



Seabrook Village

2010

Annual Report



June 16, 2011

Dear Seabrook Residents:

We are very pleased to present this Annual Report to the residents of Seabrook. This Annual Report includes a review of our community's activities in 2010, goals for 2011, a financial summary report for 2010, and important information regarding your Board of Directors.

Thank you to the residents of Seabrook for contributing your gifts to make Seabrook 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 Seabrook management focus on what is most important to you, the residents. We also want to thank Seabrook's terrific staff members, who are committed to fulfilling the Seabrook mission every day.

We hope you will attend the Annual Meeting on Thursday, June 23, 2011, to meet the Seabrook Board of Directors and ask any questions you may have. Thank you for the trust you have given us by choosing Seabrook as your home.

A handwritten signature in black ink that reads "Art Sparks".

Art Sparks
Executive Director

A handwritten signature in black ink that reads "Frederick W. Haas".

Frederick Haas
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 the 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

2010: In Review

Community Profile

Seabrook's strategy for 2010 was to build cash and remain as efficient as possible to bring the Erickson lifestyle to as many seniors who wanted to call Seabrook home. 1,410 seniors called Seabrook home in our Independent apartments and Renaissance Gardens combined. Our integrated health service delivery model was highly successful in 2010 as we provided quality care through the Medical Center, the Wellness Center, Home Support, Certified Home Health, Outpatient Therapy and Renaissance Gardens.

Summary of 2010 Financial Results

Seabrook's net operating income was almost \$6.5 million versus a budgeted plan of \$5.0 million. As several factors contributed to the overall financial success, there were a few that stood out. Seabrook's Home Support business far exceeded our expectations as they served a total of 448 residents or 31% of the overall population. The Medical Center served 90% of the population and exceeded our expectations by performing well above plan by approximately \$360,000.

At the end of this report you will find an excerpt from the Audited Financial Report that includes the 2010 results. Further, the complete 2010 Audited Financial Statements are available in the Administration office in Village Center.

Resident Satisfaction

Seabrook conducted its annual Resident Satisfaction Survey in December 2010. It is interesting to note that out of our top 10 highest scoring factors 7 of them are General Services related. This is another fine showing for our General Services Department. Areas of opportunity for us to improve on are: the overall dining experience, receive a good value for price paid and confidence in the long-term viability of Seabrook. We will be conducting listening sessions with our residents to gain a deeper understand as to the reason behind the score they rated us. Our resident response rate was a solid 71.4%. Of the respondents, 71.7% were female and 28.3% were male. 55% of residents who completed the survey have lived at Seabrook for more than 5 years.

	2010 Results	2009 Results	2008 Results
Overall Satisfaction	84.7%	85.7%	84.9%
Dining Satisfaction	78.5%	81.2%	78.7%
Would You Recommend Seabrook?	92.5%	94.1%	92.9%

General Services

The General Services resident satisfaction scores fell only slightly year over year with an average drop of 1.4% between all questions, with only one question dropping more than two points. General Services is a consistent top performer on the annual survey. In fact, General Services garnered seven out of ten of the top-performing factors. No General Services' scores fell in the bottom-performing-factors section. All but three questions scored above the Holleran seventy-fifth percentile. The department's focus this upcoming year will be in the areas that fall short of the seventy-fifth percentile.

- “Transportation services are convenient, courteous, and prompt.” This year we will focus on finding out what more our residents are looking for by holding a quarterly resident forum and publishing feedback and actionable items in *The Shore Lines*. GPS Tracking Devices are being trialed on a few drivers' cell phones, which will allow the dispatcher to view on an internet-based map the current location of their vehicles. This will ensure that we are sending the closest available driver to pick up a resident.
- “Housekeepers do a good job cleaning my apartment.” The Housekeeping Manager will invite all of the current residential customers to a meeting to solicit feedback on the housekeepers as well as educate residents on the services we offer. Once these feedback sessions are complete, a follow-up letter will be sent to let the residents know what we heard and what will be doing differently based on their input.
- “Common areas are kept clean, neat, and free of clutter.” To ensure that we are focusing our attention in the right areas, we will be asking for feedback on this question at our Resident Listening Sessions. Based on this feedback there may be shifting of lifecycle renovation schedules to focus on areas that are identified with the greatest need. Training will also be provided in each GS department that will enable a teamwork approach to owning and maintaining these areas.

Dining Services

The Dining Services Department had a transitional year for the leadership in all dining venues. We did see great participation in discussion forums and resident involvement activities. The survey results showed opportunity for continued focus on the dining experience and the key drivers for that satisfaction. Our tasting forums have received great responses and will continue them for 2011. In addition we are restructuring the discussion forums to gain further insights on the overall dining experience. We have created internal surveys that highlight specific courses and allow the residents to rate which entrees, desserts, soups and salads they enjoy the most.

Resident Life

The following Resident Satisfaction survey questions that relate to Resident Life were above the Erickson Living overall average in 2010:

- “I feel well informed about the activities and events at Seabrook.”
- “Staff responds promptly and effectively to complaints or inquiries.”

“Staff has been available after hours and on weekends when I have needed them.”
 “I am satisfied with the spiritual opportunities provided at Seabrook.”
 “Seabrook TV station is an effective source of community information.”
 “The quality of Seabrook Medicare Certified Home Health is good.”
 “The quality of Seabrook Home Support Services is good.”
 “Social Workers are responsive when I request their assistance.”
 “I believe Seabrook offers adequate services to support my ability to live independently.”
 “Scheduling appointments for Seabrook Medicare Certified Home Health is a smooth process.”

The following Resident Satisfaction survey questions that relate to Resident Life were below the Erickson Living overall average in 2010 and are receiving designed focus in 2011:

“Scheduling appointments for Seabrook Home Support Services is a smooth, easy process.”
 “I am satisfied with the variety and availability of resident activities.”
 “Exercise and wellness programs meet my needs.”

Medical Center

Due to our significant focus over the last year the Medical Center showed improvement between levels of care being well coordinated. Our collaboration with the Renaissance Gardens’ team on a weekly basis as well as our attendance and active participation in revitalized weekly inter-disciplinary meetings will help us to continue this trend.

We saw a slight downturn in our office inquiries despite significant effort. To address this we are renewing our efforts to showcase our providers in order to address concerns of confidence and response times. We are actively trying new marketing strategies in an effort to convert Carepath patients to active patients. We are also working with Marketing to better attract new move-ins. We are stepping up our Podiatry marketing efforts and promoting the addition of Durable Medical Equipment (DME) to that line of business.

Renaissance Gardens - Assisted Living

Areas of focus for Renaissance Gardens Assisted Living are:

- | | |
|-------------------|--|
| Administration: | Value for the amount paid
Staff is helpful in resolving conflicts |
| Dining: | Variety, Quality Temperature |
| Medical/Clinical: | Quality of Rehabilitation Services
Confidence in the Medical Staff
Confident of care no matter how acute my health situation |

Administration – We will provide additional education to our Assisted Living family members through quarterly newsletters sent via e-mail with departmental information/updates; provide

staff contact list for existing/incoming residents and families and schedule a minimum of two resident/family events. Any resident/family concerns will be documented by the Social Service Worker with outcomes and discussed at the monthly Quality Assurance meeting.

