

Maris Grove

2008

Annual Report

MARIS GROVE

May 26, 2009

Dear Maris Grove Residents:

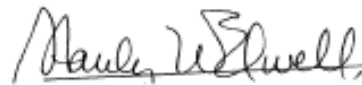
We are very pleased to present this Annual Report to the residents of Maris Grove. As part of our overall cost containment during these challenging economic times we have chosen to scale back the color, glossy annual report of last year. Nonetheless, this Report again includes a review of our community's activities and financial summary for 2008, goals and challenges for 2009, and important information regarding your Board of Directors.

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

We hope you will attend the annual meeting on Wednesday, June 3rd to meet several members of the Maris Grove Board of Directors and ask any questions you may have. Thank you for the trust you have given us by choosing Maris Grove as your home.



Maureen K. Heckler
Executive Director



Stanley W. Elwell
Chairman of the Board

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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

In 2008, Maris Grove continued to build upon its strong reputation as a place of activity, family and community. We opened our second clubhouse, two resident buildings (Meadowlark Terrace and Sparrows Ridge) and dedicated the chapel. We welcomed 276 new residents to our community, bringing Maris Grove's year end census to 963 total residents.

Maris Grove settled 180 new apartments, ending the year 2008 at 661 settled units or 90% occupancy of available apartments. In a down market, Maris Grove was very successful in implementing the *Moving Home* program, where a sales counselor worked directly with prospective residents in their homes to help them stage and sell. The *Moving Home* program helped reduce the average number of days on the market for those prospective residents.

At the end of the year, Maris Grove had 435 employees (Fulltime/Part-time and Flex) which included 234 part-time students working in the restaurants and café.

Summary of 2008 Financial Results

Since its inception, Maris Grove has exceeded its expectations in growth and financial performance. In 2008, with the economic slowdown, particularly in the last two quarters of the year, Maris Grove had a net operating income (loss) of (\$2,935,884) in 2008 which was a favorable variance from business plan by \$728,947. The major factor in the variance was that the pace of new residents moving into the community was somewhat faster than projected in the original plan, as well as other revenues being higher than the business plan in the amount of \$106,000. The community was able to improve the net operating loss through close monitoring of expenses and a positive variance in wages, benefits, and other employee costs in the amount of approximately \$274,000.

At the end of this report, you will find a Summary Financial Statement which includes the 2008 results. Further, the complete 2008 Audited Financial Statements will be made available to you upon request from the Executive Director's office as soon as they are finalized and become available.

Resident Satisfaction

Maris Grove conducted its annual Resident Satisfaction Survey in the late fall of 2008. Overall satisfaction scores, and the positive response to the question, "Would You Recommend Maris Grove?" remain very high and a strong indicator of resident satisfaction at Maris Grove. Action Plans were developed and implemented for areas needing improvement.

	2008 Results	2007 Results
Overall Satisfaction	90.7% *	91%
Dining Satisfaction	83.5%	82.9%
Would You Recommend Maris Grove?	98.6% *	98%
Fulfillment of mission statement	90.3% *	89.1%

* Indicates top result for Erickson overall

During the year, a number of improvement initiatives were implemented based on resident suggestions received in 2008 and in 2007. Our overall results year over year indicate the improvement initiatives implemented have been effective.

Community Highlights and Initiatives

General Services

The grounds continue to be a strong component of the quality of life at Maris Grove. Additional landscaping was added throughout the campus including benches; pet pal stations and trash cans. The parking lot was expanded at Newlin Pointe creating 25 spaces, and an additional walkway and steps were installed to create a short cut to the Chapel. Paint markings were created at the walk-off area at the curbs.

As part of the “greening” initiatives on campus, CFL bulbs have been installed in all lights throughout the campus. A “Light Bulb Exchange” was held to support energy conservation in cooperation with the Maris Grove Environmental Club.

Further, in an effort to enhance safety, additional signage was completed for Evergreen Drive reinforcing the stop sign area and merge at US 1. General Services also held an Emergency Preparedness Planning event in cooperation with local police and fire personnel.

Dining Services

With very positive results, Maris Grove Dining Services implemented Sunday Dinner at the Millstone and Coeburn Café, and an additional bussing station and condiment counter was added to the café. New equipment including soup cup warmers and salad vegetable slicers were added to both restaurants. The Dining Services team received the highest score within Erickson (95.51%) on their annual audit which measures different areas including sanitation, adherence to menu’s and recipes and food production.

Resident Life

There are now more than 110 clubs, groups, and activities for residents to choose from. The CTV studio opened to great success with a live TV show in production less than three months after opening. The TV studio went on in 2008 to broadcast great shows thanks to the efforts of over 70 resident volunteers. The first Festival of the Arts was held showcasing the artistic talents of 35 residents. The Veterans Group dedicated the flag pole area in the Courtyard of Cardinal Clubhouse creating “Veteran’s Way”. The Resident Life team introduced *Fall Proof* balance and mobility classes. The Resident Life Department supported the Resident Advisory Council (RAC) in raising and distributing over \$ 75,000 to nonexempt employees through the Staff Appreciation Fund.

Philanthropy

Maris Grove residents and staff continued to be extremely generous with both their time and resources, both within and without the community. Two efforts in particular provide charitable funds that directly support the Maris Grove community:

- *Benevolent Care Fund*: provides support for those residents who have depleted their assets due to extraordinary financial circumstances.
- *Scholars’ Fund*: provides scholarship funds of up to \$1,000 per year for our students who are pursuing post-secondary education. Students must meet certain criteria to qualify for this scholarship. In 2008, \$24,000 in scholarships was awarded.

