

**Riderwood**

**2008**

**Annual Report**



# RIDERWOOD™

Date: May 1, 2009

Dear Riderwood Residents:

It is with great pleasure that we present to you this 2008 Riderwood Annual Report, prepared specifically for our residents. In light of the current economic downturn, and the need to control costs (to keep prices affordable), we have chosen to scale back the color, glossy Annual Report of last year. Nonetheless, the 2008 Annual Report includes a review of our community's activities, goals for 2009, and other important information about Riderwood, including your Board of Directors.

This reporting period was an exciting year for our community. Riderwood has established a renewed commitment to customer service, Renaissance Gardens received an overall 5-Star Rating from The Centers for Medicare and Medicaid Services, the Wildlife Habitat Council certified Riderwood as a *Corporate Lands for Learning*<sup>SM</sup> (CLL) site, a joint publication (*Riderwood Reporter*) of residents and management was established, the Sales Office began implementing the Erickson Realty & Moving Services (ERMS) program and much, much more, as outlined in the report. None of this would have been possible without the hard work and efforts of our dedicated staff and wonderful residents. We are especially grateful to our Resident Advisory Council (RAC) for their insight and helpful feedback throughout the year. The RAC helps us remain focused on what is important to our residents so Riderwood can continue to be a place to call home.

We are so thankful for an exceptional staff of individuals who care so deeply about our mission and thoroughly enjoy working together to provide you with the very best customer service. We hope you attend our Annual Town Meeting on May 13, so you can meet with the members of your Riderwood Board of Directors, ask questions and hear more about our plans for 2009 and beyond.

Thank you again for making Riderwood a unique, vibrant community that celebrates life. Working together we will continue to promote well-integrated operations and services, as well as target further opportunities to remain efficient and cost-effective – without compromising quality of services. It is an honor and pleasure to serve you.

Sincerely,

Donna Mason  
Executive Director



L. Carroll Yingling  
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 Resident Advisory Council
  - Taking a long-term view of fiduciary responsibility
  
- 3. Ensuring 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 taxes
  - Obtaining property tax reductions from community governments
  - Accumulating net income to further the mission
  - Maintaining a policy of 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, Riderwood continued to build upon its strong reputation as a great place to live and work. We re-opened Renaissance Gardens' (RG) Rose Court 5, introducing Assisted Living Plus and Assisted Living Premium neighborhoods -- which feature private apartments for residents with Alzheimer's, dementia, and other memory difficulties, as well as Multiple Sclerosis, Parkinson's disease, and other chronic conditions. At the end of the year, Riderwood had 973 full-time and part-time employees. In addition, there were 383 part-time student employees who worked as servers in the restaurants.

In 2008, Riderwood settled 141 units, maintaining an occupancy level exceeding 98%. The community has nearly 2,000 independent living units and just over 300 assisted living and skill nursing units.

Riderwood continued to place a high priority on emergency planning in order for everyone to respond efficiently and effectively to major events. On March 27, a mock emergency preparedness exercise was held on campus to help staff improve their ability to react to potentially threatening situations. Then, on June 16, an actual emergency situation occurred when a water main break impacted a tremendous number of people in Montgomery County. Riderwood staff was able to respond with great urgency and take all necessary precautionary actions to avoid safety or health concerns on campus because of our detailed well rehearsed preparedness plan.

In regard to Riderwood's Benevolent Care Fund (BCF), residents now have the opportunity to create Charitable Gift Annuities that benefit the Benevolent Care and Scholars Funds.

Social responsibility continued to be an important part of Riderwood's public involvement. Consistent with Erickson Communities' Corporate Social Responsibility initiative, Riderwood donated \$25,000 to area charitable organizations in 2008.

### **Resident Satisfaction**

Riderwood conducted its Annual Resident Satisfaction Survey in the late fall. Separate surveys were conducted in Independent living, Assisted Living, and Skilled Nursing. The high-level results, along with comparisons to 2006 and 2007 results are summarized below. The scores are on a 100-point scale and indicate the percentage of residents who entered a positive response to the question posed.

<b>Riderwood Resident Satisfaction - Categories</b>	<b>2006 Results</b>	<b>2007 Results</b>	<b>2008 Results</b>
Independent Living: Overall Satisfaction	83.3%	85.2%	87.0%
Independent Living: Dining Satisfaction	73.7%	79.2%	80.6%
Independent Living: Would You Recommend Riderwood?	92.6%	94.7%	96.3%
Assisted Living: Overall Satisfaction	82.2%	85.7%	82.7%
Assisted Living: Would You Recommend Riderwood?	93.0%	97.9%	86.2%
Skilled Nursing: Overall Satisfaction	75.3%	82.3%	85.2%
Skilled Nursing: Would You Recommend Riderwood?	78.3%	86.8%	92.0%

During the year, there was a number of improvement initiatives that were implemented based on resident suggestions. Some of these efforts included:

**Communications:** We continued “Conversations with Administration,” a time when the executive director and all department directors provide updates, listened to concerns and responded to questions. A transcript of the questions and answers posed are published in the *Riderwood Reporter* – a joint resident and management newspaper that began publication in December 2008. By consolidating multiple department and resident newsletters into one newspaper, the quality of communications throughout the campus has been enhanced with significant cost savings (e.g., reduction in newsletter duplication costs). Lastly, Renaissance Gardens implemented an expanded communications strategy to embrace residents and family members (e.g., RG e-community called Renaissance.Connected, an RG Website; and, a Resident/Family/Staff joint effort to create a RG Handbook).

