

# CADBURY AT LEWES EVENING EXCHANGE

October 4, 2011

Vic Amey, President & CEO, welcomed residents to the Evening Exchange.

Vic spoke on behalf of Carol Holzman who will be out of the office every Tuesday until December 15<sup>th</sup>. Carol is attending classes on training to become a Nursing Home Administrator. Carol's notes included:

- A missed activity for the October Calendar. ***Mah-jongg!*** Please come to play every Sunday at 2:15 pm in the Creative Arts Room. Printed rules are on the "D" table outside Carol's office.
- Hilary had a baby (Carson) and her time with us is coming to an end on the 31<sup>st</sup> of October. Hilary Lavender is the group exercise instructor. We are in the process of seeking a new instructor.
- Just a Reminder... For your safety and the safety of the Maintenance workers, please tie your trash bags when putting them in the garbage.
- LEAP Program – The featured artist this week is Post Impressionist Norwegian artist, Edvard Munch. His work reflects the influence of Vincent van Gogh and Paul Gauguin. Thursday, October 6<sup>th</sup> - 10:30 in the Auditorium. Refreshments!
- Note: The lunch at the Georgia House has been moved to Tuesday, October 25<sup>th</sup>.
- The "Cadbury Dines Out" event at Nicola Pizza will take place on Wednesday, October 26<sup>th</sup>.

Vic mentioned that Flu Shots will be available soon. The schedule for residents will be placed in mail boxes and on the Cadbury Channel.

Vic proceeded with a presentation, Finance 101, which provided an overview of Cadbury at Lewes' history and financial management procedures (copy attached).

At the conclusion of the presentation, Vic opened the floor to questions.

Questions –

**Q:** Did we project too many cottages?

**A:** YES and NO – Cottage Resident is a little bit younger and can afford to wait out a down economy. Note: There are 7 projected move-ins by December 31<sup>st</sup>.

**Q:** Expectation when CAL is fully occupied, will the revenue exceed expenses?

**A:** Projections do show a very healthy reserve and will build up. Reductions in monthly fees are not probable.

**Q:** Who are the Board Members?

**A:** 50% of members must be of the Religious Society of Friends. The Board consists of 3-7 individuals – 4 from the Religious Society. Currently there is one resident on the Board.

Current Board Members are:

Gil Kaufman (CAL Resident)

Laura Deckmann

Nancy Targett

Allison Richards

Sally Swayze

Richard Grier-Reynolds

**Q:** What is Bad Debt?

**A:** Uncollectable, unearned revenue.

The next Evening Exchange will be held on Tuesday, November 1<sup>st</sup> at 7:00 pm in the Auditorium.

Recorder: Carol Cascone (for Barbara White)

10/11/11

## Cadbury at Lewes Finance 101

An Overview of  
Financial Management  
Procedures  
Sept. 6, 2011

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### Development Process Cont.

- Pre-Marketing – 70% Pre-sales reqd.
- Secure Permanent Financing
  - Tax Exempt Bonds - \$48.5 million
  - Series A, B & C
- Begin Construction – 2005
- Open – 2007
- Fill Up
- Pay Off Series C Bonds - \$26.5 million

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### Development Process

- Board Approval – October 1997
- Site Selection
- Conduct Focus Groups
- Assemble Development Team
- Develop CC Agreement & Pricing
  - Actuarial Firm – Future Service Obligation
- Obtain Authority Approvals
- Cadbury at Cherry Hill loan - \$550,000

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### Financial Management

- Cash versus Accrual Accounting
- General and Accepted Accounting Principals (GAAP)
- Federal Accounting Standards Board (FASB)
- Future Service Obligation (FSO)
  - CCRC Actuaries

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## Cash Accounting

- Sources of Cash
  - Entrance Fees
  - Monthly Fees
  - Medicare/Medicaid
  - Private Insurance
  - Ancillary Charges

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## Cash Accounting Cont.

