

Detailed Application for Property Tax Exemption Under G.S. 105-

Exhibit D

Instructions (Return to County Tax Office No Later Than October 1, 2001)

A facility may be granted a total exclusion under Section 1, G.S. 105-278.6A, (c), provided that conditions (1) through (5) are met AND condition (6) a. OR (6) b. is met.

If the facility qualifies under (6) a. AND meets conditions (1) through (5), check this box to obtain a total exemption. Only complete identifying information and signature. Do not complete the rest of the form. (Provide relevant documentation.)

If the facility qualifies under (6) b. AND meets conditions (1) through (5), complete the rest of the form below.

RECEIVED
DHSR

Provide all relevant attachments as noted under each category. FEB 04 2009

REVENUE

NC MEDICAL
CARE COMMISSION

Total Resident Revenue - As Disclosed in Most Recent Audited Financial Statement

(Includes all monthly service fees, fee for service charges, amortized entry fee income for the year, and any fees collected that would not otherwise be amortized into income for the year associated with living in the facility. Excludes investment income, contributions and income from non-resident sources.) Attach Relevant Sections of Most Recent Audited Financial Statement

Statement 1 (1) 12,807,634

CHARITY CARE

(A) Unreimbursed Health Care

(From Medicare/Medicaid or Third Party cost reports, internal resident assistance data certified by the facility or audited financial statements which show amount of unreimbursed costs) Attach Applicable Pages of Cost Reports

(B) Unreimbursed Housing and Services

(From internal assistance reports (Lyons software or spreadsheet) certified by the facility and/or audited statements which show amount of unreimbursed costs and/or as disclosed in most recent audited financial statement)

Total Charity Care Statement 2 (2) 492,963

COMMUNITY BENEFITS

(Amounts claimed are to be taken from audited financial statements which either footnote the amount or disclose the amount in the statement of operations as a line item and/or can be taken from documented receipt letters from entities receiving the service, donation or volunteer service, and/or as documented in the Lyons Software or similar spreadsheet program certified by the facility. The amounts are limited to actual expenses incurred by the facility to perform the service or provide the donation.)

(A) Services

(Verifiable unreimbursed expenses incurred by the facility to provide health, recreation, community research, and education activities to the community at large, including the elderly - DOES NOT include resident volunteer time.)

(B) Charitable Donations

(Actual cash outlay or equivalent dollar amount of donated items originally acquired by the facility and documented in facility community benefit report (Lyons software or spreadsheet) and/or noted in audited financial statements.)

150,758

Detailed Application for Property Tax Exemption Under G.S. 105-

(C) Donated Volunteer Services

(Cost to the facility for allowing employees to volunteer in community service projects or organizations and/or actual unreimbursed facility material, space and volunteer time as documented based on wages paid by the facility for the volunteer during the service period/project)

231,272

(D) Donations and Voluntary Payments to Government Agencies

(Amounts to be taken from Receipted donations/payments from government agency receiving donation/payment when the facility would otherwise not have to pay the agency – goodwill.)

Total Community Benefits

Statement 3

(3) 382,031

Total Community Benefits and Charity Care

(2) + (3)

(4) 874,994

Percentage of Resident Revenue

Total Community Benefits and Charity Care Divided by
Total Resident Revenue

(4) 874,994

(1) 12,807,634

Percentage of Resident Revenue (4) divided by (1)

6.83 %

Exclusion Percentage Based on Percent of Resident Revenue Above

% of Revenue

Exclusion ⁽¹⁾ % 12,807,634

5%

100%

4%

80%

3%

60%

2%

40%

1%

20%

Exclusion % 100%

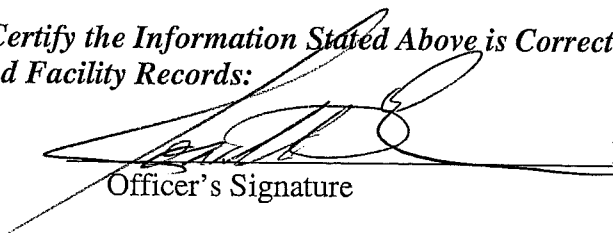
Facility

Name Cypress Glen Retirement Community County Pitt

Facility

Address 100 Hickory Street Greenville, NC 27858

By Signing Below We Hereby Certify the Information Stated Above is Correct and True as Supported by Our Financial and Facility Records:


Officer's Signature

Date 1/25/09

North Carolina Medicare Care Commission
Executive Summary of the CCRCs Community Improvement Relationships
Continuing Care Retirement Community (CCRC)

Organization: Cypress Glen Retirement Community
January 2009, Report for 1/1/08 - 12/31/08

1. Statement of the CCRC's mission and commitment to charity care/community benefit.

Cypress Glen Retirement Community is located in Greenville, North Carolina, and is managed by The United Methodist Retirement Homes, Inc.

Cypress Glen Retirement Community has the following mission statement, adopted on January 26, 2006:

"The Mission of Cypress Glen Retirement Community, a faith-based non-profit continuing care organization, is to provide quality care and services for an inclusive and diverse population of senior adults."

Vision

Cypress Glen Retirement Community will be the provider of choice for retirement and continuing care services in North Carolina.