**General Services** – Maintenance staff continued to improve response times, committing to perform all routine work orders within 48 hours of request, and responding to all emergency orders immediately. Building improvements included re-configuring and updating for Renaissance Gardens’ Rose Court 4 and 5; updating all guest rooms, adding four new guest suites to our inventory, and, installing Wi-Fi in all community buildings. General Services also added a prototype kneeling bus, and made several grounds improvements, including, installing irrigation in eight residential building exposure areas, new planting bed at Renaissance Gardens/Hunter Glenn, and a broad turf remediation effort.

**Dining Services** – To improve and enhance our residents’ meal experience, we implemented several new initiatives in 2008. For example, carry-out meal options were expanded at Fireside and Overlook restaurants (for a hot meal of the day). In addition, the Meals-to-Go program was re-established at convenience stores, lunch hours were extended

at Overlook restaurant, menus were revised at Overlook restaurant and the Pub, and the ability to pre-order carry-out meals was established. In Renaissance Gardens we implemented a team leader model to improve communication and support to enhance opportunities for residents to utilize all their food options. We also expanded the menu at this location by introducing the “refrigerator rights” program allowing residents access to food at any time.

**Resident Life:** Riderwood residents continued to be involved in the life of the community. At the end of 2008, over 350 residents had lead over 200 resident-driven groups and activities at Riderwood. Additionally, 700 residents volunteered 3,500 hours at Riderwood and residents visited our Wellness Centers over 5,500 times. We continued to enhanced our partnership with residents and the spirit of Successful CommUnity Living by incorporating: the community living principles into bi-monthly resident-led New Resident Orientation sessions; expanding the delivery of resident education on “Moving to Renaissance Gardens: From Care to Cost” to include RAC and resident ombudsman presenters (over 500 residents attended); created a large and vibrant Wii bowling league; increased use of interpreters for hearing impaired residents; offering a Memory Fitness program; and, coordinated a EMV users group to enhance the cooperation and space-sharing among residents using motorized transportation and those who walk unassisted. In addition, based on valuable RAC leadership, Riderwood launched the innovative “Neighbors Helping Neighbors” program (340 resident volunteers) and resource directory, Senior Connections (resident volunteers provide free transportation to neighbors for medical appointments), and implemented the “Riderwood 101” neighborhood meetings to improve community understanding of how the campus works. Lastly, Resident Life increased services to meet more residents’ needs to live independently included providing over 200,000 hours of Home Support Services and 7,000 hours of Home Health Services.

### **Philanthropy Activities**

Generous gifts from our residents, staff members and friends continually enrich our lives and our community. Together in 2008 we realized \$555,703 in support for our two charitable funds, the Scholarship Fund and the Benevolent Care Fund. We are grateful to all of the residents and staff that have given generously over the years and continue Riderwood’s tradition of giving.

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

	Benevolent Care Fund	Scholars’ Fund
2008 Beginning Balance	\$1,193,827	\$442,298
Funds Raised, 2008	\$340,831	\$234,636
Funds Expended, 2008	\$51,797	\$92,750
2008 Ending Balance	<b>\$1,482,861</b>	<b>\$584,184</b>
Resident Participation	<b>33%</b>	<b>55%</b>

*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 \$4,000 per year for our students who are pursuing post-secondary education. Students must meet certain criteria to qualify for this scholarship. In 2008, 70 graduating scholars were awarded.

## **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 a 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.

Riderwood is fortunate to have one of the most diverse workforces within the Erickson enterprise. In fact, at a recent diversity celebration event our employees self identified 18 different countries of origin. Each year, special programs are held that allow staff the opportunity to celebrate their culture and heritage.

There are many resident and employee actions/events including: programs (e.g., Riderwood TV trivia, special window showcase displays, diversity luncheons) held in conjunction with Black History Month and Diversity Month; the Jewish and Christian communities offered a series of Interfaith dialogues to promote inclusivity; and, resident group discussions on special topics/films – e.g, movie “Music Within,” true story about the activist whose efforts resulted in Americans With Disabilities Act. We have resident interest groups who discuss foreign affairs and various foreign language classes (French, Italian and Spanish). English as a Second Language classes are offered to Riderwood employees through Prince George’s College.

## **“Green” Initiatives**

Riderwood is committed to environmental stewardship and outstanding environmental education and voluntary efforts. Since 2005, Riderwood has been among the first retirement communities in the world certified as a wildlife habitat by the Wildlife Habitat Council (WHC), and diligently works every day to save the environment. Green Committees and initiatives have included: Resident Energy Conservation Committee; Energy Conservation Committee; Global Warming Group; Greenhouse Association; Wildlife Habitat Management Project; Garden Club (featured on the front page of *The Washington Post* in Spring 2008); Environmental Stewardship group (who works closely with staff and residents to improve the campus recycling program); and, much, much more.

