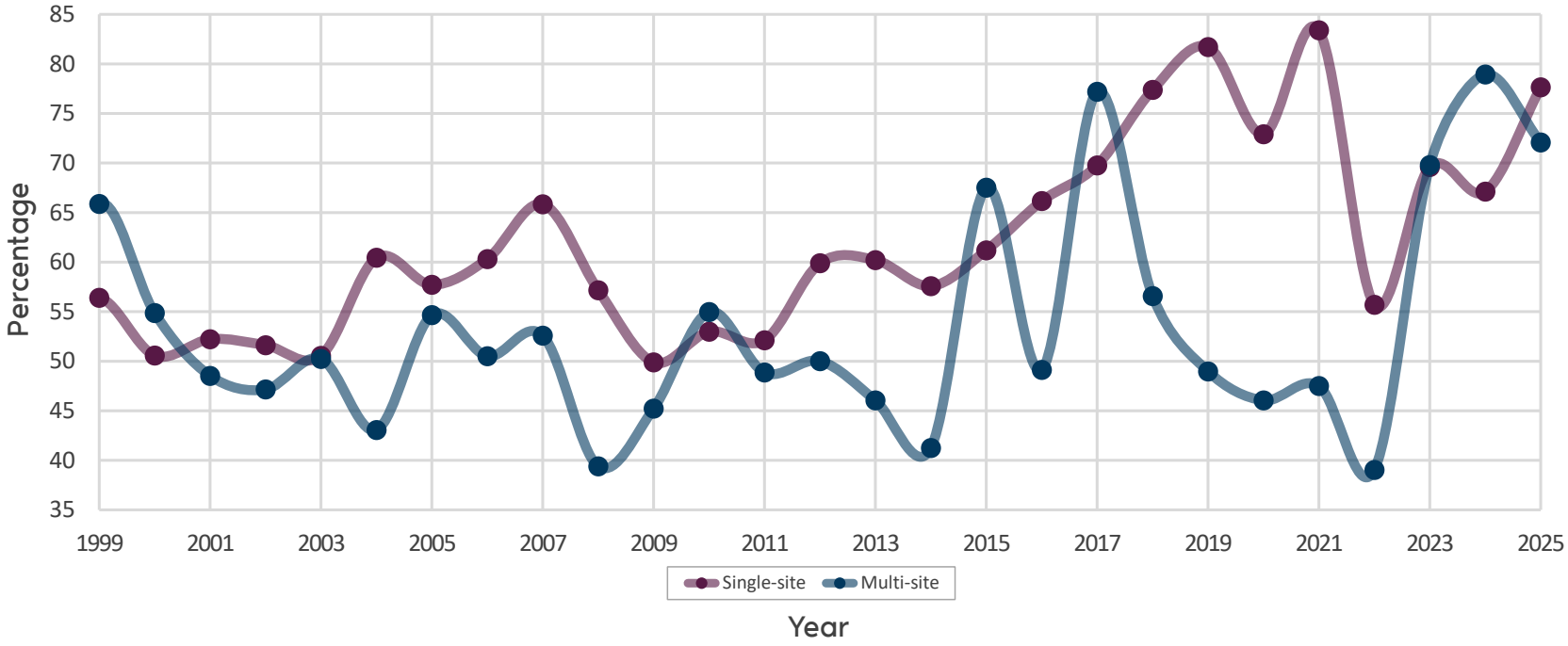
$$\frac{\text{Unrestricted Current Cash and Investments} + \text{Unrestricted Noncurrent Cash and Investments}}{\text{Long-Term Debt, less Current Portion}}$$

Unrestricted Cash and Investments to Long-Term Debt Ratio *continued*

Interquartile Range



Trended Median



Unrestricted Cash and Investments to Long-Term Debt Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**34.56**	**77.65**	**170.82**
2024	38.99	**67.11**	169.88
2023	36.03	**69.61**	145.20
2022	34.02	**55.70**	139.81
2021	33.68	**83.39**	187.46
2020	32.03	**72.90**	176.93
2019	32.74	**81.71**	152.46
2018	29.75	**77.38**	148.08
2017	30.01	**69.77**	131.01
2016	34.36	**66.16**	129.81
2015	32.57	**61.19**	113.10
2014	29.68	**57.58**	111.67
2013	27.38	**60.21**	108.84
2012	30.03	**59.90**	101.88
2011	25.97	**52.12**	88.76
2010	26.63	**52.98**	91.54
2009	24.19	**49.89**	95.13
2008	27.21	**57.17**	89.59
2007	36.07	**65.84**	109.96

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**36.76**	**72.07**	**125.04**
2024	37.05	**78.93**	138.44
2023	34.31	**69.80**	105.31
2022	23.43	**39.04**	67.39
2021	39.20	**47.50**	75.63
2020	35.18	**46.05**	122.08
2019	32.56	**48.98**	107.50
2018	32.75	**56.58**	97.59
2017	29.63	**77.20**	117.70
2016	27.31	**49.13**	81.13
2015	28.58	**67.51**	77.89
2014	30.03	**41.24**	83.94
2013	30.81	**46.05**	89.01
2012	32.37	**50.01**	95.74
2011	38.61	**48.86**	76.67
2010	37.46	**54.97**	71.51
2009	35.74	**45.23**	68.71
2008	25.34	**39.40**	70.94
2007	32.58	**52.59**	80.36

Long-Term Debt as a Percentage of Total Capital Ratio

The Long-Term Debt as a Percentage of Total Capital Ratio (LTDC) is a traditional measure of the extent to which a provider has relied on debt versus net assets (retained earnings) and invested or donated capital. For CCRCs/LPCs, values in excess of 100% (caused by net deficits) are not uncommon because of the reliance on cash from entrance fees, which are treated on the balance sheet as a liability rather than equity or an increase to net assets.

Low net assets or net deficits are particularly common in newer CCRCs/LPCs. It is not uncommon to find new CCRCs/LPCs with substantial cash and investment reserves collected from entrance fees but with net deficits because they have not yet earned the deferred revenue from entrance fees. Thus, the value of this ratio is not significant when considered alone. The ability to repay long-term debt is better understood when considered in conjunction with the Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio (LTDC-A). Other ratios, such as the Unrestricted Cash and Investments to Long-Term Debt Ratio (CD) and Total Excess Margin Ratio (TEM), also help.

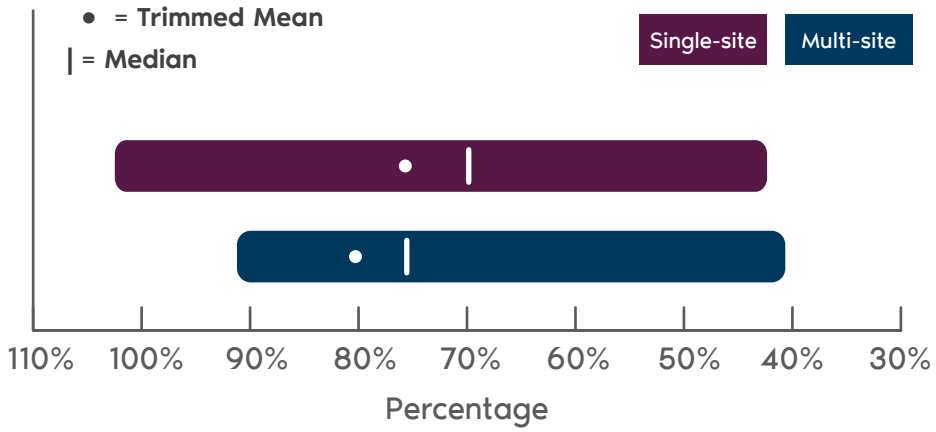
This ratio calculation indicates that much of the financial strength of accredited CCRCs/LPCs is due to the positive relationship between debt and net assets without donor restrictions for these providers. Newer organizations may not be able to reach these levels until a number of years have passed and they have had the opportunity to reduce debt levels, accumulate operational surpluses, and amortize deferred revenue from entrance fees. Organizations, such as those in the accredited group, that have managed their financial performance over many years to achieve these positive ratios can expect to receive favorable credit consideration.

This ratio is not computed by the rating agencies. Many view the LTDC as a stepping stone to the LTDC-A ratio, a financial ratio used by public capital markets, investors, and credit rating agencies.

