



RAC FINANCE COMMITTEE MINUTES

December 21, 2022

Club Room, Freedom Plaza

Members Present: Chair Al Roberts, Sandee Braddy, Jane Keegan, Cor Snoeren, Joan Walker & Veanna Cape, RAC Liaison

Excused: Dave Lowe, Joyce McCutcheon & Neil Rothfeld

Freedom Plaza Dennis Kimble, DFS

Chairman Roberts called the meeting to order at 2:30 pm. The Chairman asked the Secretary if a quorum was present. The Secretary confirmed a quorum. He noted that Neil is recovering well from his surgery. He also stated that Dave Lowe and Joyce had contacted him and asked to be excused.

The minutes for November 16, 2022 were approved by the members present, upon a motion made by Jane Keegan, seconded by Sandy Braddy. All in favor, motion so carried.

Cost of Living: Cor Snoeren reported that The CPI for Class A South, which governs most of our resident contracts, was 8.2 %.

Health Peak Stock: Cor Snoeren stated that the stock closed on 12/21/22 at \$ 25.46. He distributed to the group an analysis of Healthpeak Properties by Argus. He pointed out that the stock price of the self-administered real estate investment trust fluctuates and is expected to reach of target price of \$30.00 per share, while paying an annual dividend of 4.8%. He also noted that CCRC's are a small portion of their portfolio at 7.8%.

Open Positions: Sandee Braddy reported that the report that she had received from HR showed a total of 46 open positions. 22 in Independent Living, 12 at Plaza West and 1 at The Inn and 11 at Memory Care & Assisted Living.

OIR Report Chair Roberts noted that it had been received.

November Financial Statement Dennis Kimble said that there had been 3 Move Ins/Closing in November and 7 Move Outs/Vacancies. However, he stated that there were 12 scheduled closings in December and more in January and sales were very positive.

REPORTS:

November Financial

Statement:

Dennis then discussed the November, 2022 Financial Report. He went over the various items affecting revenue each area. Independent Living revenue, at current occupancy, was behind plans, but with the new closings will increase. In Skilled Nursing Revenue, although decreasing, was still \$16K favorable to budget. Memory Care revenues increased \$21.7 month over month. Innovative Home Services increased \$23K an improvement over last month and was 2.7K favorable to budget. Regarding expenses, he stated that salary and wage expenses were favorable to the budget. The only area that was over budget was Health Center wages due to the use of Agency Nursing. Dennis further stated that Marketing expenses were \$3K over budget largely due to end of year advertising and events designed to increase sales. Food and beverage expenses were still over budget by \$38K due to increased costs in meat, produce and frozen foods.

Dennis stated that Insurance and Taxes were over due to insurance liability claims of \$425,000 from 2019 and 2022. Dennis stated that without the claims that have been settled in the last two months, the bottom line would have shown a profit. There was some discussion regarding accruing reserves for these claims. Dennis replied that it was done at the corporate level and at the end of the year amounts would be adjusted.

Dennis was asked to explain how the outsourcing of therapy services would affect the budget going forward. Dennis stated that it was confusing when currently looking at the budget because therapy wages, listed as an expense, were still affecting the bottom line. He further stated that in the 2023 budget the therapy lines will be removed, and a clearer picture of the expenses will be presented. Freedom Plaza, having its own therapy cost center was an outlier among CCRCs. By outsourcing the service, it more closely resembles the format followed by the industry. When the therapy dept. was revamped, all employees were offered positions at the current industry standard for each position, factoring in longevity. Outsourcing can also improve the quality of care as the major firm that is currently providing therapy services has access to many more specialized therapists, such as speech and can provide these services to Freedom residents. The billing for the therapy services is done as part of a Medicare formula wherein all rehab services for a resident are billed as a unit. In turn, the therapy agency will get paid a portion of that billing for services provided. These services will no longer impact the Freedom Plaza budget.

Chairman Roberts thanked Dennis for get out the tax deduction letter to all residents with the December billing at the end of November.

As there was no further business before the committee, Chairman Roberts set the next meeting date as January 18 at 2:30 p.m. He then asked for a motion to adjourn. A motion was made by Jane Keegan, seconded by Sandy Braddy. Motion so carried. Meeting adjourned at 3:33 p.m.

Respectfully submitted,
Joan Feehan Walker, Secretary