Dining Services – Satisfaction with the variety of menu choices. Menu meetings are being conducted with residents on each floor to drive preferences on the menu. Tracking and trending entree choices preference to drive menu variety. Our focus on quality has changed our process on food delivery and service on the floors. New leadership in dining has created great energy and focus on appropriate outcomes for resident service and care.

Medical/Clinical – We have hired an additional Physical Therapist to increase Outpatient efficiency. We will be utilizing the Assisted Living Gym and specific treatment days for ALF residents. Satisfaction surveys will be completed at the conclusion of therapy and discussed at the monthly Quality Assurance meeting. Resident/Family will be contacted by the rehabilitation staff by the second visit to provide status information. Renaissance Gardens Provider staff will be sending bi-annual letters to designated family members to provide updates on medical condition. They will also provide an update for the quarterly newsletter sent via e-mail to families. Welcome books will be provided to each new resident and family member with each department's services and contact information.

Renaissance Gardens - Skilled Nursing

Areas of focus for Renaissance Gardens Skilled Nursing are:

Administration:	Good value is received for the amount paid
Environmental:	Laundry is returned clean & in good repair Resident rooms are comfortable and attractive
Dining:	Efficient and quality concerns
Medical/Clinical/ Rehab Services:	Quality of Rehab Services Confidence in the Medical Staff

Administration - We will provide additional education to our Skilled Nursing family members through quarterly newsletters sent via e-mail with departmental information/updates; provide staff contact list for existing/incoming residents and families; ensure residents and family members understand our services and rate as competitive in the area and provide welcome books to all new residents with each departments services and contact information.

Environmental - Through the e-newsletter to family members we will continue to educate about the laundry process and marking of clothing. General Service's team members will hold listening meetings to find out more details on making the rooms more comfortable and will also evaluate current furniture for repair and/or replacement.

Dining Services – Areas of focus for us in Dining Services pertain to the quality of food and snacks service in the dining rooms. Service initiatives are in place to improve tone and friendliness of the staff serving our residents. We are having resident and family listening sessions and creating menus in response to resident requests.

Medical/Clinical – We are working toward consistently providing rehab services six days per week. Resident/Family will be contacted by the rehabilitation staff by the second visit to provide status information. Renaissance Gardens Provider staff will send biannual letters to designated family members to provide updates on medical condition. They will also provide an update for the quarterly newsletter sent via e-mail to families. Welcome books will be provided to each new resident and family member with each department’s services and contact information included.

Community Highlights and Initiatives

General Services

The General Services Department completed several capital and life-cycle projects in 2010 to maintain/enhance our community appearance.

- Completed the merger of two small apartments to make one large two-bedroom unit.
- Completed life-cycle of the Renaissance Gardens Assisted Living floors.
- Completed a model apartment for Assisted Living, demonstrating upgrades that the ALF residents could choose to customize their homes.
- Created an updated look for the ALF units that enhanced the kitchenettes, added wood base, six panel bi-fold closet doors, new residential lighting, etc. As ALF units became available we were able to upgrade and enhance these units at reoccupancy.
- Created a new card room space in the Town Square clubhouse.

Dining Services

Dining Services had a good year in 2010. Financial goals were strong, new leadership had strong orientation and has improved overall operations throughout dining. Resident satisfaction showed opportunity for improvement in the variety and quality of food. Strong retention and a focus on training and feedback gave us opportunities to enhance the work experience.

Staff development of students was restructured in 2010. The position was absorbed into dining operations and Human Resources. This shared responsibility was a great partnership in 2010. Resident focus groups were held to improve variety by dining room. We will continue to ensure the highest quality of foods prepared well. We believe that good resident feedback comes from our monthly “Tasting Forums” for menu variety; forum topics range from dessert tastings to entrees.

Resident Life

One of the key areas of improvement in Resident Life during 2010 was the performance of Certified Home Health (CHH). After the first third of the year, CHH was performing 220% worse than budget with net operating income. At the end of the year, Seabrook CHH finished 36% **better** than budget on net operating income, a significant turnaround. This was due to a change in leadership which resulted in a change in day-to-day operations which bore significant fruit through the year.

Home Support also saw impressive financial performance in 2010. In spite of high expectations coming into the year from a strong 2009, Seabrook Home Support still beat net operating income expectations by 37% with total revenues very close to \$2.3 million versus a revenue expectation of \$1.8 million.

Activity levels at Seabrook continued to remain strong with a number of new offerings on the calendar, increased television shows, new resident stage performances and increased Fitness Center utilization.

Seabrook also engaged in a very novel concept of talking up “civility” on a regular basis through newsletter articles, Town Meeting presentations and bi-monthly group meetings. This effort has been very helpful in addressing day-to-day issues in a new and innovative way. One example was addressing the issue of driver awareness for those who use electric mobility devices.

Philanthropy

Seabrook residents continued to be generous with their time, talents and financial support in 2010. While both residents and staff participated in many philanthropic and civic activities, two funds in particular directly support our community:

	Benevolent Care Fund	Scholars Fund
2010 Beginning Balance	\$145,806	\$281,349
Funds Raised	\$298,511	\$107,587
Funds Expended	\$215,231	\$115,501
Interest Earned	\$2,023	\$2,512
2010 Ending Balance	\$231,110	\$275,947
Committed Scholarships for Current Students		\$100,471
Legacy Gifts, 2010	\$63,029	\$0
Total Legacy Gifts	\$674,529	\$0
Resident Participation	45%	59%

The Seabrook Scholar’s Fund

The Scholar’s Fund offers residents and staff the opportunity to ensure financial assistance to the very deserving high school graduating seniors employed at Seabrook who have met work and school performance goals. Over 100 students currently attend college with the help of their

Seabrook scholarships and over two-thirds of the students remain in the program for all four years of their education. During 2010, we came very close to our aggressive dollar and participation goals for the Scholar's Fund. We saw an increase in the number of donors who contributed over \$500 and also saw an increase in the total number of residents contributing. In 2010, \$114,340 was raised towards the Scholar's Fund, virtually the same as our 2009 contribution level of \$114,937.

The Benevolent Care Fund

The Seabrook Benevolent Care Fund allows Seabrook the ability to promise a "home for life". The Benevolent Care Fund exists to provide financial assistance to residents who have outlived their financial resources. Seabrook employs strict policies and procedures that residents and families must meet prior to eligibility for the Benevolent Care Fund. During the year there are a number of different campaigns and innovative efforts made to reach out to residents and family to consider giving to the Seabrook Benevolent Care Fund. Donations can be made directly or through Legacy Giving, where the Benevolent Care Fund would be the beneficiary of funding after a resident has moved out or has passed away.

