

**Greenspring**

**2008**

**Annual Report**

# GREENSPRING



April 30, 2009

Dear Greenspring Residents:

We are very pleased to present this Annual Report to the residents of Greenspring. In light of the times, and our even more challenging goal of keeping prices affordable for as many people as we can, we have chosen to scale back the color, glossy annual report of last year. Nonetheless, the Annual Report includes a review of our community's activities in 2008, goals for 2009, a financial summary report for 2008, and important information regarding your Board of Directors.

Thank you to the residents of Greenspring for contributing your gifts to make Greenspring a great place to live. In particular, we would like to thank the members of your Residents Council for their hard work, candid feedback and thoughtful advice. The excellent feedback from the Council helps Greenspring management to focus on what is most important to you, the residents. We also want to thank Greenspring's terrific staff members, who are committed to fulfilling the Greenspring mission every day.

We hope you will attend the annual meeting on Thursday, May 14, 2009, at 10:00-11:30AM in the Village Square Theater, to meet the Greenspring Board of Directors and ask any questions you may have. Thank you for the trust you have given us by choosing Greenspring as your home.

A handwritten signature in blue ink that reads "Will P. Nance".

Will P. Nance  
Executive Director

A handwritten signature in blue ink that reads "Rev. L. Carroll Yingling, Jr.".

Rev. L. Carroll Yingling, Jr.  
Greenspring Board Chair

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## *MISSION STATEMENT*

### **SHARING OUR GIFTS TO CREATE COMMUNITIES THAT CELEBRATE LIFE**

**The Board of Directors of National Senior Campuses, Inc. and its supported communities are committed to achieving the mission by:**

- 1. Promoting an active quality of life for seniors**
  - Creating large scale retirement campuses to promote activity and healthy living
  - Providing a Resident centered service culture
  - Encouraging Resident run activities with professional support
  
- 2. Achieving excellence in services and programs**
  - Exercising its authority in services, programs, fees, facilities and financing
  - Embracing compliance, ethics, and integrity
  - Overseeing services and programs personally and in meetings with Residents Advisory Council
  - Taking a long-term view of fiduciary responsibility
  
- 3. Insuring Affordability to middle income seniors**
  - Focusing on the long term viability of the community for current and future residents
  - Using financing strategies to lower the cost of capital
  - Qualifying for exemption from federal and state income tax
  - Obtaining property tax reductions from community governments
  - Accumulating net income to further the mission
  - Maintaining a policy for 100% refundable entrance deposit
  - Offering fee-for-service health care
  
- 4. Making a life care commitment**
  - To the extent feasible, ensuring that no resident should ever have to leave a community as a result of financial inability to pay for the cost of their care
  - Encouraging fundraising efforts in support of Benevolent Care
  
- 5. Fostering Growth**
  - Committing to making this lifestyle available to an increasing number of seniors
  - Increasing efforts to achieve affordability
  - Developing new communities in current markets
  - Developing communities in new markets

## **2008: In Review**

### **Community Profile**

The year 2008 was a tremendous year for the community and by many accounts the best year in Greenspring's history. The management team started out the year focusing on three areas: improving the quality of services and programs delivered with outstanding customer service, improving communication with both residents and staff and creating opportunities for each employee to reach their potential. Greenspring made significant improvements with all three of these objectives.

2008 was a year of celebration as the campus marked its 10<sup>th</sup> anniversary with a month long series of parties, events, and special dinners. Greenspring also christened a new park to commemorate the occasion. And indeed, the campus had every reason to celebrate as Greenspring ended the year accomplishing many milestones such as record resident satisfaction, staff satisfaction, donations to campus philanthropy programs, health care clinical indicators and financial results—just to name a few!

### **Summary of 2008 Financial Results**

Greenspring continued to achieve strong financial results in 2008. In what turned out to be a challenging second half of the year, the community exceeded budgeted occupancy, controlled expenses in both payroll and operating costs and produced Net Operating Income that exceeded budget. These results came in spite of an economy and housing market that experienced significant turmoil. The community's Cash Reserves increased to an amount in excess of \$40 million, again exceeding budget. The strong cash position, and demonstrated management controls, resulted in Standard & Poor's and Fitch Ratings improving the community's bond ratings to "BBB+."

### **Resident Satisfaction**

Greenspring conducted its annual Resident Satisfaction Survey in the late fall. Greenspring's performance in 2008 saw improvement in virtually every category and significant improvement in many.

|                                  | <b>2008<br/>Results</b> | <b>2007<br/>Results</b> | <b>2006<br/>Results</b> |
|----------------------------------|-------------------------|-------------------------|-------------------------|
| Overall Satisfaction             | 88.2                    | 86.6                    | 85.5                    |
| Dining Satisfaction              | 83.3                    | 81.8                    | 78.2                    |
| Would You Recommend Greenspring? | 96.3                    | 95.3                    | 95.0                    |

Throughout the year, Greenspring focused on quality programs and services delivered with outstanding customer service as well as improved communication. From the results of the survey, residents concluded that Greenspring made significant improvements in these areas.

## **Community Highlights and Initiatives**

### ***General Services***

In 2008, General Services took the delivery of customer service to a much higher level. The department earned significant gains in our Resident Satisfaction Survey in every department. Per the survey, Housekeeping, Transportation, Security, Communications, Maintenance and Engineering, Grounds and Customer Service all improved the quality and reliability of their programs and services.

The Customer Service team scheduled 100% of all resident service work order requests. From December 2008 through April 2009, no calls to Customer Service have gone to voice messaging.

The General Service Department accomplished a long list of projects and addressed many concerns brought by the Resident Council. Some highlights include: correcting the humidity level in the women's pool locker room, placing the clubhouse elevators on emergency power, enhancing the landscaping at the four-way stop, replacing multiple standard toilets with high toilets, expanding trash collection and expanding the recycling program.

### ***Dining Services***

Each year, Dining Services selects one of the questions on the Resident Satisfaction Survey as a focal point. In 2007, Dining Services focused on improving the consistency of delivering appropriate temperatures of our cold and hot foods. In 2008, the department focused on the question of menu variety. Management engaged the assistance of the Resident Council Committees and challenged the Chefs to take the menu to a higher level. As a result, Dining Services substantially improved the scores on both of those categories.

In 2009, Dining Services will focus on the overall quality of what the department provides through the various restaurants and venues. The Dining Services leadership will hold classes for the culinary staff, have meetings with the vendors, and challenge the Chefs to improve on the quality of the food on a daily basis. Residents should expect to see the same level of success demonstrated in past years as a result of this level of focus.

## *Resident Life*

Greenspring residents improve the quality of life for people both inside and outside our community gates. Presently, there are 263 leaders and co-leaders coordinating 193 resident-driven groups facilitated through Community Resources staff. On average, residents have approximately 700 activities to choose from each month at Greenspring. The Volunteer Program coordinates approximately 1,979 volunteer hours monthly for 159 volunteers on the campus as well as in the local Northern Virginia Community.