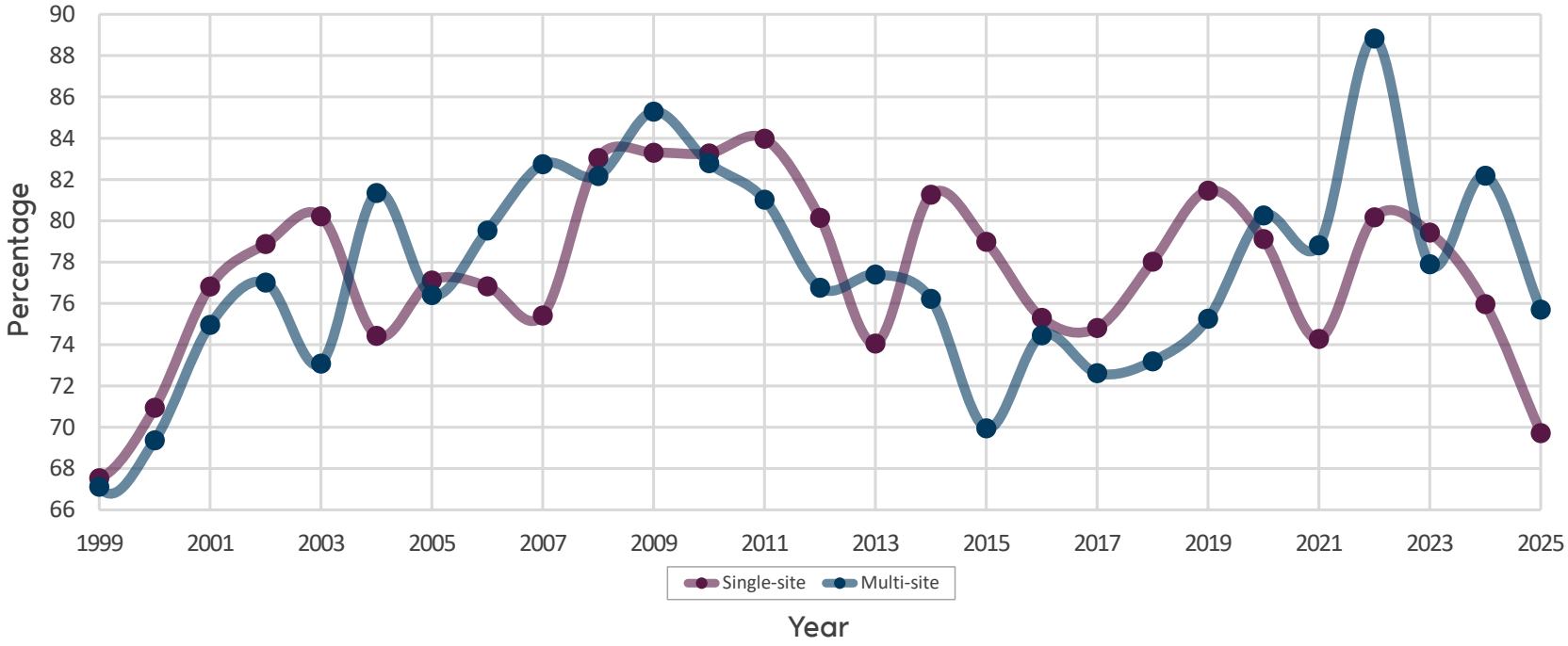
$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Long-Term Debt, less Current Portion} + \text{Net Assets without Donor Restrictions}}$$

Long-Term Debt as a Percentage of Total Capital Ratio *continued*

Interquartile Range



Trended Median



Long-Term Debt as a Percentage of Total Capital Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**102.47**	**69.72**	**42.40**
2024	133.73	**75.97**	42.35
2023	138.34	**79.43**	50.99
2022	131.71	**80.17**	51.75
2021	120.87	**74.28**	45.03
2020	109.86	**79.12**	48.75
2019	117.08	**81.47**	49.57
2018	107.59	**78.02**	47.12
2017	114.06	**74.81**	46.62
2016	119.37	**75.30**	34.78
2015	121.66	**78.99**	39.14
2014	125.52	**81.27**	45.72
2013	110.72	**74.06**	43.50
2012	118.56	**80.15**	52.15
2011	116.12	**83.98**	53.29
2010	113.06	**83.27**	55.63
2009	114.51	**83.30**	57.29
2008	113.63	**83.04**	60.68
2007	101.44	**75.42**	50.90

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**91.10**	**75.70**	**40.89**
2024	107.27	**82.19**	42.84
2023	108.44	**77.90**	50.39
2022	103.69	**88.83**	68.43
2021	103.19	**78.82**	61.60
2020	106.78	**80.26**	46.32
2019	94.44	**75.26**	45.27
2018	108.56	**73.20**	46.19
2017	106.83	**72.62**	44.71
2016	103.84	**74.46**	54.60
2015	100.65	**69.95**	49.53
2014	98.10	**76.22**	52.40
2013	102.91	**77.40**	59.05
2012	99.26	**76.76**	53.01
2011	96.54	**81.03**	56.90
2010	100.14	**82.79**	61.59
2009	108.76	**85.29**	72.41
2008	105.75	**82.17**	60.24
2007	94.19	**82.74**	60.97

Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio

This ratio is similar to the Long-Term Debt as a Percentage of Total Capital Ratio (LTDC), except that it adds deferred revenue from the nonrefundable portion of entrance fees to the denominator. Deferred revenue from the nonrefundable portion of entrance fees is added in recognition that this account balance represents cash paid to the community that is often used to redeem debt used for new unit construction or other capital improvements and/or retained as cash reserves. Thus, this cash is often viewed as "quasi-equity." A low value for this ratio indicates a stronger equity base.

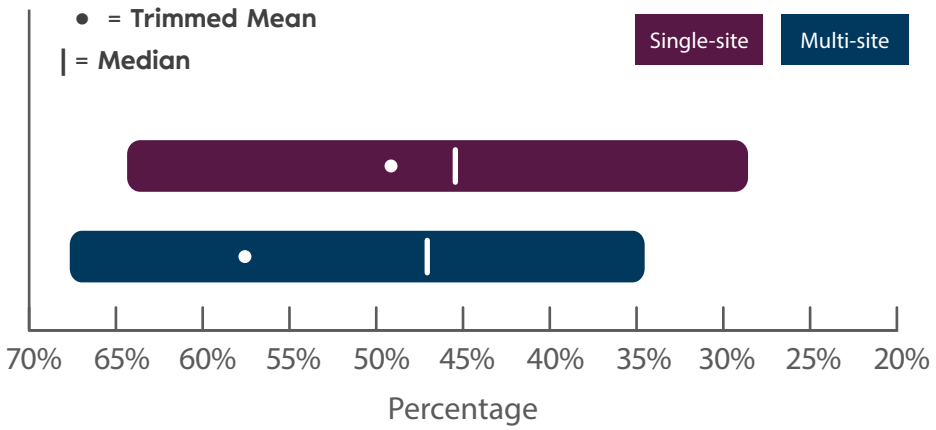
Also, as noted earlier, when CCRCs/LPCs within a multi-site provider are accredited, it is possible that financial statements of the multi-site provider may include significant non-entrance fee producing assets (e.g., affordable housing, home healthcare companies) or non-senior living entities. CCRC/LPC organizations that offer predominantly rental independent living contracts will lack this "quasi-equity."



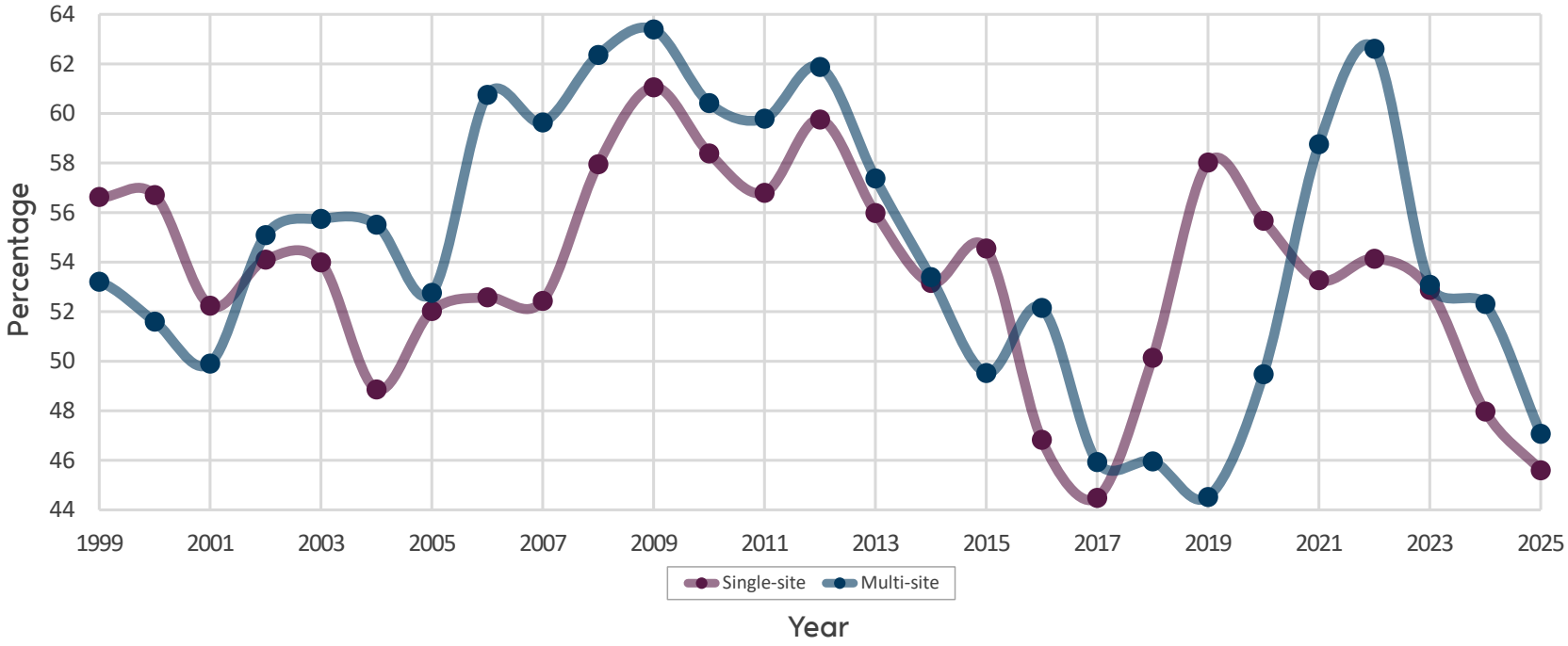
$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Long-Term Debt, less Current Portion} + \text{Net Assets without Donor Restrictions} + \text{Deferred Revenue from Entrance Fees (Nonrefundable Entrance Fees Only)}}$$

Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio *continued*

Interquartile Range



Trended Median



Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**64.49**	**45.60**	**28.51**
2024	75.24	**47.97**	29.43
2023	88.35	**52.88**	33.38
2022	94.10	**54.14**	34.31
2021	87.66	**53.27**	31.61
2020	90.78	**55.67**	33.59
2019	100.20	**58.02**	31.73
2018	84.44	**50.14**	29.67
2017	89.35	**44.49**	29.57
2016	83.82	**46.83**	23.88
2015	96.68	**54.55**	29.84
2014	89.59	**53.16**	31.06
2013	88.26	**55.98**	27.22
2012	82.71	**59.76**	35.90
2011	85.51	**56.80**	38.08
2010	89.87	**58.39**	37.81
2009	85.14	**61.06**	39.24
2008	81.74	**57.95**	40.31
2007	73.31	**52.44**	36.33

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**67.66**	**47.07**	**34.47**
2024	80.72	**52.31**	34.29
2023	74.67	**53.09**	39.13
2022	80.23	**62.61**	45.86
2021	76.86	**58.76**	45.19
2020	78.96	**49.48**	35.40
2019	70.84	**44.52**	38.25
2018	82.34	**45.96**	39.21
2017	83.41	**45.93**	37.08
2016	81.05	**52.15**	43.95
2015	71.50	**49.53**	38.43
2014	78.58	**53.40**	44.61
2013	74.00	**57.38**	37.61
2012	76.88	**61.88**	38.77
2011	71.24	**59.79**	49.23
2010	74.67	**60.42**	45.78
2009	73.98	**63.39**	53.87
2008	77.18	**62.36**	49.63
2007	73.43	**59.64**	51.65

Long-Term Debt to Total Assets Ratio

The Long-Term Debt to Total Assets Ratio (LTD-TA) relates an organization's indebtedness to total assets. This ratio has the attributes of a liquidity ratio, as its value is highly sensitive to the market values of investments. Notwithstanding, a provider with a higher percentage for this ratio is considered to have a weaker capital structure than a provider with a lower percentage.

Start-up organizations would be expected to have relatively high LTD-TA. Unless mature organizations have recently undergone significant expansions and/or renovations, they would be expected to have relatively lower LTD-TA.

Although not-for-profit organizations sometimes choose to use their cash to finance expansions and/or repositioning, typically organizations conclude that this type of strategy (reducing cash reserves) may ultimately result in a weaker financial position despite the higher leveraging that more debt produces.

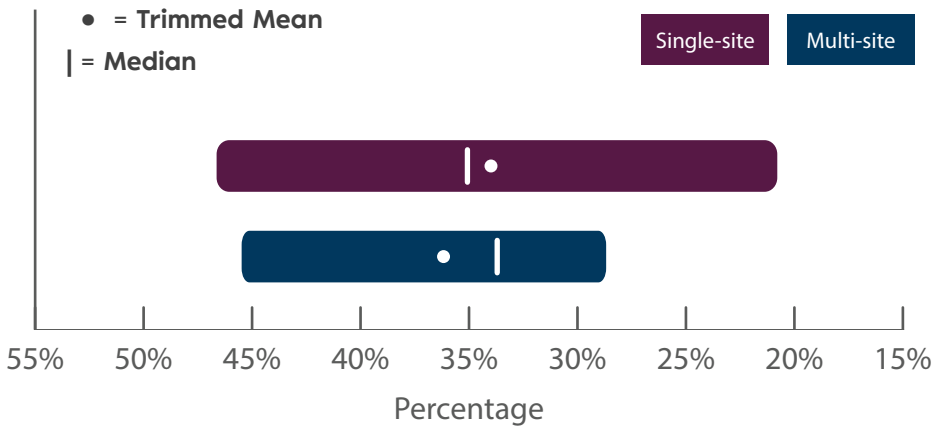
Organizations who can "afford" the annual debt service requirements of a greater leverage position sometimes opt for this as a means to help boost their total dollars of cash and investments.



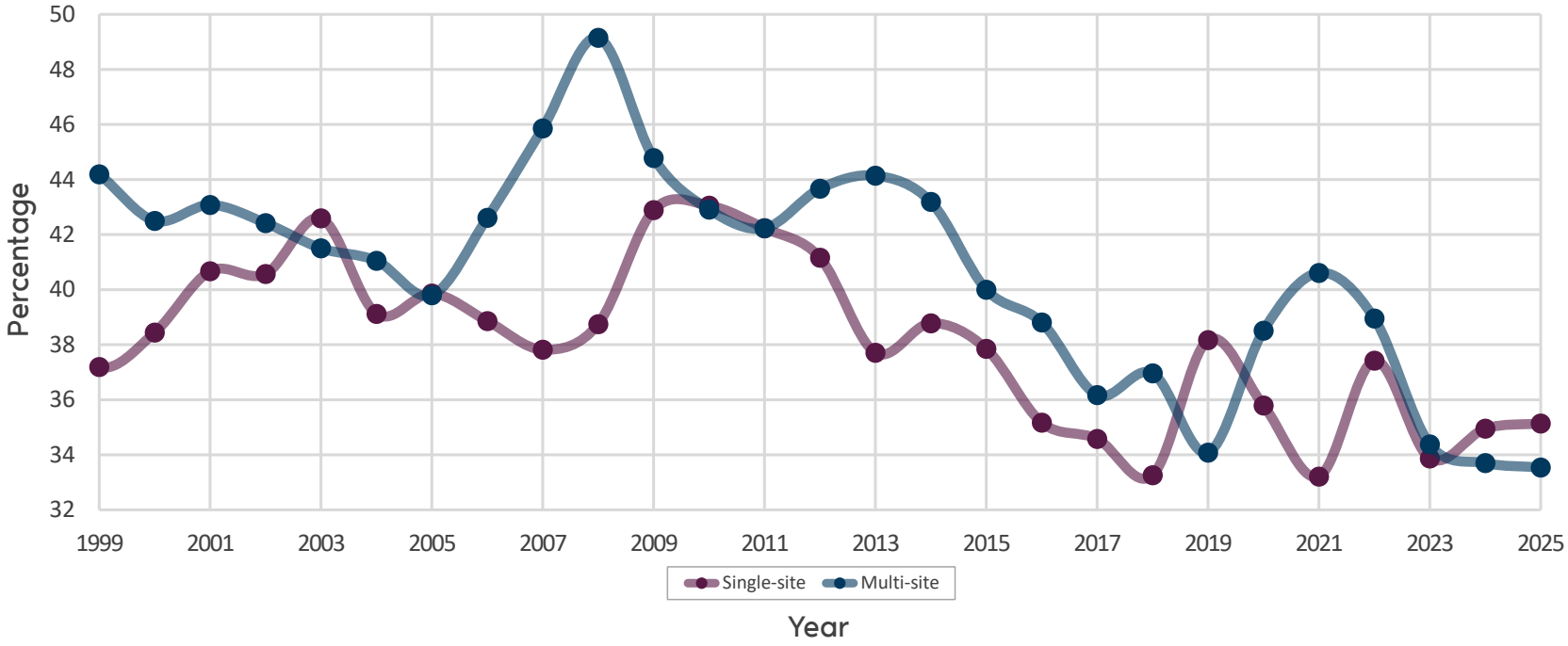
$$\frac{\text{Long-Term Debt, less Current Portion}}{\text{Total Assets}}$$