This mission statement is supported by the following guiding values:

Human Dignity: We will provide services to a diverse population, without discrimination, in an environment that exudes compassion, respect and dignity.

Continuous Quality Improvement: We will offer programs and services that are based on the best practices to foster positive health, security, and quality of life.

Ethical Practices: We will engage in practices that are of the highest ethical standards and congruent with our mission, being guided by Christian principles in our decision-making.

Governance Accountability: We will govern the organization in a diligent and ethical manner and hold ourselves accountable to the public and those we serve.

Financial Integrity: We will manage our financial resources in a manner that enhances availability of quality services, continues growth, and maintains appropriate reserves to ensure the long-term viability of Cypress Glen.

Public Disclosure and Accountability: We will be accountable for our performance to those we serve and to the general public through detailed disclosure statements.

Benevolent Care: In conjunction with the North Carolina Annual Conference of The United Methodist Church, we will provide benevolent care to community residents as needed and as resources allow.

Community Involvement/ Collaboration: We will cooperate with other related organizations to deliver services to seniors within our communities, and the community-at-large.

Workforce Excellence: We will recruit, develop, support, and retain competent and caring individuals who are committed to the mission of Cypress Glen.

Education: We will cooperate, as our resources allow, with educational activities that further the careers of students in the health care and allied fields

Cypress Glen commits to providing “benevolent” care or charity care to residents in all levels of care. The Residency Agreement states that residents who exhaust their funds will be permitted to remain at the community at a reduced fee as long as the community can continue to operate on a sound financial basis for the benefit of all residents. Cypress Glen funds benevolent care with contributions made to The United Methodist Retirement Homes from the North Carolina Annual Conference of the United Methodist Church; the Cypress Glen endowment; special fund campaigns; and from operations. Cypress Glen does not receive Medicaid reimbursement.

2. Describe geographic service area and target populations for community benefits.
 Cypress Glen Retirement Community is located in Greenville, North Carolina. Its primary geographic service area is considered to be Pitt County and adjacent counties.

3. Describe the relationships with agencies and organizations within the community.

Cypress Glen Retirement Community has strong community ties with East Carolina University, including the Brody School of Medicine; Pitt Community College; Pitt County Memorial Hospital; Creative Living Center, (an adult Day Health Program); the Mid-East Commission; Pitt County United Way; Council on Aging; Eastern area AHEC; Pitt County Board of Elections; Greenville Jaycees; Greenville Police Department (Community Watch Efforts); Pitt County Schools and St. Peter’s Catholic School; Club Scout Pack 826; Greenville-Pitt County Chamber of Commerce; Alzheimer’s Association of Eastern North Carolina; as well as many other local groups and organizations. Cypress Glen is respected for its contributions to the community-at-large and for its quality of services to seniors beyond the boundaries of the campus.

4. List current community benefit programs:

Cypress Glen, a 21-year-old community, has many relationships and sponsors numerous programs to help support the community-at-large. The following is a summary of those events for January- December 2008.

EDUCATION and SERVICE:

Event or Type of Service	Value
Staff member volunteered helping with registration, setup, and cleanup for the Diabetes Walk, held in Pitt County, in March.	\$200.00
Staff member volunteered for the Pitt County Torch Run Golf Tournament that benefited Pitt County Special Olympics	\$180.00
Staff person assisted with an Advance Life Care Planning Clinic held at the Victory Christian Assembly Church that was designed to help seniors with end of life care plans	\$100.00
Staff person helped feed the Greenville Police Officers who worked to patrol the downtown area Halloween night	\$400.00
Staff member volunteered with Greenville Citizen’s Police Academy and serves as secretary for their monthly meetings. The goal of this group is to educate citizens about the police department and the important role that this volunteer group plays in assisting the police department.	\$540.00

Executive Director worked with the ECU Brody School of Medicine third year medical students for geriatrics rotation. Executive Director, along with other Cypress Glen staff, provides discussion for these medical students as they tour our community. 18 tours and educational sessions were provided. The topics lead into the curriculum, which includes "What an Older Patient Expects in a Primary Care Physician ." Residents are also part of the tour and discussion group.	\$2,369.00
Social Worker provided an internship for a masters-level student in social work. Social Worker made additional accommodates for this student to be involved with interviewing residents for levels of care admissions, survey process, advance directors updates, and charting. 306 contact hours	\$6,374.99
Social Worker provided an internship for a social worker student. This student had exposure and shadowed Social Worker in interviewing residents for levels of care admissions, advance directors updates, charting, and support group meetings for caregivers.	\$9,477.65
Staff person volunteers twice a week with St. Vincent DePaul Society at St. Peter's Church. The group disperses clothing, food, and monetary contributions to the needy. The staff person also serves as the group's treasurer.	\$2,225.00
Internship provided to Health Services Management major for 60 contact hours that included shadowing Executive Director and rotating through each department. Student aspires to continue education to be a Nursing Home Administrator.	\$2,700.00
Internship provided to Health Services Management major for 100 contact hours that included shadowing Executive Director and rotating through each department. Student aspires to continue education to be a Nursing Home Administrator.	\$4,500.00
Staff member volunteered for Pitt County Schools Oasis Program. Oasis Program partners Pitt County Schools with businesses. The Oasis Program is sponsored by Greenville- Pitt County Chamber of Commerce; 200 hours	\$5,000.00
Health Occupations Education- Department managers provided training for students from three area high schools to receive Allied Health Science VoCATS.	\$3,468.01
Cypress Glen started a recycling program in July 2006. For the year 2008, Paper, newspaper, newspaper inserts, magazines, catalogs, light cardboard, glass, plastic items marked #1 or #2, and aluminum were recycled for a total of 66,334 lbs. for the year. Staff collects from recycling containers 5 days a week. Recyclables are then taken to East Carolina Vocation Center for recycling.	\$18,200.00
Executive Director volunteered time at St. Peter's Catholic School.	\$3,525.69
Executive Director volunteered time for Boy Scout Troop 826.	\$1,339.00