In 2008, the community celebrated its 10<sup>th</sup> anniversary during the month of November with a wide array of events such as the Fall Festival and Casino Night. In addition, Community Resources coordinated the Staff Appreciation Drive, raising \$227,663 to be distributed to Greenspring's hourly employees.

Greenspring's community TV has over 60 resident volunteers who support the production of 20 live shows each month. Among the Erickson communities, Greenspring has the highest number of live shows produced monthly. In 2008, Channel 6 won four Telly awards which honor outstanding local and regional television programs.

The Intermissions Program continues to offer respite for caregivers as well as an option for stimulating programming geared for residents with memory loss. Now supervised by our Social Work team, Greenspring Intermissions ended the year with the highest participation rate of any Erickson campus participating in the program.

The Social Work team provides an average of 1,835 touches monthly in the community. Approximately 270 residents per month participate in educational opportunities sponsored by the Social Work team.

The Fitness Center coordinates approximately 4,100 wellness visits each month. These may include a visit to the Fitness Center, the Aquatic Center or participation in land classes. The Fitness Center continues to thrive and provide innovative ways to meet the changing needs of our residents.

Home Support grew tremendously during the past year. Over 41 aides were hired to build a team of over 75 certified nursing assistants, five registered nurses, and one licensed practical nurse. Home Support's business grew from 3,066 hours of care provided in May 2008 to 5,321 hours of care provided in February 2009.

Certified Home Health celebrated its fourth anniversary in March 2009. The clinical staff comprised of registered nurses, physical, occupational, and speech therapists provide outstanding rehabilitative services reimbursable by Medicare. In 2008, the team provided services for 236 residents in their Greenspring apartments.

Hospice has had an outstanding year and has proven itself a successful Greenspring program both in regard to care and financial results. The team has

expanded, and the program has received tremendous feedback as it helps residents and their families with end of life issues.

VIVA!, our technology-rich assessment program on healthy aging, has continued to grow and provided assessments to more than 235 residents and staff this past year.

During 2008, Pastoral Ministries expanded their staff to include a chaplain dedicated to spiritual care in Renaissance Gardens. This additional team member, as well as all the staff in Pastoral Ministries provided tremendous support to our residents and staff.

## ***Philanthropy***

Greenspring residents continued to be extremely generous in 2008 with their gifts of time, gifts of talent and gifts of treasure.

The Benevolent Care Fund had another record year thanks to a strong resident philanthropy committee, sub-committee and support from residents, resident groups, staff and our community vendors. This fund provides support for those residents who have depleted their assets due to extraordinary financial circumstances.

Benevolent Care Fund month kicked off with the annual Staff Talent Show plus raffles, a silent auction, the DeWilde Art Show, educational seminars and the Grand Finale Gala with the Buck Creek Jazz Band! The Treasure Chest and The Village Church continue to be our largest annual donors.

Additionally, residents shared their gift of time and talent to raise funds and awareness of the Benevolent Care Fund through the Maundy Thursday Theatrical Service, The Hunks of Greenspring Calendar and the "Listening for God at Greenspring" publication.

Currently, over 40 students are receiving scholarship funds to further their education. The 2008 Scholars' Fund provides up to \$4,000 over four years, for students who meet the application eligibility criteria and are pursuing post-secondary education.

Residents and staff participated in many philanthropic activities that directly support the greater community such as American Diabetes Association, Susan G. Komen Breast Cancer Foundation, Alzheimer's Association and The Gloucester Institute.

The following is a summary of activity in 2008 for these funds:

|                              | Benevolent Care Fund | Scholars' Fund |
|------------------------------|----------------------|----------------|
| 2008 Beginning Balance       | 226,839              | 356,629        |
| Funds Raised, 2008           | 486,348              | 147,760        |
| Interest/Market Fluctuations | 9,807                | 15,797         |
| Funds Expended, 2008         | 722,995              | 47,750         |
| 2008 Ending Balance          | <b>-0-</b>           | <b>472,436</b> |
| Resident Participation       | <b>62%</b>           | <b>56%</b>     |

### ***Renaissance Gardens (RG)***

Quality care, resident satisfaction, employee satisfaction, and financial performance are four key areas to a successful program at Renaissance Gardens. The Renaissance Gardens team achieved strong performance in each key area. The following are some highlights from a successful 2008:

**Quality of Care:** RG embarked upon the implementation of the “ALF Plus” program to serve residents with memory impairments. This enhancement provides a more meaningful experience for the approximately 300 residents residing in the extended care facility. Simply stated, the program is a change in the philosophy of the current care delivery model for residents with serious cognitive impairments from one of integration to one of segregation and specialization. The team has focused intently in the three key areas of Physical Plant, People, and Programs. This program has offered significant impact in the lives of residents.

**Resident Satisfaction:** Resident satisfaction in Skilled Nursing reached an all-time high for Greenspring at 84.9%. Overall satisfaction improved in both Skilled Nursing (+4.1 points to 84.9%) and Assisted Living (+2.3 points to 84.8%). RG also saw very strong response from residents and families that would recommend Greenspring to others with greater than 90% from both ALF and SNF.

**Employee Satisfaction:** A team goal for the Renaissance Gardens leaders included helping all employees to achieve their full potential. Accordingly, RG has emphasized training programs to include a new grad program, LEAP, supervisory and leadership training as well as a more intensive clinical skills class. The Renaissance Gardens team has more than 37 staff members participating in higher education classes to achieve their license or certificate to become Certified Nursing Assistants, Licensed Practical Nurses and Registered Nurses. The team’s 2008 successes have resulted in 20+ promotions from a variety of exempt and non-exempt staff and a retention rate of better than 74%. Another focus area in 2008 was on competitive wages for the direct care work force. Considerable adjustments were made to improve RG’s compensation competitiveness in key positions. This focus will need to continue in 2009.

**Financial Performance:** Despite a challenging year of unit turnover, the Renaissance Gardens sales team averted an occupancy crisis through a strong

marketing emphasis on our short-term rehabilitation program. Balancing 535 combined admissions between Skilled Nursing (488) and Assisted Living (47), Greenspring became a new home or short-term recovery destination to 158 external residents. These efforts allowed Renaissance Gardens at Greenspring to achieve solid occupancy percentages at both levels of care for the year (SNF 95% and ALF 98%).

### ***Diversity***

Erickson has embraced the philosophy of diversity and inclusion as a key corporate objective. In order to put financial resources behind these objectives, Erickson has partnered with the United Negro College Fund, as well as The Gloucester Institute which runs programs to build leadership in African American college students.

Greenspring also has fostered a partnership with The Gloucester Institute by volunteering on numerous occasions to assist in its mission and has contributed financially as well. During Black History Month, Greenspring hosted a presentation by The Gloucester Institute which included an exhibit of African American artifacts dating back to the 1700s.