- Uses of Cash
  - Operating Expenses
    - Salaries
    - Accounts Payable
  - Principal & Interest Payments
  - Refunds
  - Retire Series C Bonds
  - Reserves
    - Operating Reserve Fund
    - Capital Replacement/Improvement Fund

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## Accrual Accounting

- Sources of Revenue
  - Resident Care (Monthly Fees)
  - Amortized Entry Fees
    - 10% - Actuarial Life of Resident
    - 90% - Life of the Building
  - Termination Income
  - Health Care Center

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## Accrual Accounting Cont.

- Expenses
  - Operating Expenses
    - Salary Expenses
    - Food & Supplies
    - Medical Expenses
    - Insurance & Taxes
    - Etc.
  - Non-Cash Expenses
    - Depreciation & Amortization
  - Investment Losses

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**CADBURY AT LEWES, INC.**  
**Statement of Operations**  
**For the Three Months Ending June 30, 2011**

	June			Year-to-Date		
	Actual	Budget	Variance	Actual	Budget	Variance
Resident Care	\$552,040	\$544,677	\$7,363	\$1,646,062	\$1,615,552	\$30,510
Amortized Entry Fees	102,945	111,442	(8,497)	312,266	334,327	(22,061)
Termination Income	0	11,080	(11,080)	15,621	33,241	(17,620)
Health Care Center	411,678	411,276	402	1,304,774	1,246,130	58,644
<b>Total Operating Revenue</b>	<b>1,066,663</b>	<b>1,078,475</b>	<b>(11,812)</b>	<b>3,278,723</b>	<b>3,229,250</b>	<b>49,473</b>
Investment Income	3,148	4,057	(909)	9,297	12,170	(2,873)
Other Revenue	14,454	9,936	4,518	33,269	29,808	3,461
<b>Total Revenue</b>	<b>\$1,084,265</b>	<b>\$1,092,468</b>	<b>(\$8,203)</b>	<b>\$3,321,289</b>	<b>\$3,271,228</b>	<b>\$50,061</b>
Wages & Commissions	419,681	403,802	(15,879)	1,271,586	1,223,550	(48,036)
Employee Benefits	130,086	133,600	3,514	383,992	403,050	19,058
Administrative	53,555	51,750	(1,805)	126,201	159,104	32,903
Professional Services	20,256	23,198	2,942	72,531	65,843	(6,688)
Advertising	20,772	18,045	(2,727)	46,465	55,335	8,870
Food & Supplies	52,666	46,398	(6,268)	149,318	139,195	(10,123)
Medical	33,459	23,902	(9,557)	106,190	71,706	(34,484)
Facility Insurance & Taxes	15,949	13,017	(2,932)	46,968	39,052	(7,916)
Contract Services	56,962	67,680	10,718	191,977	206,640	14,663
Utilities	51,132	53,747	2,615	153,864	161,240	7,376
Bad debt	3,105	3,105	0	9,315	9,315	0
Interest	125,409	130,677	5,268	359,462	392,030	32,568
Depreciation & Amortization	127,608	129,469	1,861	382,824	388,408	5,584
<b>Total Expense</b>	<b>\$1,110,640</b>	<b>\$1,098,390</b>	<b>(\$12,250)</b>	<b>\$3,300,693</b>	<b>\$3,314,468</b>	<b>\$13,775</b>
Operating Gain (Loss)	(\$26,375)	(\$5,922)	(\$20,453)	\$20,596	(\$43,240)	\$63,836
Change in Net Assets	(1,558)	0	(1,558)	20,352	0	20,352
Unrealized Gain (Loss)	(\$1,558)	\$0	(\$1,558)	\$20,352	\$0	\$20,352
Increase (Decrease) in Temp Restrictd Net Ass						
Increase (Decrease) in Net Assets	(\$27,933)	(\$5,922)	(\$22,011)	\$40,948	(\$43,240)	\$84,188

L.W. - Inc Stmt  
06/30/11