Title V Employee Training - Cypress Glen provides educational opportunities for senior adults to enter the work force by receiving training and skills in the Nursing Department, the Front Desk, and Accounting. This program enables seniors (55 and older) the opportunity to "ease" back into the work force, to gain skills and resume work history with reference opportunities. (Provided one position at 20 hours per week for 52 weeks).	\$7,498.40
Staff member participates in Community Pop Singers	\$2,137.50
ECU Rehabilitation Services Program Students - provided a clinical setting for students to complete their volunteer hours for their major. (Two students with 450 hours each).	\$21,213.00
Executive Director was a presenter at the Environments for Aging Conference in Tucson, Arizona.	\$880.00
Staff person facilitated a 45-week research project conducted by East Carolina OT students who were looking at the effects of Tai Chi on preventing falls and improving balance.	\$5,625.00
Marketing Director made an educational presentation to the Council on Aging on "Retirement Options"	\$65.00
Training for nursing students - from East Carolina School of Nursing- - Cypress Glen provides clinical rotation through Healthcare and Assisted Living, Students meet once a week throughout the semester; 16 students participated.	\$55,549.92
Cypress Glen provides training for certificated nursing students from Pitt Community College. Cypress Glen provides clinical rotations through Healthcare, Assisted Living, Memory Care, and Independent Living. Students meet twice a week. Students were here for two shifts on both days; 12 students participated.	\$32,393.50
Activities Department along with residents wrapped shoeboxes for St. James Methodist Church and Operation Christmas Child. With the help of Cypress Glen; 1,263 shoeboxes were filled.	\$195.70
Activities department helped residents writing letters to service people – letters were taken to Give 2 Troops.	\$200.00
Mileage	\$535.68
Staff person is a member of the Senior Pitt Partners Fall Prevention Task Force. This group meets monthly to develop ways to better address falls in the senior population.	\$618.00
Staff member co-chairs a caregivers support group that meets at Covenant United Methodist Church.	\$556.20
Staff members donated blood during a Blood Drive held at Cypress Glen – 18 staff members donated	\$255.00
Resident Volunteerism Hours	\$14,850.00
Total for Education and Service	\$203,172.24

SPACE:

NCANPHA meeting at Cypress Glen	\$150.00
Creative Living Center Christmas Dinner	\$150.00
Presbyterian Women's Group- 6 meetings	\$900.00
Boy Scout Meetings – 12 meetings	\$1,500.00
ECU Brody School of Medicine third- year medical students meet at Cypress Glen for their geriatrics rotation.	\$1,350.00
Gideon's meeting-- once a week and five dinner meetings	\$8,175.00
Community Pop Singers – This group of approximately 40 local citizens uses the Cypress Glen auditorium for practices and to give performances. The group meets every Thursday evening in the auditorium to practice and twice a year holds a concert for the community-at-large.	\$8,100.00
UMW Circle Group meetings	\$1,800.00
Daughters of the American Revolution	\$600.00
Greenville Service League meetings-3 meetings; assembly favors for patients of Pitt County Memorial Hospital	\$450.00
Annual Jarvis Memorial United Methodist Women's Christmas banquet.	\$150.00
Asara Care Hospice Memorial Service	\$150.00
Journal Writing Class- class is held at Cypress Glen for residents and seniors who live in the community- at- large. Classes are offered by East Carolina University Professors. Cypress Glen provides space.	\$150.00
Holiday Marketplace (open to the public); money raised goes toward Benevolent Care Fund. Vendor space in Auditorium, Four Seasons Room, Hallways, and Arts and Craft Room	\$300.00
Parking spaces offered for volunteers and walkers in the 2008 Walk to d'feet ALS	\$75.00
2008 Voting Precinct for Pitt County Board of Elections – Use of auditorium is donated to county to serve as a polling precinct whenever necessary, typically two times per year. Our auditorium is locked to everyone on the evening before the election until poll workers arrive the next morning. This year Cypress Glen was a polling site on May 6, second primary on June 24, and General election on November 4, 2008	\$900.00
Piano, violin, and guitar recitals are held throughout the year with free use of the Auditorium for the public. Twelve functions this past year.	\$1,800.00
Therapeutic Alternatives held a seminar on dementia for Administrators of Adult Care Homes	\$125.00

