

A G E N D A

FINANCE COMMITTEE

REGULAR MEETING
TUESDAY, APRIL 26, 2016, AT 9:00 AM
BOARD ROOM – GATEWAY COMPLEX

1. MEETING CALLED TO ORDER: Jean Autrey, Vice Chairman
2. ROLL CALL: Yahng, Autrey, Dorband, Haley, Neff, Rosenzweig, and Smith
3. APPROVAL OF REPORT OF MARCH 29, 2016 (Attachment)
4. RESIDENTS' FORUM
5. VICE CHAIRMAN'S REPORT – ANNOUNCEMENTS
6. STAFF REPORTS
 - a. CEO – General Comments
 - b. CFO – Monthly GRF Financials (copy in GRF Board Office Finance Committee mailbox)
 - c. Director of Mutual and Trust Operations – Trust Facilities and Property Maintenance, Projects, and Machinery/Equipment Acquisition Reports (Attachments)
7. UNFINISHED BUSINESS
 - a. Discuss definition of Trust vs. Operating expenditures. (Attachment)
8. NEW BUSINESS
 - a. Consider need for contingency reserve in Trust Estate.
 - b. Consider MOD refund. (Attachment)
9. ADJOURNMENT
10. NEXT MEETING: Tuesday, May 24, 2016, at 9:00 a.m. in the Board Room at Gateway Complex

RSC/kv
cc: GRF Board

FINANCE COMMITTEE REPORT

REGULAR MEETING

TUESDAY, MARCH 29, 2016, AT 9:00 A.M.

A regular meeting of the Finance Committee was convened by the Chairman, Christopher T. Yahng, at 9:00 a.m. on Tuesday, March 29, 2016, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were Jean A. Autrey, Vice Chairman, F. Attendance William Dorband, Kenneth W. Haley, Mary K. Neff, David H. Smith, and Paul Rosenzweig. Also attending were Leslie Birdsall, President, Barbara S. Jordan, Vice President, Mary Lou Delpech, Secretary, and Sue DiMaggio Adams and Robert D. Kelso, Directors, GRF; Timothy O'Keefe, CEO; Richard S. Chakoff, CFO; Paul J. Donner, Director of Mutual and Trust Operations; Jeffrey P. Matheson, Resident Services Director; and two residents.

The Finance Committee's report of February 23, 2016, was unanimously approved. Report
Approved/
During Residents' Forum, Sheldon Solloway commented on the item to be Residents'
discussed later under New Business, the definition of Trust vs. Operating Forum
expenditures under Policy 102.3.

The Chairman explained that he included a discussion of Trust vs. Operating Chairman's
expenditures under New Business on today's agenda so that the Committee could Report
review the policy.

Mr. O'Keefe commented on several matters. Staff
Reports

Mr. Chakoff reviewed the monthly GRF financial reports. The Committee discussed several line items in the reports.

Mr. Donner delivered the Trust Facilities and Property Maintenance, Projects, and Machinery/Equipment Acquisition Reports. Discussion followed.

At the request of Mr. Rosenzweig, Messrs. Chakoff and Donner briefly commented MOD
on the MOD revenue report prepared by Mr. Chakoff in response to last month's Revenue
discussion of MOD's preliminary financial report for the year ending December 31, Report
2015. Messrs. Chakoff and Donner then responded to questions posed by the
Committee.

The Committee discussed Policy 102.3, Allocation of Revenue and Expenses, and Policy
agreed to continue the discussion at next month's meeting with comments and 102.3
possible suggestions for revision. It was suggested that Anthony W. Grafals,
General Counsel, should be briefed on today's discussion.

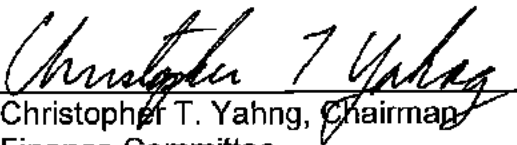
Finance Committee
Regular Meeting

-2-

March 29, 2016

There being no further business to come before the Committee, the meeting was Adjourn-
adjourned at 9:56 a.m. ment

The next meeting of the Finance Committee will be held on Tuesday, April 26, 2016, Next Mtg.
at 9:00 a.m. in the Board Room at Gateway Complex. 4/26/16