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

	Benevolent Care Fund	Scholars’ Fund
2008 Beginning	\$171,458.03	\$23,959.99
Funds Raised, 2008	\$337,552.55	\$41,155.61
Funds Expended, 2008	\$23,313.29	\$3500
2008 Ending Balance	\$487,697.29	\$61,615.60
Resident Participation*	45%	54%

Percentage of Resident Households

In recognition of the importance and value of the BCF, all of the members of the Maris Grove, Inc. Board of Directors contributed to the fund in 2008.

In 2008, the National Senior Campuses, Inc. (NSC) Board formalized the creation of a separate Investment Committee of NSC to assist the Maris Grove Board in closely monitoring the Restricted Funds (charitable funds) collected from each Community’s residents. The Investment Committee’s chosen objective is for these funds to provide current income and a relatively stable market value (a Fixed-Income portfolio approach). The Restricted Funds portfolio performed extremely well considering the volatile market fluctuations throughout the last three quarters of 2008. The returns earned on the portfolio amounted to **3.63%**

(net of fees) for 2008. The portfolio mix at year-end was as follows, and it will continue to be monitored on a monthly, quarterly and annual basis:

Cash	60.70%
Fixed Income	39.30%
Corporate	28.20 %
US Government	11.08 %
Other	.02 %

Community Outreach

Maris Grove remains committed to helping residents and staff to achieve their philanthropic goals of sharing Time, Talent and Treasure in our surrounding community and with our Erickson Mission Partners. Throughout the year, several outreach projects allowed residents and staff to volunteer, donate cash or other goods, or use their abilities for creative means.

As a community, Maris Grove was a financial corporate sponsor for all three of Erickson's Mission Partners in their national events in 2008; Susan G. Komen Race for the Cure in May, the American Diabetes Step Out for Diabetes in October and the Alzheimer's Memory Walk in November.

Residents of Maris Grove volunteered their time to assist the following non-profit organizations; Thresholds, Riddle Hospital, American Red Cross, Friendly Visitors, Garnett Valley Schools, PetSmart, Heartland Hospice, Hagley Museum and Library, Alzheimer's Association, Delaware County Literacy, Taylor Hospital, and Chester County Hospital. The Turkey Trot held in November on campus provided much needed food for the Food Bank of Delaware. Maris Grove support groups were formed to include; Alzheimer's, Diabetes, Low Vision, Parkinson's, and Caregiver's among others. An in-service Dementia Awareness training for Dining Staff Members was held on October 22nd, and on November 5th for Housekeeping and Transportation Staff. An all-staff blood drive was held in August in conjunction with the American Red Cross, and Diabetes Awareness Days were held twice throughout the year.

Staff members made the trek to Citizens Park in Philadelphia in November to take part in the Alzheimer's Association Memory Walk, raising over \$1,100 through their efforts. Residents and staff held an on-campus Walk for the Cure for Susan G. Komen, and also honored breast cancer survivors with a Breakfast in October. The American Diabetes Association received a donation from our monthly Jeans Day fundraiser of \$200 as did the Salvation Army. Twenty-eight outside organizations benefited from the Erickson Employee Matching Gift program of treasure and time with monetary contributions totaling close to \$7,000 to; Family and Community Service of Delaware County, Alzheimer's Association, Asbury Park Little League, Autism Speaks, Catholic Charities, CRC Watersheds Association, Concordville Fire and Protective Association, Cystic Fibrosis, E3

Partners Ministry, FC Delco Black VI Soccer Association, Food Bank of Delaware, Fox Chase Cancer Center, Gettysburg College, Gilbert and Sullivan Society of Chester County, Glen Moore Fire Company, the Humane Society of United States, Immaculata University, Kelly Heinz-Grudner Brain Tumor Foundation, Leukemia & Lymphoma Society, Make a Wish Foundation, March of Dimes, Methodist Theological School, Operation Warm, Presbyterian Church USA, Princeton Theological Seminary, Sunday Breakfast Mission, Susan G. Komen for the Cure, and WHYY Public Radio.

The Maris Grove Executive Team has representatives on the boards of the following non-profit organizations; Family and Community Service of Delaware County, CRC Watersheds Association, Delaware Health Care Facilities Association, the Gilbert and Sullivan Society of Chester County and Delaware County Community Foundation.

Renaissance Gardens (RG)

Ground was broken for our extended care neighborhood-Renaissance Gardens scheduled to open in summer 2009. The building will have 22 short term rehabilitation beds, 44 skilled nursing beds and 66 assisted living units. The opening of Renaissance Gardens in 2009 will fulfill our commitment to the residents of a continuum of care on campus.

Diversity

During 2008, the National Senior Campuses, Inc. Board of Directors chartered a diversity and inclusion committee to work with Erickson Management focusing on a long term strategy promoting a culture of diversity and inclusion. Erickson Management empowered Diversity and Inclusion Council to develop an enterprise strategy focused on defining an inclusive strategy that leveraged diversity, creating an environment where residents, staff, and management felt heard and supported. The strategy capitalizes on the value of a diverse management team, staff complement and resident population. Our focus has been on establishing diversity and inclusion as key values. While we will not achieve success overnight, we view this strategy as a business imperative given the changes in the American workforce. Success with this strategy will help position Erickson to compete for the best talent and thereby continue to provide top quality services to our residents.