Eastern North Carolina Activities Professional Association meeting held at Cypress Glen	\$600.00
Space provided for Rehabilitation Managers Meeting	\$75.00
ECU Club Meeting- provides opportunity to Cypress Glen residents, staff, family members, and the community-at-large to learn about programs and education being offered to students from East Carolina University and how these programs are benefiting the community as well.	\$600.00
Total for donated space	\$28,100.00

Contributions:

Cypress Glen donated funds to Pitt County Educational Foundation to benefit school uniforms for kids whose families have identified by Pitt County School Social Workers. In 2007, Pitt County adopted a school uniform policy for 2008 school year. The new policy created a problem for some students who in the past would wear clothes passed down from older siblings. These funds would be used for these students.	\$260.00
Meals to Pitt County Detox – 9,085 meals at \$5.42. Meals are provided 365 days a year.	\$49,240.70
Meals to Creative Living Center Adult Day Health Program - 4,573 meals at \$5.17	\$23,642.41
Pitt County United Way	\$5,405.00
2008 Pig Pickin' held was at Cypress Glen for delegates of the North Carolina Annual Conference of The United Methodist Church.	\$3,292.79
Cypress Glen donated 3 boxes of bananas and 6 bags of ice for the 2008 ALS Walk.	\$74.58
Contribution to the Mother's Day Offering for Benevolent Care Endowment.	\$3,762.00
Discount Give to Creative Living Center for Dinner held at Cypress Glen.	\$400.00
Activities director along with another staff member started Outreach Knitters. The group made baby and maternity items for the clients of Carolina Pregnancy Center (324 hours).	\$250.00
Four Fruit Trays donated to Jarvis United Methodist Church for their "One Day with God" prison ministry event.	\$146.40
Used cell phones provided to victims of Domestic Violence.	\$200.00
School supplies collected for grades Kindergarten through 5 th for Wahl-Coates School.	\$500.00
Chandelier given to St. Peter's Catholic School that now hangs in their lobby.	\$600.00
Contribution to Old Ford Fire Department in Washington, NC. Pancake Supper held and proceeds benefit the department	\$100.00
Contribution to the Creative Living Center Adult Day Health program	\$1,000.00
Contribution to the Greenville Community Shelter.	\$1,000.00
Pitt County Council on Aging Meals on Wheels.	\$1,000.00
Contribution to J.O.Y. Soup Kitchen.	\$1,000.00

Contribution to Food Bank of Eastern North Carolina.	\$1,500.00
Contribution to Boys and Girls Clubs –Jarvis U.M. Church.	\$1,000.00
Contribution to Family Violence Program.	\$1,000.00
Contribution for Newspapers for Education.	\$1,000.00
Contribution to Salvation Army of Pitt County.	\$1,000.00
Contribution to Operation Sunshine- a summer camp program for girls.	\$1,000.00
Cypress Glen sponsored Newspapers in Education Classroom this year for Anne Oglesby’s class at Wahl-Coates Elementary School.	\$193.55
Cypress Glen Benevolence Care Fund used at Cypress Glen.	\$7,000.00
Cypress Glen held Holiday Marketplace in October (open to the public) held on Nov.15, 2008; Funds Benefit Benevolent Care	\$3,940.31
Donation of books, toiletries, snacks, and two large boxes of candy to the North Carolina Branch of Give2theTroops- Organization dedicated to supporting American Armed force troops in combat around the world. Each box shipped to them has enough items for 8 –12 troops to share.	\$200.00
Box Tops for Education and Ink Cartridges donated to St. Peter’s Catholic School.	\$400.00
Cypress Glen donated a corner shelf, cassette tapes, silk arrangements, one small table, 12 picture frames, one VCR, knitting needles and yarn to ReStore(Habitat for Humanity of Pitt County).	\$350.00
The East Carolina Club contribution for food including labor cost	\$7,585.51
Executive Director was a presenter at the Aging Environment Conference.	\$880.00
Vehicle Entry into the Greenville Jaycees- “Under the Christmas Tree.” (Greenville’s 2008 Christmas Parade).	\$60.00
Contribution to the Gideon’s International.	\$35.00
Cypress Glen provides 4 scholarships to staff members for tuition and books.	\$2,000.00
Cypress Glen provides a microwave, a cooler of ice, and coffee for the poll workers in the building.	\$93.00
Coffee and refreshments provided for Greenville Service League Meetings.	\$236.70
Food Donated for Sale for Holiday Marketplace (Coffee and Muffins).	\$264.67
Eight boxes of books and 75 puzzles were donated to Humane Society of Eastern Carolina. The Humane Society of Eastern Carolina is dedicated to temporarily care for dogs and cats. Donated items are used for fundraising efforts to support the care of these animals until they find homes.	\$500.00
Cypress Glen sponsored a needy family for Christmas. Staff members donated furniture, new clothes and toys, as well as gift cards.	\$1,950.00
30 color copies made for the Parkinson’s Support Group – flyers for a special upcoming meeting	\$14.70
Soda Cap bottles collected for the Boy Scouts. Each bottle cap would provide 15 minutes of chemotherapy.	\$500.00

Brody School of Medicine Grant--Cypress Glen provided third-year medical students from Brody School of Medicine an educational clinical site.	\$25,680.99
Paper goods collected for the Greenville Community Shelter included toilet paper, tissue, and paper goods.	\$500.00
Total of cash and goods donated	\$ 150,758.31