Christopher T. Yahng, Chairman
Finance Committee

kv

**YR2016 TRUST FACILITY / PROPERTY MAINTENANCE
COST & COMMITMENT REPORT**
Reporting Period: March 2016

| Project | Approved Budget | Reporting Period Expenditures | Incurred To-Date | Forecast To-Complete | Est. Final Expenditure | Under/(Over) Budget | Status |
|--|------------------------|--------------------------------------|-------------------------|-----------------------------|-------------------------------|----------------------------|---------------|
| Gateway | | | | | | | |
| Exterior Panels Replacement | 25,000 | 0 | 0 | 25,000 | 25,000 | 0 | |
| Hillside | | | | | | | |
| Women's Pool Shower Stall Inserts Installation | 30,000 | 11,128 | 11,128 | 18,872 | 30,000 | 0 | |
| Plumbing Improvements Study | 20,000 | 2,000 | 2,000 | 18,000 | 20,000 | 0 | |
| Valleywide | | | | | | | |
| Facilities Wood Staining And Sealing | 67,000 | 0 | 0 | 67,000 | 67,000 | 0 | |
| Facilities Carpet Replacements | 75,000 | 0 | 6,400 | 68,600 | 75,000 | 0 | |
| Light Pole Repainting | 18,000 | 0 | 0 | 18,000 | 18,000 | 0 | |
| Landscaping Rehabilitation | 10,000 | 0 | 0 | 10,000 | 10,000 | 0 | |
| Equipment Replacements | 36,000 | 3,072 | 3,669 | 32,331 | 36,000 | 0 | |
| Open Space | | | | | | | |
| Open Space Maintenance | 21,000 | 0 | 0 | 21,000 | 21,000 | 0 | |
| Defensible Space Fire Abatement | 15,000 | 0 | 0 | 15,000 | 15,000 | 0 | |
| Trails Maintenance | 10,000 | 472 | 472 | 9,528 | 10,000 | 0 | |
| Public Works | | | | | | | |
| Street Maintenance | 441,000 | 0 | 0 | 441,000 | 441,000 | 0 | |
| Sidewalk Maintenance | 62,000 | 100 | 12,084 | 49,916 | 62,000 | 0 | |
| Water, Drainage, Sewer Maintenance | 15,000 | 7,000 | 8,530 | 6,470 | 15,000 | 0 | |
| Golf Course | | | | | | | |
| Cart Path Repair Program | 42,300 | 42,300 | 42,300 | 0 | 42,300 | 0 | |
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| | | | | | | | |
| TOTAL | 887,300 | 66,072 | 86,582 | 800,718 | 887,300 | 0 | |

**CAPITAL PROJECTS
BUDGET AND EXPENDITURE REPORT**
Reporting Period: MARCH 2016

| Project | Approved Budget | Reporting Period Expenditures | Incurred To-Date | Forecast To-Complete | Est. Final Expenditure | Under/(Over) Budget |
|---|------------------|-------------------------------|------------------|----------------------|------------------------|---------------------|
| Gateway HVAC Replacement Phase 1 | 180,000 | | 156,351 | 23,649 | 180,000 | 0 |
| Gateway HVAC Replacement Phase 2 | 160,000 | | 123,508 | 36,492 | 160,000 | 0 |
| Gateway Multi-Purpose Rooms Improvements | 185,000 | | 12,360 | 172,640 | 185,000 | 0 |
| Gateway Clubhouse Electrical Improvements | 50,000 | | 5,131 | 44,869 | 50,000 | 0 |
| Drop Creek Structure Construction | 550,000 | | 14,084 | 535,916 | 550,000 | 0 |
| Del Valle Fitness Complex Study | 157,421 | | 157,380 | 41 | 157,421 | 0 |
| Broadband Study Phase 1 Design | 67,620 | | 67,620 | (0) | 67,620 | 0 |
| Broadband Study Phase 2 Design | 91,875 | 3,170 | 75,077 | 16,798 | 91,875 | 0 |
| Hillside Clubhouse Atrium Roof Design | 12,000 | | 8,150 | 3,850 | 12,000 | 0 |
| Hillside Clubhouse Atrium Roof Construction | 110,000 | | | 110,000 | 110,000 | 0 |
| Hillside Shady Glen Park Concrete Pads | 20,000 | | | 20,000 | 20,000 | 0 |
| Solar Energy Consultant Phase 1 | 10,000 | | 8,449 | 1,551 | 10,000 | 0 |
| Solar Energy Consultant Phase 2 | 75,000 | 720 | 11,769 | 63,231 | 75,000 | 0 |
| Vehicle Maintenance Shop Roll Up Doors | 18,000 | | 13,936 | 4,064 | 18,000 | 0 |
| Del Valle Renovation Project | 965,000 | 44,626 | 44,626 | 920,374 | 965,000 | 0 |
| TOTAL | 2,651,916 | 48,516 | 698,441 | 1,953,475 | 2,651,916 | 0 |

| Major Projects | Total Contingency | Contingency Reserved | Contingency Expended |
|----------------------|-------------------|----------------------|----------------------|
| Drop Creek Structure | 70,000 | 0 | 0 |