Other “Green Initiatives” accomplished in 2008, include: WHC certifying Riderwood as a *Corporate Lands for Learning*<sup>SM</sup> (CLL) site; Earth Day Celebration held in the spring as one of the largest annual educational projects on campus; establishing a unique partnership with High Point High School to raise plants which are eventually sold to residents with proceeds benefiting the Benevolent Care Fund; on campus beautification efforts (e.g. planting young Wye Oak trees, increased numbers of wildflowers and native trees and scrubs); significant contributions from Riderwood volunteers who make ongoing environmental contributions (e.g., Adopt-A-Pot volunteers, Aquanauts, Bird House Monitors); enhanced utilization of environmentally friendly “green” chemicals for Housekeeping, Landscaping, and Pest Control; implemented various energy management initiatives to conserve energy (e.g., energy saving light bulbs, installing light sensors in all offices); and, implementing use of campus-wide re-usable recycling bags.

## **Community Outreach**

The generosity and influence of Riderwood residents and staff often spreads beyond the grounds of the campus into the surrounding community. Examples of significant community outreach contributions include: staff and residents visiting Baltimore/Washington International Thurgood Marshall Airport to provide a hero’s welcome to more than 200 U.S. troops returning from the war (Operation Welcome Home, Maryland Chapter); staff and residents participating in Riderwood’s eighth annual Trout Fishing Tournament, resulting in more than \$1,200 being donated to Meals-on-Wheels in College Park and Colesville, Maryland; dozens of residents serving as Erickson Ambassadors during the Life@50+ AARP National Event & Expo; participation in the first annual Wellness, Health, Aging, Retirement and Financial Freedom (W.H.A.R.F.F.) Expo in Rockville, Maryland; staff and residents providing over 300 items (e.g., scissors, glue, notebooks, rulers, backpacks), for donation to the students of Cherokee Lane Elementary School, in Adelphi, Maryland; Riderwood’s “Always Faithful” team conducting a “Purple Day” on campus (a creative way for those who work and live at Riderwood to raise awareness and funds for eliminating Alzheimer's disease), and participating in the National Memory Walk in Washington, D.C., as a “Gold Sponsor” -- raising more \$11,000 to eliminate Alzheimer’s disease through the advancement of research; Riderwood’s Friends of Habitat for Humanity continuing to participate in “build days” and making cabinets for Habitat homes in the D.C. area; residents and staff participation in the first annual Affordable Housing Benefit Breakfast, Habitat for Humanity, Montgomery County

Maryland; Riderwood's Lions Club conducted clothing drives on campus to benefit the Vietnam Veterans of American; and, donations provided to three local organizations as a part of Riderwood's celebration of National Volunteer Week – Alzheimer's Association (National Capitol Area Chapter), James E. Duckworth Regional School, and SOME (So That Others Might Eat), in Washington, D.C.

Riderwood was also recognized by a number of organizations for our community outreach programs and community culture in 2008. For example, Riderwood's Quilt Club received a Certificate of Recognition from the Audubon Naturalist Society for their ongoing support of GreenKids, a grant-funded outreach program designed to assist Montgomery County Public Schools. For the past two years, in collaboration with the Audubon Naturalist Society's GreenKids program, Riderwood residents have made a butterfly garden possible at East Silver Spring Elementary School by donating plants and funds.

### **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. A number of new RAC initiatives were undertaken in 2008. Examples of initiatives taken include: creating two new RAC representatives for covering Volunteerism and Philanthropy and Innovation and Resident Concerns; supported tennis court enhancements; campaigned for energy conservation (e.g., encouraged CFL bulb usage); promoted increased campus volunteerism – including at Renaissance Gardens; and much, much more.

Riderwood has the largest number of resident-run clubs of any Erickson campus, growing to over 200 different groups in 2008. Two innovative groups that formed in 2008 were the Greenhouse Association -- residents volunteer at High Point High School to help with potting and starting plants, and the Ukulele Riders – residents play a small guitar-like instrument as a group and schedule performances on campus and in the community.

Other resident-driven activities in 2008, included: Riderwood's first Scavenger Hunt Team Challenge, resident book author signing event, creating a Wii bowling league and conducting a health fair with over 70 vendors.

For nine years, Riderwood's Volunteer Program has had a total of 3,200 volunteers, resulted in over 200,000 hours of donated time by people willing to share their talents and energy to make a difference. Based on an estimated dollar wage value of volunteer time being \$18.77 (based on 2006 Independent Sector research data) this total donated time equals to over \$3.7 million. Some of the many Riderwood volunteer programs include, Hospice Knitters, Love Notes, Needlecrafters and Fidos for Freedom.

## **Staff Accomplishments and Highlights**

Riderwood has continued to set the standard in the marketplace as a great place to work. In fact, on the 2008 Annual Employee Satisfaction Survey, 88% of Riderwood staff said they are “proud to work for Riderwood.” Employee satisfaction with their jobs and wage rates increased 5.5% and 9.5%, respectively. Also, Riderwood exceeded its goals for staff retention (excluding students) for the year, achieving nearly 79%.

Other noteworthy highlights, included: Prince George’s County Board of Education, High School Consortium/Office of Career and Technical Education (Experiential Learning Programs), awarded Riderwood the 2008 Employer-Employee (Business Partner) Appreciation Award; staff receiving bronze, silver and gold acknowledgements for the 2007 John C. Erickson Innovation Awards; increased utilization of the Employee Health and Wellness Center; successful implementation of car-pooling to reduce transportation costs to work; and, increase in the number of staff training courses onsite, as well as continuing education opportunities through tuition assistance.