**Cypress Glen Retirement Community
 NC Medical Care Commission - Reporting for Community Improvement
 and Charity Care/Community Benefit by a CCRC Form
 For the Year Ending September 30, 2008**

Statement 1 - Total Resident Revenue Computation

Resident Services Revenue	10,545,130
Amortization of Advanced Fees	1,770,519
Add Back Contractual Adj. and Benevolent Support	<u>491,985</u>
Total Resident Revenue	<u><u>12,807,634</u></u>

Statement 2 - Total Charity Care Computation

Contractual Adjustments and Benevolent Support	491,985
Bad Debt	<u>977</u>
Total Charity Care	<u><u>492,963</u></u>

Statement 3- Total Community Benefit Computation

Charitable Donations	150,758
<u>Donated Volunteer Services</u>	
Donated Volunteer Services	203,172
Donated Facilities	<u>28,100</u>
	231,272
Total Community Benefit	<u><u>382,031</u></u>

**Cypress Glen Retirement Community
NC Medical Care Commission - Reporting for Community Improvement
and Charity Care/Community Benefit by a CCRC Form
For the Year Ending September 30, 2008**

Note pertaining to Statements 1 and 2

Following this page we have provided the relevant pages of Cypress Glen's audited financial statements and the program revenue that pertain to both statements.

Cypress Glen
Retirement Community

Financial Statements

September 30, 2008
and 2007

(with Independent Auditors'
Report thereon)

CYPRESS GLEN RETIREMENT COMMUNITY

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September 30, 2008 and 2007

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DIXON HUGHES PLLC
Certified Public Accountants and Advisors

Independent Auditors' Report

Board of Trustees
Cypress Glen Retirement Community

We have audited the accompanying balance sheets of Cypress Glen Retirement Community (the "Company") as of September 30, 2008 and 2007, and the related statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2008 and 2007, and the results of its operations, changes in net assets, and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, during the year management changed the classification of investments from available-for-sale securities to trading securities. As a result, all unrealized gains (losses) on investments are included in non-operating gains (losses). Certain reclassifications have been made to the 2007 financial statements to make them comparable to 2008.

Dixon Hughes PLLC

January 5, 2009

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(1)

Praxity
MEMBER
GLOBAL ALLIANCE OF
INDEPENDENT FIRMS

CYPRESS GLEN RETIRMENT COMMUNITY

Balance Sheets

September 30, 2008 and 2007

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 981,938	\$ 1,375,060
Short-term investments	8,856,185	7,357,559
Assets limited as to use, current portion	484,079	442,030
Resident and patient accounts receivable	245,349	210,042
Sales tax receivable	24,752	15,601
Contributions receivable from		
UMRH Foundation, current portion	36,979	43,973
Inventories	24,595	23,497
Prepaid expenses	265,799	258,517
Total current assets	10,919,676	9,726,279
Non-current assets:		
Assets limited as to use, less current portion	6,572,229	12,172,429
Property and equipment, net	31,988,541	32,515,067
Contribution receivable from		
UMRH Foundation, less current portion	450,726	541,948
Deferred costs, net	1,176,273	1,247,096
Total non-current assets	40,187,769	46,476,540
Total assets	\$ 51,107,445	\$ 56,202,819

(continued)

CYPRESS GLEN RETIRMENT COMMUNITY

Balance Sheets

September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Current portion of long-term debt	\$ 640,000	\$ 5,630,000
Current portion of note payable	49,846	49,846
Accounts payable	346,660	328,122
Accrued payroll and related benefits	348,918	341,471
Accrued interest payable	686,919	790,542
Due to related party	413,067	498,666
Resident trust fund	30,315	29,899
Total current liabilities	<u>2,515,725</u>	<u>7,668,546</u>
Long-term liabilities:		
Long-term debt, less current portion	27,576,569	28,207,176
Note payable to UMRH	1,146,451	1,196,297
Liability for refundable advance fees and deposits	8,014,236	9,324,983
Deferred revenue from non-refundable advance fees	10,728,554	9,147,903
Total long-term liabilities	<u>47,465,810</u>	<u>47,876,359</u>
Total liabilities	<u>49,981,535</u>	<u>55,544,905</u>
Net assets:		
Unrestricted	301,269	(552,327)
Temporarily restricted	386,791	715,476
Permanently restricted	437,850	494,765
Total net assets	<u>1,125,910</u>	<u>657,914</u>
Total liabilities and net assets	<u>\$ 51,107,445</u>	<u>\$ 56,202,819</u>

The accompanying notes are an integral part of these financial statements.

