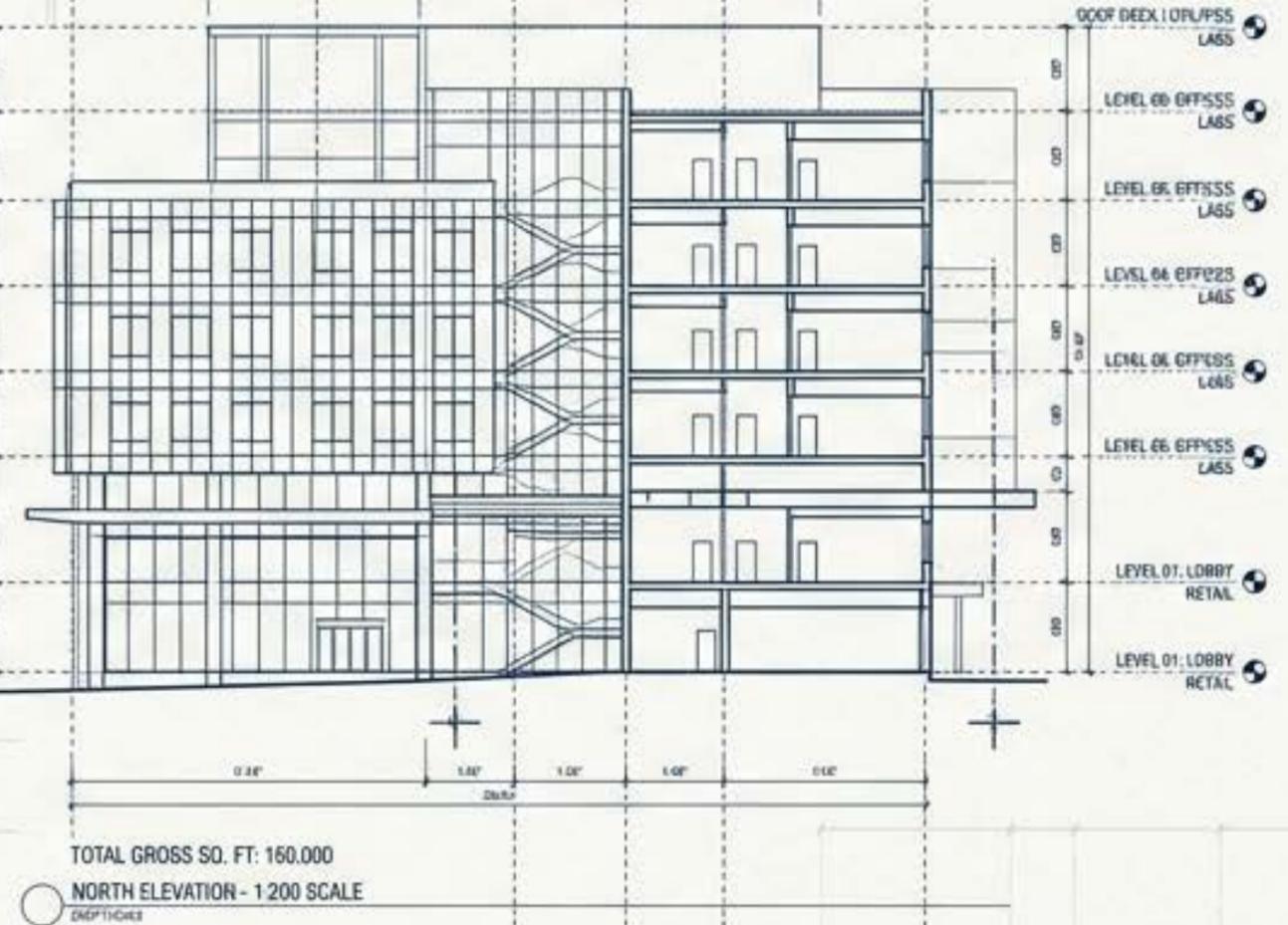


# 2026 Operating Strategy & Financial Projections

*Navigating Costs, Capital Requirements, and the Path to Breakeven*

Prepared for the Operating Board | Confidential Strategy Document

TOTAL GROSS SQ. FT: 150,000  
NORTH ELEVATION - 1/200 SCALE  
DMP110423



# THE EXECUTIVE REALITY: CRITICAL THRESHOLDS FOR 2026

**\$129,518**

## Monthly Breakeven Revenue

The rigid threshold required to cover fixed overhead and variable expenses. Zero profit generated at this level.