Long-Term Debt to Total Assets Ratio *continued*

Interquartile Range



Trended Median



Long-Term Debt to Total Assets Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**46.52**	**35.14**	**20.85**
2024	47.66	**34.95**	19.00
2023	47.09	**33.87**	21.90
2022	49.70	**37.42**	23.04
2021	49.00	**33.21**	21.88
2020	49.82	**35.79**	24.17
2019	49.37	**38.17**	24.33
2018	48.54	**33.26**	24.16
2017	49.53	**34.58**	24.07
2016	48.36	**35.17**	22.15
2015	49.55	**37.85**	24.75
2014	49.47	**38.78**	25.67
2013	50.80	**37.71**	23.90
2012	50.12	**41.16**	27.22
2011	52.29	**42.23**	28.67
2010	53.16	**43.05**	30.17
2009	54.21	**42.89**	28.75
2008	52.66	**38.75**	29.59
2007	52.20	**37.82**	26.13

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**45.52**	**33.54**	**28.59**
2024	52.09	**33.70**	21.93
2023	54.28	**34.38**	23.31
2022	48.60	**38.95**	34.52
2021	47.49	**40.61**	34.05
2020	44.40	**38.51**	24.28
2019	48.13	**34.08**	24.76
2018	48.38	**36.96**	26.41
2017	47.16	**36.17**	24.51
2016	52.69	**38.81**	33.03
2015	54.77	**40.00**	28.34
2014	52.36	**43.19**	29.88
2013	49.46	**44.14**	27.79
2012	51.21	**43.67**	25.89
2011	48.17	**42.23**	28.92
2010	49.03	**42.91**	30.73
2009	51.35	**44.78**	35.17
2008	55.61	**49.15**	34.50
2007	53.92	**45.86**	37.03

Average Age of Community Ratio

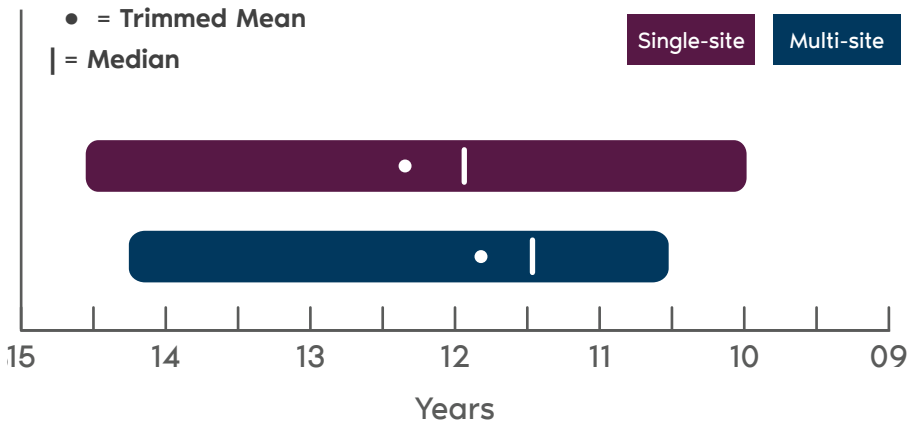
As facilities age, the ongoing marketability of the community typically depends on maintaining the physical plant. In addition to routine maintenance and upkeep, most organizations must show evidence of a commitment to renewal through renovation and/or replacement of their buildings and grounds. This commitment is measured through a calculation called Average Age of Community Ratio (AGE). This ratio estimates the number of years of depreciation that have already been realized for a facility by dividing accumulated depreciation by annual depreciation expense. A steadily increasing value for the AGE ratio is an indication that resources are not being used to significantly renovate a community. It also may be an indication that significant expenditures soon may be required to keep the community viable. An important caveat of the calculation is that significant expansion can drop a community's age without renovating existing, aging areas of the community. Providers that do complete a significant renovation or modernization effort will see a reduction in this ratio for their campuses. Many providers combine depreciation and amortization when reporting these expenses on the statement of activities. The AGE ratio should be calculated using depreciation expense only. Organizations are urged to separate depreciation and amortization expenses line items on the statement of operations.

Further, it is important for CCRCs/LPCs to ensure that their property and equipment detail includes only assets that are still "in service." If a CCRC/LPC has a significant balance of fully depreciated assets that are no longer "in service" included in the property and equipment detail, the accumulated depreciation amount used to compute the AGE ratio will not be accurate and will result in a higher AGE ratio. For this reason, CCRCs/LPCs should implement policies to ensure the ongoing accuracy of their property and equipment.

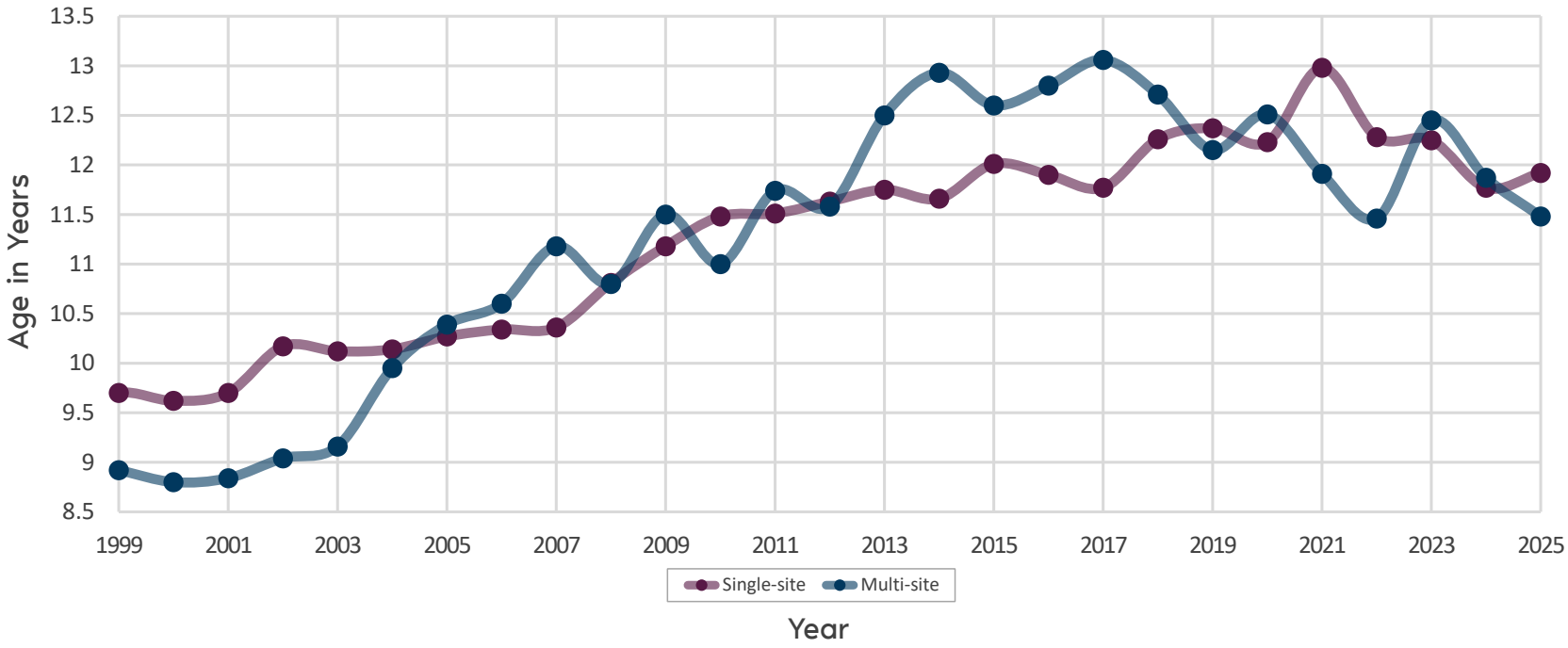
$$\frac{\text{Accumulated Depreciation}}{\text{Annual Depreciation Expense}}$$

Average Age of Community Ratio *continued*

Interquartile Range



Trended Median



Average Age of Community Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**14.55**	**11.92**	**9.98**
2024	14.78	**11.77**	9.69
2023	15.49	**12.25**	10.25
2022	15.38	**12.28**	9.54
2021	15.84	**12.98**	10.11
2020	14.96	**12.23**	10.16
2019	14.25	**12.37**	10.09
2018	14.14	**12.26**	10.44
2017	13.62	**11.77**	10.31
2016	14.25	**11.90**	9.67
2015	14.82	**12.01**	9.77
2014	14.49	**11.66**	9.47
2013	14.29	**11.75**	9.45
2012	14.11	**11.63**	9.17
2011	13.70	**11.51**	9.10
2010	13.47	**11.48**	8.61
2009	13.04	**11.18**	8.24
2008	12.64	**10.81**	7.99
2007	12.36	**10.36**	8.07

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**14.26**	**11.48**	**10.53**
2024	13.57	**11.87**	10.34
2023	14.14	**12.45**	10.87
2022	13.39	**11.46**	10.38
2021	13.64	**11.91**	10.50
2020	14.49	**12.51**	10.39
2019	14.81	**12.15**	9.73
2018	15.99	**12.71**	10.68
2017	15.22	**13.06**	11.43
2016	15.32	**12.80**	11.18
2015	15.29	**12.60**	11.52
2014	14.31	**12.93**	11.21
2013	15.16	**12.50**	10.35
2012	14.64	**11.58**	9.96
2011	13.14	**11.74**	9.99
2010	12.43	**11.00**	9.36
2009	12.37	**11.50**	9.64
2008	12.47	**10.80**	8.97
2007	12.78	**11.18**	8.95

Capital Expenditures as a Percentage of Depreciation Ratio

The Capital Expenditures as a Percentage of Depreciation Ratio (CED) was added to the publication in 2010. This ratio is computed by dividing annual property, plant, and equipment purchases by annual depreciation expense. When studied in tandem with the Average Age of Community Ratio (AGE), this ratio offers senior living providers a tool for understanding the sufficiency of their annual reinvestment in their physical plant.