A staff diversity committee has recently been formed to ensure that every employee on our campus has the opportunity to reach their potential.

### ***“Green” Initiatives***

Greenspring has led the way on environmental issues for Erickson, and 2008 proved to be a breakthrough year. The number of “green” initiatives on campus is significant, and the campus is demonstrating that being kind to the environment makes good business sense.

At Greenspring, a reduction of 1,024,000 KWHs of electricity was created resulting in over \$100,000 in annual savings. This was done by implementing a long list of initiatives which include the implementation of load shedding in all residential apartments, the purchasing of only Energy Star appliances, strategic use of the NOVAR lighting system, an aggressive preventive maintenance program, and the full implementation of CFL bulbs in all common areas and the encouraged use of CFL bulbs in residential apartments.

Across the campus, the focus is on the use of environmentally safe cleaners and environmentally preferable paper and plastic products. Greenspring has started updating the transportation vehicle fleet with vehicles that use lower fuel consumption.

By installing touchless technology in the clubhouse bathrooms, the campus saves water and paper towels and increases sanitation. New trash compactors on each

loading dock significantly reduces the truck traffic on campus and saves the community \$25,000 in trash hauling fees.

Greenspring expanded its award winning recycling program to include NiCad batteries and CFL bulbs.

### ***Erickson Advantage***

Erickson Advantage continued to provide extraordinary service to our resident participants. Erickson Advantage demonstrated that participants could save money and enjoy additional benefits compared to standard Medicare. The number of participants continues to grow, and the campus looks forward to this demonstration project becoming a permanent option for Greenspring residents.

### **Resident Accomplishments and Highlights**

The wonderful residents at Greenspring make this community a very special place to live and work. Without question, the residents have embraced the mission to share their gifts to create a community that celebrates life. 2008 was a year in which residents shared those gifts at record levels!

The Greenspring Resident Council, as well as the Resident Council Committees, worked closely with management to address key issues and help guide management in the right direction. This partnership has been a key factor in Greenspring's milestone of record resident satisfaction.

The Erickson model of resident-driven activities continues to flourish on the campus as residents organized and participated in over 190 clubs and activities – a record high!

Residents embraced the culture of giving on the campus by giving of their time in record numbers. Well over 23,000 volunteer hours were donated by residents through the Greenspring volunteer program

### **Staff Accomplishments and Highlights**

Greenspring continued to make progress in building our reputation as a premier employer in Northern Virginia. Over the last three years, we have seen continual improvement in the Staff Satisfaction Survey to reach an all time high of 86.7% overall satisfaction. This level of satisfaction was reflected in a record high retention rate of 73.4%.

Throughout the year, Greenspring had the pleasure of promoting 41 employees as well as providing over 3,500 hours of training to over 500 employees.

The campus opened up its Employee Wellness Clinic in the fourth quarter of the year with great success and appreciation from staff.

## **2009: Looking Forward**

### **Areas of Focus**

Dealing with these economic times tests us all in new ways to be good stewards as we work to stay affordable to middle class seniors.

- To meet or exceed occupancy goals in Independent Living, Assisted Living and Skilled Nursing.
- To meet or exceed all financial targets in Independent Living, Assisted Living and Skilled Nursing.
- To improve the quality of the services and programs as well as the level of customer service by which they are delivered.
- To improve communication with residents and staff.
- To ensure superior resident care, the focus to exceed established benchmarks for all clinical indicators in Renaissance Gardens will continue.
- Continue to grow the culture of the campus in the spirit of the mission with an emphasis on philanthropy.

### **New Green Initiatives**

In 2009, Greenspring is continuing to research and develop new environmental initiatives. In the last few months, the campus has expanded its use of the NOVAR system to control lighting in virtually all the common spaces and offices on campus. Additionally, motion sensors are being installed in storage and utility areas. The Grounds team is assessing opportunities to mulch the grass and leaf clippings instead of sending them off campus to the landfills.

### **Financial Plans**

Greenspring has taken a proactively conservative approach to operational expense controls in 2009. In reviewing the current economic climate, several decisions were made by management to ensure that any impact to the community as a result of a reduction in occupancy would be offset. As a result of these steps, which included a deferral of all management pay increases, a reduction in the percentage of pay increases for non-management personnel, the cessation of company contributions to 401k and 403b programs, a reduction in all performance based bonus percentages and a full review of all programs and staffing models, the community is prepared for any contingencies that may arise. Fortunately, Greenspring has yet to experience any significant impacts from the current economic conditions. The community's occupancies are as strong as they have

ever been, ancillary health services continue to experience increased census and revenues and expense controls are producing better than budgeted Net Operating Income year to date.

The management team has also begun looking ahead to 2010, and is preparing contingency plans to deal with any impact Greenspring may experience going forward.

Overall, Greenspring anticipates continued strong performance in 2009 and has developed and implemented several strategies designed to produce those results. We are also proactively prepared to implement additional programs and controls as needed.

### **Programs and Initiatives to Maintain Service, Culture, Mission and Values**

Over the last 10 years, Greenspring has built a strong culture around the principles of the Erickson Way Values. Management strongly believes that this culture must be nurtured or it will diminish. A great deal of resources are spent to ensure that staff understand and are living out the mission to share our gifts to create a community that celebrates life. 2008 was a busy year as management focused on strengthening existing programs and building new ones.

- The Erickson Way Committee organized numerous staff events to foster the Erickson Way Values including a party to celebrate our position on the Fortune Magazine 100 Best Companies to Work For list.
- The campus supported many charitable projects such as programs in three area high schools, the Greenspring Make a Memory program, the American Diabetes Association, the ECHO food drive and the Susan G. Komen Breast Cancer Foundation.
- Management recognized exceptional staff through the Shining Star monthly award program, the quarterly Manager of the Quarter award program, the Instant Recognition Gift Card program and the RG Exceeding Expectations program.

## **Your Executive Management Team**

**Will Nance, Executive Director (1998):** Will has been at Greenspring for 10 years and has served as the Marketing Director and the Associate Executive Director before being named Executive Director in 2006. After being raised on a farm in Mississippi, Will attended Auburn University in Alabama and received an MBA from the University of Strathclyde in Glasgow, Scotland. Will resides in Fairfax with his wife, Penny, and their two children.

**Robin Gliboff, Associate Executive Director (2003):** Robin holds a Master of Social Work from Virginia Commonwealth University and a Bachelor of Social Work from Syracuse University. She has been in healthcare for over 28 years in program development and operations and loves what she does. Before becoming the Associate Executive Director, Robin was the Director of Resident Life and has been with Erickson for six years. Robin and her husband Darryl are busy raising four kids.