**\$197,000**

## Avg. Monthly Running Cost

The projected total operational load for 2026, inclusive of all variable scaling.

**Month 13**

## Projected Stabilization

Date: Jan 2027. The target timeframe to achieve self-sustaining cash flow.

Core Insight

**Strategic Note:** Before scaling, the facility must hit these revenue thresholds to cover a heavy fixed-cost structure.

# CAPITAL REQUIREMENTS: BRIDGING THE CASH HOLE

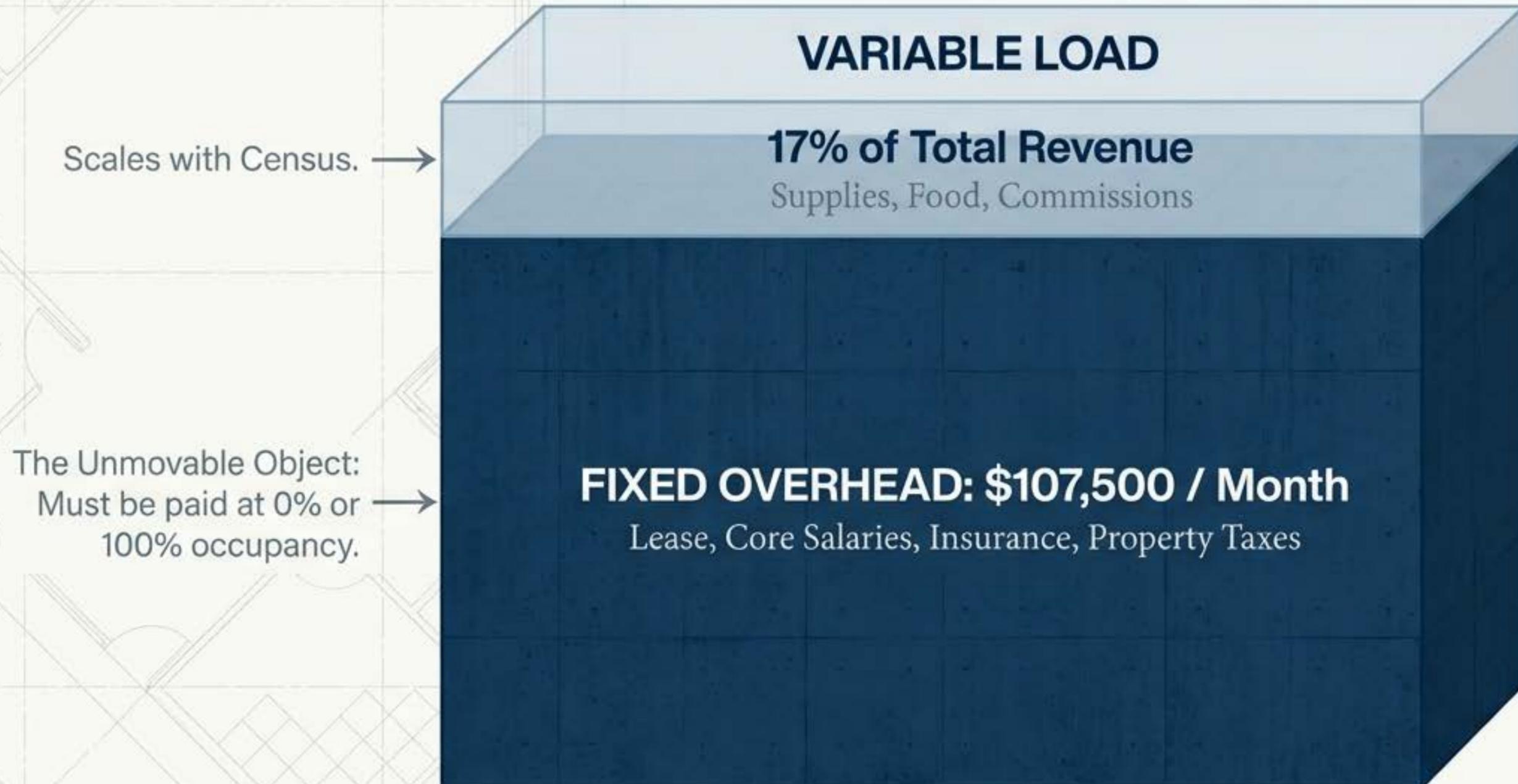
Target Raise: >\$152,000



## Operational Mitigation:

- Delay non-essential tech implementation to reduce pre-opening burn.
- Negotiate vendor terms: Net-60 until 75% occupancy.
- **Runway Goal:** Capital must cover 6 months of operating expenses past breakeven.