In July of 2010, the Treasure Shoppe received a donation of jewelry from a resident's family. Under their own initiative, two Treasure Shoppe volunteers took the jewelry to Earth Treasures, a local jewelry store that specializes in estate sales. The volunteers presented Philanthropy with a \$1700 check made out to the Benevolent Care Fund from the proceeds of the jewelry sale. These volunteers informed us that Earth Treasures would be willing to host a jewelry sale on campus called "Heart of Gold", so that residents, families and staff could sell their unwanted items. In turn, Earth Treasures would tabulate the amount of money they spent at that event and would donate 15% of the total amount spent to the Benevolent Care Fund. The 15% contribution does not come out of the sellers proceeds, but rather it comes directly from Earth Treasures as a donation.

We scheduled an event in early September as a trial to see if there was any interest. Over 120 residents participated in this event and over \$5600 was raised for Benevolent Care Fund. Subsequently, two more events were scheduled, one in September and one in October. A total of \$23,794.85 was raised for Benevolent Care. This has been such a successful partnership that both Maris Grove and Ann's Choice have hosted events. Seabrook hosted another Heart of Gold event in February of 2011, with over fifty residents participating and \$7,120 was raised.

The Heart of Gold events played a major role in the growth of the Benevolent Care Fund during 2010, despite steady utilization by residents in need. The beginning balance of the fund in 2010 was \$146,532. The ending balance for the fund in 2010 was \$248,283. An additional significant part of that increase was a \$100,000 gift from Jim Davis, Chairman of Erickson Living.

Finally, there was also a significant increase in residents who decided to make Seabrook charitable funds part of their estate planning. The number of Legacy gifts increased from three to thirteen during 2010 and the dollar amount percentage increase in Legacy gift commitments over 2009 was 28%.

The National Senior Campuses, Inc. (NSC) Board, through a separate Investment Committee, closely monitors the restricted funds collected at each community it sponsors. 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). For 2010, the restricted funds held in the PNC Bank Investment Pool account managed an average return of **1.94%** (net of fees). The portfolio mix will continue to be monitored on a monthly, quarterly and annual basis; at year-end the mix was as follows:

Cash	6%	
Fixed Income	94%	
Corporate		54%
US Treasury		22%
Agency		18%

Community Outreach

Seabrook residents and staff regularly donate their time, efforts and gifts to a host of charities and organizations throughout the year. In 2010, generosity abounded. Residents reported nearly 10,000 hours of volunteer service both on and off campus. Inspirational levels of kindness and charity were demonstrated in the following ways:

- Six food drives were held to support both The Foodbank of Monmouth and Ocean County resulting in 2,035 pounds of food donated.
- 306 hours of manpower were donated to assist the The Foodbank of Monmouth and Ocean County, The United Way of Monmouth County, Meridian Health System and The American Red Cross with mailing projects.
- Over 2,000 bags of clothing were donated to people in need through two drives with Project Paul and Monmouth Regional High School.
- 300 handmade blankets were donated to children in need through the Seabrook Blankie Makers.
- Over 1,000 items were donated to troops serving in the Middle East through the ARMS organization.
- Over 400 turkeys were donated to the Bradley Beach Food Pantry and Interfaith Neighbors through the Annual Seabrook Turkey Trot.
- Our Toys for Tots campaign provided over 1,000 toys to local children in need.
- We partnered with ARC to help a third team of athletes prepare for the Special Olympics. We also hosted an ARC Dinner and Movie night.
- We participated in two Clean Ocean Action Beach Sweeps at Bradley Beach.
- \$1,700 was raised for the Alzheimer’s Association.
- The faith communities at Seabrook – Catholic, Protestant and Jewish – continue to make significant contributions to both local and international organizations through their outreach efforts.
- Several hundred helmet liners were created and donated to the Red Cross to be sent to soldiers serving overseas.

Education has a special place at Seabrook. In addition to the tremendous generosity of donations to the Scholars Fund, each week a loyal group of 20 residents travels to the Mahala Atchison Grammar School in Tinton Falls. This dedicated troupe assists teachers in the classroom, as well

as with administrative functions in the main office. Additionally, in 2010, Seabrook continued its partnership with the Special Education Department of Monmouth Regional High School. A select group of students participate in the Structured Learning Experience Program to gain real-world job skills. Two of these students have been hired as part-time employees in Dining Services. Lastly, we partnered with Brookdale Community College, Penn State University, Georgian Court University, Academy Charter High School, The College of New Jersey, Communications High School, New Brunswick Theological Seminary and Monmouth University to provide opportunities for students to complete their service learning requirements right here at Seabrook.

Renaissance Gardens (RG)

Throughout 2010 we offered a new program entitled, “Map to Recovery,” to benefit our Independent Living residents planning orthopedic surgery. The program is multidisciplinary, including rehabilitation, social work, home health, home support and medical center services. This is a “Full Circle” program, where residents can meet the staff, explore the rehab equipment and ask questions to better prepare themselves as they journey through this process. An additional program was offered entitled “Renaissance Gardens – Care, Services and Costs.” Whether coming to RG for a Medicare Rehab stay or an Assisted Living Respite, this program provides detailed information of our levels of care and related costs. In Assisted Living, a model apartment was designed so all prospective residents could visualize how to personalize the apartment. Residents’ Advisory Council members, along with interested independent living residents, visited our “Open House” event.

Reaching out to the surrounding community, the Renaissance Gardens team, in conjunction with Certified Home Health, provided free blood pressure screenings. Our staff partnered with the local ShopRite, Wal-Mart and Foodtown stores to provide education highlighting weather safety for both summer and winter.

Our staff goals included a “Teach and Learn” philosophy and “Crossover” meetings. Staff members with years of service were asked to act as mentors for new staff orienting to RG operations. We encouraged new staff to ask questions about current practices and to challenge us to look for areas for improvement. We encouraged staff to attend other department meetings, “crossover”, to have a better understanding of how our roles and responsibilities interconnect.

With respect to Average Daily Census goals, Skilled Nursing ended the year one below budget and Assisted Living finished three under budget. The Combined Contribution margin was 16.63% versus a budget of 15.34%.

Skilled Nursing received two annual inspections during 2010, one in March and one in November. Assisted Living was inspected by the Department of Health in December. While there were deficiencies noted and Plans of Correction implemented, we remained below the State average of eight.

The quality indicators for clinical performance met or exceeded Erickson benchmarks except in the area of Assisted Living falls. The Erickson and National benchmark is 8.0 and we closed out the year at 8.8. We are working with our Corporate Clinical support team for additional fall precaution interventions.