**Dr. Janice Fox Gable, Medical Services Director (2005):** Dr. Gable was recently promoted to Medical Director and has been with the Greenspring Medical Center since 2005. Dr. Gable attended medical school in Indianapolis and postgraduate training at Lutheran General Hospital in Park Ridge, IL. After medical school, Dr. Gable established a family medical practice in Konnarock, VA, where she treated many 5-generation families, from baby to great, great grandmother. The clinic served as an emergency room as well as the only medical facility for all-around medical care for a community of about 2,200 people. Dr. Gable obtained Added Qualifications in Geriatrics in 1990.

**Janiel Adams, Senior Human Resources Director (1998):** Janiel graduated from the Teaneck campus of Fairleigh Dickinson University earning a Bachelor's degree in Business. Janiel has worked for Greenspring for over 10 years, and in 2007 she was promoted to Senior Director taking on additional corporate responsibilities. Prior to joining Greenspring, Janiel served as the Employee Relations Manager for a national retail chain with over 10,000 employees, prior to that she spent seven years with Marriott International. While at Marriott, she worked in the Hotel Division, Senior Living Services and the Corporate Office. In support of her community, Janiel spent three years as a board member of the Greater Springfield Chamber of Commerce. She resides in Woodbridge with her husband, Jim and their son James, III

**Karla Hibbs, Resident Life Director (1996):** Karla has worked for Erickson Retirement Communities for 13 years, and is one of Greenspring's longest serving employees. She started with the Marketing Department when the office was at Springfield Mall long before the first building was constructed. Serving as the Community Services Manager from 1998 until she was promoted to the Director of Resident Life in 2006. Karla graduated from Mary Washington College with a degree in American Studies and Teaching Certification and later received a Masters in Education and Counseling from George Mason University.

**Joe Marek, General Services Director (2000):** Joe was born in Chicago and later moved to Maryland to attend the University of Maryland receiving a Bachelor of Science in Business Administration. He continued his education at the University of Maryland completing a graduate certificate in leadership and management. He gained real-world experience and worked in management for over 38 years; 30 years in manufacturing and 8 years in facility management for Erickson Communities at Greenspring. Joe is a member of IFMA (International Facility Management Association). He resides in Annapolis MD, with his wife Doris. Joe and his wife have two boys, Paul and Mark, and four grandchildren Taylor, Christopher, Hanley, and Caroline.

**Ben Cornthwaite, RG Senior Administrator (2004):** Ben is the Senior Administrator of Renaissance Gardens at Greenspring and is responsible for overseeing the day-to-day operations of the extended care facility, including Assisted Living and Skilled Nursing, as well as the inpatient and outpatient rehabilitation programs. Specifically, Mr. Cornthwaite is a Licensed Nursing Home Administrator responsible for 104 licensed Assisted Living apartments and 180 Skilled Nursing beds.

Prior to joining Erickson in August 2004, Ben was involved in the operation of stand-alone Skilled Nursing Facilities for Medical Facilities of America. While with MFA he served in positions of finance, sales, marketing, and administration. Ben received a Bachelor's of Science in the field of Health Services Administration as well as minors in Gerontology, Business, and Entrepreneurship and Small Business Management from James Madison University. He completed a Master's of Arts in December 2008 from the University of Maryland Baltimore County in Management of Aging Services.

**Burt Allman, Dining Services Director (2004):** Burt is a native of Washington, D.C., and has returned to the area after assisting in the opening of Erickson's second community in Illinois, Monarch Landing. He received his Bachelor's of Arts degree from Juniata College in Huntingdon, PA, in Philosophy and his Food Management Professional certification from the National Restaurant Assoc. in 2004. Burt joined Erickson in 2004 when he became part of the staff at Riderwood. He lives in Fairfax, VA, with his wife, Annie, and their two dogs, Jackson and Jasper.

**Jarad Smith, Sales & Marketing Director (2005):** Jarad has over 13 years of experience in marketing, public relations and community relations. During that time, he has worked for private companies, consulting groups and trade associations. Jarad joined Erickson back in 2005 and Greenspring is his first foray in senior living. He possesses a Bachelor's of Arts degree in Communications/ Public Relations from Kean University in New Jersey, and lives in Fairfax Station with his wife Elizabeth and their two children, Nolan and Isabelle.

**Berwick Drews, Finance Director (2006):** Berwick was first hired at Greenspring in November, 2006 as the Business Analyst for the community. His prior experience includes Controller at Lansdowne Resort in Leesburg, VA,

Regional Controller for Sodexo-Marriott Corporation in Bethesda, Senior Project Manager with Marriott Corporation in Bethesda and Director of Operations for Rosenblum & Associates, LLC in Bethesda, a law firm specializing in real estate settlements. Berwick has a Bachelors degree in Accounting from George Mason University. He enjoys golf and travel. He is a life-long resident of Northern Virginia, and a Marine Corps veteran.

**Kimberly Nelson, Philanthropy Director (2002):** Kimberly has over 21 years of experience in the senior health care industry. She earned her B.A. in Sociology with a concentration in Gerontology from Miami University, Oxford, Ohio. Prior to joining the Greenspring Team in January 2002, Kimberly worked for Marriott International Senior Living Services, HCR-Manor Care and Inova. She is an Activity Consultant Certified and is a member of the Association of Fundraising Professionals, Association for HealthCare Philanthropy and the National Committee on Planned Giving. Kimberly lives in Centreville, VA, with her two children Austin and Rebecca.

## **Your Resident Advisory Council (RAC)**

The Resident Council held its 8<sup>th</sup> election for members and officers. The following residents compose the 2009/2010 Council:

### **Floren (Monty) Quick – President**

Served as Director of a complex of eight ocean port terminals dedicated to receipt, storage and distribution of DoD stocks of bulk petroleum, with inventory of more than 15 million barrels, valued at more than \$600 million. Units under his supervision repeatedly won environmental awards and one National Agency energy-saving award. He previously served as Deputy Director of Administration of a numbered U.S. Air Force. A U.S. Army veteran who left active duty with the rank of Captain, he served as a National Vice President, Reserve Officers' Association of the U.S. He is a Past Grand Master of a Masonic Grand Lodge and later served as Treasurer of that body. He served as Treasurer of a Credit Union with 9 branch offices. He was Vice-Chairman of a philanthropy that annually distributed more than \$600,000 to worthy causes. He served as a national officer of the National Sojourners, Inc., and as a trustee and museum chairman of the Collingwood Museum on Americanism. Following his retirement from U.S. government service in 1989, he was engaged as a consultant on foreign trade, and volunteered as a member and Vice-Chairman of the Transportation Committee of the Mount Vernon Council of Civic Organizations, and as a Director of Southeast Fairfax Development Corporation, a semi-governmental corporation promoting re-development of older communities. He also spent 14 years as Secretary of Alexandria-Washington Lodge. His undergraduate and post-graduate work was with the University of Maryland, and he is a member of the Honor Society of Phi Kappa Phi.