Throughout the year, department managers implemented steps to recycle products that ultimately resulted in a cost savings to the community. For example, the Sales Office recycled (by providing to various departments for use) over 1,500 old sales information kit binders, resulting in significant saving in office supplies.

Renaissance Gardens started a NeighborCare contract negotiation process (mid 2008); the contract will be in affect from early 2009 and we estimate a \$100,000 annual savings for Riderwood on prescription drugs.

## **Other Highlights and Achievements**

- Erickson Advantage reached a 217 net (total enrollments minus terminations) enrollment; 2007 net enrollment was 197.
- Residents, activities and the lifestyle at Riderwood continue to receive attention from national and local media. In 2008, over 100 stories were published about our community, with a cost-equivalency value exceeding last year’s record total of \$4 million! In addition, Riderwood entered a content sharing partnership with *W\*USA 9News* to create a new website designed for people 50+. This website has resulted in extensive free publicity for the campus.
- We were please to conduct over 70 tours to investors and other VIP visitors during the year. Special briefings and tours were arranged for officials from Jamaica, Australia, China, Japan, just to name a few.
- The Sales Office formalized its partnership with Transitional Assistance and Design to help those planning to live at Riderwood with their downsizing and moving needs.

- For the first time, Riderwood conducted Elderhostel education series to support lifelong learning. This four session world issues series was open to Riderwood residents and the public and proved to be a tremendous success.
- Riderwood hosts two voting precincts and served as a polling place for both Prince George's County and Montgomery County. This means that for the local elections and the General Election on November 4<sup>th</sup> residents had the opportunity to vote on campus.
- In July 2008, Riderwood hosted a Town Hall discussion with Bill Novelli, CEO of AARP and author of "Fifty Plus: Giving Meaning and Purpose to the Best Time of Your Life." This event, presented by AARP, in partnership with Retirement Living TV, was attended by more than 200 Residents.
- The Medical Center continued to do well with the hiring of Dr. Andrew Kundrat to replace Dr. Roy Fried. In addition, same day medical appointments exceeded 3,600, and we made great strides with pneumonia vaccine administration.

## **Summary of 2008 Financial Results**

Riderwood continued to demonstrate strong financial results in 2008. Our net operating result was positive and we achieved our budget goal with an operating income of \$7 million. Our greatest financial challenge in 2008 was the competitive salary levels in the Washington Metro Area which made it difficult to hire and retain staff. A wage equity adjustment in 2008 was a great help in this effort.

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.

## **Goals for 2009**

### **Challenges in the Year Ahead**

2008 was a very challenging year given the turmoil in the U.S. financial markets and the national economy. Clearly, confronting the national economic realities will continue to present many significant challenges. As Riderwood moves ahead in these uncertain economic times, it will continue to promote well-integrated operations and services, as well as target further opportunities to remain efficient and cost-effective – without compromising quality of services.

The 2009 RAC officers have expressed a strong desire to build on past successes and further enhance the quality of life for all who reside at Riderwood.

## **Financial Plans**

Riderwood's business plan calls for an operating income of \$9 million.

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 delaying the hiring of some planned staff, corresponding to the somewhat slower pace of new residents moving in, and in managing our other expenses. 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 November 15, for the ensuing calendar year. Management's proposed budget to the Board takes into consideration suggestions from the community RAC 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**

Riderwood plans to open the last redesigned Renaissance Gardens' neighborhood, Rose Court 4 (Assisted Living Plus, Assisted Living Premium). This new housing model was first opened in 2008 at Renaissance Gardens' Rose Court 5, providing new service options, as well as a significant cost saving for residents.

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

General Services will implement the "We Serve Well" program and identify a new cable provider. Renaissance Gardens will fully implement family virtual visits and the new Assisted Living Plus and Assisted Living Premium neighborhoods in Renaissance Gardens' (RG) Rose Court 4. Resident Life, Medical Center and Outpatient Rehabilitation will continue to offer programs (e.g., Falls Proof, "Together We Can," "Safe Driving", "Memory Fitness") and services that positively impact Successful CommUnity Living, as well as the well-being of residents. In addition, we plan to expand volunteer involvement in Renaissance Gardens (e.g., Care, Comfort and Companionship" program), as well as increase specialized education offerings, community outreach efforts, articles of resident

interest in the *Riderwood Reporter*, and the number of preferred realtors that are at part of the local ERMS program.

Erickson Advantage's goal is to reach a 243 net enrollments. It appears that a slightly higher percentage of Federal retirees are enrolling into Erickson Advantage as a result of the program entering its 4<sup>th</sup> year and slight price increases associated with the Federal health insurance program.

The Philanthropy Department will offer a wide spectrum of creative funding options, with the intention of meeting the charitable desires of our residents. Working closely with Riderwood's RAC and the Executive Leadership team, the Philanthropy staff will broaden our approach to meet the funding needs of the Scholarship and Benevolent Care Funds. The future focus of the Philanthropy Department will be to provide opportunity to participate in legacy and planned giving. Gifts from bequests and entrance deposits can provide significant resources to our two Funds, without impacting residents' current assets. In 2008 one resident notified the Philanthropy Department about making a gift from their entrance deposit, one resident made a gift from an IRA account, and several residents notified us that they have made bequest provisions in their wills. Charitable gift annuities were offered for the first time in December, with one resident participating in the new program last year.