Diversity

During 2010, we continued to focus on our diversity and inclusion initiative. We implemented diversity recognition/awareness programs at each community meeting with both staff and leaders. Our partnerships with the following organizations enhance our community diversity and inclusion efforts:

- Partnership with A.R.C. (Association for Retarded Citizens) of Monmouth County.
 - John Brzyski, Sr. Human Resource Manager is a member of the Business Advisory Council. We continue to be a sponsor for the annual Employer Recognition Breakfast.
- Special needs students from local high schools shadow members of staff in our Dining Services Department to gain job skills.
- Advertisements are strategically placed in publications in the local area and in our local community to increase awareness of who we are and the opportunities we offer to minorities.
- Participation in the local Diversity Job Fair sponsored by the Jersey Shore Association for Human Resources at Brookdale Community College.
- 72% of staff completed “Working Together Training,” our diversity and inclusion workshop. Our goal is 100% completion by 12/31/11.

“Green” Initiatives

Seabrook Initiatives for 2010:

1. Offer *Green Tips*, (what residents can do to conserve energy in their apartments), in *The Shore Lines*.
2. Implemented new Johnson Diversy green products to the Housekeeping supplies.
3. Implemented a new battery recycling program.

Medical Center

2010 ended on a very strong note. The year ended with the Medical Center performing better than budget. Our 2011 focus will be to focus on marketing, including both new residents and current residents who have never used the Medical Center. Further, we will focus on Renaissance Gardens process improvements and continuing to focus on quality indicator metrics.

Resident Accomplishments and Highlights

The Resident’s Council provides funds for resident-run activities. In 2010 the Resident’s Council gave:

- Sociable Singers \$352.49
- Seabrook Men Veterans \$376.20 (US and MIA flags for the Atrium)
- Seabrook Performers \$1500.00 (follow spotlight)
- Library \$1000.00 (books)
- Princeton Library \$197.59 (large print books, books on tape)
- Garden Club \$250 (Have A Heart Traps)
- Seabrook Blankie Makers \$250.00 (knitting supplies)
- Bridge Group \$387.45 (bidding boxes)

The Council also brings recommendations from residents to management. In 2010 among those implemented were:

- Conversion of the Custom Design Room in Town Square to a Card Room
- Installation of insulating sleeves around all gas lines
- Increased security at shift times to control speeding cars
- Installation of flexible posts to denote sidewalk edge by South Winds
- Refinishing of Village Center card tables
- Installation of clocks in the Town Square Card Room and Tides Café

In addition, we put boxes of comment cards on the RAC Bulletin Boards to facilitate residents communicating with the Council.

Staff Accomplishments and Highlights

While we did not have an employee satisfaction survey in 2010, we did facilitate focus groups within each department. The discussions were based upon feedback received in the 2009 employee survey to understand if we were still on track with the action plans created at that time. Feedback was positive and supported that we were focused on the right areas. Employee retention was at 71.28%. In September we celebrated ten employees who had completed ten years of service by presenting them with an appreciation plaque at an anniversary dinner hosted by the Seabrook Executive team. We have a total of 36 employees who have ten or more years of service with Erickson. Employees were also active in several events supporting the surrounding community such as Snowflake Wishes, POAC (Parents of Autistic Children), The Foodbank of Monmouth and Ocean County, RunAPalooza! (supports NJ Special Olympics), The American Red Cross Blood Drives, Scholars Fund and, of course, our very own Benevolent Care Fund in support of our residents in times of great need. We ended the year with severe snow storms in which many of staff and leaders were stranded at Seabrook for two days. The commitment of the staff is impeccable. Many came in prior to the storm and others attempted to get here to serve and support the residents.

2011: Looking Forward

Areas of Focus

Our main goal throughout 2011 is to remain efficient, affordable and financially viable, while maintaining the lifestyle our residents have come to enjoy.

In response to this, Seabrook will focus on:

- Maintaining clinical benchmarks in all health-related services to ensure excellent resident care.
- Remaining competitive in the local marketplace.
- A continued effort to review cost efficiencies as opportunities arise.

Financial Plans

Seabrook continues to focus on building cash reserves for the future. The 2011 budget, presented in November 2010, does that by increasing our cash balance by almost \$1.5 million over December 2010 balances.

Seabrook's business plan calls for operational income of approximately \$6.0 million for the year and planned capital expenditures close to \$2 million. As we execute our financial plans in 2011, we are constantly monitoring the overall weak economic conditions in the local market. We have initiated plans to hire a Personal Move Consultant (PMC). The PMC will ensure potential residents on our reserved list move in faster and will assist in bringing in new reservations as well.

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's Advisory Council 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.

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 2011. While our goals may evolve during the year based on emerging priorities, some of the goals that are relevant to residents at Seabrook are as follows:

- Dining Services will focus on variety, quality and temperature of food in all dining venues as they work to improve resident satisfaction scores. We are committed to

increasing our scores above 2010 results. Renaissance Garden's new initiative for 2011 is working with Alzheimer's Research Center's program to improve the dining experience with better tone, color, aromas and menu options.

- Resident Life's focus in 2011 will be an increased focus on quality measures as they apply to Certified Home Health. As previously noted, CHH has made significant progress with regard to increasing volume. That goal has been reached; the next phase is to ensure State survey readiness. A second area, coming out of the recent Resident Satisfaction Survey, is the question, "I am satisfied with the variety and availability of resident activities". Seabrook finished last among all Erickson communities in this question and we are strategizing from a number of different directions.
- General Services will continue to evaluate the health of our facilities as they continually walk around the campus, monitoring the aesthetics and core infrastructure.
- Our Human Resources Department will continue to offer training classes to staff to enhance their skills and will administer an Employee Engagement Survey as a means to build a strong high performance team.
- Renaissance Gardens and Medical Center Provider staff will continue to partner together to provide quality clinical/medical services and effective communication with residents and their families.

Executive Management Team

Art Sparks, Executive Director

Mr. Sparks is responsible for the total operation at Seabrook. He joined Erickson in 2003 as the Associate Executive Director of the campus. Prior to joining Erickson, Mr. Sparks operated a consulting business, "Partnering for Success," focusing on Process/Production Management and Human Performance Interventions. Prior to that time, Mr. Sparks was in the telecommunications industry with AT&T and for the last ten years of that period was a business operations executive. His last experience was Vice President Customer Relationship Management for all voice and data business customers. Mr. Sparks holds a Bachelor's Degree in Economics from Wittenberg University, Springfield, Ohio. Through the first quarter of 2010, Mr. Sparks was an active member of the Brookdale Community College Board of Trustees, Lincroft, NJ,

Rick Kiernan, Associate Executive Director

Mr. Kiernan, an Erickson staff member since February 2006, is currently serving as Associate Executive Director of Seabrook. Mr. Kiernan assists the Executive Director in all facets of community management. Mr. Kiernan has over four years of long term care experience as well as ten years of health care services experience from his tenure as Human Resources Manager

with Monmouth Medical Center. In addition, he has previous CCRC experience working at a community on the mainline in Pennsylvania. Mr. Kiernan holds a B.A. degree in Psychology and an M.S. degree in Human Organizational Science, both from Villanova University, Villanova, Pennsylvania. Mr. Kiernan is also an active member of The American Red Cross – Jersey Coast Chapter, Chair of the Audit Committee.