Maris Grove has been involved in activities to enhance community diversity and inclusion efforts including the following:

- Through our Erickson Way Committee, we celebrated our cultural and ethnic backgrounds by sharing foods of our heritage during a pot luck event.
- We support a work study program for disabled teens from Garnett Valley School District and disabled teens from Elwyn who work mornings in our Dining Services department.
- Advertisements are strategically placed in minority publications in our area and Philadelphia City to increase awareness of what we offer.

- Member of Greater Philadelphia Hispanic Chamber of Commerce.
- Partner with Reemployment Transition Center in Chester, PA, for recruitment and training.
- Held Spanish class for leadership in partnership with La Comunidad Hispania, a community based organization committed to raising awareness and identifying resources that strengthen the Hispanic community.

“Green” Initiatives

The residents, board and management, together, have been good stewards of the community’s natural resources through our business conduct in areas of energy management, community initiatives, design, development and construction. As an enterprise, we are committed to becoming more aware of how we can “go greener” and we will take action, where we can, to initiate change within the enterprise to reduce our carbon footprint and minimize the effects of global warming. This process will evolve over time.

The purposes for “going green” are to support the reduction of our carbon footprint which equates into the reduction of our overall carbon emissions. This will minimize our impact on global warming. We also want to be good stewards of our resident resources by developing energy efficient communities that require less direct utility cost. This in turn supports our financial/business objectives to provide affordable retirement living and services to our residents.

Maris Grove has focused on the following in the past year:

- Move to using all recyclable disposable paper products.
- Housekeeping has been working with our trash company to develop a more comprehensive department and employee recycling plan.
- Implementing a comprehensive plan for use of environmentally friendly housekeeping / cleaning supplies throughout the campus.
- Continuation of our HVAC Load Shedding Program
- Installation of 25W T8 bulbs to replace 32 W bulbs for additional energy savings

Erickson Advantage

The Erickson Advantage (EA) health plan at Maris Grove has been very well received by the residents with 38% participating in the plan. The EA Team enrolled 151 new members for 2008, a total enrollment of 336 as of December 31, 2008. The plan scored more than 88.5% for member satisfaction, over 18 points higher than the National Benchmark of 70.5% for 2008, over 90% of the respondents said that they would “Definitely” or “Very Likely” continue their EA coverage. Plus, nine out of ten said that they would recommend EA to a friend.

Resident Accomplishments and Highlights

The Resident Advisory Council (RAC) plays an important role in keeping the focus on what is important to residents through their support, guidance and communication. The RAC held its second election in March of 2008 for members and officers for 2009. The following are serving on your behalf: Barbara Creighton, John Caskie, June Davin, Joe Overholt, Joe Peronace, Maryann Starkey and Leslie Whitney. We are grateful for the tremendous contributions of outgoing RAC members Frank Bicking and Ross Zelesnick .

Residents joined together to raise over \$3,000 for Benevolent Care Fund through “Souper Sunday”. Residents raised vegetables in the gardens throughout the summer and then harvested them in the fall for Chef Marvin and his team to transform into soup for sale at a fundraiser for Benevolent Care.

Over 400 people attended the second annual club fair. The event gives an opportunity for residents and reserved residents to learn about the 100 + clubs/activities available on campus.

Staff Accomplishments and Highlights

Maris Grove continued to set high standards in the marketplace as a great place to work. In fact, on the annual employee satisfaction survey, over 89% of Maris Grove employees said they are “proud to work for Maris Grove”. Maris Grove retention for the year was 72.40% which included both regular employees and the students. Not only was Erickson selected as a national top 100 places to work in *Fortune Magazine*, Maris Grove and Ann’s Choice, a sister Erickson community in Bucks County, joined forces and were selected to the Top 50 Places to Work in Pennsylvania. The Human Resources Department was recognized with an Award of Excellence in Employee Relations and nominated for the Delaware Valley Human Resources Department of the Year.

The quality of the work produced by the staff has been noteworthy through the year. General Services, Dining Services and Resident Life achieved over 90th percentile positive grades and no deficiencies on their annual assessments administered from the corporate support team in their respective areas. Further, Maris Grove received the Pennsylvania Horticultural Society Community Greening Award, recognizing the horticultural work of the staff and residents.

Staff held a fundraiser and donated Paid Time Off (PTO) time in the amount of \$7,000 to sister Erickson community Eagle’s Trace’s staff, located outside of Houston, Texas, after Hurricane Ike.

2009: Looking Forward

Areas of Focus

Dealing with these economic times tests us all in new ways to be good stewards and we work to stay affordable to middle class seniors. In the coming year, we will continue to focus on effective and affordable services to the residents as we:

- Utilize various initiatives designed to incent and facilitate settlements for new residents to meet settlement goals in the challenged economy.
- Open Renaissance Gardens in summer of 2009.
- Reduce expenses where possible while not compromising on superior quality to strengthen cash management and build cash reserves.
- Position ourselves to reduce costs for utilities on campus with the deregulation of electric power in the State.
- Enhance opportunities to improve the ‘greening’ of our campus.
- Facilitate resident led groups and activities on campus and community outreach and volunteerism off campus to keep Maris Grove a vibrant and engaging community.

Financial Plans

As a developing campus, Maris Grove’s business plan calls for a net operating loss of (\$4,165,943). The community’s operations are consistent with other communities at the same phase of development.