CYPRESS GLEN RETIREMENT COMMUNITY
Statements of Operations and Changes in Net Assets
For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Unrestricted revenues, gains and other support:		
Net resident and patient service revenue	\$ 10,545,130	\$ 9,960,048
Amortization of advance fees	1,770,519	1,595,952
Interest and dividend income	587,767	850,138
Net assets released from restriction	50,393	35,949
Other	1,893	8,854
Total unrestricted revenues, gains and other support	<u>12,955,702</u>	<u>12,450,941</u>
Expenses:		
Nursing services	2,722,356	2,579,477
Dietary and food services	1,798,875	1,720,169
Administration	1,659,865	1,523,793
Operations, maintenance and security	1,506,862	1,340,008
Laundry and housekeeping	443,143	407,099
Resident services - activities	332,498	314,521
Interest	1,374,655	1,580,218
Depreciation and amortization	1,558,929	1,573,135
Total expenses	<u>11,397,183</u>	<u>11,038,420</u>
Operating income	1,558,519	1,412,521
Non-operating gains (losses):		
Investment (loss) income	(736,400)	103,697
Contributions	21,995	23,751
Loss on disposal of assets	(25,037)	(10,900)
Other	15,264	(103,126)
Net non-operating (losses) gains	<u>(724,178)</u>	<u>13,422</u>
Excess of revenues, gains, and other support over expenses	834,341	1,425,943
Net assets released from restriction used for purchase of property and equipment	19,255	41,141
Change in unrestricted net assets	<u>\$ 853,596</u>	<u>\$ 1,467,084</u>

(continued)

CYPRESS GLEN RETIREMENT COMMUNITY
Statements of Operations and Changes in Net Assets
For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Changes in temporarily restricted net assets:		
Interest and dividend income	\$ 21,267	\$ 22,771
Investment (loss) income	(333,317)	116,762
Net assets released from restrictions	(69,648)	(77,090)
Contributions	67,585	66,966
Change in value of contributions	(16,272)	(25,835)
Recovery of bad debt	1,700	2,750
Changes in temporarily restricted net assets	<u>(328,685)</u>	<u>106,324</u>
Changes in permanently restricted net assets:		
Contributions	92,762	96,023
Change in value of contributions	-	(6,250)
Change in value of split interest agreements	(149,677)	(15,844)
Recovery of bad debt	-	650
Changes in permanently restricted net assets	<u>(56,915)</u>	<u>74,579</u>
Change in net assets	467,996	1,647,987
Net assets, beginning of year	<u>657,914</u>	<u>(990,073)</u>
Net assets, end of year	<u>\$ 1,125,910</u>	<u>\$ 657,914</u>

The accompanying notes are an integral part of these financial statements.

CYPRESS GLEN RETIREMENT COMMUNITY

Statements of Cash Flows

For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Operating activities:		
Change in net assets	\$ 467,996	\$ 1,647,987
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on disposal of assets	25,037	10,900
Depreciation and amortization	1,558,929	1,573,135
Amortization of advance fees	(1,770,519)	(1,595,952)
Advance fees received	3,891,321	2,663,806
Change in minimum pension liability	-	(80,464)
Net change in:		
Resident and patient accounts receivable	(35,307)	20,972
Investments	(1,498,626)	(2,324,228)
Assets limited as to use	5,558,151	850,476
Sales tax receivable	(9,151)	132,923
Contributions receivable from UMRH Foundation	98,216	(59,340)
Inventories	(1,098)	3,077
Prepaid expenses	(7,282)	(30,992)
Prepaid pension cost	-	41,435
Accounts payable	(114,250)	(107,233)
Accrued payroll and related benefits	7,447	29,320
Accrued interest payable	(103,623)	(6,919)
Due to related party	(85,599)	325,055
Resident trust fund	416	(4,169)
Net cash provided by operating activities	\$ <u>7,982,058</u>	\$ <u>3,089,789</u>

(continued)

CYPRESS GLEN RETIREMENT COMMUNITY
Statements of Cash Flows
For the Years Ended September 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Investing activities:		
Purchase of property and equipment	\$ (844,436)	\$ (656,525)
Proceeds from sale of property and equipment	-	3,000
Net cash used by investing activities	<u>(844,436)</u>	<u>(653,525)</u>
Financing activities:		
Refunds of deposits and refundable fees	(1,850,898)	(1,003,933)
Payments on note payable and long-term debt	<u>(5,679,846)</u>	<u>(664,847)</u>
Net cash used in financing activities	<u>(7,530,744)</u>	<u>(1,668,780)</u>
Net change in cash and cash equivalents	(393,122)	767,484
Cash and cash equivalents, beginning of year	<u>1,375,060</u>	<u>607,576</u>
Cash and cash equivalents, end of year	<u>\$ 981,938</u>	<u>\$ 1,375,060</u>
Supplemental cash flow information:		
Cash paid during the period for interest	<u>\$ 1,478,278</u>	<u>\$ 1,593,397</u>
Additions of property and equipment included in accounts payable	<u>\$ 132,788</u>	<u>\$ 83,042</u>

The accompanying notes are an integral part of these financial statements.

CYPRESS GLEN RETIREMENT COMMUNITY

Notes to Financial Statements

September 30, 2008 and 2007

1. Summary of Significant Accounting Policies

Organization - Cypress Glen Retirement Community (the "Company") is a not-for-profit corporation that owns and operates a facility with life care contracts in Greenville, North Carolina, consisting of independent living units and nursing facilities providing adult care and intermediate and skilled nursing care as well as care for seniors with dementia-related illness. The Company was incorporated in North Carolina in 1996.

Basis of Accounting and Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with the principles contained in the American Institute of Certified Public Accountants Audit and Accounting Guide, *Audits of Health Care Organizations* (the "Guide") and other pronouncements applicable to health care organizations.

