



RAC FINANCE COMMITTEE MINUTES

February 15, 2023

Club Room, Freedom Plaza

Members Present: Chair Al Roberts, Sandee Braddy, Jane Keegan, Dave Lowe, Joyce McCutcheon, Neil Rothfeld & Joan Walker

Members Excused: Cor Snoeren & Veanna Cape, RAC Liaison

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.

The minutes for January 18, 2023 were approved by the members present, upon a motion made by Dave Lowe, seconded by Sandy Barddy.. All in favor, motion so carried.

REPORTS:

Cost of Living: Al Roberts reported that The CPI for Class A South, which governs most of our resident contracts, was down to 6.9 %, a move in the right direction. Neil Rothfeld said that he expected it to decline further using the South Class A index, although Tampa itself was much higher.

Health Peak Stock: Neil Rothfeld stated that the stock closed on 2/14/23 at \$25.94. He further stated that Morningstar reported that its fair value is \$35 but also noted that Morningstar stated that the CCRC portion of Health Peak's portfolio was expected to see between 5% and 10% growth in the coming year.

Open Positions: Sandee Braddy reported that the report that she had received from HR dated 2/1/23, showed a total of 49 open positions. 22 in Independent Living, 15 at Plaza West and 1 at The Inn and 11 at Memory Care & Assisted Living. A member questioned the absence of servers needed in Independent Living. A lively discussion followed about the wait times in the dining room for even water or menus. One member stated that after a half an hour wait, without even an acknowledgement of the group's presence, the party got up and went into the buffet. General dissatisfaction was expressed and felt more servers should be hired.

January Financial
Statements

Dennis Kimble said that there had been 1 Move In/Closing in January and 3 Move Outs/Vacancies. However, he stated that the sales outlook was very positive moving forward.

Dennis then discussed the January 2023 Financial Report. He went over the various items affecting revenue each area. Independent Living revenue exceeded budget expectations by \$50.4K due to increased occupancy. In Skilled Nursing Revenue increased by \$70K but was still \$74K unfavorable to budget. Memory Care revenues increased \$6K month over month & was \$13.9 favorable. Innovative Home Services increased over budget by \$30.4K. He stated that the department head was working very hard to increase the utilization of services by Freedom residents. Regarding expenses, he stated that salary and wage expenses were generally favorable to the budget. The Health Center was \$47.6K over budget again due to the use of Agency Nursing. Marketing was \$5K over budget. All other areas were below budget. He stated that Net Operating Income exceeded budget expectations by \$100,311. He stated that it was nice to have a month with out any insurance claims paid out.

Chairman Roberts had submitted a list of questions to Dennis prior to the meeting regarding some items in the Financial Reports. Dennis explained that one item questioned was regarding \$22,000 listed as deposit income. He stated that this was not current income, but a reversal of a reserve created when LCS bought Brookdale. Another item Chair Roberts had listed was \$68,236 for salaries and benefits for LCS employees. Dennis stated that this was paid by LCS for the Directors of the various departments at the Freedom Plaza campus. Another question raised by the Chair was that dining room salaries and wages were almost exactly on budget, but it appears that Freedom is very understaffed by servers based on many comments offered to him by residents. Chair Roberts noted that there were no openings for servers listed in the monthly HR report, so he asked Dennis to look further at that item. Chair Roberts stated that Food and Beverage expenses were very much under budget, especially when the vendor rebates of \$21,636 are factored in. He stated that this raises the question of whether management is spending enough to get the highest quality food. Dennis did not have an answer for that currently.

Chair Roberts asked Dennis Kimble if he had brought the financial requirements of new residents. Dennis stated that he did not but would be sure to have it for the March meeting.

OLD BUSINESS:

FLICA

Chair Roberts stated that he had heard from Angie Roher regarding the section of the FLICRA Florida Statutes 651 Modernization Proposal for 2023 Florida Legislative Session that reads:

“Streamline financial reporting by eliminating multiple costly audits for CCRCs that are part of an obligated group or that own or control additional entities if a consolidate audit contains the required financial information by CCRC or entity.”

Executive Director Roher stated that this section applies to an obligated group of CCRC’s. She stated that LCS & HP are filing separate reports with the state for each CCRC. Chair Roberts stated that he had been in contact with Bennet Napier of the FLICA executive office, who stated that balance sheet, income statement and cash flows would always be supplied as supplemental information and that the annual report submission to the Florida Office of Insurance Regulation would still be required. Chair Roberts stated that in his correspondence with Director Roher and Bennet Napier, it appeared that nothing in the proposal for revision of FS651 would impact the requirement that a year-end separate audited statement be provided to Freedom Plaza by LCS & HP.

NEW BUSINESS:

There was no new business brought before the committee.

As there was no further business before the committee, Chairman Roberts set the next meeting date as March 15 at 2:30 p.m. He then asked for a motion to adjourn. A motion was made by Jane Keegan, seconded by Neil Rothfeld. Motion so carried. Meeting adjourned at 3:30 p.m.

Respectfully submitted,

Joan Feehan Walker, Secretary