## **Corporate: "Green" Initiatives**

From our inception, Erickson made the conscious decision to "go green." We 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 be evolutionary and iterative.

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 (or our community's) 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.

### **Initiatives / Focuses for 2009:**

1. Move to recyclable disposable paper products at our campuses.
2. Gradual move to more gas efficient / environmentally friendly vehicles (hybrid and bio-diesel or natural gas where possible).
3. Establish star rating criteria for all new and replaced appliances.
4. Continue review waste removal / recyclable opportunities for each campus.
5. Comprehensive plan for use of environmentally friendly housekeeping / cleaning supplies throughout the campus.

6. Stabilize *controllable* energy (electricity and natural gas) pricing which will support energy cost predictability. (approximately 70% of energy cost are controllable)
7. Support our efforts to migrate to purchasing “green” power (wind, solar, etc) into our energy portfolio. We’ll look to enhance our “green” portfolio gradually over time.
8. Provide community and building audits for current energy saving opportunities.
9. Evaluate the ability to move toward LEED (Leadership in Energy and Environmental Design) in our construction operations.
10. We’ll work with the campuses to support establishing Community “Green” Councils to provide Resident Advisory Councils / Executive Director with additional creative ideas and opportunities for their local campus opportunities.

### **Your Executive Management Team**

**Donna Mason, Executive Director:** Donna joined Erickson in 2003, and was promoted to Associate Executive Director in 2004. The past three years, she has served as the Executive Director of Riderwood. Donna has over 30 years of leadership and administrative experience in the public and private sectors, including several high profile political appointments in County Government. Prior to accepting a position with Erickson Communities, Donna was the Deputy Chief Administrative Officer for Prince George’s County. She holds a M.A. in Administrative Management and a B.A. in Sociology.

**Bo Lundh, Assistant Executive Director:** Bo joined Erickson Retirement Communities in 1995 as the Senior Accountant for Oak Crest. The same year he was promoted to Controller. In 2000, he became the Director of Finance for Riderwood. Prior to working for Erickson, Bo worked as Finance Director for the Swedish government in the areas of Elder Care, Social Care and Children Care. He has his B.S. in Finance, from the University of Lund in Sweden. Bo is a member of Leadership Montgomery, an organization of local business leaders.

**John Mann, Administrator of Renaissance Gardens:** John joined Riderwood in November, 2006. He has been serving seniors in the long term care industry for 13 years. John is a licensed Nursing Home Administrator, having led skilled nursing facilities in Prince George’s County, Montgomery County, Frederick County, and Baltimore County. John brings a passion for valuing the residents we serve, taking care of staff as they care for others, and continuously improving quality.

**Eugenio Machado, MD:** Dr. Machado has served as Riderwood’s Medical Director since March 2003. Dr. Machado graduated from University of Maryland College Park with a degree in Chemical Engineering. He then attended University of Maryland Medical School where he completed his Doctorate of Medicine degree in 1979. He completed his Residency in Internal Medicine at Maryland General Hospital in Baltimore. For 23 years he practiced Internal Medicine in Laurel, Maryland. Dr. Machado is also Senior Medical Director for Erickson Health Medical Group. Among his responsibilities is oversight of the Medical Centers of our Virginia and Houston Villages.

**Ronni Townsend, Director of Resident Life:** Ronni joined Erickson in 2003 as Director of the Erickson Center for Learning and Development and then promoted to Senior Director in 2005. Beginning in April 2006, Ronni came to Riderwood as Associate Executive Director as part of a pilot "job swap" and then decided to stay at Riderwood as the Director of Resident Life. Ronni's prior experience included over 20 years in human resources leadership roles. Ronni received her degree from the College of William and Mary.

**Bob Riley, Director of General Services:** Bob has worked at Riderwood since 2000. Prior to coming to this community Bob worked as the General Services Director at Oak Crest Village in Parkville, Maryland. Bob has a B.S. in Business and Accounting from the University of Maryland, and is a CPA. His career has included employment with Deloitte Haskins and Sells, Certified Public Accountants, and Ryland Homes and Mortgage Company.

**Crystal Hickey, Director of Human Resources:** Crystal began her career at Charlestown Retirement Community in the Dining Services student program. After graduating from high school and participating in the scholarship program, Crystal continued to work at Charlestown, while completing her undergraduate degree in psychology. She obtained a master's degree in business with emphasis in Human Resources Management. In 2003 she assumed the position as Human Resources Manager at Riderwood and was later promoted to Senior Human Resources Manager. Crystal has acquired and maintains the Professional Human Resources Certification. After spending a year at the Erickson Corporate office supporting the Human Resources role for Health Services and Information Technologies, Crystal returned to Riderwood as the Director of Human Resources.

**Magdy Mishraky, Director of Dining Services:** Magdy has been the Director of Dining at Riderwood since May 2004. He began with Erickson Communities in 2000 as a Dining Service Manager at Charlestown. Magdy shares 15 years experience in Food Service Management. His experience within food services has covered a diverse spectrum to include: Banquet and Restaurant Management, Catering Sales and Guest Services. He has obtained a Bachelors degree in Mechanical Production Engineering. Magdy is a member of Leadership Prince George's, an organization of local business leaders.