The economic times and challenges have been cause for a sharp, continued focus on market conditions and our business plan. As a result, we have been careful in our holding off on the hiring of some planned staff, corresponding to the somewhat slower pace of new residents moving in, and in tightening of our other expense lines. This has been thoughtfully and deliberately approached in our 2009 plan while focusing on the continued high level of service and programming.

The Board of Directors annually approves the delivery of community services, programs and operations, and adopts a resident fee schedule, through approval of the community business plan or Budget. The Budget is formulated by Management during the fall of each year and approved by the Board on or before December 1 for the ensuing calendar year. Management’s proposed budget to the Board takes into consideration suggestions from the community Resident Advisory Committee and attempts to attain spending levels that meet the Board’s standards for community quality of life while maintaining affordability to the residents. In approving each annual Budget the Board seeks to provide a viable annual financial plan that is premised upon sustaining long term financial stability.

Campus Development

In 2009, two residential buildings will open; Bluebird Crossing in May with 126 apartments and Herron Court in June with 105 apartments. An underground garage located under Bluebird Crossing with space for 70 vehicles will open in May. In July Renaissance Gardens opens with 66 nursing units and 66 assisted living units.

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

We have a number of goals related to resident satisfaction, employee satisfaction, and financial performance in 2009. While our goals may evolve during the year based on emerging priorities, some of the goals that are relevant to residents at Maris Grove are as follows:

- We will move to a 24-hour wellness center availability for residents and their guests.
- Maintaining focus on repairs and general upkeep of buildings by monthly building walkthroughs, increasing accountability for closed work orders, and ensuring work orders for repairs are completed in less than five business days.
- Opening of Renaissance Gardens.
- Expansion of Medical Center which will include addition of specialty physicians.
- Expansion of Outpatient Rehabilitation Center to meet increased resident demand.

Executive Management Team

Maureen Heckler, Executive Director

Maureen joined Erickson in 2005 having worked as the Associate Executive Director at Ann's Choice until her appointment as Executive Director for Maris Grove in January of 2006. Maureen brings 26 years of healthcare executive experience to her position at Maris Grove. She holds a B.A. from Villanova University and a Masters in Business Administration from Pennsylvania State University. Prior to joining Erickson Retirement she was the regional director of operations for Sunrise Senior Living in Delaware and New Jersey. She is a licensed nursing home administrator and serves on the Board of Family and Community Services of Delaware County. Maureen resides in Glenmoore, PA with her husband Rob.

Steven P. Rovner, Associate Executive Director

Steve joined Erickson in 2006. He was appointed Associate Executive Director in June 2006. A resident of Wilmington, Delaware, Steve brings more than 20 years of healthcare executive experience to his position at Maris Grove. He holds a B.A. from Pennsylvania State University, and a Masters in Public Administration from American University in Washington, D.C. Prior to joining Erickson Retirement communities, he most recently served in an operations position for Marriott/Sunrise Senior Living. Rovner previously served as a Vice President at Frankford Hospital in Philadelphia. He is a licensed Nursing Home Administrator in Pennsylvania and Delaware and currently serves on the Advisory Board and Health Care Committee of the Delaware County Community Foundation.

Barbara Burri, Philanthropy Director

Barbara joined Erickson in 2006 having been hired by Retirement Living Television (Erickson's new television network for adults 50+) to help create their advertising sales program. She started at her current position of Director of Philanthropy in July of 2008. Barbara brings ten years of fundraising experience to her position at Maris Grove. Prior to joining Erickson, Barbara worked for Northern Michigan University's Foundation in Marquette, MI beginning as Supervisor of Phonathons and rising to Major Gifts Officer. She holds a BS in Communications and Performance Studies from NMU, is a graduate of the charter class of the Leadership Academy in Marquette, MI. She currently resides in West Chester, PA.

Randall Cox, Finance Director

Randall joined Erickson in 2006 and is currently the Financial Director of Maris Grove. Some of Randall's responsibilities include Enterprise Risk Management, Budget Establishment and Compliance, Internal Audit and Monthly Financial Preparation and Review. Prior to joining Erickson, he worked 16 years as the Controller for Dunwoody Village, a CCRC in Newtown Square, PA. Randall earned his Bachelors Degree in Accounting at Bloomsburg University. Randall currently resides in Springfield, PA with his wife Elizabeth.

Marie DiCostanza, Resident Life Director

Marie joined Erickson in 2003. Marie was appointed Director of Resident Life at Maris Grove on March 2006. As Director of Resident Life, she is responsible for providing leadership and support to the community Resident Life Managers; serves as a member of the Maris Grove Executive Management Team and the Corporate Resident Life Operations Team. Previously she was Director of Resident Life at Fox Run in Michigan. Marie has 15 years experience in the field of aging. Prior to working at Erickson, Marie worked as the Director of Education and Training for the Alzheimer's Association, Greater Michigan Chapter. She remains active with the Alzheimer's Association. Marie holds a BS in Gerontology from Madonna University in Livonia Michigan and a Master in

Administration from Central Michigan University. Marie currently resides in Kennett Square, PA with her husband Joe.

Joseph Guidetti, Dining Services Director

Joe joined Erickson in 1999, having worked as the Assistant Dining Director at Seabrook Village and Director of Dining Services at Ann's Choice. Joe has over 20 years of experience in Dining Services mostly in New Jersey. He began his career in the food service industry while in the United States Navy, where he was a cook and a baker and graduated from the US Navy Food Services School. Joe currently resides in West Grove, PA with his wife Jane and daughter.