### **Ginny King – Vice President**

I went back to college in the 1970s and received a degree in accounting and was employed for 17 years by a five-physician OB/GYN group in Washington, D.C. There my responsibilities included income statements, payroll, accounts payable and all accounting functions. Since coming to Greenspring, I have been a member of the General Services, Dining and Marketing committees. An opening occurred on the Resident Council for liaison to the Health Services Committee to which I was appointed. After serving for two years, I was then elected for another two years where I am serving now.

### **Adelaide Muldoon – Secretary**

After a career of 42 years in personnel (now referred to as Human Resources), Adelaide retired as Director of Personnel. Services included 7+ years with Air Reduction Corporation, 17+ years with Pan American-Grace Airways (Panagra) and Dairylea Cooperative, Inc. for 17 years. Upon retirement, she volunteered in management and as a Board of Directors member for a non-profit quilt and gift shop for 12 years.

In the early years, she was an active member of the Personnel Administration club of New York and the Rockland County Personnel Administration Club. In later years, was member of the Board of Directors for The Metropolitan School for the Arts in Syracuse, NY.

While at Brooklyn College, she joined and is a life member of Kappa Delta Sorority. As an airline employee, she traveled extensively in Africa, Near and Far East, Europe and South America.

In 2003, Adelaide moved into Greenspring and, with another resident, set up and oversaw for the first 14 months the purchasing and daily operation of the gift section in the General Store. She is in her 5<sup>th</sup> year as a member of the Resident Advisory Council and has served one year as Vice President and currently as Secretary. Her service has included being Council Liaison to General Services, Marketing and Public Relations, Resident council and Dining Services Committees.

### **Nancy Woodall**

A native of Teaneck, NJ, earned an undergraduate degree from the University of Maryland, and a Master of Science degree in Library Science from Catholic University, Washington, D.C. in 1960. Soon thereafter, employed as Branch Manager of Woodrow Wilson Library, Fairfax City. Ensuing library positions included Library Director of Prince William Public Library, Manassas; Library Director of Irving-on-the-Hudson Library; Coordinator of the Northern County branches of the Anne Arundel County Public Libraries, Annapolis; and the Fairfax County Library system. Served Greenspring as co-editor of the GSV Villager, the Chair of the Human Resources Committee and a volunteer at the community library.

### **Chuck Bruggen**

I spent my life in Chicago suburban West side before moving to Greenspring in 2001. Graduated from the University of Illinois in 1947 with a Masters degree in Civil Engineering. Started working with Sargent and Lundy and was recalled by the U.S. Marine Corps in 1950. Spent some time in Korea, and was placed on inactive reserve in 1952. Joined Anning Johnson, a specialty contractor, in 1952 as a sales engineer and retired in 1990, as a Senior Vice President, Regional Manager, and member of the Board of Directors. I've served on local elementary and high school boards. Since joining Greenspring, I was a member of the Finance committee of the Council, and in 2007 was elected to the Resident Advisory Council and assigned as liaison to the Finance committee.

### **Bob Gumbinner**

Graduated from Gorton High School in Yonkers, NY. As second in the New York regent exams for Westchester County, he received two scholarships for Cornell University. He received the degree of Bachelor of chemistry in 1940 and Chemical Engineer with distinction in 1941. After working for a year manufacturing chlorinated chemicals, he went to work on the Manhattan (atomic bomb) project in Decatur, IL, where the tubes that were used in Oak Ridge to separate the isotopes of uranium. After several months as a pilot plant operator, he set up and supervised a lab which tested the tubes. In 1946, he joined the Polychrome Company in Yonkers, New York, a manufacturer of graphic art supplies. He rose from various positions to executive vice president. During this time, the sales of polychrome went from \$200,000 to \$200,000,000 per year. Polychrome received over \$50,000,000 royalties from Fuji Photo Film based on his patents and designs. In the 1980s, he was President of UHT, a small company

which invested and helped to manage several small technical companies. After retiring, he moved to Asheville, NC. There he became president of the Cornell Association of the Blue Ridge Mountains and of the Blue Ridge Neighbors. He was one of the engineers with the Waste Reduction Group of the Land of the Sky Council which saved various factories and institutions several millions of dollars.

### **Tom Harrison**

My early years were being in the delightful Southern culture of Southern Virginia. Fine moral and academic education in Petersburg, Richmond and then the District of Columbia public schools. I attended central High School in Washington when it was considered one of the finest in the world! Entered George Washington University for two years; then entered the Army Air Corp. Received my wings in November 1944. I served in the Southwest Pacific in B-24s. Experienced fine assignments in the occupation of Japan from 1945 until 1947. Returned to the United States and was in the Strategic Air Command in B-36s and B-52s. After 24 years of night school, obtained four years of college, then the Air Force sent me to a fancy grad school. I received a MBA in 1966. Served in the Pentagon and subsequently two tours in Vietnam. Returned to the Office of Secretary of Defense and stimulating assignments. Retired from the USAF in 1973. I formed an import/export company in 1973, and enjoyed the management. The mission of the corporation changed and for the last 10 years was in food processing. I sold this enterprise in 2006 shortly after moving to Greenspring. My first year at Greenspring, I was a member of the Food Services Committee, then for two years on the General Services II Committee. I am now honored to be on the Resident Council.

### **Patti Kurke**

For the Department of the Army – Personalist – Assignment Manager for civilian and military to overseas, U.S., special assignments and schools. Traveled to various installations for testing middle and upper level civilians. Was assigned to the Pentagon on temporary assignment for several years to research and prepare citations and awards with medals to individuals for outstanding service and bravery.

Volunteered at the George Mason University in the Guidance Department for students. Developed programs and counseled while I was finishing my degree, and also additional program for Psych. Technician. I staffed a battered women's shelter, held weekly meetings off campus for individuals seeking help and alternatives.

For the Special Psychological Services Group, administered test batteries to individuals seeking employment with police, sheriff, and fire departments, in addition to some federal agencies.

Education includes a B.S. and also Psych. Tech. certification from George Mason University and a M.S. in Administration (thru Army) from the Central Michigan University.

At GSV, decorated the display cases in Town Center for two years. Helped develop the Bereavement Community, which I headed for several years. Worked with the Jewish Residents council. Was a member of committees to obtain the organ and stained glass window for the Chapel. Volunteered for Hospitality Comm. to meet, greet, eat, and talk to prospective residents.

**Dr. Dick Ernst**

Dr. Ernst is President Emeritus of Northern Virginia Community College having retired after serving 30 years as President. Prior to joining NVCC, he served as Dean of Academic Affairs at St. Petersburg Junior College in Florida. While President of the college, he served one year as Interim Chancellor of the Virginia Community College system.

Dr. Ernst holds a B.S. in Mathematics and a M.Ed. in Administration from the University of Florida and an Ed.D. in Administration with minors in curriculum, supervision and mathematics from Florida State University. He also holds a certificate from the College for Financial Planning. He has done post-graduate work in mathematics at Duke University and Johns Hopkins University and in management at Harvard University and the University of California.

