

Subject: Allocation of Revenue and Expenses

Purpose: To Establish a Policy to Differentiate RWC Capital Fund Revenues and Expenses From

Operating Revenues and Expenses in accordance with Section 6 of Exhibit B to the RWC Trust Agreement

The categories shown below describe the types of revenues and expenses that are classified as RWC Capital or RWC Operations and list some examples in each category. These lists should not be considered exhaustive but are merely illustrative.

For purposes of this Policy, capital fund expenditures are defined as a purchase of tangible property or the contracting for services to repair, maintain, replace RWC assets 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 RWC capital funds or funds from the RWC operating budget.

I. RWC Capital Fund

Revenues include:

- membership transfer fees;
- earnings on Trust assets held for investment, including interest and Medical Center rent;
- Reimbursement by RPM for capital equipment purchased or sold by RWC from the capital fund on their behalf;
- gifts to RWC (either for construction of a specific RWC asset or for general RWC activities).

II. RWC Capital Fund

Expenditures include:

1. construction of new facilities or capitalized major/material renovations to existing facilities;
 1. fees for work done by non-RWC employees in anticipation of a capital project, including soft costs, such as, but not limited to, architect fees, engineering studies and consultant fees. Abandoned projects are an expense of the RWC Capital Fund.
 2. any cost of temporary facilities required due to construction; and repair of changes that occurred due to construction;

- Maintenance costing over \$5,000 that extends the life of, acquisition or replacement of capitalized assets, including, but not limited to, 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 roadways; and
- bank charges, loan fees and debt service (principal and interest) for loans associated with Trust operations.
- Pooled Assets – tangible property costing \$5,000 or less per item but capitalized when part of a set.

III. Operating Revenues include:

- monthly fees collected from each manor for the operation of Rossmoor;
- fees collected for normal operation of RWC properties including but not limited to, 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 RWC, e.g., Recreation Department concerts or excursions.
- earnings on operating fund assets held for investment, including interest; and
- miscellaneous items including but not limited to lessee amenity fees, guest fees, 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 RWC assets, including utilities, taxes, insurance, as well as labor and materials for functions such as custodial and landscape maintenance of RWC 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 to RWC assets costing less than \$5,000.
- banking and financial expenses related to the operating budget.

Authority: Policy

12/1/11

5/29/14

7/26/18

5/24/19

5/13/25 Housekeeping

10/30/25