Dimitri Cefalu, MD, Medical Center Director

Dr. Cefalu, an Erickson staff member since 2001, is currently the Medical Director at Seabrook. He is responsible for the operations of the Medical Center, provision of medical services, policy and procedure oversight, and integration of Medical Center activities within a seamless continuum of care. Dr. Cefalu has been licensed in New Jersey since 1985. Dr. Cefalu has worked part-time as an Emergency Room Physician at Monmouth Medical Center and full-time in a walk-in clinic in Sussex County, New Jersey. Other experience includes establishing a private medical practice specializing in adult comprehensive outpatient and in-hospital acute care. Dr. Cefalu also has five years' experience as Medical Director of a subacute, long-term care and Alzheimer's disease facility including areas of practice focusing in Geriatrics. He graduated from Rutgers University, The State University of New Jersey, New Brunswick, New Jersey, and from the Medical School University of Palermo, Italy, and completed his residency training in Internal Medicine at Monmouth Medical Center, Long Branch, New Jersey. He has admitting privileges at Jersey Shore University Medical Center, Neptune City, New Jersey and is Board Certified in Internal Medicine

Jennifer Courlas, Renaissance Gardens Administrator

Ms. Courlas began her career at Seabrook as Assistant Administrator of Renaissance Gardens in July of 2009, and then was promoted to the Administrator of Renaissance Gardens in October 2009. Ms. Courlas is a graduate of Montclair University with a Bachelor's Degree in Psychology. She has spent her thirty-year career in the Long Term Care Industry operating Nursing Homes, Assisted Living, and Continuing Care Retirement Communities. She is a Licensed Nursing Home Administrator, Certified Assisted Living Administrator and Certified Instructor for the Assisted Living Administrator Program. She is an active member of the Health Care Association of New Jersey and the American College of Health Care Administrators.

Gary Engelstad, Director of Resident Life

Mr. Engelstad, an Erickson employee since 1995, is currently the Director of Resident Life at Seabrook. In this capacity, Mr. Engelstad oversees areas of Wellness, Resident Services, Social Work, Home Support, Pastoral Ministries, Community Resources, Volunteer Programs, Community Television and Certified Home Health. Prior to coming to Erickson, Mr. Engelstad worked in the Administration of Presidents Ronald Reagan and George H.W. Bush, starting as a Staff Assistant in the Office of Vice President Bush, then as the Comptroller in the Office of the Vice President. Following Mr. Bush's election, Mr. Engelstad served as the Director of Administrative Operations at the U.S. Department of Treasury. Mr. Engelstad holds a Bachelor's degree in Political Science from Mount Saint Mary's University, Emmitsburg, Maryland. Mr. Engelstad is currently a Councilman in Bradley Beach, New Jersey.

Karen Kollmer, Director of General Services

Ms. Kollmer, an Erickson employee since 1990, is currently serving as the Director of General Services at Seabrook. In that capacity, Ms. Kollmer manages a staff of 130 and oversees an operating budget of \$5 million. General Services is comprised of the maintenance/engineering, security/EMS, housekeeping, laundry, transportation, communications and grounds departments. Prior to her current assignment at the facility, Ms. Kollmer worked at Charlestown Retirement Community for over ten years. Prior to that time, Ms. Kollmer was a Facilities Manager for Sylvan Learning Systems in Baltimore, Maryland.

David Muth, Director of Finance

Mr. Muth joined Seabrook's team as Director of Finance in the fall of 2008. Prior to joining Seabrook, Mr. Muth had been the Controller of Spring Hills Senior Communities for three years. In total, Mr. Muth has over fifteen years of experience in the healthcare field specializing in the elderly population. He earned his Bachelor of Science degree in Business Administration with a Minor in Accounting from Indiana State University and a Master's of Business Administration from Capital University in Columbus, Ohio. As Director of Finance, Mr. Muth's responsibilities include enterprise risk management, budget establishment and compliance, internal audit and monthly financial preparation and review

Stephanie Shelton, Director of Sales

Ms. Shelton began her career with Erickson in May of 2005 when she joined the Maris Grove Welcome Center located in Delaware County, Pennsylvania. She was promoted to the Associate Director of Sales and helped to lead the team to a successful opening of the campus with industry record-breaking results in 2006. She later moved into a regional role supporting the eleven sales teams on the East Coast as the Associate Director of Sales Education and Talent Development. Ms. Shelton began her career in sales and marketing at MBNA America Bank and has amassed over 20 years of sales experience. Ms. Shelton is a graduate of the University of Tennessee, Knoxville, Tennessee, with a Bachelor of Fine Arts degree.

Vanessa Smith, Director of Human Resources

Ms. Smith, an Erickson staff member since March 2006, is currently serving as the Director of Human Resources at Seabrook. She is responsible for the areas of recruitment, employee relations, compensation, training and legal/compliance issues. Ms. Smith has eighteen years of human resource management experience and served five years in the United States Air Force. She holds a B.S. degree with a concentration in Human Resources Management from Park University in Austin, Texas, and is currently enrolled in an MBA Program at Strayer University. She also holds a certification as a Senior Professional in Human Resources.

Chris Stewart, Director of Dining Services

Mr. Stewart, an Erickson staff member since 2005, is currently the Director of Dining Services at Seabrook. He is responsible for the restaurants, stores and catering. Mr. Stewart oversees the staff dedicated to providing the residents and guests with consistent dining experiences. Mr. Stewart's other duties include menu development, chairing the resident dining committee, putting together a bi-monthly newsletter, bi-monthly Serve Safe Certification Training, and managing the budget. Mr. Stewart has over two years of long term care experience and has spent over twenty-two years in the hospitality industry. Mr. Stewart has a B.A. degree in Food Service Management from Johnson and Wales College in addition to an A.A. degree in Culinary Arts.

Residents Advisory Council (RAC)

Jeanne McArthur, President

Ms. McArthur moved to Seabrook in May 2009 from Manhattan, New York. Her work experience includes teaching math and chemistry in public and private schools to adolescents and adults. Born in Kansas City, Missouri, she raised her family in the San Francisco area before moving to the East coast. She became a portfolio manager for a wealth management firm in New York City. She received her B.A. degree in Chemistry from Vassar College, Poughkeepsie, New York, her Master's degree in Teaching Math from Stanford University, Palo Alto, California, and became a Certified Financial Analyst in 1987. She has served on charitable boards and was on the Board of Managers of her New York condominium for fifteen years. She has a son living in Virginia, also a daughter and only grandchild who live in Aberdeen, New Jersey.