**Florence Edwards, Director of Finance:** Florence joined Erickson in 1998 as a Financial Planning Analyst. In 2005, she was promoted to Director of Finance at Riderwood. Prior to joining Erickson she worked in the Treasury Department for Integrated Health Services. She holds a B.A. in Economics from UMBC and an A.A. in accounting from Catonsville Community College. She is also a Certified Public Accountant.

**Jeff Bowers, Director of Sales and Marketing:** Jeff joined Riderwood in July 2005 as the Associate Director of Sales. Prior to working for Erickson Retirement Communities, Jeff worked for Club Corporation, Phillips Seafood Restaurants and Mammoth Golf in a variety of management and sales managements positions. He has a Bachelor of Science degree from Salisbury University.

**Pamela Shubert, Director of Philanthropy:** Pamela joined Riderwood in April 2008. Prior to coming to Riderwood, she worked at Asbury~Solomons Island, a continuing care

retirement community in Southern Maryland. Pamela brings 22 years of financial experience, with 11 years dedicated to charitable fundraising. She has a Bachelor of Arts degree from Dickinson College and an MBA from Rensselaer Polytechnic Institute.

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

(Elected February 26, 2009)

**Shirley Dearfield – Chair:** My husband (Aber) and I have been residents of Riderwood for almost four years. I graduated with Honors from Mercy School of Nursing in Pittsburgh, PA, and then served as a Registered Nurse for 23 years. Additionally, I worked as a Realtor for 35 years providing depth to my experience in management and finance. I am certified to teach Real Estate for pre-licensing. These long term careers, focused on providing solutions to major people oriented issues under a diversity of circumstances, have served me well as a member of the RAC as well as Volunteer on the Welcome Committee, Gala, Fashion Show and Dining Services Committees. Aber and I both enjoy our campus lifestyle and especially the friendships we have here at Riderwood.

**Joe Summer –Vice Chair pro tem:** I served on a number of boards, both in the not-for-profit area and in the business world. I have also been a member on various Riderwood committees and chaired some. For example, I have been president of the Tennis Club and the Riderwood Jewish Community. I attended Clark University and Harvard Business School. I was the owner and president of a family business, which experienced great growth during my tenure.

**Stephen Mayer – Secretary:** My career was as an electronic/system engineer, Project engineer (BS in Electrical Engineering), and, cost analyst (MBA) and two years as president of a medium-sized synagogue. In addition, I have participated in a number of activities at Riderwood, such as Chair of the Energy Conservation Committee.

**John Akerley:** I have been a Riderwood resident since January 2006. I am retired from a 35-year career as an electrical engineer and manager (communications and related systems) at the National Security Agency. I have been active in many diverse volunteer activities. I am currently involved with Habitat for Humanity, and serve as fossil preparator at the Smithsonian Natural History Museum. I am listed in Neighbors Helping Neighbors directory and my interests are travel, paleontology and geology.

**Joyce Turner:** I was born in New York City and have degrees from Hunter College in Chemistry and Columbia University in Nutrition in Public Health. I worked as a nutrition consultant for health agencies in New York, as an assistant principal for curriculum in a Long Island public school, and as instructor at NYU and Brooklyn College. My community activities in Suffolk County included serving as first elected chairperson of the Economic Opportunity Commission and the bi-county Health Systems Agency, and on boards of numerous other education and health agencies. At Riderwood, I have served on the Scholarship Committee and presented lectures on African American history. I have also written historical works with my husband, formerly a history professor at Stony Brook University, and authored a book on Caribbean militants in Harlem.

**Dr. William Brown:** I have lived at Riderwood with my wife Hattie since March 2008. My professional background includes: serving as a medical professional for over 30 years; being president of the Medical-Dental staff at Howard University Hospital, Washington, DC; Chair of the DC Board of Medicine; and, having held other local and national leadership positions. I received a Bachelor of Science degree from City College of New York; a Master's degree in Education from New York University, Center for Human Relations; and a medical degree from Howard University, Washington, DC.

**Terrie Elliot:** My husband George and I have been residents at Riderwood for over two years. I received a BA and a MCA from Catholic University and a PH.D from University of Maryland, where I taught communication courses for 10 years. I also taught part-time at American University, Catholic University and Trinity College. I founded Elliott Associates, a communication services, human resource development and management consulting firm, specializing in the design and presentation of seminars and training workshops for industry and government. In 1992, I became a full time trainer for the Central Intelligence Agency, conducting communication courses where I continue to instruct on a contract basis. One of my major contributions to Riderwood has been the Winter Holiday display in the Lakeside Commons lobby.

**James Torri:** I worked at IBM for 32 years. I am retired Captain (USNR) from the US Navy Intelligence where I served three years active duty and 20 years reserve duty. I served as the president of the board of directors for the Camp Fire Girls Organization of the Maryland/DC/Virginia region. As a volunteer I developed and maintained the Montgomery County Holiday Food Program data collection and data management system. I am currently a computer application volunteer at the Kennedy Center. At Riderwood, I participate in many activities, including: serving as a Eucharistic Minister and AV Technician in the Catholic Community; providing presentations for the Computer Club, Mac Users Group, Big Band and Jazz Club; teach a computer program at Renaissance Gardens; and, play on the Riderwood Softball Team.