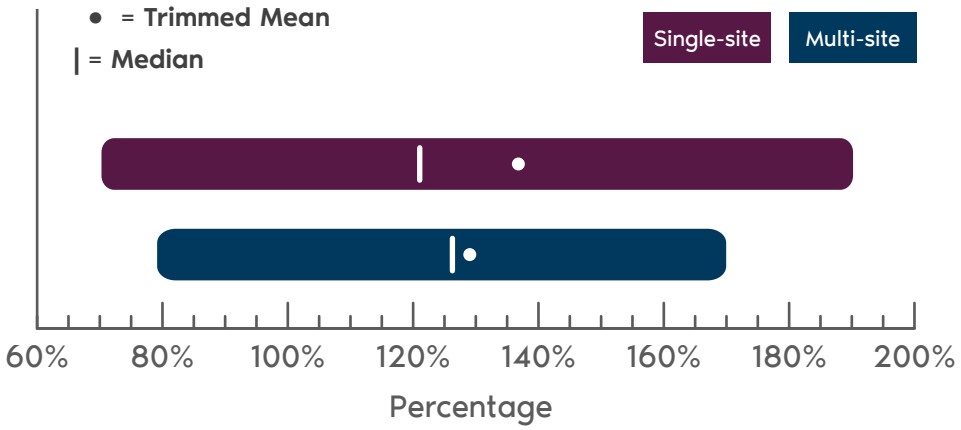
It is particularly important to study the CED ratio over time, as it is not uncommon to see cycles over periods of time, say 7 to 10 years. A particularly high value in one year may compensate for having postponed necessary expenditures from previous years. Alternatively, a high value may signal a major one-time purchase, such as the acquisition of new technology or renovations, so trending the value of this ratio will be subject to these variations. Individual providers may find it a valuable tool for monitoring the commitment of capital to renewal and replacement.



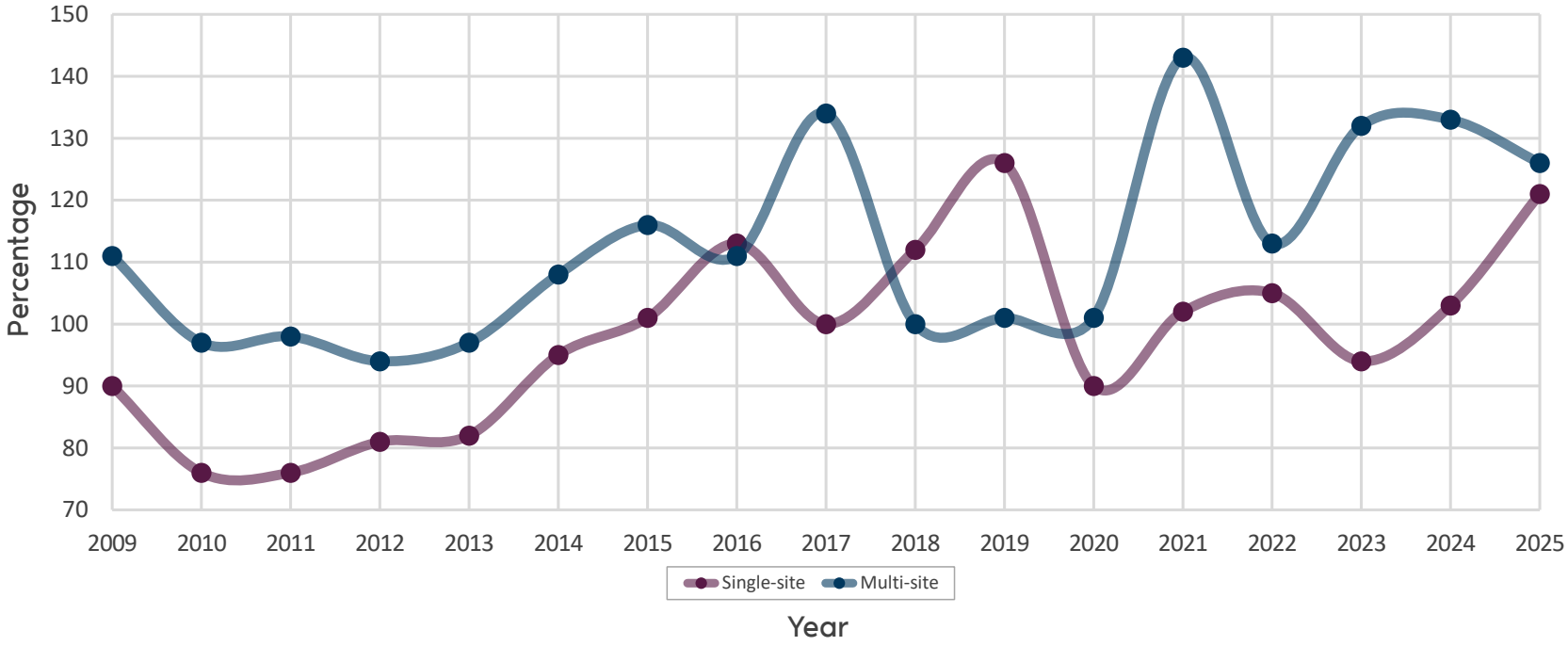
$$\frac{\text{Purchases of Property, Plant, and Equipment}}{\text{Depreciation Expense}}$$

Capital Expenditures as a Percentage of Depreciation Ratio *continued*

Interquartile Range



Trended Median



Capital Expenditures as a Percentage of Depreciation Ratio *continued*

Single-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**70**	**121**	**190**
2024	71	**103**	184
2023	69	**94**	204
2022	70	**105**	199
2021	58	**102**	197
2020	53	**90**	191
2019	72	**126**	252
2018	65	**112**	250
2017	56	**100**	217
2016	60	**113**	193
2015	56	**101**	196
2014	55	**95**	171
2013	50	**82**	153
2012	48	**81**	134
2011	50	**76**	136
2010	43	**76**	126
2009	47	**90**	180

Multi-site Providers Quartiles			
Year	25th%	50th%	75th%
2025	**79**	**126**	**170**
2024	95	**133**	154
2023	78	**132**	171
2022	72	**113**	201
2021	63	**143**	211
2020	47	**101**	193
2019	74	**101**	164
2018	73	**100**	202
2017	71	**134**	193
2016	76	**111**	219
2015	86	**116**	187
2014	83	**108**	175
2013	61	**97**	164
2012	67	**94**	127
2011	65	**98**	147
2010	51	**97**	144
2009	66	**111**	200



Section 5
Contract Type Ratios

Overview

Many CARF-accredited CCRCs/LPCs offer more than one contract type. For purposes of producing this report, organizations have been assigned to a contract type based on the predominant contract type signed by residents of their community. In this case, predominant is defined as a contract with the largest sum/total number of contracts for all levels of care in an organization.

A number of communities offer rental, per diem, or equity contracts, but these contracts were the predominant contract type for only five communities. As a result, ratios for rental or equity contract types are not included in the listing. Ratios from organizations with no predominant contract type have been excluded from this analysis.

Organizations provide information about residents by contract type as part of their accreditation process and on an ongoing basis through their annual financial reporting.