SFAS No. 136 - The Company has adopted the provisions of Financial Accounting Standards Board SFAS No. 136, *Transfers of Assets to a Not-For-Profit Organization or Charitable Trust that Raises and Holds Contributions for Others*. The Company and The United Methodist Retirement Homes, Inc. Foundation ("UMRH Foundation") are not financially interrelated as it applies to SFAS 136. The Company records a receivable from the UMRH Foundation for those contributions that are designated by donors for its benefit.

Cash and Cash Equivalents - Cash and cash equivalents include investments with original maturities of three months or less when purchased, excluding amounts whose use is limited by board designation. Short-term investments presented as investments in the balance sheets are not considered cash equivalents since the Company considers them part of their investing activities.

Due to Related Party - The Company is affiliated with The United Methodist Retirement Homes, Inc. ("UMRH") which provides management services to the Company at a fee. At times, UMRH will also pre-pay insurance premiums on behalf of the Company and then invoice the Company for the applicable costs. UMRH issues separate financial statements.

Inventories - Inventories are stated at average cost (approximately first-in first-out) not in excess of market.

Assets Limited as to Use - Assets limited as to use consist of funds held for residents, funds held for debt service in accordance with the Company's bond order, as well as funds reserved by insurance regulation. Additional assets have been reserved by third party and by donor or grantor for a specific purpose.

Insurance regulation assets whose use is limited represent funds reserved to comply with North Carolina Department of Insurance regulations. The amount of this reserve is calculated annually in accordance with the requirements of N.C. General Statute 58, Article 64. These investments consist of cash and cash equivalents and other short term investments and are stated at fair value.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheets. Interest and dividend income is included in operating income unless the income is restricted by donor or law. Gains and losses, both realized and unrealized, on investments in debt and equity securities are included in non-operating gains (losses) when earned.

During 2008, the Company changed the classification of its investments from available-for-sale securities to trading securities. As a result of this change, certain reclassifications have been made to the 2007 financial statements so that all unrealized gains (losses) on investments are included in non-operating gains (losses) and all changes in cash flows for investments are included in cash flows from operating activities.

Property and Equipment - Property and equipment are recorded at cost. Donated property is recorded at its estimated fair value at the date of receipt, which is then treated as cost. Interest is capitalized on facilities during the construction period.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets shown below:

Land improvements	15 to 30 years
Buildings and improvements	20 to 40 years
Equipment and fixtures	2 to 25 years

Deferred Costs - Deferred costs include bond issuance and deferred marketing costs. Bond issuance costs are amortized over the life of the bond issue. Deferred marketing costs are amortized over the average life expectancy of residents which is 10 years.

Liability for Refundable Advance Fees - Optional Entrance Fee plans available to residents include a 50% refundable, 80% refundable, and a 90% refundable plan. The non-refundable portions of these fees are recorded as deferred revenue. The refundable portion is treated as a long-term liability. Refunds of refundable entrance fees are paid upon termination of the agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first. The total amount of contractual refund obligations under existing contracts (that is, if all residents with a refundable balance were to have withdrawn) totaled \$12,325,116 at September 30, 2008.

Deferred Revenue from Non-refundable Advance Fees - Deferred revenue from non-refundable advance fees represent payments made by a resident in exchange for the use and privileges of the community for life or until termination of the residency agreement. These advance fees may be partially refundable upon termination of the agreement and generally decline at a rate of 2% per month of occupancy and are paid after termination of the residency agreement (provided the resident's independent living unit is reoccupied) or within twenty-four months, whichever occurs first.

Advance fees are recorded as deferred revenue and recognized as revenue earned on a straight-line basis over the estimated remaining life, actuarially adjusted annually, of each resident beginning with the date of occupancy. Any unrecognized deferred revenue, less any related refund, at the date of death or termination of the contract is recorded as income in the period the death or termination of the contract occurs.

Net Assets - Net assets of the Company and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or will be met either by action of the Company and/or the passage of time.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by the actions of the Company.

Net Asset Released from Restrictions - The Company reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor-imposed restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

Net Resident and Patient Service Revenue - Net resident and patient service revenue is reported at estimated net realizable amounts from patients, third-party payors, and others for

services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations. Historically, such adjustments for the Company have been immaterial in relation to the financial statements as a whole.

Revenues under third-party payor agreements are subject to examination and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the amounts accrued and subsequent settlements are recorded in operations in the year of settlement.

Statements of Operations and Changes in Net Assets - For purposes of presentation, transactions deemed by management to be ongoing, major, or central to the providing of long-term care to residents are reported as operating revenues and expenses. Peripheral or incidental transactions are reported as non-operating gains and losses. Changes in unrestricted net assets which are excluded from excess of revenues, gains, and other support over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Benevolent Assistance - The Company currently maintains a benevolent assistance program and policy for residents holding continuing care ("CCRC") residency agreements in the event the resident(s) should become unable to pay for services. The Company reserves the right to change the program and policy from time to time. The benevolent assistance policy will not apply to residents who have impaired their ability to meet financial obligations by transferring assets other than to meet ordinary and customary living expenses, or by not maintaining Medicare Part A, Medicare Part B, supplemental insurance or other health insurance after assuming occupancy. Upon review of each resident's individual financial situation, the Company may permit the resident to remain at the facility for a lesser fee based on the resident's ability to pay, but only after the resident has reduced his/her assets and income to certain levels as specified in the benevolent assistance program and policy. The Company may decline new benevolent assistance applications if it is determined that deferment of such charges may impair the Company's ability to operate on a sound financial basis. Since the Company does not expect to collect the normal charges for services provided for those residents who meet the benevolent assistance provisions, charges for such assistance are not included in revenue.