Current activities include serving as a member and former Chairman of the Board of Trustees of Virginia International University. He plays in the Northern Virginia Senior Olympics Basketball program and has won a number of medals in his age group. He is active in his church, currently supervising the construction of a new multi-purpose building and facility renovations. He continues his interest in music singing with the Providence Singers, a touring group that performs in senior citizen centers. He has served on the Finance committee and currently serves on the Resident Council.

**Ruth D. Johnson**

I received a Bachelor of Psychology degree from Regis College, Weston, MA, and a Masters in Administration from George Washington University. My most recent position, prior to retirement, was as Director of the Community Corrections Program in Prince William County. I have served on several Fairfax County Boards: CASA (Court Appointed Special Advocates), Criminal Justice Policy Group, Criminal Justice Advisory Board, Criminal Justice Coordinating Council, and the Northern Virginia Mediation Service. I served on the Parish Council and on the Sharing Committee (social action group) of Holy Spirit Church in Annandale, VA. After retirement, I volunteered as an inmate mentor for OAR (Opportunities, Alternatives and Resources) and with Capitol Hospice. I am currently a member of the Ignatian Volunteer Corps, through which I serve as a volunteer Basic Needs Counselor at United Community Ministries in southern Fairfax County. I have been a resident at Greenspring since 2006 and have been active in the Catholic Community, General Services II Committee, and Resident Life I Committee, as well as a member of the Residential Council since 2007.

**Roy J. O'Connor**

Worked with IBM for 27 years. Management for 25 years, specializing in finance and planning. Was Plant Controller in Austin, TX; Director of IBM Finance and Planning Education in Brussels, Belgium and in Singapore. Retired in 1992. From 1992 to 2001 was with the Virginia Military Institute. Lecturer in the Department of Economics & Business. Taught courses in management, marketing and international business. Faculty Advisor to the Cadet Investment Club (\$200,000 portfolio). Retired in 2001.

Received a B.S. in 1960 – United States Military Academy, West Point, NY; M.B.A., in 1969 from the University of Hartford; and Advanced Management Schools and Senior International Finance Management Schools with IBM. Became a member of the Greenspring Resident Council as liaison to the Marketing & PR Committee in 2008, and still serving as the liaison for this committee in 2009.

*A special thank you goes to Dr. Elaine Sorensen for her four years of service as Council President.*

## **Organization and Governance**

### **Organization**

Greenspring Village is a not-for-profit corporation that is organized to provide health care, housing and other services to seniors in a continuum of care setting meeting the needs of a significant number of seniors in the Springfield, Virginia, area. Among the benefits of obtaining tax exempt status is the ability to accumulate financial resources, on a tax-free basis, for the continuing care of our residents and the ability to borrow capital to finance our facilities at an interest rate that is tax exempt to investors.

Greenspring Village is one of 19 communities supported by National Senior Campuses, Inc., (“NSC”) which is operated as a not-for-profit corporation that is organized as a Supporting Organization to specific not-for-profit corporations that operate communities like Greenspring Village.

The Boards of Directors of Greenspring Village and NSC are completely independent of Erickson Retirement Communities, LLC and its affiliated organizations. No Erickson employees may serve on the Boards of Directors.

### **Board of Directors**

All corporate authority resides in the Greenspring Village Board of Directors as fiduciaries of the Corporation, subject to the requirements and restrictions set forth in the Corporation’s Charter, Bylaws and applicable law. As fiduciaries, the directors are the stewards of the corporation’s assets and have the responsibility for seeing that the corporate mission is being fulfilled and that the assets of the corporation are being effectively used for that purpose.

Erickson Retirement Communities is responsible for the day-to-day management of Greenspring Village pursuant to a Management and Marketing Agreement between Greenspring Village and Erickson Retirement Communities. The Board of Directors regularly monitors the quality and effectiveness of management performance and decisions including the execution of its strategies in support of the Mission.

The Board of Directors is comprised of a maximum of 11 and a minimum of three people. At least one of the directors of Greenspring Village must be a member of the Board of Directors of NSC and is appointed by NSC to a one year term. At least one of the other members of the Board of Directors must be a resident of Greenspring Village. During 2007 we were pleased to welcome Jackson Bain, Eileen Erstad, Joanne Rorapaugh and Jerry Seals to our Board.

Greenspring Village’s Board of Directors is committed to maintaining strong corporate governance principles and practices. The Board periodically reviews

evolving legal, regulatory and best practice developments to determine those that will best serve the interests of our stakeholders.

If you would like additional information about Greenspring Village's corporate governance practices, you may view the following documents at [www.National-Senior-Campuses.org](http://www.National-Senior-Campuses.org) (when the site is live on or about July 1, 2008) or visit the Executive Director's office where you will be able to review the following documents:

- Corporate Governance Guidelines
- Articles of Incorporation
- Bylaws of Greenspring Village
- Audit Committee Charter
- Conflict of Interest Policy
- Community Board Resident Director Recruitment Policy and Procedure

### **Corporate Governance Guidelines and Committee Charters**

The Bylaws, Corporate Governance Guidelines, and the Charters of the Committees of the Board of Directors describe our corporate governance practices. The Bylaws, Corporate Governance Guidelines, and Charters are intended to ensure that the Board has the necessary authority and practices in place to review and evaluate our business operations and to make decisions that are independent of the management company. The Bylaws and Corporate Governance Guidelines establish the practices the Board follows with respect to board composition and selection, board meetings, board committees, and director compensation. Members of the Board of Directors are expected to participate in continuing education activities designed to maintain their knowledge of current industry developments and corporate governance practices. To achieve the Board education objective, the Board maintains memberships in leading corporate governance trade associations such as the National Association of Corporate Directors and Board Source. The Board annually conducts a self-evaluation to assess compliance with the Corporate Governance Guidelines and identify opportunities to improve Board performance.

The Bylaws, Corporate Governance Guidelines, and Committee Charters are reviewed periodically and updated as necessary to reflect changes in regulatory requirements and evolving oversight practices.

Greenspring's Board of Directors serves as the local governance connection that interfaces with the community residents and management staff. During 2008, the Board formally met on a quarterly basis with more frequent informal meetings. Among the actions taken by the Board during 2008 were:

- Formal approval of the Budget for 2009. (The 2008 Budget was approved in 2007.)
- Meetings with the Resident Council to receive their input on the effectiveness of community operations and priorities.
- Formal evaluation of the performance of Erickson Retirement Communities as the manager of Greenspring Village.
- Review of the annual goals proposed by Erickson Retirement Communities for the operations of Greenspring Village.
- Review of the results of the annual Resident Satisfaction Survey including the Action Plans proposed by Erickson Retirement Communities to address matters needing corrective action as reported in the survey.
- Meeting with the residents at the Annual Town Meeting to review the operations of Greenspring Village.
- Numerous meetings with the Executive Director and management staff to review operating, compliance and financial reports.