Types of contracts offered to residents at CCRCs/LPCs may affect certain ratios. Generally, accredited CCRCs/LPCs offer one or more of the following contract types:

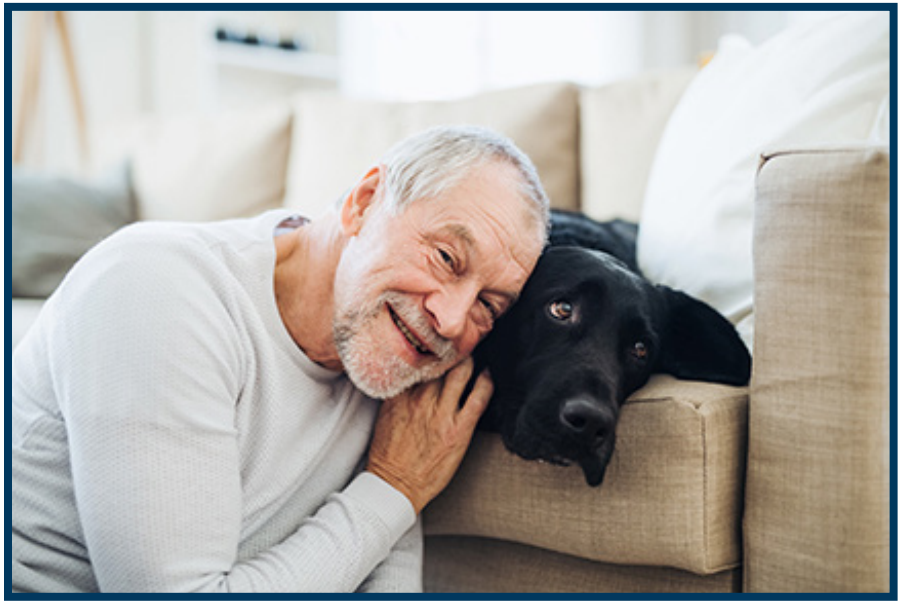
- **Type A (Lifecare) Agreement:** An entrance fee contract that includes housing, residential services, amenities, and unlimited specific health-related services with little or no substantial increase in monthly payments, except to cover normal operating costs and inflation adjustments.
- **Type B (Lifecare Modified) Agreement:** An entrance fee contract that includes housing, residential services, amenities, and a specified amount of healthcare. After the specified amount of healthcare is used, individuals pay either a discounted rate or the full daily rates for required healthcare services.
- **Type C (Fee-for-Service) Agreement:** An entrance fee contract that includes housing, residential services, and amenities for fees stated in the resident agreement. Access to healthcare services is given priority, but it may be required at full fee-for-service rates.
- **Type D (Rental) Agreement:** Allows residents the opportunity to rent their housing and provides, but does not guarantee, access to healthcare services paid on a fee-for-service basis.
- **Equity Agreement:** These types of agreements involve the actual purchase of real estate or membership, including condominiums and cooperatives.

In addition, many CCRCs/LPCs are able to admit residents from outside their communities directly into their assisted living or nursing facility.

- **Assisted Living Agreement:** An individual enters into an assisted living agreement and pays the per diem (an agreed-upon daily rate) or market rate for assisted living services.
- **Nursing Agreement:** An individual enters into a nursing agreement and pays the per diem (an agreed-upon daily rate) or market rate for skilled nursing services.

The ratios that follow are for entrance fee (Type A, B, or C) contracts only. For the 2026 publication year, 43% of communities indicated that Type A contracts were their predominant contract type while 26% indicated Type B and 27% identified Type C as the predominant contract type.

NOTE: Because the sample size of the multi-site organizations is small, only median values are provided. Readers are cautioned in the use of the data.



2025 Median Ratios Comparison By Contract Type

Rating agency computation of ratios may differ as well as its definition of single- and multi-site provider.

	Type A			Type B			Type C		
	Fitch	Single*	Multi*	Fitch	Single*	Multi*	Fitch	Single*	Multi*
Sample Size**	**58**	**35**	**7**	**52**	**16**	**9**	**49**	**14**	**12**
Margin (Profitability) Ratios									
Net Operating Margin Ratio (%)	5.5	5.84	1.86	8.1	7.63	5.73	8.4	8.35	9.52
Net Operating Margin–Adjusted Ratio (%)	26.6	24.76	19.49	21.3	24.42	20.50	19.9	18.85	19.09
Operating Ratio (%)	98.1	96.01	102.82	93.4	96.00	93.68	94.0	92.77	92.77
Operating Margin Ratio (%)	N/C	1.54	1.91	N/C	4.56	3.03	N/C	-1.22	3.91
Total Excess Margin Ratio (%)	3.6	5.07	2.72	3.5	9.46	5.21	1.2	0.71	7.79
Liquidity Ratios									
Days in Accounts Receivable Ratio	N/C	14	15	N/C	14	14	N/C	17	17
Days Cash on Hand Ratio	494.8	634	311	465.4	680	399	412.5	407	347
Cushion Ratio (x)	11.4	13.24	4.82	10.3	14.33	8.08	8.5	9.84	7.81
Capital Structure Ratios									
Debt Service Coverage Ratio (x)	3.1	3.47	2.38	2.8	3.61	3.03	2.5	2.84	3.13
Debt Service Coverage–Revenue Basis Ratio (x)	1.1	1.42	0.33	1.3	1.32	1.58	1.4	1.49	1.50
Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio (%)	10.8	8.99	9.58	10.8	9.39	8.90	9.4	8.65	8.21
Unrestricted Cash and Investments to Long-Term Debt Ratio (%)	76.3	93.87	46.08	65.1	86.15	53.38	66.2	79.47	84.04
Long-Term Debt as a Percentage of Total Capital Ratio (%)	N/C	78.76	83.13	N/C	62.01	72.19	N/C	68.00	70.41
Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio (%)	49.6	43.16	42.98	59.4	47.05	56.82	62.9	52.04	45.03
Long-Term Debt to Total Assets Ratio (%)	N/C	30.54	36.15	N/C	35.14	40.46	N/C	31.52	28.77
Average Age of Community Ratio (Years)	11.6	11.21	10.88	12.2	12.25	12.21	12.7	12.67	12.23
Capital Expenditures as a Percentage of Depreciation Ratio (%)	120.0	109	161	108.8	118	136	110.8	120	81

* Providers identified themselves by contract type by indicating which contract represented the predominant type of contract in effect in their community.

** Please refer to page 15 for a discussion of providers included in this report.

Fitch = Fitch rated single/multi, Single = Single-site data only, Multi = Multi-site data only, N/C = Not Computed

2025 Financial Ratios by Contract Type–Single-site Providers*

	Type A			Type B			Type C		
	25%	50%	75%	25%	50%	75%	25%	50%	75%
Sample Size**		35			16			14	
Margin (Profitability) Ratios									
Net Operating Margin Ratio (%)	-1.33	5.84	10.74	-1.06	7.63	13.16	4.91	8.35	11.31
Net Operating Margin–Adjusted Ratio (%)	19.14	24.76	32.26	19.00	24.42	29.55	16.19	18.85	25.96
Operating Ratio (%)	100.17	96.01	91.30	102.38	96.00	85.81	97.36	92.77	91.88
Operating Margin Ratio (%)	-4.60	1.54	7.70	0.68	4.56	8.88	-5.19	-1.22	5.31
Total Excess Margin Ratio (%)	-1.56	5.07	12.04	3.38	9.46	11.09	-1.78	0.71	8.30
Liquidity Ratios									
Days in Accounts Receivable Ratio	27	14	8	20	14	9	20	17	7
Days Cash on Hand Ratio	400	634	831	367	680	838	287	407	494
Cushion Ratio (x)	5.95	13.24	25.19	7.87	14.33	21.74	5.82	9.84	22.17
Capital Structure Ratios									
Debt Service Coverage Ratio (x)	2.49	3.47	5.74	2.05	3.61	4.71	1.94	2.84	4.47
Debt Service Coverage–Revenue Basis Ratio (x)	0.76	1.42	2.18	0.58	1.32	2.33	1.17	1.49	1.88
Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio (%)	12.27	8.99	7.21	15.16	9.39	7.53	11.91	8.65	6.21
Unrestricted Cash and Investments to Long-Term Debt Ratio (%)	42.06	93.87	203.79	37.50	86.15	137.45	39.62	79.47	279.42
Long-Term Debt as a Percentage of Total Capital Ratio (%)	108.23	78.76	40.98	81.23	62.01	46.69	219.89	68.00	32.22
Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio (%)	61.08	43.16	26.85	67.33	47.05	36.71	95.30	52.04	18.79
Long-Term Debt to Total Assets Ratio (%)	46.37	30.54	18.20	42.60	35.14	25.80	45.69	31.52	18.04
Average Age of Community Ratio (Years)	14.41	11.21	9.92	14.54	12.25	10.55	16.83	12.67	11.26
Capital Expenditures as a Percentage of Depreciation Ratio (%)	66	109	171	84	118	179	65	120	155

* Providers identified themselves by contract type by indicating which contract represented the predominant type of contract in effect in their community.
** Please refer to page 15 for a discussion of providers included in this report.

Rating Agency Median Ratios Comparison

Rating agency computation of ratios may differ as well as its definition of single- and multi-site provider.