**Frances Logan:** I have a 38 year career in education, as teacher, work-study supervisor, and high school principal. During six years, I have accepted challenges of community life, joined clubs, co-chaired Staff Appreciation Fund Drive, worked on Scholarship Drive, was speaker at 2000 Scholarship ceremony, and facilitated the "Living in Community" program.

We would like to thank **James Starnes, James Feldman, Adele Messinger, James Kennedy** and **June Roper** for their service on our 2006-2008 Resident Advisory Council.

## **Organization and Governance**

### **Organization**

Riderwood Village, Inc., 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 that meets the needs of a significant number of seniors in the greater Washington, D.C. 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.

Riderwood Village is one of 20 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 Riderwood Village.

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

### **Board of Directors**

All corporate authority resides in the Riderwood Village Board of Directors as fiduciaries of the Corporation, subject to the requirements and restrictions set forth in the Corporation’s Chapter, 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.

Riderwood Village, Inc. is responsible for Riderwood. Erickson Retirement Communities is responsible for the day-to-day management of Riderwood Village pursuant to a Management and Marketing Agreement between Riderwood 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 6 people. At least one of the directors of Riderwood 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 Riderwood Village.

Riderwood 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 interest of our stakeholders.

If you would like additional information about Riderwood Village's corporate governance practices, you may view the following documents at [www.national-Senior-Campuses.org](http://www.national-Senior-Campuses.org), or visit the Riderwood Executive Director's office where you will be able to review the following documents:

- Corporate Governance Guidelines
- Amended and Restated Articles of Incorporation
- Bylaws of Riderwood
- 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 Chapters**

The Bylaws, Corporate Governance Guidelines and the chapters of the committees of the Board of Directors describe our corporate governance practices. The Bylaws, Corporate Governance Guidelines and the chapters therein 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 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 this 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 chapters 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 the Bylaws and a Committee Chapter that was approved by the Board of Directors.

Riderwood'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 Advisory Council to receive their input on the effectiveness of community operations and priorities.
- Formal evaluation of the performance of Erickson Retirement Communities for the operations of Riderwood Village.
- Review of the annual goals proposed by Erickson Retirement Communities for the operations of Riderwood 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 Hall Meeting to review the operations of Riderwood Village.
- Numerous meetings with the executive director and management staff to review operating, compliance and financial reports.

Riderwood 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.

## **Audit**

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 accounting firm engaged as the Community's independent auditor.

The Annual Financial Statements of Riderwood Village, Inc. for 2007 and 2006 were audited by PricewaterhouseCoopers LLP. A copy of the report of PricewaterhouseCoopers LLP can be obtained from the Riderwood's Executive Director's Office.

## **Investment Committee**

In 2008, NSC's Board formalized the creation of a separate Investment Committee of NSC to closely monitor 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:

<b>Cash</b>	<b>60.70%</b>
<b>Fixed Income</b>	<b>39.30%</b>
Corporate	28.20 %
US Government	11.08 %
Other	.02 %

## **Directors' Compensation**

In 2008, Riderwood Village, Inc. paid a total of \$67,382 in compensation to the members of the Boards of Directors of Riderwood Village, Inc. and NSC.

The Annual Financial Statements of Riderwood Village, Inc. for 2007 and 2006 were audited by PricewaterhouseCoopers LLP. A copy of the report of PricewaterhouseCoopers LLP can be obtained from the Executive Director's Office.

## **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.

## Your Board of Directors

The Board is made up of talented, experienced, and committed individuals who have a fiduciary responsibility to make policy decisions and provide governance oversight to Riderwood. The current directors of Riderwood, Inc. are:

**L. Carroll Yingling, Chair:** Rev. Yingling is a retired Methodist clergy, having served forty years as Pastor and District Superintendent in the Baltimore and Washington, DC 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 1970's where he covered the White House under four administrations, the State Department, Congress, and various overseas 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.