Greenspring Village requires Erickson Retirement Communities to adhere to a code of business conduct, a compliance plan, and a whistleblower policy. The Board of Directors regularly receives reports from Erickson Retirement Communities on the continued adherence to these policies.

## **Committees of the Board of Directors**

The Board of Directors may appoint committees to undertake certain aspects of the Board's duties. Each Committee is comprised of Board members and is governed by the Bylaws and a Committee Charter that was approved by the Board of Directors.

### ***Audit Committee***

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling its oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, and the qualifications and performance of the independent public accounting firm engaged as the community's independent auditor.

The Committee relies on the expertise and knowledge of the Management Company and the independent auditor in carrying out its oversight responsibilities. The Management Company is responsible for the preparation, presentation, and integrity of our financial statements, accounting and financial reporting principles, internal control over financial reporting and disclosure

controls, and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. The Management Company is responsible for objectively reviewing and evaluating the adequacy, effectiveness, and quality of our system of internal control. The Community's independent Auditor, PricewaterhouseCoopers LLC, is responsible for performing an independent audit of the financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States.

With respect to the year 2008, the Audit Committee fulfilled its duties and responsibilities generally as outlined in the charter as follows:

- Met with the independent auditors and representatives of the Management Company and
  - Reviewed the audited financial statements and the auditor's report.
  - Reviewed the auditor's report on internal controls as well as the Management Company's response and planned corrective actions.
  - Reviewed the auditor's report on matters relating to their audit that are required to be discussed with the Audit Committee by Statement on Auditing Standards No. 112, as amended, "Communication of Internal Control Related Matters Noted in an Audit." This review included a discussion with the Management Company and the independent auditor of the quality (not merely the acceptability) of our accounting principles, the reasonableness of significant estimates and judgments, and the disclosures in our financial statements, including the disclosures relating to critical accounting practices.
- Met in Executive Session with representative of the independent audit firm.
- Reviewed and approved the audit firms Letter of Arrangement for the audit engagement.
- Confirmed the independence of the audit firm in compliance with American Institute of Certified Public Accountants independence standards.
- Confirmed with the Management Company and the independent audit firm that the independent audit firm provides no services for the Management Company.

Based on the reviews and discussions described above, the Audit Committee recommended to the Board of Directors that the audited financial statements be accepted for distribution to residents, creditors and others as appropriate.

### **Directors' Compensation**

In 2008, Greenspring Village paid a total of \$64,382 in compensation to the members of the Boards of Directors of Greenspring Village and National Senior Campuses, Inc.

Directors' Compensation for both Greenspring Village and NSC was determined by the Boards of Directors of Greenspring Village and NSC. In determining the amounts of compensation, the Boards considered the time and expertise requirements of directors; fees paid to directors of comparable companies, both for-profit and not-for-profit and the findings of an independent compensation consultant retained to review the reasonableness of directors' compensation.

**Form 990**

A copy of the most recent Form 990, Return of Organization Exempt from Income Tax, can be obtained from the Executive Director's office.

## Your Board of Directors

**L. Carroll Yingling, Chair:** Rev. Yingling is a retired Methodist clergy, having served 40 years as Pastor and District Superintendent in the Baltimore and Washington, D.C. areas. He has served as a director of the United Methodist Foundation, and worked with congregations as a conflict resolution consultant. Currently, he teaches with the Community Colleges of Baltimore County as Adjunct Faculty. He is a resident of the Charlestown Retirement Community, where he is a Director of the Benevolent Care Foundation. He holds degrees from the Johns Hopkins and Duke Universities, and Wesley Theological Seminary.

**Jim Anders:** Mr. Anders is the Administrator and Chief Operating Officer for the Kennedy Krieger Institute, Inc. and all subsidiary corporations. Kennedy Krieger Institute is an internationally recognized academic, research, healthcare and educational facility dedicated to serving children and young adults with developmental disabilities and spinal cord injuries. He is responsible for the overall strategic, operational, and financial management of Kennedy Krieger. In addition he is Chairman of Chesapeake Rehab Equipment, Inc., a Mid-Atlantic rehab company. He has an MBA from the University of Baltimore and is also a CPA. Mr. Anders also serves on the board of directors of National Senior Campuses, Inc., and other organizations supported by National Senior Campuses, Inc.

**C. Jackson Bain:** Mr. Bain is currently Senior Vice President of Public Affairs at the National Association of Children's Hospitals. A communication expert with 30 years of experience, Mr. Bain joined NBC News in the 1970s where he covered the White House under four administrations, the State Department, Congress, and various oversea assignments. Mr. Bain created and executed major communications programs for many international companies, three foreign government economic development agencies, and numerous trade and professional organizations.

**Eileen Erstad:** Ms. Erstad is currently the CFO for ResortQuest. Prior to this, she was the Chief Financial Officer and Senior Vice President of Symphony Health Services, LLC. In that capacity, she was responsible for all aspects of the company's financial functions. Ms. Erstad also developed and implemented the company's growth strategies and also participated in new product development. Prior to Symphony Health Services, Ms. Erstad was the Director of Financial Planning and Analysis at PHH Corporation. Ms. Erstad graduated Magna Cum Laude from Loyola College in Maryland and is a licensed Certified Public Accountant.

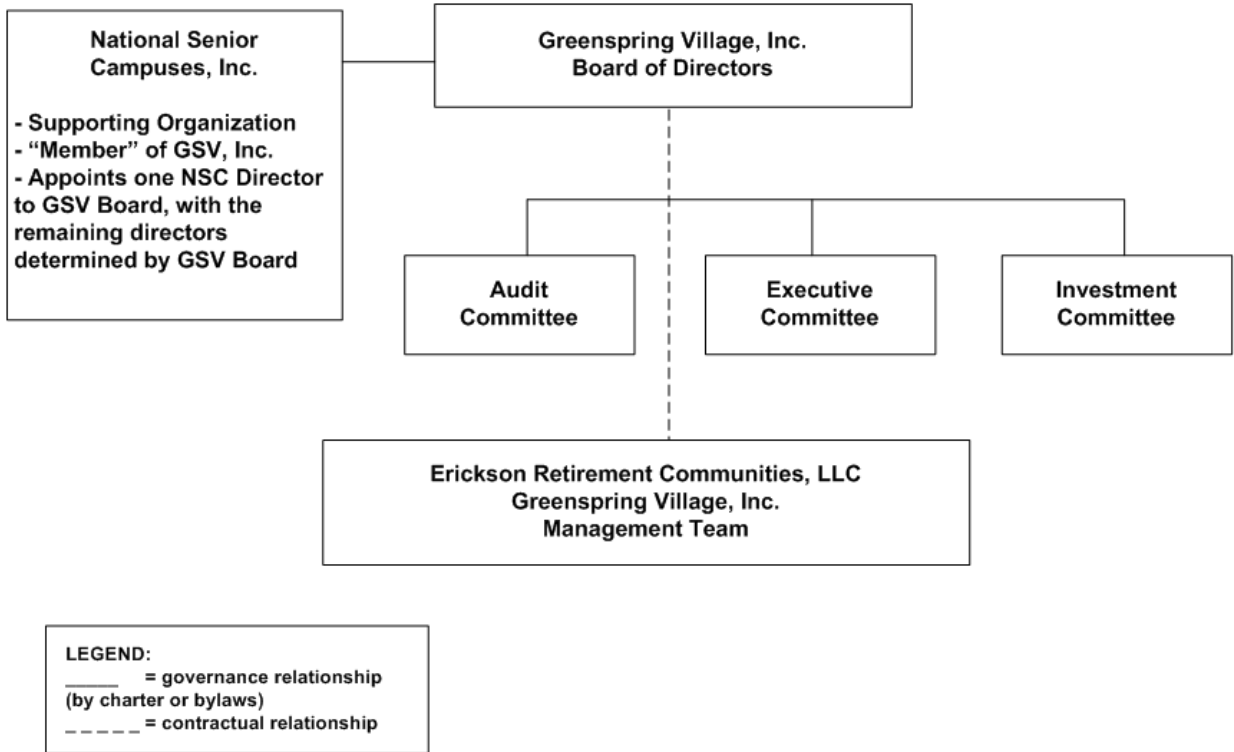
**Ron Levin:** Dr. Levin was in private dental practice for many years and also provided geriatric dentistry services through Institutional Dental Care, Inc. For the past eight years he has been assistant professor at the Northern Virginia Community College School of Dental Hygiene. A resident of Greenspring since 1999, Dr. Levin served on its Resident Advisory Council, was chair of the council's Health Services Committee, and represented Greenspring as a director to the Virginia Continuing Care Residents Association.