	Fitch Single/Multi				Single**	Multi**
	IG	A	BBB	BIG	Median*	Median*
Sample Size	**119**	**32**	**86**	**48**	**70**	**28**
Margin (Profitability) Ratios						
Net Operating Margin Ratio (%)	7.6	7.0	8.4	6.0	6.67	5.78
Net Operating Margin–Adjusted Ratio (%)	23.9	25.9	23.2	19.4	22.79	19.99
Operating Ratio (%)	93.5	92.8	93.5	100.7	95.40	94.75
Operating Margin Ratio (%)	N/C	N/C	N/C	N/C	1.85	2.36
Total Excess Margin Ratio (%)	4.7	3.2	5.0	-1.5	5.01	4.57
Liquidity Ratios						
Days in Accounts Receivable Ratio	N/C	N/C	N/C	N/C	15	15
Days Cash on Hand Ratio	483.1	813.3	444.8	310.3	496	347
Cushion Ratio (x)	12.8	21.2	10.6	5.5	11.90	7.13
Capital Structure Ratios						
Debt Service Coverage Ratio (x)	3.2	4.5	3.0	2.1	3.25	2.79
Debt Service Coverage–Revenue Basis Ratio (x)	1.5	1.7	1.4	1.0	1.48	1.33
Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio (%)	9.2	7.9	10.3	12.5	8.72	8.71
Unrestricted Cash and Investments to Long-Term Debt Ratio (%)	83.4	153.2	72.6	35.2	77.65	72.07
Long-Term Debt as a Percentage of Total Capital Ratio (%)	N/C	N/C	N/C	N/C	69.72	75.70
Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio (%)	48.1	35.5	54.2	77.1	45.60	47.07
Long-Term Debt to Total Assets Ratio (%)	N/C	N/C	N/C	N/C	35.14	33.54
Average Age of Community Ratio (Years)	12.3	12.2	12.3	12.3	11.92	11.48
Capital Expenditures as a Percentage of Depreciation Ratio (%)	113.5	111.6	110.8	83.6	121	126

*50th Percentile

**In 2026, a select number of formerly accredited Multi-Site Life Plan Communities were invited to participate by submitting data for Ratio Trends. This helps to maintain the sample size for MS and also added 10 single-sites to the data for FYE 2025. Due to the small MS sample size, readers are cautioned in use of the data.

IG = Investment Grade; A and BBB are subcomponents of the Investment Grade category

BIG = Below Investment Grade, N/C = Not Computed

APPENDIX A

CARF Discussion of Unrestricted Cash & Investments

Over this publication's history, CARF has computed financial ratios by reviewing information available in an accredited organization's audited financial statements, reviewing methodologies employed by the capital markets, and receiving input from the Financial Advisory Panel regarding the composition of "unrestricted cash and investments." This information has been used to arrive at the CARF methodology for determining unrestricted cash and investments.

The debt capital market is made up of many constituents: borrowers, buyers of bonds (institutional buyers as well as retail buyers), investment banking firms, financial advisors, rating agencies, auditors, and others. For financial ratio computations, it is generally agreed by these constituents that funds available to pay current operating expenses are usually considered unrestricted cash and investments. Unrestricted cash and investments generally include all unrestricted operating cash and cash equivalents, unrestricted investments, and board-designated funds (even if the funds are restricted by the board for specific purposes, including capital expenditures). Unrestricted cash and investments generally exclude trustee-held funds (held by trustees in connection with long-term debt), assets restricted by donors, prospective resident deposits, and collateral for bank loans.

The current versus noncurrent classification of cash and investments on an entity's balance sheet does not affect the financial ratio computations as current and noncurrent amounts are combined.

It can be challenging to distinguish the various types of funds (unrestricted versus restricted) for financial ratio computations when analyzing an entity's balance sheet. Although the authoritative accounting guidance requires an entity to segregate cash or other assets received with a donor-imposed restriction that limits their use to long-term purposes (e.g., capital expenditures) from cash or other assets that are unrestricted and available for current use, this information may not be evident on the face of an entity's balance sheet, but should generally be available in the notes to the audited financial statements. Authoritative accounting guidance for not-for-profit health-care organizations also requires that the balance sheet account for two types of net assets (or equity): 1.) without donor restrictions; and, 2.) with donor restrictions. This net asset classification can also provide useful information related to the donor-restricted assets held by an entity to assist a financial analyst in arriving at an entity's unrestricted cash and investments for financial ratio computations.

Some funds that may be "unrestricted" for purposes of an entity's net asset classification may be subject to certain withdrawal restrictions by regulatory bodies, banks, and others. For example, various states have imposed operating reserve requirements whereby CCRCs/LPCs are required to set funds aside in a separately maintained account and access to the funds will only be granted with state approval. In this case, the funds would be considered restricted for financial ratio computations. Another example would be a bank financing arrangement whereby the bank requires the CCRC/LPC to maintain collateral for the loan by establishing a cash or investment account with the bank. In this case, the funds would also be considered restricted for financial ratio computations.

Some questions that help to distinguish between unrestricted and restricted assets include:

- Is the board imposing the restriction on certain cash and investments? If so, the board can remove the restriction. Therefore, for ratio calculation purposes, board-restricted or board-designated funds are considered "unrestricted."
- Is the restriction on certain cash and investments imposed by donors? For ratio purposes, these funds are considered "restricted."
- Is the restriction on certain cash and investments imposed by bond or loan documents that would require outside action by a bond trustee only after getting bondholder approval or by a bank's loan committee? For ratio purposes, these funds are considered "restricted."
- Do regulatory bodies require approval from state authorities before funds can be utilized by the community? If so, for ratio purposes, these funds are considered "restricted."

In summary, because audited financial statements are not prepared consistently for all CARF-accredited communities, professional judgment is sometimes utilized when determining unrestricted cash and investments for purposes of financial ratio computations. Users of financial statements who perform ratio analysis generally will make conservative categorization decisions regardless of management's intent in the financial statement presentation. It would benefit every CCRC/LPC to be as clear as possible in their financial statement presentations as to the unrestricted versus restricted status of cash and investments.



CARF Definition of Unrestricted Cash & Investments

Include*	***Exclude****
• Operating cash and cash equivalents • Investments without donor restrictions • Board-restricted or designated assets • State operating reserves (if not required to be maintained in a separate escrow account) • The financial statements of foundations set up solely for the benefit of the operating entity generally should be consolidated with the operating entity. Accordingly, unrestricted cash and investments of these foundations would be included	• Trustee-held funds (e.g., debt service reserve funds, or debt service reserves) • Funds held for residents • Prospective resident deposits • Collateral for bank loans (if required to be held by and maintained at the bank whereby the organization has no access to the funds for operating purposes, similar to a debt service reserve fund) • State operating reserves (if required to be held in separate escrow account) • Cash and investments restricted by donors • Any assets to the extent that there is not enough information to determine if any portions should be included
Rule of thumb: any funds that may be legally disbursed without outside cooperation to pay operating expenses (The board is not considered an outside entity.)	Rule of thumb: any funds requiring a long or difficult process to access

* Proper determination of these items typically requires examination of the notes to the financial statements and, at times, the documentation supporting the notes to the financial statements.

APPENDIX B

Benchmarking Against the CARF Ratios

For organizations to measure their financial strength against CARF-accredited CCRCs/LPCs, it is imperative that the same methodology be used to calculate the financial ratios. This appendix will explore in greater depth the methodology used by CARF to calculate the financial ratios. As a companion tool to this publication, CARF produces an Excel spreadsheet, *Ratio Pro*, which is designed to calculate financial ratios according to the CARF methodology. *Ratio Pro* completion is required on an annual basis. Nonaccredited organizations can purchase *Ratio Pro* from the CARF online store at **www.carf.org/catalog**.

The **Ratio Definitions Matrix** (with the accompanying **Ratio Definitions Legend**) lists each CARF financial ratio on the horizontal axis, while the vertical axis lists the common audited financial statement accounts for accredited organizations (CARF Financial Ratios Chart of Accounts). In developing the CARF financial ratios, data is collected from each accredited organization's audited financial statements. Because accounts tracked on financial statements are not standardized within the industry, the account titles listed in the matrix are the more common names for these accounts.

Organizations need to map their audited financial statement accounts according to the formulas in the **Ratio Definitions Matrix** in order to successfully measure against the CARF benchmarks. To assist, the right hand column lists common issues encountered in calculating financial ratios according to CARF methodology.

COVID-19 Relief Income (i.e., FEMA, ERC, PRF and PPP) is excluded from the ratios. Additionally, debt incurred from PPP loans are excluded from these ratios. However, the cash received from these programs is included in ratios where cash balances are incorporated, for example, DCH.