Erik Jost, CPMM, General Services Director

Erik joined Erickson in May of 2006. He started as the Senior Facilities Manager in General Services. He was promoted to the Director of General Services in August of 2008. He has over eleven years of experience in the various departments within General Services, including Maintenance, Engineering, Security, Housekeeping and Laundry. Erik has served on many teams over the past three years including the Maintenance and Engineering Peer Team Leader and the Subject Matter Expert (SME) for the maintenance and engineering/preventative maintenance requirements during the recent work order system replacement project throughout Erickson. Erik was also awarded the Leadership Award-Manager of the Year in 2006. Prior to coming to Maris Grove, Erik has had a successful career in the area of management and engineering with the United States Navy, Federal Building Management and with Sunrise Senior Living. Erik is currently enrolled at Newman College, where he is pursuing a Bachelor of Science degree. He resides in Wilmington, Delaware, with his wife Leann and their son Michael.

Pam Matschat, Marketing Director

Pam joined Erickson in 1992 and is currently the Marketing Director of Maris Grove. Pam held various positions within the Sales Office for Erickson's original community, Charlestown in Catonsville, MD. Over the past ten years, she has held the position of Retirement Counselor for Charlestown, Seabrook Village in Tinton Falls, NJ and Maris Grove. Pam holds a Bachelors of Arts in Management from Gettysburg College. She currently resides in West Chester, PA.

Iman Mitchell Oklat, PHR, Human Resources Director

Iman joined Erickson in 2005. She joined Maris Grove in January 2007 as our Director of Human Resources having served as a Human Resources Manager at Sedgebrook. She is a results oriented Human Resources professional with over ten years of progressively responsible generalist and specialist experience. Her previous roles have included Recruitment and Talent Assessment and Development for HCR-Manor Care and Marriott Senior Living. Iman is a Professional in Human Resources (PHR), Human Resources Certification

Institute and holds a Bachelor of Science in Business and Public Administration from the University of Virginia's College at Wise. She currently resides in West Chester, PA.

Lynn Plasha, NHA, Renaissance Gardens Administrator

Lynn joined Erickson in January, 2008, as the Administrator of Maris Grove's Renaissance Gardens. Lynn brings over 20 years experience in senior living to her position here at Maris Grove. She spent the last nine years as the Health Care Administrator at The Quadrangle, a CCRC in Delaware County. She holds a BS in Long-Term Care Administration from York College of Pennsylvania. Lynn lives in Garnett Valley, PA with her husband and two children.

Phillip C. Taylor, MD, Medical Director

Phil joined Erickson in 2006 as Maris Grove's Medical Director. Dr. Taylor has a BS from Haverford College and his MD from Temple University School of Medicine. His most recent faculty appointments included Clinical Assistant Professor of Medicine and Associate Fellow of the Institute of Aging at the University of Pennsylvania Health System. From 1996-2002 he was a Clinical Associate at the University of Pennsylvania School of Medicine. He has been an active staff member at Chestnut Hill, Presbyterian and Hospital of the University of Pennsylvania. He has specialty certification in both Internal and Geriatric Medicine. Dr. Taylor has held various medical directorships in area nursing facilities. He is currently a member of the American Geriatrics Society and the American Medical Directors Association. He currently resides with his wife, Merle in West Chester, PA.

Resident Advisory Council (RAC)

(Elected February 19, 2009)

Barbara Creighton- Chair

Barbra is a graduate of Bloomsburg State Teachers College with a B.S. Degree in primary education. She has taught second grade and kindergarden. Barbara has worked for 31 years at Reformation Lutheran Church in Media serving as Director of the Nursery School for 20 years. Barbara started and served as Director of a before and after school day care in which she still is a substitute. She also served as director of volunteers for seven years. She and her husband, Gray have five children and 11 grandchildren.

Leslie W. Whitney - Vice Chair/RG Liaison

Leslie is a retired surgeon who served on the medical staff of Christiana Care in Wilmington, Delaware for 50 years until his retirement in the year 2000. After attending Bucknell University, he went to Temple University School of Medicine in Philadelphia, where he served an internship and a residency in General Surgery. In Wilmington, he served in many areas of medical education, cancer research, and hospital administration. At the time of his retirement, he served as

Director of Academic affairs at Christiana Care in charge of post-graduate education and reserarch, and served as a Trustee of Thomas Jefferson Universtiy and as an Assoiicate Dean of Jefferson Medical College. He was also involved in blood banking, cancer research and cancer control. He served as a physician in the U.S. Navy during World War II and during the Korean War. He and his wife Joan have six children, three sons and three daughters, of whom they are both very proud.

Jo Overholt –Resident Life Liaison

Jo has been a legal assistant and secretary in a Philadelphia law firm for five years. Along with these duties, she took on the presidency of her condominium counsel in Rehoboth Beach, DE for six years—facilitating and overseeing all phases of maintaining 10 units on a year-round basis. Prior to that Jo was a sales rep for a global magnetic therapy company for four years. Jo and her husband Wes have 3 sons and 3 grandchildren.

Joe Peronace-Medical Center Liaison

Joe graduated from the Philadelphia College of Pharmacy with a BSc. After serving two years in the army as a hospital pharmacist during the Korean conflict he worked in sales and retail pharmacy. He recently retired from Mercy Hospital of Philadelphia after 34 years of service. Joe and his wife Cass, also a pharmacist, have 3 children and 6 grandchildren.