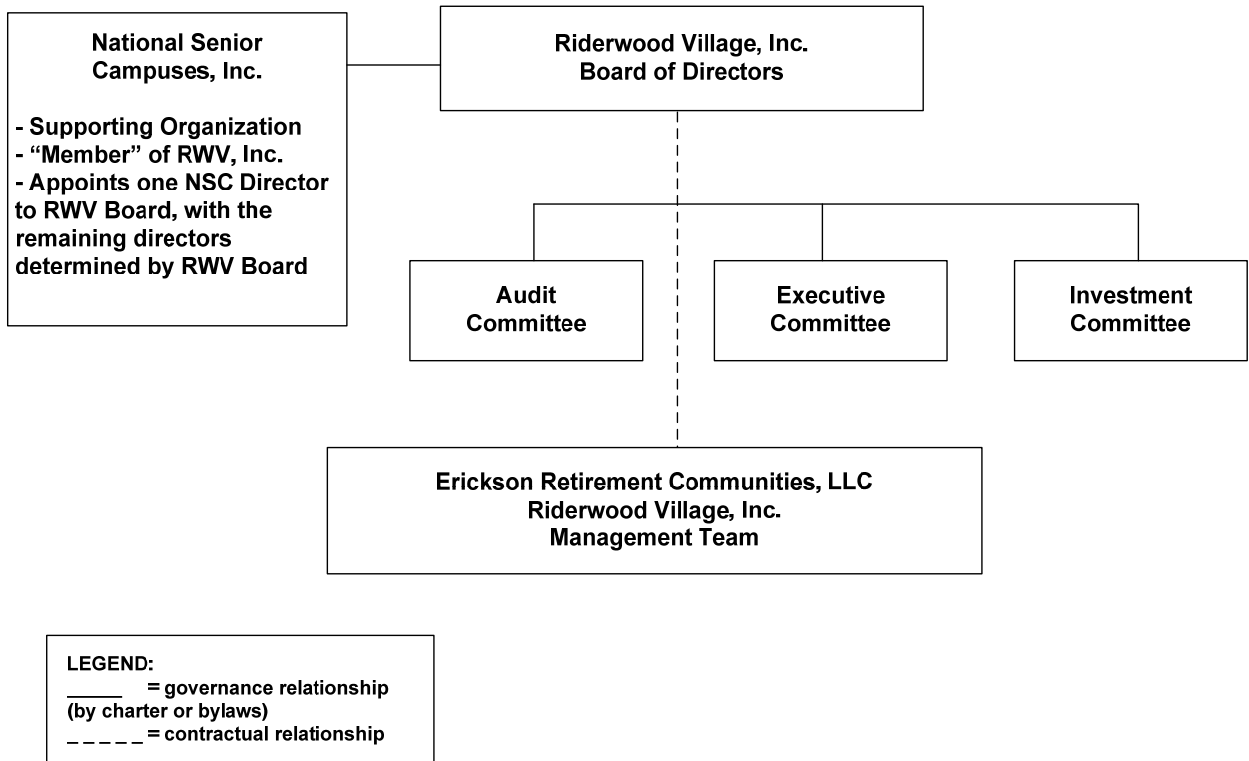
**Joanne Malloy Rorapaugh:** Ms. Rorapaugh is currently the Vice President of Operations for Madison Management Corporation (MMC.) Starting in 1977 as an Administrative Assistant, Ms. Rorapaugh ascended quickly through the company ranks, was promoted to General Manager, managing all MMC properties. Ms. 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.

**Jim Starnes:** Mr. Starnes has had a long and distinguished career in the computer and technology field, including positions with IBM, RCA, Xerox, and three companies he founded and served as CEO. In 1996 he retired as vice president of a subsidiary of Equifax, Inc., a \$1.8 billion provider of online business and personal information services. Thereafter he served on the Board of Directors of InforMedix, Inc., an entrepreneurial venture in medication management technology. Mr. Starnes lives at Riderwood and is very active in the community.

## Riderwood Village, Inc. Organizational Chart



## Riderwood Village, Inc. Committees

### Executive Committee:

- Carroll Yingling
- Jerry Seals
- Jim Starnes
- Jim Anders

### Audit Committee:

- Eileen Erstad
- Larry Shubnell

### Investment Committee

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

**Riderwood  
Statement of Operations by Natural Expense  
For the Year 2007 & 2008**

	<b>2007</b>	<b>2008</b>	<b>Change 2008</b>
	<b>YearTotal</b>	<b>YearTotal</b>	<b>vs 2007</b>
	<b>Actual</b>	<b>Actual</b>	<b>vs 2007</b>
<b>Operating Revenue</b>			
Resident Monthly Fees	\$ 60,373,887	\$ 66,462,191	\$ 6,088,303
Departmental Revenues	10,189,750	11,655,573	1,465,822
<b>Total Operating Revenue</b>	<b>70,563,637</b>	<b>78,117,763</b>	<b>7,554,126</b>
<b>Operating Expense</b>			
<b>Employee Related:</b>			
Wages	27,231,793	31,801,542	(4,569,748)
Employee Benefits/Other EE	7,385,878	7,973,411	(587,532)
Contract Labor/Purchased Services	7,910,673	6,854,988	1,055,685
<b>Total Employee Related</b>	<b>42,528,345</b>	<b>46,629,940</b>	<b>(4,101,595)</b>
<b>Community Related:</b>			
Supplies Expense	8,022,878	8,395,946	(373,068)
Repairs and Maintenance Expense	890,157	1,033,871	(143,714)
Professional Fee Expense	241,700	270,858	(29,157)
Insurance	720,954	1,041,602	(320,649)
Utilities	5,142,635	5,705,639	(563,004)
Real Estate Taxes	2,785,017	3,104,512	(319,494)
Management Fees	3,018,694	3,330,495	(311,801)
Other Expense	898,019	1,568,904	(670,885)
<b>Total Community Related</b>	<b>21,720,055</b>	<b>24,451,827</b>	<b>(2,731,772)</b>
<b>Total Operating Expense</b>	<b>\$ 64,248,400</b>	<b>\$ 71,081,767</b>	<b>\$ (6,833,367)</b>
<b>Operating Income</b>	<b>6,315,238</b>	<b>7,035,996</b>	<b>720,758</b>
<b>Non-Operating Income**</b>	<b>287,022</b>	<b>(12,222,091)</b>	<b>(12,509,113)</b>
<b>Net Income</b>	<b>\$ 6,602,259</b>	<b>\$ (5,186,095)</b>	<b>\$(11,788,354)</b>

\*Audited 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 Income and Depreciation Expense