# The Cost Hierarchy: Structural Rigidity vs. Variable Load



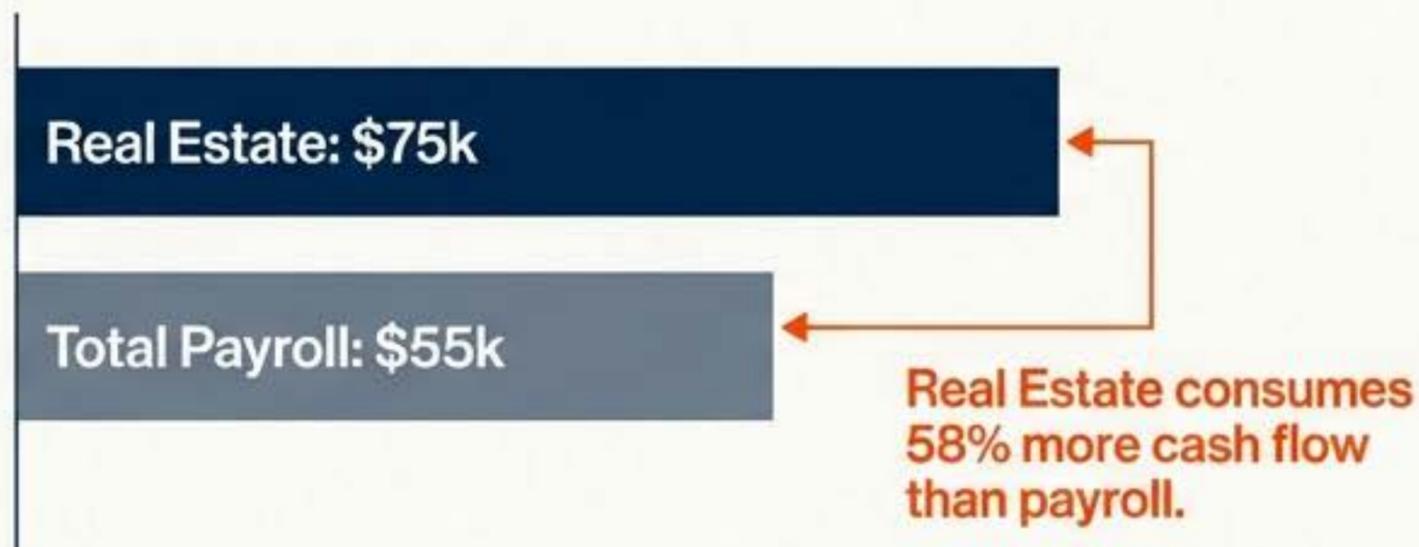
## Strategic Note:

If occupancy is low, variable costs drop, but the \$107,500 fixed base remains the primary threat to solvency.

# Running Cost 2: Real Estate Overhead

**\$75,000 Monthly**

The Anchor Cost



Risk: Lease default is fatal.

Mitigation Strategies:

1. Short-term: Negotiate tenant improvement allowances to shift capital burden to landlord.
2. Long-term: Stress-test 3-year renewal scenarios against projected occupancy, not current cash flow.

# Running Cost 1: Staff Wages & Benefits

<h2 style="color: orange;">\$55,000 Monthly</h2> <p>13 Full-Time Equivalents (FTEs)</p>																			
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## The Risk: Overstaffing.