John Caskie-General Services Liaison

John was born in Kilmarnock, Scotland. He graduated from Sir George Williams University Montreal Canada with a BSc in Chemistry and a minor in Physics. John worked for C.I.L. Paints and Sherwin Williams for the first half of his career, the last 21 years of his career he was part owner of Mac Specialty Coatings in South Jersey. He retired in 2001. John enjoys rugby, golf, tennis, cricket, building and flying radio controlled model gliders. He has been married to his wife Elinor for 54 years. They have two children and five grandchildren.

Joe O’Grady, Dining Services Liaison

Joe is a graduate of LaSalle College, has a Masters from the University of Notre Dame and his PhD from the University of Pennsylvania. For almost 40 years Joe was a professor at LaSalle College/University. He served in the United States Army Reserve for 28 years retiring as a Lieutenant Colonel. Joe is the author of several books and numerous articles for historic journals. He and his wife Connie have 5 children and 15 grandchildren.

We would like to thank Maryann Starkey and June Davin for their service on the Resident Advisory Council as they step off the Council.

Organization and Governance

Organization

Maris Grove is organized as a not-for-profit corporation and is an affiliate of National Senior Campuses, Inc. (NSC). Maris Grove is governed by its Board of Directors, whose members are independent of Erickson Retirement Communities, LLC and its affiliated organizations. No Erickson employees may serve on the Boards of Directors.

The Maris Grove Board is responsible for oversight of the development, financing and operations of the Community. The Board has retained Erickson to provide management services for the Community pursuant to a Management and Marketing Agreement. With no private shareholders to pay, the Community's net assets are retained for the long-term benefit of current and future residents and to further the Community's charitable mission.

Maris Grove is one of 21 communities supported by National Senior Campuses, Inc. (NSC). NSC acts as an umbrella organization by organizing separate not-for-profit corporations to operate retirement communities (such as Maris Grove) and providing ongoing strategic planning, governance and operational resources to the Community Boards. It also develops and monitors overall policies and guidelines for operations and standards of care in order to promote efficiency while preserving the high-quality standards of its supported organizations. NSC develops long-range strategic plans and formulates relationships that are beneficial to its supported organizations and promote cost savings within the system. NSC also facilitates growth of the system by sponsoring new communities in areas of the country where it is needed.

The Board of NSC currently consists of eleven independent directors; each of whom brings a particular expertise to the Board. To assure that NSC is responsive to its Supported Organizations that own and operate the communities, at least one of the directors of each Supported Organization is also a director of NSC. This allows each Supported Organization to have representation and influence over the policies and activities of NSC.

For more information about the organization and governance of Maris Grove and NSC please go to www.NationalSeniorCampuses.org.

Board of Directors

All corporate authority resides in the Maris Grove 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 Maris Grove pursuant to a Management and Marketing Agreement between Maris Grove 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 6 people. At least one of the directors of Maris Grove 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 Maris Grove.

Maris Grove'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 Maris Grove's corporate governance practices, you may view many of the documents listed below at www.National-Senior-Campuses.org or visit the Executive Director's office where you will be provided access to review the contents of the Community Reading File:

- Corporate Governance Guidelines
- Amended and Restated Articles of Incorporation
- Bylaws of Maris Grove
- Form 1023 – Application for Recognition of Exemption
- IRS 990, Return Of Organization Exempt From Income Tax (most recent year)
- IRS Certificate of Approval of 501(c)(3)
- Management and Marketing Agreement
- Official Statement of Bond Issue (as applicable)
- Audit Committee Charter
- Finance & Acquisitions Committee Charter
- Conflict of Interest Policy
- Community Board Resident Director Recruitment Policy and Procedure
- RAC Handbook
- Summary copy of current year budget and rolling three-year business plan

- Annual Report (most recent copy) which contains the Mission Statement, Management Report, Director Biographies, and Organization Chart
- Audited Financial Statement

Corporate Governance Guidelines and Committee Charters

The Corporate Governance Guidelines and the charters of the committees of the Board of Directors describe our corporate governance practices. The 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 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 Corporate Governance Guidelines and committee charters are reviewed periodically and updated as necessary to reflect changes in regulatory requirements and evolving oversight practices.

Committees of the Board of Directors

The Board of Directors has appointed various Committees to undertake certain aspects of the Board’s duties. Each Committee is comprised of Board members and is governed by a Committee Charter that was approved by the Board of Directors.

Community Operations Committee

The Community Operations Committee (“COC”) serves as the local governance connection that interfaces with the community residents and management staff. The COC may exercise most of the powers and authority of the Board of Directors in the management of the operations of Maris Grove. During 2008, the COC formally met on a quarterly basis with more frequent informal meetings. Among the actions taken by the COC during 2008 were:

- Approval of the Budget for 2009. (The 2008 Budget was approved in 2007.)
- Meetings with the Residents Advisory Council to receive their input on the effectiveness of Community operations and priorities.
- Formal evaluation of the performance of Erickson Retirement Communities as a manager of Maris Grove

- Review of the annual goals proposed by Erickson Retirement Communities for the operations of Maris Grove
- Review of the results of the annual Residents' 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 Maris Grove
- Numerous meetings with the Executive Director and management staff to review operating, compliance and financial reports.