**Joanne Malloy Rorapaugh:** Ms. Rorapaugh is currently the Vice President of Operations for Madison Management Corporation (MMC). Starting in 1977 as an Administrative Assistant, Ms. Rorapaugh ascended quickly through the company ranks, and was promoted to General Manager, managing all MMC properties. Ms. Rorapaugh also serves as the Administrator of the Marshall B. Coyne Foundation, overseeing disbursements of approximately one million dollars annually to various charities. Ms. Rorapaugh has an Associates of Arts Degree from Immaculata College and is a member of the Foggy Bottom/West End Homeowners Association and St. Stephen's Catholic Church.

**Jerry Seals, MD:** A graduate of the State University of New York at Buffalo and the Columbia University College of Physicians and Surgeons, Dr. Seals is Board Certified in Internal Medicine and Infectious Diseases. In addition to his 27 years of medical practice in Howard County, Maryland, Dr. Seals has served on the staff of Howard County General Hospital (HCGH) and as President of the HCGH Medical Staff and the Advisory Committee of The Horizon Foundation of Howard County. As a volunteer, he has treated uninsured and underinsured Howard County residents.

**Larry Shubnell:** Mr. Shubnell retired from Legg Mason, a Baltimore-based financial services firm, at the end of 2001 having served as senior managing director for public finance investment banking. Prior to joining Legg Mason he was a public finance officer at each the local, state, and federal levels of government. He also served as an independent financial advisor to companies and public authorities in matters of debt management. He graduated from the University of Notre Dame and George Washington University and holds an MBA degree and a CPA certificate. He has served on the boards of several for-profit and not-for-profit organizations including the United Way and the Historic Annapolis Foundation. Mr. Shubnell also serves on the board of directors of National Senior Campuses, Inc., and other organizations supported by National Senior Campuses, Inc.

**Greenspring Village, Inc. Organizational Chart**



**Greenspring Village, Inc. Committees of the Board of Directors**

***Audit Committee***

- Eileen Erstad
- Larry Shubnell

***Executive Committee***

- Carroll Yingling
- Jim Anders
- Ron Levin

***Investment Committee***

- Jim Anders
- Willow Pasley
- Larry Shubnell
- Fred Haas
- Jim Hayes

## Summary Financial Statements

### Greenspring Statement of Operations For the Year 2007 & 2008

|                                   | 2007<br>YearTotal<br>Actual | 2008<br>YearTotal<br>Actual | Change 2008<br>vs 2007 |
|-----------------------------------|-----------------------------|-----------------------------|------------------------|
| <b>Operating Revenue</b>          |                             |                             |                        |
| Resident Monthly Fees             | \$ 56,901,915               | \$ 58,838,155               | \$ 1,936,241           |
| Departmental Revenues             | 7,437,126                   | 8,245,110                   | 807,984                |
| <b>Total Operating Revenue</b>    | <b>64,339,041</b>           | <b>67,083,265</b>           | <b>2,744,224</b>       |
| <b>Operating Expense</b>          |                             |                             |                        |
| <b>Employee Related:</b>          |                             |                             |                        |
| Wages                             | 24,678,196                  | 27,665,090                  | 2,986,894              |
| Employee Benefits/Other EE        | 6,704,427                   | 7,226,951                   | 522,524                |
| Contract Labor/Purchased Services | 5,950,398                   | 5,261,317                   | (689,080)              |
| <b>Total Employee Related</b>     | <b>37,333,022</b>           | <b>40,153,359</b>           | <b>2,820,337</b>       |
| <b>Community Related:</b>         |                             |                             |                        |
| Supplies Expense                  | 6,767,753                   | 6,788,193                   | 20,441                 |
| Repairs and Maintenance Expense   | 955,322                     | 1,018,054                   | 62,732                 |
| Professional Fee Expense          | 179,009                     | 247,997                     | 68,988                 |
| Insurance                         | 542,255                     | 769,091                     | 226,836                |
| Utilities                         | 2,881,022                   | 2,832,118                   | (48,903)               |
| Real Estate Taxes                 | 1,350,848                   | 1,559,204                   | 208,356                |
| Management Fees                   | 3,011,763                   | 3,113,802                   | 102,039                |
| Other Expense                     | 770,464                     | 1,538,149                   | 767,685                |
| <b>Total Community Related</b>    | <b>16,458,435</b>           | <b>17,866,609</b>           | <b>1,408,174</b>       |
| <b>Total Operating Expense</b>    | <b>\$ 53,791,456</b>        | <b>\$ 58,019,968</b>        | <b>\$ 4,228,512</b>    |
| <b>Operating Income</b>           | <b>10,547,584</b>           | <b>9,063,297</b>            | <b>(1,484,287)</b>     |
| <b>Non-Operating Income</b>       | <b>(5,466,077)</b>          | <b>(6,855,269)</b>          | <b>1,389,191</b>       |
| <b>Net Income</b>                 | <b>\$ 5,081,507</b>         | <b>\$ 2,208,028</b>         | <b>\$ (2,873,479)</b>  |

\*Audited Financial Statements Available in ED's Office Upon Request

\*\* Non-Operating Income Includes - Investment Income, Unrealized Gains and Losses, Interest Expense, Letter of Credit Fees, Amortization Expense and Depreciation Expense.