Common Issues:

- Unrealized investment/derivative gains or losses are not directly included in any of the ratios. However, the mark-to-market adjustments are reflected in investments and are therefore included in ratios where cash balances are incorporated, for example, Days Cash on Hand Ratio (DCH).
- Donor-restricted income and expenses are not included in any of the ratios. Restricted income is included only when the net assets are released and reflected on the statement of operations as net assets released for operations or property, plant, and equipment.
- Other than temporary declines in investments are considered unrealized losses and are not included in any of the ratios.
- Contributions without donor restrictions are only included in the Total Excess Margin Ratio (TEM). They are not included in the other margin/profitability ratios.
- Amortization of debt issuance costs and original issue discounts or premiums are excluded from interest expense.
- The Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio (LTDC-A) does not include deferred resident entrance fees that are contractually guaranteed to be refundable. CARF employs a more conservative approach in developing this benchmark by excluding contractually refundable fees.

For information regarding trustee-held cash and investments in unrestricted cash and investments, see Appendix A.

Ratio Definitions Legend

N	Designates codes included in the numerator of the ratio calculation
D	Designates codes included in the denominator of the ratio calculation
-	Before an "N" or "D" indicates the value should be multiplied by -1
N/D	Designates codes included in both the numerator and the denominator of the ratio calculation
NOM	Net Operating Margin Ratio
NOM-A	Net Operating Margin–Adjusted Ratio
OR	Operating Ratio
OM	Operating Margin Ratio
TEM	Total Excess Margin Ratio
DAR	Days in Accounts Receivable Ratio
DCH	Days Cash on Hand Ratio
CUSH	Cushion Ratio
DSC	Debt Service Coverage Ratio
DSC-R	Debt Service Coverage–Revenue Basis Ratio
DS-TR	Debt Service as a Percentage of Total Operating Revenues and Net Nonoperating Gains and Losses Ratio
CD	Unrestricted Cash and Investments to Long-Term Debt Ratio
LTDC	Long-Term Debt as a Percentage of Total Capital Ratio
LTDC-A	Long-Term Debt as a Percentage of Total Capital–Adjusted Ratio
LTD-TA	Long-Term Debt to Total Assets Ratio
AGE	Average Age of Community Ratio
CED	Capital Expenditures as a Percentage of Depreciation Ratio

Days in Accounts Receivable Ratio

Sum of codes designated by "N"

DIVIDED BY

(Sum of codes designated by "D" divided by 365)

Days Cash on Hand Ratio

Sum of codes designated by "N"

DIVIDED BY

(Sum of codes designated by "D" divided by 365)

Ratio Definitions Matrix

	CARF	Margin (Profitability) Ratios					Liquidity Ratios			Capital Structure Ratios								
	Financial Ratios Chart of Accounts	NOM	NOM-A	OR	OM	TEM	DAR	DCH	CUSH	DSC	DSC-R	DS-TR	CD	LTDC	LTDC-A	LTD-TA	AGE	CED
Current Assets	**STATEMENT OF FINANCIAL POSITION/BALANCE SHEET**																	
	Current Cash and Investments – Unrestricted							N	N				N			D		
	Current Cash and Investments – Restricted															D		
	Patient/Resident Accounts Receivable						N									D		
	Other Accounts Receivable															D		
	Resident Deposits															D		
	Other Current Assets															D		
Noncurrent Assets	Noncurrent Cash and Investments – Unrestricted							N	N				N			D		
	Noncurrent Cash and Investments – Restricted															D		
	Property Plant and Equipment, Net															D		
	Accumulated Depreciation																N	
	Other Noncurrent Assets															D		
	Derivatives/Interest Rate Swap Asset															D		
Current Liabilities	Accounts Payable and Accrued Expenses																	
	Current Portion of Long-Term Debt																	
	Resident/Nonresident Deposits – Current																	
	Other Current Liabilities																	
Noncurrent Liabilities	Resident/Nonresident Deposits – Noncurrent																	
	Long-Term Debt, Less Current Portion/Capital Leases												D	N/D	N/D	N		
	Deferred Revenues – Refundable																	
	Deferred Revenues – Nonrefundable														D			
	Other Noncurrent Liabilities (COVID-19 funding)																	
	Derivative/Interest Rate Swap Liabilities																	
	Gift Annuities																	
Net Assets	Net Assets w/o Donor Restrictions/Stockholder's Equity													D	D			
	Net Assets with Donor Restrictions																	
Operating Revenues	**STATEMENT OF OPERATIONS/INCOME STATEMENT**																	
	Residential Revenue	N/D	N/D	D	N/D	N/D	D			N	N	D						
	Entrance Fee Amortization				N/D	N/D						D						
	Nursing Revenue	N/D	N/D	D	N/D	N/D	D			N	N	D						
	Assisted Living Revenue	N/D	N/D	D	N/D	N/D	D			N	N	D						
	Adult Day/Home Health Revenue	N/D	N/D	D	N/D	N/D	D			N	N	D						
	Management Fees	N/D	N/D	D	N/D	N/D				N	N	D						
	Investment Interest/Dividends			D	N/D	N/D				N	N	D						
	Other Operating Revenue	N/D	N/D	D	N/D	N/D				N	N	D						
	Net Assets Released from Restrictions for Operation			D	N/D	N/D				N	N	D						

* Other analysts view on a case-by-case basis, particularly if the transaction includes a non-cash item.
** Excludes initial entry fees

Ratio Definitions Matrix *continued*

	CARF	Margin (Profitability) Ratios					Liquidity Ratios			Capital Structure Ratios								
	Financial Ratios Chart of Accounts	NOM	NOM-A	OR	OM	TEM	DAR	DCH	CUSH	DSC	DSC-R	DS-TR	CD	LTDC	LTDC-A	LTD-TA	AGE	CED
Cost Center Operating Expenses	Nursing/Health Care	-N	-N	N	-N	-N		D		-N	-N							
	Dietary/Food Service	-N	-N	N	-N	-N		D		-N	-N							
	Social and Community Services	-N	-N	N	-N	-N		D		-N	-N							
	Recreation, Activities, and Transportation	-N	-N	N	-N	-N		D		-N	-N							
	Assisted Living and Personal Services	-N	-N	N	-N	-N		D		-N	-N							
	Housekeeping	-N	-N	N	-N	-N		D		-N	-N							
	Building and Maintenance	-N	-N	N	-N	-N		D		-N	-N							
	Administration/General	-N	-N	N	-N	-N		D		-N	-N							
	Marketing	-N	-N	N	-N	-N		D		-N	-N							
	Adult Day Care/Home Health	-N	-N	N	-N	-N		D		-N	-N							
	Other Operating Departments	-N	-N	N	-N	-N		D		-N	-N							
	Housing/Independent Living	-N	-N	N	-N	-N		D		-N	-N							
Cost Type Operating Expenses	Salaries and Benefits	-N	-N	N	-N	-N		D		-N	-N							
	Supplies	-N	-N	N	-N	-N		D		-N	-N							
	Contract Services	-N	-N	N	-N	-N		D		-N	-N							
	Building and Maintenance	-N	-N	N	-N	-N		D		-N	-N							
	Ancillary Health Services	-N	-N	N	-N	-N		D		-N	-N							
	Insurance	-N	-N	N	-N	-N		D		-N	-N							
	Other Operating Expenses	-N	-N	N	-N	-N		D		-N	-N							
Other Operating Expenses	Management Fees Expense	-N	-N	N	-N	-N		D		-N	-N							
	Interest Expense			N	-N	-N		D	D	D	D	N						
	Depreciation				-N	-N											D	D
	Amortization				-N	-N												
	Provision for Bad Debts	-N	-N	N	-N	-N				-N	-N							
Nonoperating Revenues/Expenses	Contribution/Donation Revenue					N/D				N	N	D						
	Gain (Loss) on Sale of Investments/Derivatives					N/D				N	N	D						
	Gain (Loss) on Sale of Other Assets*					N/D				N	N	D						
	Unrealized Gain (Loss) on Investments/Derivatives																	
	Other Nonoperating Revenue (Expenses)					N/D				N	N	D						
	Net Assets Released from Restriction for PP&E					N/D				N	N	D						
	Gain (Loss) on Extinguishment of Debt																	
	Extraordinary Items–COVID-19 Grants																	
	Change in Future Service Obligation																	
Cash Flow Items	**STATEMENT OF CASH FLOWS**																	
	Acquisition of Property and Equipment																	N
	Principal Payments								D	D	D	N						
	Short-Term Debt Payments																	
	Capitalized Interest								D	N/D	N/D	N						
	Entrance Fees Received**		N/D							N								
	Entrance Fees Refunded		-N/-D							-N								

* Other analysts view on a case-by-case basis, particularly if the transaction includes a non-cash item.
** Excludes initial entry fees

carf INTERNATIONAL

Toll free (888) 281-6531
carf.org/aging



2026

A JOINT PROJECT OF CARF, ZIEGLER, AND BAKER TILLY