Louis Rivera, Vice President

Mr. Rivera moved to Seabrook with his wife, Margot, in January 2010 from Atlantic Highlands, New Jersey. His work experience includes service in various countries and onboard several naval vessels, during his twenty-three years in the U.S. Navy. Following his naval service he worked for the Department of the Army as a Human Resources Manager. He was born in New York City and entered the Navy there. He received an Associates degree in Computer Science from Brookdale Community College, Lincroft, New Jersey, a BS in business from Thomas Edison State College, Trenton, New Jersey, and an MS in Public Administration from Central Michigan University, Mount Pleasant, Michigan. He has served for six years on the Board of Management for the Community YMCA in Red Bank, is a member of the Oceanport Lions Club, is a member of the Seabrook wood shop and volunteers with the Monmouth County SPCA. Mr. Rivera and his wife have two children and two grandchildren. Their son lives in Tasmania, Australia, and their daughter, son-in-law and grandchildren live in Atlantic Highlands, New Jersey.

Noel Kirchner, Treasurer

Mr. Kirchner and his wife, Gloria, moved from Oakhurst, New Jersey, to Seabrook in May 2007. They are the parents of three children and have three grandchildren. A Certified Public Accountant, he had been, prior to his retirement, the Chief Financial Officer of a manufacturer of Ladies Intimate Apparel. During the Korean War, Mr. Kirchner served in the U.S. Army and saw duty in Korea from November 1951 until October 1952. His professional memberships include the New Jersey Society of CPAs, the New York State Society of CPAs and the Institute of Management Accountants. At Seabrook, he volunteers in the TV Studio and on the Auditorium Committee.

Ann Barnes, Secretary

Mrs. Barnes and her husband, Bruce, have been Seabrook residents since May 2006. Formerly, they resided in Montclair, New Jersey, and then retired to Toms River, New Jersey. Mrs. Barnes is a lifelong resident of New Jersey. She received a BA from Villanova University and an MA from Montclair State University, Upper Montclair, New Jersey. She has been an educator most

of her life and has taught various grade levels including Bloomfield College and evening courses in GED. After retiring from teaching, she and her husband owned a business for which Mrs. Barnes was a self-taught accountant and manager. At Seabrook she is involved in several volunteer activities such as the Treasure Shoppe and serves in various functions of the Catholic Community. As well as being Secretary of the RAC, Mrs. Barnes serves on the Medical and Philanthropy Directors Advisory Committees. The Barnes have a daughter, Anne, and granddaughters, Marjorie and Joana, who live in Florida.

Patrick Driscoll

Mr. Driscoll was born and raised in Saginaw, Michigan. After graduating from Michigan Tech, Houghton, Michigan, majoring in Chemical Engineering, he spent two years in the Army, stationed primarily at Fort Monmouth, New Jersey, where he met his wife, Louise. After discharge and a brief time at Rutgers taking the necessary education credits, he taught math for thirty years, most of that time at Holmdel High School, receiving during that time a Master's degree in mathematics at Monmouth University. In addition to teaching, Pat was very active in his local union, serving as both president and then chief negotiator for many years. He and Louise lived primarily in Ocean Township, where they raised three children, all of whom currently remain in New Jersey having a combination of five grandchildren. Since retirement, Pat has served in a variety of voluntary roles, including thirteen years as a member of a Monmouth County Child Placement Review Board and ten years as a member of two different homeowner association boards. He and Louise moved to Seabrook in November 2009, where Pat is currently the host of Seabrook Lives on Seabrook TV, a show that chronicles the lives of Seabrook residents. Pat is always looking for willing Seabrook residents as participants.

June L. Garelick

Ms. Garelick moved to Seabrook from Wanamassa, New Jersey, in August 2005. She is a Licensed Clinical Social Worker. She continues to take courses to maintain her licensure. Her work in the social work field for many years included a variety of settings: schools, research, child welfare and geriatrics. She received her B.A. from Douglass College and M.S.W. from Rutgers School of Social Work. She was married to Alex Garelick, a librarian, for 52 years until his death in 2004. She has two sons living in Berkeley, California, and Woodstock, New York, and four grandchildren. Her interests include reading, music and travel.

Betty Hill

Ms. Hill and her husband John moved from Kearny, New Jersey, to Seabrook four and a half years ago. She grew up in Kearny, graduated from Kearny High School and then attended Washington Secretarial School in Newark, New Jersey. Later, she attended the New York Phoenix School of Design and graduated in 1951. She worked in New York City designing fabrics and wallpaper. She has one son and three grandchildren, who are all out of college and live nearby.

Arthur Katz

Mr. Katz moved to Seabrook in May 2008 from Northport, New York. He was Professor Emeritus and former Dean at Adelphi University on Long Island and at the University of Kansas, Lawrence, Kansas. He was also Associate Professor at New York University and SUNY at Stony Brook University, Stony Brook, New York. Mr. Katz received his B.S. degree at CCNY,

his M.S. at Columbia and his Ph.D. at NYU. His area of scholarship and research was in labor relations and social welfare. Mr. Katz is married to Eleanor Landa Katz, a former Psychotherapist, and they have three children living in Connecticut and New Jersey. He is interested in theater performance, playing Tevye in a recent Seabrook performance, and in organizational dynamics. He thinks that Seabrook is an outstanding senior residence.

Peter Lumia, Ex- President

Peter has been a resident of Seabrook since July 2008 and has been a New Jersey resident for virtually all of his life. He graduated from Rutgers University in 1953. After spending almost two years in the Air Force, he attended Rutgers Law School, graduating in 1959. He worked for the National Labor Relations Board before joining the law department of Western Electric. He then moved to the parent company, AT&T, from which he retired in 1986. Mr. Lumia has been active in various community activities, most recently serving eleven years on the Monroe Township Planning Board, as well as six years as Chairman of Monroe Township District III Fire Board of Commissioners.

Jim McDonnell

Mr. McDonnell and his wife Grace moved to Seabrook in June 2009 from Long Island. Jim spent his business career in the group health insurance field – thirty years as an executive officer with Mutual of New York and ten years as an executive officer for a Chicago brokerage firm. Jim and his wife have long been interested in the concept of continuing care. In 2001 they moved into Long Island's first life care community where Jim became the first chairman of its resident advisory council. Grace and Jim have five children and twelve grandchildren; most of them still live on Long Island.

Joan Postelnek

Mrs. Postelnek moved to Seabrook in 2009. She lived in Harbor Lights before moving to Renaissance Gardens in January 2011. Mrs. Postelnek immediately became very active within the community. She belongs to the Jewish Community Organization, plays Mah Jong, and learned to play many of the card games. Mrs. Postelnek lived in Las Vegas, Nevada, for thirteen years before returning to New Jersey to be closer to her family. Mrs. Postelnek was born in Brooklyn, New York, went to Jamaica High School and New York Community College in Brooklyn, New York, where she graduated with an Accounting Associates Degree. She was Editor-in-Chief of the yearbook. She then married Jack Postelnek where they lived in Queens, New York. Mrs. Postelnek has four children, Phyllis of Bridgewater, New Jersey, Ken and Robert of Middletown, New Jersey, and David of Fairfax, Virginia. She also has twelve grandchildren.