Maris Grove requires Erickson Retirement Communities to adhere to a Code of Business Conduct, a Compliance Plan and a Whistleblower Policy. The Community Operations Committee regularly receives reports from Erickson Retirement Communities on the continued adherence to these policies

Finance & Acquisitions Committee

The Charter of the Finance & Acquisitions (F&A) Committee authorizes the Committee to develop financing strategies for the Community during the development stages and conduct due diligence on proposed financing transactions.

During the period of development and construction at Maris Grove, the F&A Committee has monitored the progress of the development in comparison to the original development projections. In 2008, the Committee was pleased to welcome Fred Haas as a member.

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 draft audited financial statements and the draft 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. 61, as amended, "Communication with Audit Committees." 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 policies.
- Met in Executive Session with representatives 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.

The Committee will finalize its review of the audited financial statements and the auditor's report when the auditors complete their review of the new financial arrangements between Erickson Retirement Communities and their lenders.

Investment Committee

The purpose of the Investment Committee is to assist the Maris Grove Board of Directors to fulfill their oversight responsibilities with respect to the investment, monitoring, accountability and control of Benevolent Care Funds, Excess Cash and other community funds as may be appropriate. The Committee is an Advisory Committee to the Maris Grove Board with director representatives drawn from the Boards of Directors of NSC and the Communities. The Investment Committee was formally established as a separate Committee in January 2009. Previously the monitoring of investment activities was provided through an Investment Subcommittee of the Finance & Acquisitions Committee. The Boards of Directors of NSC and its Supported Communities decided to create a separate Investment Committee in recognition of the growing levels of investment dollars across the communities and the need to provide a singularly focused committee to oversee these funds.

Director Compensation

In 2008, Maris Grove paid a total of \$65,080 in compensation to the members of the Boards of Directors of Maris Grove and National Senior Campuses, Inc.

Directors' Compensation for both Maris Grove and NSC was determined by the Boards of Directors of Maris Grove 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 reviewed in the Executive Director's Office or online at www.NationalSeniorCampuses.org.

Board of Directors

Stanley Elwell - Chair

Mr. Elwell is the former President, C.E.O. and Trustee of Episcopal Hospital in Philadelphia, having served this major teaching hospital for 25 years. He was a member of the Board of Directors of the Delaware Valley Healthcare Council and the Hospital Association of Pennsylvania where he served a term as the Chairman of the Board. His other activities included service in the Regional Advisory Board of the American Hospital Association and member of the Philadelphia Bar Foundation Committee on awards. He is now a director and officer of the Presbyterian Children's Village located in Rosemont and Philadelphia. His career in health care management began on the staff of Duke University Medical Center and he earned a Masters in Hospital Administration from Duke. He has a Bachelors of Science degree from Iowa State University. Mr. Elwell also serves on the board of directors of National Senior Campuses, Inc., and other organizations supported by National Senior Campuses, Inc.

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.

Harold Ashby

Mr. Ashby retired in 2001 from PricewaterhouseCoopers, where he served as Managing Partner of the firm's Baltimore Office. He was also, at various times, Partner in Charge of regional or national industry programs for financial services, middle market companies, and state and local government. Mr. Ashby's volunteer activities include Chairman of the Central Maryland YMCA, Board of Directors of the Maryland Association of CPAs, Board of Advisors of the Loyola College Executive MBA Program, and Greater Baltimore Committee Task Forces on Crime and Regionalization. Mr. Ashby also serves on the board of directors of National Senior Campuses, Inc., and other organizations supported by National Senior Campuses, Inc.

Walter Burdick

A current resident of Maris Grove and former Director of Strategic Program Marketing for UNISYS Corporation, Mr. Burdick combines 27 years of management expertise with active involvement in the community to provide a unique combination of professional skills and personal experience. Strong interpersonal skills, objectivity, and commitment to consensus enhance his ability to help create strategies that contribute to lasting improvement. In addition to his activities at Maris Grove, Mr. Burdick also serves as a trustee on the executive board of Unisys Blue Bell retirees.

Fred Haas

Mr. Haas received his BA in accounting from Penn State University in 1966. After joining the air force, Mr. Haas was commissioned as a 2nd Lieutenant in 1967. He served as a maintenance officer until 1971. Following his military career, Fred joined Philadelphia tax firm, Coopers and Lybrand in 1971, earned his CPA in '73, and became partner in 1978. After joining PriceWaterhouseCoopers LLP in 1983, Mr. Haas continued to specialize in real estate, financial services, personal financial planning, and closely held businesses. After retiring in 2001, Mr. Haas relocated to Philadelphia and continues to work part time for several clients.

Bill Kennedy

Mr. Kennedy is a litigation partner in White and Williams, LLP, a large, civil law firm with offices throughout the Mid-Atlantic. Mr. Kennedy represents insurers, manufacturers, and health care providers. He has taught at both graduate and professional levels on many aspects of the integration of law and business. He has served as Special Counsel to institutions investigating abuse. Mr. Kennedy received his B.A. from Bucknell University and his Juris Doctor from The Dickinson School of Law, where he was on the Law Review. Mr. Kennedy also serves on the board of directors of National Senior Campuses, Inc., and other organizations supported by National Senior Campuses, Inc.

Willow Pasley

Ms. Pasley is a finance and management professional with 20 years of experience in the banking industry. During her tenure with Citizens Bank and BayBank, she specialized in lending to healthcare and not-for-profit organizations, including continuing care retirement communities. She earned a BA from Hartwick College and an MBA from Simmons College. Ms. Pasley also serves on the board of directors of National Senior Campuses, Inc., and other organizations supported by National Senior Campuses, Inc.