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**MACHINERY & EQUIPMENT
BUDGET AND EXPENDITURE REPORT**

Reporting Period: MARCH 2016

| Project | Approved Budget | Incurred To-Date | Forecast To-Complete | Est. Final Expenditure | Under/(Over) Budget |
|-------------------------------------|-----------------|------------------|----------------------|------------------------|---------------------|
| MOD Vehicles | 189,000 | | 189,000 | 189,000 | 0 |
| Del Valle Pools Ultra-Violet System | 120,000 | | 120,000 | 120,000 | 0 |
| Mowers | 111,100 | | 111,100 | 111,100 | 0 |
| GRF Pick-up Trucks | 96,000 | | 96,000 | 96,000 | 0 |
| Data Storage System | 92,000 | 91,189 | 811 | 92,000 | 0 |
| Grinders | 51,500 | 49,997 | 0 | 49,997 | 1,503 |
| Peacock Hall Digital Projector | 30,000 | | 30,000 | 30,000 | 0 |
| Dollar Clubhouse AV Upgrade | 30,000 | 4,117 | 25,883 | 30,000 | 0 |
| Gateway Clubhouse Automatic Doors | 27,000 | | 27,000 | 27,000 | 0 |
| Dog Park Patio | 20,000 | | 20,000 | 20,000 | 0 |
| Sand Dresser | 17,350 | | 17,350 | 17,350 | 0 |
| Dollar Clubhouse Boiler | 15,000 | | 15,000 | 15,000 | 0 |
| Las Trampas Room Tiered Risers | 15,000 | 12,652 | 0 | 12,652 | 2,348 |
| MOD Scaffolding | 12,000 | 10,646 | 1,354 | 12,000 | 0 |
| Rossmoor Gardens Chain Link Fence | 10,000 | | 10,000 | 10,000 | 0 |
| Counseling Services Automatic Doors | 6,500 | | 6,500 | 6,500 | 0 |
| Dollar Clubhouse Pool Heater | 6,000 | | 6,000 | 6,000 | 0 |
| Event Center Acoustic Shell (1) | 4,087 | 4,087 | (0) | 4,087 | 0 |
| (2) TOTAL | 852,537 | 172,688 | 675,998 | 848,686 | 3,851 |

| | |
|-----------------------|----------------|
| (1) Total Expenditure | 18,895 |
| Less Donation | <u>-14,808</u> |
| Net Expenditure | <u>4,087</u> |

| | |
|----------------------------|----------------|
| (2) Total Incurred to Date | 172,688 |
| Plus Donation | <u>14,808</u> |
| Total Expenditure to Date | <u>187,496</u> |

Subject: Allocation of Revenue and Expenses

Purpose: To Establish a Policy to Differentiate Trust Revenues and Expenses From Operating Revenues and Expenses

The categories shown on the following two pages describe the types of revenues and expenses that are classified as trust or operations and list some examples in each category. These lists should not be considered exhaustive but are merely illustrative.

For purposes of this Policy, a capital expenditure is defined as a purchase of tangible property costing over \$5,000 per item wherein the property will not be consumed or converted to cash in one year. Capital assets may be purchased with Trust funds or funds from the operating budget.

I. Trust Revenues include:

- membership transfer fees;
- earnings on Trust assets held for investment, including interest and Medical Center rent;
- fees for capital equipment purchased for MOD; and
- gifts to the Trust (either for construction of a specific Trust asset or for general Trust activities).

II. Trust Expenditures include:

- construction of new facilities or major renovations to existing facilities;
- fees for work done by non-GRF employees in anticipation of a capital project, including architect fees, engineering studies and consultant fees;
- any cost of temporary facilities required due to construction; and repair of changes that occurred due to construction;
- acquisition or replacement of capital assets, including vehicles, landscape and Golf Course maintenance equipment, large computer systems, major software purchases, and major equipment items such as Fitness Center machines and video projector systems; and
- bank charges, loan fees and debt service (principal and interest) for loans associated with Trust operations.
- Tangible property costing \$5,000 or less per item comprising a set or system, with an aggregate cost of \$80,000 or greater and a useful life in excess of one year, at the discretion of the GRF Board of Directors upon approval of the annual GRF budget.

III. Operating Revenues include:

- monthly fees collected from each manor for the operation of Rossmoor;
- fees collected for normal operation of Trust properties, e.g., all golf course related revenue; room rental charges; sales of advertising; Creekside restaurant, catering and bar rents and revenues; and sales of Vehicle Access Devices.
- charges for programs and activities sponsored by GRF, e.g., Recreation Department concerts or excursions.
- earnings on operating fund assets held for investment, including interest; and
- miscellaneous items such as handyman income, personal training income, RV rental fees and contractual business income from the Waterford and from vehicle maintenance.