Thank you to Faith Diamond, Arlene Fox, William Itkin, Zita Nathans, Gene Phillips and Harry Smalling for their service on Seabrook's 2009-2010 Residents Advisory Council.

Organization and Governance

Organization

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

Seabrook's Board is responsible for oversight of the development, financing and operations of the Community. The Board has retained Erickson Living to provide management services to 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.

Seabrook is one of fifteen communities supported by National Senior Campuses, Inc. (NSC). NSC acts as an umbrella organization by organizing separate not-for-profit corporations that operate retirement communities (such as Seabrook) and provide 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.

The Board of NSC currently consists of nine 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 direct involvement in the formulation of the policies and activities of NSC that affect the community.

For more information about the organization and governance of Seabrook and NSC please visit our web site www.NationalSeniorCampuses.org.

Board of Directors

All corporate authority resides in the Seabrook 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 Living is responsible for the day-to-day management of Seabrook, pursuant to a Management and Marketing Agreement between Seabrook and Erickson Living. 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 comprises a maximum of eleven and a minimum of six people. At least one of the directors of Seabrook must be a member of the Board of Directors of NSC and is appointed by NSC to a one-year term. One of the members of the Board of Directors must be a resident of Seabrook.

Seabrook'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 our corporate governance practices, you may view many of the documents listed below at www.NationalSeniorCampuses.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
- Form 1023 – Application for Recognition of Exemption
- IRS 990, Return of Organization Exempt From Income Tax (most recent year)
- IRS determination letter recognizing exempt status under 501(c)(3)
- Management and Marketing Agreement
- Official Statement of Bond Issue (as applicable)
- Audit 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 Statements

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.

Board Activities 2010-2011

In April 2010, the sale of assets of the prior manager, Erickson Retirement Communities, was approved by the bankruptcy court. Erickson Living Management was organized by the purchaser as a new company. As the community's independent, not-for-profit board, the Seabrook Board entered into a management contract with the new Erickson Living organization and will continue its oversight role in this relationship.

As the sale of the Erickson Retirement Communities assets was being undertaken, the Board carried on its work at the community and regional level and the "Residence and Care Agreement" currently in effect continued to be honored. The Board will continue its dedicated service to residents working together with the local management team and with the support of Erickson Living.

During 2010, the Board held its formal quarterly meetings and additional meetings as necessary. Among the actions taken by the Board during 2010-2011 were:

- Approval of the Budget for 2011.
- Meetings with the Residents Advisory Council to receive their input on the effectiveness of community operations and priorities.
- 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 Seabrook.
- Special meetings and all board meetings to discuss Erickson issues and Seabrook issues.
- Special RAC meetings, town meetings, and letters regarding governance, Erickson and Seabrook issues with residents.
- Meeting with residents to discuss the 2011 budget and fees.
- Numerous meetings with the Executive Director and management staff to review operating, compliance and financial reports.
- Seabrook Board and NSC Board member support of the Benevolent Care Fund.

Seabrook requires Erickson Living to adhere to a Code of Business Conduct, a Compliance Plan and a Whistleblower Policy. The Board regularly receives reports from Erickson Living on the continued adherence to these policies.

During 2010, the Board recruited additional regional directors to expand the skill sets of the Board and to help build Seabrook's relationships with, and connections to, the community in which it is located. A full listing of the Board of Directors appears at the end of this section of the report.

The end of the 2010 Board year ended with the annual Forum of the Boards of NSC and all 15 NSC-supported communities, as well as with Erickson Living's senior leaders. Both the Erickson people and the Directors found the Forum to be an enthusiastic, productive, and positive meeting in which we explored and discussed such issues as:

- the state of the senior housing market,
- the financial health of our community,
- budgetary issues,
- the delivery of health care,
- marketing strategies and results,
- compliance with a myriad of governmental and financial requirements,
- Legal issues and many more.

For new Directors at any of the Communities, our time included a thorough orientation program that explained the Board's governance role, its oversight of the Community's financial health, and its operation. The Forum also saw the passing of the Chair's gavel. Long-time Chair Stan Elwell decided to step away from the Chair's duties. Fred Haas now serves as Chair of Seabrook Village, Inc. The Board is very grateful, however, that Mr. Elwell will remain on the Board.

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 governed by a Committee Charter that was approved by the Board of Directors. The Committee members are shown with the organization chart at the end of the Governance section.

Executive Committee

The Executive Committee comprises the Chairperson of the Board, President, Treasurer and Secretary; and has the authority to act for the Board of Directors between meetings in accordance with powers granted by State law and bylaws provisions.

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 2010, the Audit Committee met with PricewaterhouseCoopers to review the audited financial statements and the auditor's report, to review the auditor's report on internal controls as well as the management company's response and planned corrective actions, and to review other matters that the auditors are required to discuss with the Audit Committee. Upon completion of its work with respect to the 2010 audit, the Audit Committee will deliver its report to the residents at a Town Meeting.

Investment Committee

The purpose of the Investment Committee is to assist the Board of Directors to fulfill its 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 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, which is no longer a functioning 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 2010, Seabrook paid a total of Fifty-Four Thousand Dollars (\$54,000), in compensation to the members of the Board of Directors of Seabrook.

Directors' compensation for Seabrook was recommended by NSC and was approved by the Seabrook's Board of Directors based upon the recommendations of an independent compensation consultant retained to review the reasonableness of directors' compensation. In determining the amounts of compensation, the Board and the consultant considered the time and expertise requirements of directors and fees paid to directors of comparable companies, both for-profit and not-for-profit.

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

Fred Haas, Chair

Mr. Haas received his B.A. 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 an aircraft maintenance officer until his discharge in 1971. Following his military career, Fred joined the accounting firm of Coopers and Lybrand in Philadelphia, became a CPA in 1973, and was admitted to the partnership in 1978. In 1983, Mr. Haas transferred to the Baltimore office, where he headed the tax practice until he retired in 2001. After retiring in 2001, Mr. Haas returned to the Philadelphia area where he continues to serve individual tax clients on a part time basis.

Barbara C. Bisgaier

Ms. Bisgaier has more than thirty-six years of experience in government and public finance. Currently, she serves as managing director of Public Financial Management (PFM) and the financial advisor to the City of Philadelphia. Past clients include the New Jersey Environmental Infrastructure Trust, the New Jersey Turnpike Authority and the State of Delaware. Prior to joining PFM, Ms. Bisgaier was an associate at the Philadelphia-based real estate firm of Strouse, Greenberg & Co. Ms. Bisgaier is a graduate of Mount Holyoke College and received a master of City and Regional Planning degree from Rutgers University.