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.

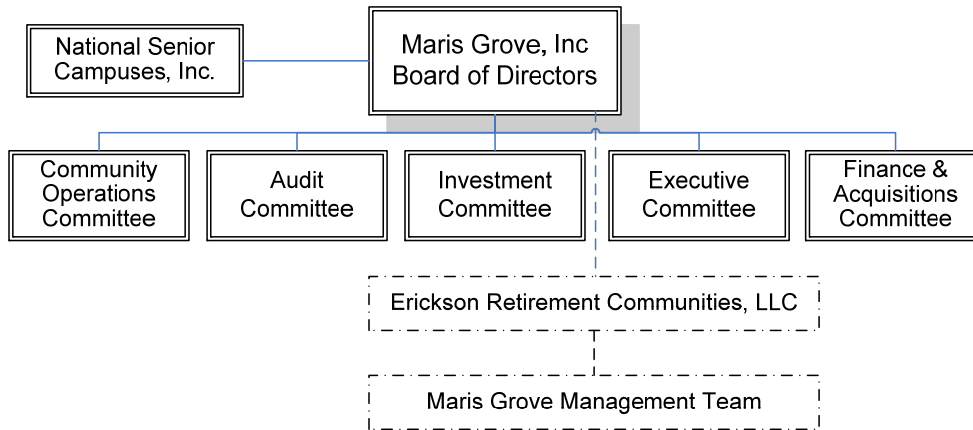
Meryle Twersky

Ms. Twersky is a business executive/attorney with more than twenty years of extensive healthcare industry experience. She served as Vice President of Episcopal Hospital, a major teaching hospital in Philadelphia, PA; as a VP/Counsel for a Philadelphia-based Pharmaceutical Company and as a Senior Consultant to diverse non-profit organizations. Ms. Twersky received her law degree, MBA & bachelor's degrees from Temple University. She is a member of the New Jersey Bar and Pennsylvania Bar. Her community volunteer activities include membership on her local township Zoning Board and as a board member of Settlement Music School, Jenkintown, PA. Ms. Twersky also serves on the board of directors of National Senior Campuses, Inc., and other organizations supported by National Senior Campuses, Inc.

Ron Walker

Mr. Walker served as President of Lyon, Conklin & Company in Baltimore until his retirement in 1993. Prior to that position, he was Treasurer and Controller of C.C. Dickson Company in Charlotte, North Carolina. Both companies were involved in HVAC equipment distribution. Mr. Walker started his professional career as a CPA with the accounting firm of Coopers & Lybrand in Charlotte after graduating from the University of North Carolina at Chapel Hill. Mr. Walker is Chairman of the board of directors of National Senior Campuses, Inc. and also serves on the boards of other organizations supported by National Senior Campuses, Inc.

Maris Grove Organizational Chart



LEGEND:

_____ = governance relationship (by charter or bylaws)

- - - - - = contractual relationship

Maris Grove Committees of the Board of Directors

Community Operations Committee:

- Stanley Elwell
- Fred Haas
- Bill Kennedy
- Meryle Twersky
- Walter Burdick

Finance & Acquisitions Committee:

- Jim Anders
- Harold Ashby
- Fred Haas
- Willow Pasley
- Larry Shubnell
- Meryle Twersky

Audit Committee:

- Fred Haas
- Bill Kennedy

Executive Committee:

- Ron Walker
- Stanley Elwell
- Jim Anders
- Harold Ashby

Investment Committee:

- Jim Anders
- Fred Haas
- Willow Pasley
- Larry Shubnell
- Jim Hayes (member NSC Board)

Maris Grove

Annual Operating Budget

For the Year 2008*

	2007 Actual	2008 Actual	2008 Budget
Operating Revenue			
	\$	\$	\$
Resident Monthly Fees	7,555,041	13,256,327	12,907,493
Departmental Revenues	1,910,413	2,750,825	2,644,571
Total Operating Revenue	9,465,455	16,007,152	15,552,064
Operating Expense			
Wages	4,335,443	6,731,994	6,880,340
Employee Benefits / Other EE	1,431,789	1,582,018	1,711,522
Contract Labor Expense	1,267,399	1,033,681	1,054,949
Supplies Expense	1,180,348	2,022,712	1,985,037
Repairs and Maintenance Expense	228,369	457,321	547,456
Professional Fee Expense	62,443	71,637	140,500
Purchased Services Expense	1,460,688	2,050,806	1,706,950
Insurance	121,982	223,882	239,736
Utilities	986,436	1,519,789	1,523,128
Real Estate Tax	1,023,582	2,142,051	2,320,138
Management Fees	265,081	505,946	645,375
Marketing Costs	0	0	0
Other Expense	222,374	601,199	461,765
Total Operating Expense	\$ 12,585,933	\$ 18,943,036	\$ 19,216,896
Operating Income	\$ (3,120,478)	\$ (2,935,884)	\$ (3,664,831)
Non-Operating Income**	304,047	(139,257)	(530,384)
Net Income	\$ (2,816,431)	\$ (3,075,141)	\$ (4,195,215)

* Audited Financial Statements will be available upon finalization and release of the audit. Copies of the Statements may be obtained by request through the Executive Director's Office.

** Non-Operating Income Includes - Investment Income, Unrealized Gains and Losses, Net Rent, Interest Expense, Amortization Expense and Depreciation Expense.

Note: "2008 Actual" data is unaudited