

6 FINANCE



**GOLDEN RAIN FOUNDATION
WALNUT CREEK**

A. Background

This section describes the key features of Rossmoor's financial management, with a focus on the GRF.

The Coupon charged by each of the Mutuals is used to a) fund the costs of operations of the Mutual, and b) pay the carrying charges which cover the costs of operation of GRF per the terms of the Trust Agreement. The Coupon is collected monthly by each Mutual from residents of each manor.

GRF has three principal sources of operating cash: 1) payment of carrying charges received by GRF from the Mutuals out of the Coupon payments collected by the Mutuals, 2) payments from the Mutuals for services provided directly to the Mutuals

by the Mutual Operations Division of GRF, and 3) fees and sales proceeds from residents, clubs, and non-residents for goods and services provided by GRF.

Revenue for GRF's Trust Fund comes primarily from membership transfer fees, which are reviewed periodically, and medical center rent. The Trust Fund is used for capital projects/equipment. When additional capital funds are required, loans can be taken out and are repaid from the Trust Fund.

The annual budgeting process includes review of operating expenses for each department, the maintenance budget for Trust facilities/properties and a forecast of operating cash needed to cover unforeseen expenditures. Budget principles are used annually to establish the GRF Board's approach to development of the budget. Revenue-enhancing opportunities are identified each year during the GRF budget process.

GRF performs a role similar to that of maintenance, landscaping and recreation departments of a small city of almost 10,000 residents, and a substantial budget for same, as well as planning.

B. Goals, Policies, and Actions

Goal FIN -I	A fiscally healthy GRF that plans for the future and responds to the needs and desires of Rossmoor residents, consistent with Rossmoor's standing as a premier adult community, including keeping the Coupon as low as reasonably possible.
--------------------	--

Policies

Policy FIN-I.1 Balance the expenditure of capital and/or operating cost against the available funding, the cost effectiveness of the expenditure, the expected results in terms of meeting the needs and desires of residents, the projected usage, and the timing involved in fulfilling the recommendation.

- Policy FIN-1.2 Keep the GRF portion of the Coupon as low as possible while providing a range of programs, services, and facilities. Balance the needs and desires for expansion and modification with their impact on the Coupon.
- Policy FIN-1.3 Use the GRF budgeting process to review ongoing expenditures and one-time capital expenditures and to review specific needs and desires for new or improved facilities.
- Policy FIN-1.4 Ensure that expenditures, including those recommended by actions within this Plan, are as cost effective as possible while also meeting the needs and desires of Rossmoor residents.
- Policy FIN-1.5 Undertake capital projects to the extent that they can be funded with available Trust funds or loans whose repayment through Trust funds can be projected using fiscally sound budget principles. Consider cost of maintenance and upgrades when evaluating cost of new facilities.
- Policy FIN-1.6 Review the impact of ongoing operating costs for new facilities on GRF's operating budget and Coupon charges when deciding whether to develop such facilities.
- Policy FIN-1.7 Periodically review programs and services to ensure they are providing cost-effective, quality services and resulting in desired outcomes.
- Policy FIN-1.8 Review obligations to employee salary and benefit programs, as well as the impact of these programs on the GRF portion of the Coupon and on recruitment and retention of employees.

Actions

- Action FIN-1.1 Periodically analyze the direct cost of GRF services provided by staff to determine whether they are cost effective. The analysis should include a comparison of the cost of outsourced services without sacrificing quality or other aspects of the services important to Rossmoor residents.

Action FIN-1.2 Consider the impact on the Long Range Capital Project Plan for all major spending decisions.

Action FIN-1.3 Maintain an operating reserve to address future needs and to help prevent significant fluctuations in future budgets.

Goal FIN -2	An organizational culture that continually seeks entrepreneurial opportunities and expanded revenues consistent with the needs and expectations of Rossmoor residents.
--------------------	---

Policies

Policy FIN-2.1 Develop programs to enhance “outside” revenue from GRF facilities and services utilizing existing activities and expertise. Focus additional revenue on the provision of services to residents with minimal increase of the GRF portion of the Coupon or other fees to residents.

Policy FIN-2.2 Encourage both private and GRF run commercial activities in GRF’s facilities, consistent with Rossmoor’s values and with an emphasis on filling the needs of Rossmoor residents and attracting Rossmoor residents as patrons.

Actions

Action FIN-2.1 Review ideas for revenue enhancement to determine which should be implemented consistent with GRF policies.

Goal FIN -3	GRF recognizes the need for, and the value of, a strong system of internal control and transparency.
--------------------	---

Policy

Policy FIN-3.1 Ensure effective and efficient internal controls are in place to achieve GRF objectives in operations, financial reporting and compliance with applicable laws and regulations.

Actions

- Action FIN-3.1 Engage a qualified audit firm to conduct an annual audit using generally accepted auditing standards.
- Action FIN-3.2 Consider posting on Rossmoor website the GRF and related entities' monthly financial statements and Finance Committee agenda packages.
- Action FIN-3.3 Consider posting link on Rossmoor website to public information filings.

This page left intentionally blank