Mary DiGiacomo Colins

For fourteen years, Judge Colins served on the Court of Common Pleas of Philadelphia County. In 2004, she was appointed a member of the Pennsylvania Gaming Control Board by Governor Rendell and later served as Chairman. Her teaching and lecturing credits include Rutgers University Law School, Temple University School of Hospitality and Management and University of Virginia School of Law, among others. She is currently Mediator/Arbitrator for ADR Options, Inc.

Stan Elwell

Mr. Elwell is the former President, Chief Executive Officer and Trustee of Episcopal Hospital in Philadelphia having served this major community teaching hospital for twenty five years. While at Episcopal he was also active in health association activities including a term as Chairman of the Hospital Association of Pennsylvania. His career in healthcare management began on the administrative staff of Duke University Medical Center. He earned a Masters in Masters in Hospital Administration from Duke University and a Bachelors of Science from Iowa State University.

Fred Gruel

Mr. Gruel is a graduate of Fordham University in New York and holds a Masters in Business Administration from Florida State University. Currently, he is President and CEO of AAA New Jersey Automobile Club and its subsidiaries and a member of the AAA Foundation for Traffic Safety Research and Development Advisory Board and the AAA Public Affairs Committee. Mr. Gruel is the former Chairman of the Morris County Chamber of Commerce, the current Treasurer of the Board of the Employees Association of New Jersey and Vice Chairman of the Newark Regional Business Partnership. He also served on the boards of the New Jersey State

Safety Council, Jersey Battered Women's Service, William Paterson University of New Jersey and New Jersey Association of State Colleges and Universities.

Bill Kennedy

Mr. Kennedy is a litigation partner in White and Williams, LLP, a large civil law firm with offices throughout the Mid-Atlantic, where he defends hospitals, doctors, and nurses against claims of medical negligence. Mr. Kennedy received his B.A. from Bucknell University and his Juris Doctor from the Dickinson School of Law.

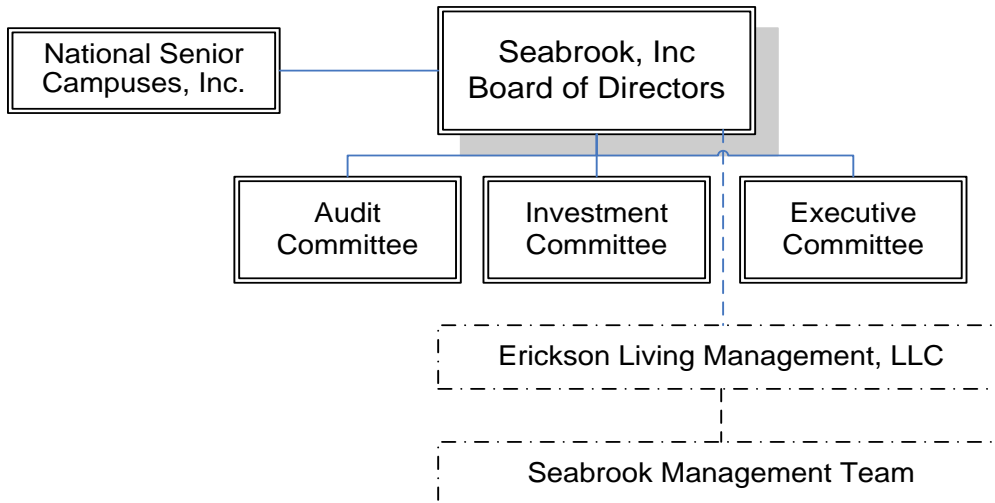
Allan Ostar

Mr. Ostar served for twenty-six years as President of the American Association of State Colleges and Universities in Washington DC; retiring in 1991, as President-Emeritus. Then for fifteen years, prior to moving to Seabrook in 2006, he was a Senior Consultant with the Academic Search Service. Mr. Ostar is a graduate of Penn State University with graduate work in psychology. He was on the faculty at the University of Wisconsin-Madison and was an adjunct professor of higher education at Penn State and the University of Arizona. Mr. Ostar has received twenty-nine honorary doctoral degrees and was recognized among the forty-four most influential leaders in American High Education by *Change* Magazine. Mr. Ostar received the Distinguished Service Medal; the Department of Defense highest civilian award, for establishing the Servicemembers Opportunity Colleges. During World War II, he was a combat infantryman in Europe where he was awarded two Bronze Star Medals for valor.

Arnold Speert

Dr. Speert served as the sixth president of William Paterson University from 1985 until his retirement in July 2010. He earned his Ph.D. in Chemistry from Princeton University where he was a National Institutes of Health Fellow. He has served on the boards of seven non-profit institutions, two of which he chaired. In addition he has served on the boards of the State Farm Indemnity Company, The Ramapo Bank and the Broadway Bank and Trust Company. Dr. Speert also was a founding commissioner of the Passaic County (NJ) Improvement Authority. His areas of expertise include institutional governance, institutional community building, diversity and the mutual dependence of the three.

Seabrook Organizational Chart



LEGEND:

_____ = governance relationship (by charter or bylaws)

----- = contractual relationship

Seabrook Committees

Executive Committee:

- Chair Fred Haas
- Vice Chair & President William Kennedy
- Secretary Allan Ostar
- Treasurer Fred Gruel

Audit Committee:

- Fred Haas, Chair
- Fred Gruel
- William Kennedy
- Allan Ostar

Investment Committee:

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

Seabrook Village, Inc. and Subsidiary
Consolidated Statements of Operations
for the years ended December 31, 2010 and 2009

	2010	2009
Unrestricted revenues, gains and other support:		
Resident occupancy revenue	\$ 44,487,043	\$ 42,911,296
Ancillary fees	5,843,949	4,834,532
Amortization of resident deposits, net of marketing expenses	4,162,107	4,516,179
Interest and dividend income	14,915	79,404
Processing fees	13,350	21,900
Other revenue	700,105	800,974
Net assets released from restriction used for operations	330,732	275,599
Total revenues, gains and other support	<u>55,552,201</u>	<u>53,439,884</u>
Expenses:		
Salaries, wages and benefits	23,328,886	22,067,653
Professional and contracted services	4,144,244	3,938,286
Supplies	1,612,648	1,640,357
Dietary and other supplies	2,798,065	2,734,272
Building grounds and maintenance	475,573	450,103
Utilities	3,516,621	3,396,348
Administrative and other	686,528	939,317
Management fees	2,060,873	2,143,520
Resident relations	262,825	189,165
Insurance	520,991	382,452
Interest	3,650,955	3,526,595
Real estate taxes	3,416,013	3,328,418
Depreciation and Amortization	8,296,447	8,339,318
Expenses incurred related to temporarily restricted net assets	330,732	275,599
Total expenses	<u>55,101,401</u>	<u>53,351,403</u>
Excess of revenues over expenses	<u>\$ 450,800</u>	<u>\$ 88,481</u>

This statement is excerpted from the audited financial statements of the community. The audited financial statements and notes, which are an integral part of the statements, are available in the Administration office.