Hiring ahead of the curve destroys early margins.

## Operational Tactics:

- **Trigger Mapping:** Tie FTE increases to occupancy milestones (e.g., +1 Nurse at 70%), never calendar dates.
- **Efficiency Audit:** Monitor non-billable task time.
- **Schedule Optimisation:** strict controls on overtime creep.

# Running Costs 4 & 5: Mandatory Facility Operations

The “Keep the Lights On” Costs

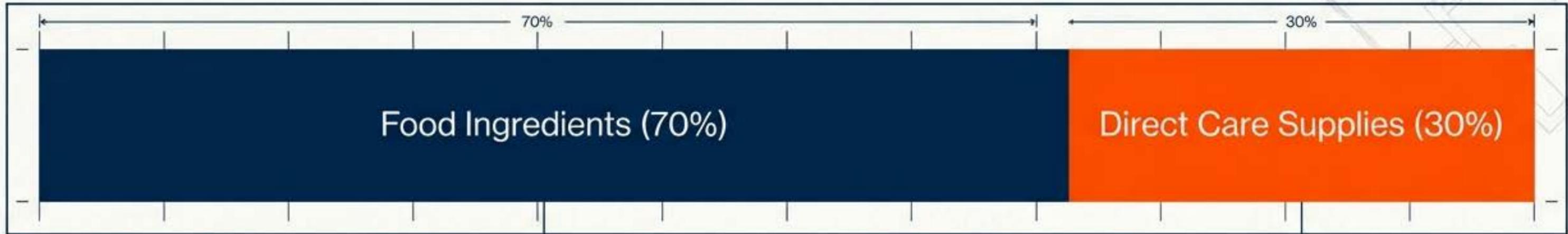


## Management Levers

Category	Strategy
Insurance	Review limits annually against replacement costs. Avoid over-insuring.
Utilities	Install smart thermostats/HVAC. Shift from fixed to controlled variable.
Taxes	Verify eligibility for senior living tax abatements.

# Running Cost 3: Resident Supplies & Food (COGS)

## \$20,250 Monthly



### Strategic Imperative: Quality Floor.

Do not substitute necessary care items or food quality to save margin. This impacts retention.

### Cost Control Tactics:

- Farm-to-table sourcing for ingredient efficiency.
- Bulk pricing negotiations for medical supplies.
- Daily food waste tracking.

# Running Cost 6: Sales & Marketing Acquisition

**\$14,175 Monthly (Projected)**

**Acquisition absorbs 70% of Intake Revenue**



**40%:** Sales Commissions ←

→ **30%:** Advertising Spend

## Efficiency Drivers

- 1. Channel Strategy:** Shift spend to High Intent digital channels. Kill broad awareness ads.
- 2. Incentive Structure:** Tie commissions to Resident Retention, not just contract signing.
- 3. Churn Risk:** If onboarding exceeds 14 days, the initial 70% spend is wasted.

# Running Cost 7: G&A Overhead

## \$4,500 Monthly

Professional Services (Legal/Acct)	\$2,500
Software Licenses (Ops/Mgmt)	\$2,000

### The Lean Back-Office

- Control Tactics:
- Audit software seats every 6 months to remove zombies.
- Seek fixed monthly retainers for legal/accounting.
- Avoid hourly billing creep.

# Risk Management: Low Occupancy Contingency

**Scenario:**  
**Missing the 360  
Residency Unit  
Months Forecast**

**Immediate Cut**

Pause all digital advertising. Reduce the 70% variable acquisition spend.

**Supply Chain**

Renegotiate dining service contracts.

**Defense**

Pivot all resources to resident retention to protect the base.

**Objective: Lower burn rate until intake covers the \$107,500 fixed overhead.**

# Strategic Imperatives & Final Takeaways



## Defend the Baseline

Cover the **\$107,500** fixed nut (Lease + Payroll) by Month 13.



## Control the Variable

Tie **Staffing** (FTEs) and **Inventory** (COGS) strictly to census data.

## Secure the Runway

Raise capital for **\$117k** + **30%** buffer. Ensure **6** post-breakeven cash.



*“High fixed costs imply high risk, but disciplined operational control ensures viability.”*