IV. Operating Expenditures include:

- normal costs of operating GRF assets, including utilities, taxes, insurance, as well as labor and materials for functions such as custodial and landscape maintenance of GRF facilities and land, including temporary facilities;
- labor and materials for programs/services such as aquatics, bus transportation, counseling, communications, fitness and public safety;
- labor and materials for administrative services such as human resources, accounting, legal and executive services;
- purchase of tangible property costing \$5,000 or less per item;
- repairs;
- maintenance of Trust assets, in accordance with the terms of the Trust; and
- banking and financial expenses related to the operating budget.

Authority: Policy

12/1/11
5/29/14

***SUMMARY REPORT
GOLDEN RAIN FOUNDATION FINANCE COMMITTEE***

REPORT PREPARED BY:

Rick Chakoff, CFO

REQUESTED ACTION:

Recommend to the GRF Board a refund of operating surplus from the Mutual Operations Division of GRF (MOD) in the amount of \$200,000 to be distributed on a per manor basis to the Mutuals managed by MOD.

BACKGROUND:

MOD operates on a break-even basis and has historically returned any surplus to the managed Mutuals. For the year ended December 31, 2015 there was an operating surplus of \$144,000 with a cash balance on hand of \$494,000. The recommendation takes into account the amount of cash to keep available for seasonal fluctuations in operations.

ALTERNATIVES AND OPTIONS:

The Committee may recommend all, some or none of the amount recommended by staff.

SUBSEQUENT ACTIONS:

Once approved, funds would be distributed to the Mutuals managed by MOD (all except Mutual 58, Waterford).

FINANCIAL IMPACT:

The refund would reduce the cash balance of MOD by \$200,000.

ATTACHMENTS:

The December 31, 2015 Statement of Revenues & Expenses and Balance Sheet for MOD

800 ROCKVIEW DRIVE
WALNUT CREEK CA 94595

GOLDEN RAIN FOUNDATION
1001 GOLDEN RAIN ROAD
WALNUT CREEK CA 94595

| | December 2015 | 2015 Year End |
|--|------------------|------------------|
| Current Assets | | |
| Cash | 493,657 | 229,190 |
| Accounts Receivable | 413,049 | 413,967 |
| Prepays | 18,121 | 17,202 |
| Inventory | 276,458 | 309,161 |
| | ----- | ----- |
| Total Current Assets | 1,201,285 | 969,520 |
| | ----- | ----- |
| Property, Plant & Equipment | | |
| Building Improvements | 27,606 | 27,606 |
| Furniture and Fixtures | 36,991 | 36,991 |
| Computer Equipment | 32,378 | 32,378 |
| Less: | | |
| Accumulated Depreciatio | (94,445) | (93,065) |
| | ----- | ----- |
| Net Property,Plant & Equi | 2,531 | 3,911 |
| | ----- | ----- |
| TOTAL ASSETS | 1,203,815 | 973,431 |
| | ===== | ===== |
| LIABILITIES & EQUITY | | |
| Liabilities: | | |
| Accounts Payable | 177,335 | 105,262 |
| Payroll | 771,970 | 756,632 |
| | ----- | ----- |
| Total Liabilities | 949,306 | 861,894 |
| | ----- | ----- |
| Equity | | |
| Retained Earnings | 2,847,109 | 2,847,109 |
| Dividends Paid | (2,735,572) | (2,735,572) |
| Accumulated Surplus/(Defici | 142,973 | 0 |
| | ----- | ----- |
| Total Equity | 254,510 | 111,536 |
| | ----- | ----- |
| TOTAL LIABILITIES & EQUITY | 1,203,815 | 973,431 |
| | ===== | ===== |

800 ROCKVIEW DRIVE
WALNUT CREEK CA 94595

GOLDEN RAIN FOUNDATION
1001 GOLDEN RAIN ROAD
WALNUT CREEK CA 94595

Revenue

| | |
|---------------------------------------|-----------|
| Management Fees & Contracted Services | 4,483,776 |
| Billable Services | 4,581,177 |
| Other Revenue | 123,334 |
| | ----- |
| Total Revenue | 9,188,287 |

Expenses:

| | |
|-------------------------------------|-----------|
| Labor | 7,308,580 |
| Materials | 969,563 |
| Vehicle Expense | 193,357 |
| Small Tools and Equipment | 17,712 |
| Other Operating Expense | 92,620 |
| Office Supplies and Equipment | 306,031 |
| Postage and Printing | 41,501 |
| Other Administrative Expenses | 34,984 |
| Utilities | 79,586 |
| Depreciation & Amortization Expense | 1,380 |
| | ----- |

| | |
|-----------------------|------------------|
| Total Expenses | 9,045,314 |
|-----------------------|------------------|

| | |
|--------------------------|----------------|
| Surplus/(Deficit) | 142,973 |
| | ===== |

| | |
|--|-------|
| Add Back Depreciation & Amortization Exp | 1,380 |
|--|-------|

| | |
|-------------------------------|----------------|
| Cash Surplus/(Deficit) | 144,354 |
| | ===== |