Continuing-Care Contracts - The Company enters into continuing-care contracts with various residents. A continuing-care contract is an agreement between a resident and the Company specifying the services and facilities to be provided to a resident over his or her remaining life. Under the contracts, the Company has the ability to increase fees as deemed necessary. No obligation for future costs associated with these contracts has been provided by the Company because management believes that future cash inflows will be sufficient to cover such costs.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - The Company is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC), and is exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

2. **Short-Term Investments**

Aggregate market values of short-term investments at September 30 are summarized below.

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 1,095,249	\$ 1,449,499
Equities/mutual funds	1,951,483	1,397,533
Fixed income	<u>5,809,453</u>	<u>4,510,527</u>
Total investments	<u>\$ 8,856,185</u>	<u>\$ 7,357,559</u>

3. **Assets Limited As To Use**

The composition of assets limited as to use at September 30 is set forth in the table below. Investments are stated at fair value:

	<u>2008</u>	<u>2007</u>
Fixed income	\$ 1,241,901	\$ 1,304,201
Equities/mutual funds	552,499	729,320
Cash funds and money market funds	<u>5,261,908</u>	<u>10,580,938</u>
Total assets limited as to use	<u>\$ 7,056,308</u>	<u>\$ 12,614,459</u>

3. **Assets Limited As To Use (continued)**

Resident trust fund	\$ 30,315	\$ 29,899
Debt service - held by trustees	4,575,484	10,052,269
Insurance regulation	2,113,574	1,898,968
Escrow account	-	9,002
Temporarily restricted net assets	<u>336,935</u>	<u>624,321</u>
Total assets limited as to use	7,056,308	12,614,459
Less current portion required to meet current obligations	<u>(484,079)</u>	<u>(442,030)</u>
Assets limited as to use, less current portion	<u>\$ 6,572,229</u>	<u>\$ 12,172,429</u>

4. **Property and Equipment**

Property and equipment at September 30 consists of:

	<u>2008</u>	<u>2007</u>
Land	\$ 468,027	\$ 468,027
Land improvements	447,949	440,420
Buildings	39,058,999	38,827,969
Equipment, fixtures and improvements	4,425,407	3,983,513
Construction in progress	<u>670,076</u>	<u>416,424</u>
Total property and equipment	45,070,458	44,136,353
Less accumulated depreciation	<u>(13,081,917)</u>	<u>(11,621,286)</u>
Property and equipment, net	<u>\$ 31,988,541</u>	<u>\$ 32,515,067</u>

Depreciation expense was approximately \$1,479,000 and \$1,487,000 for 2008 and 2007, respectively.

5. **Deferred Costs**

Deferred costs consist of the following at September 30:

	<u>2008</u>	<u>2007</u>
Deferred bond issuance costs	\$ 1,005,657	\$ 1,005,657
Deferred marketing and financing costs	<u>505,898</u>	<u>505,898</u>
Total deferred costs	1,511,555	1,511,555
Less accumulated amortization	<u>(335,282)</u>	<u>(264,459)</u>
Deferred costs, net	<u>\$ 1,176,273</u>	<u>\$ 1,247,096</u>

6. **Long-Term Debt**

Long-term debt at September 30, 2008 and 2007 consists of the following:

	<u>2008</u>	<u>2007</u>
Series 2004A, tax-exempt, fixed rate Term bonds, yielding 5.20%; due October 1, 2023.	\$ 12,995,000	\$ 13,625,000
Series 2004B, tax-exempt, adjustable rate Mortgage Revenue refunding bonds, bearing interest at approximately 4.00% at September 30, 2008; due October 1, 2026.	5,000,000	5,000,000
Series 2004C, tax-exempt, fixed rate Term bonds, yielding 3.80%; paid October 1, 2007.	-	5,000,000
Series 2004C, tax-exempt, fixed rate Term bonds, yielding 6.00%; due October 1, 2033.	7,960,000	7,960,000
Series 2004D, tax-exempt, variable rate Mortgage Revenue bonds, bearing interest at approximately 4.65% at September 30, 2008; due October 1, 2034.	<u>2,500,000</u>	<u>2,500,000</u>
	28,455,000	34,085,000
Less current portion of long-term debt	(640,000)	(5,630,000)
Less unamortized discount	<u>(238,431)</u>	<u>(247,824)</u>
Long-term debt, less current portion	<u>\$ 27,576,569</u>	<u>\$ 28,207,176</u>

Scheduled principal payments of long-term debt for the next five years and thereafter are as follows:

<u>Fiscal Year</u>	<u>2004</u>		<u>Total</u>
	<u>A & B Bonds</u>	<u>C & D Bonds</u>	
2009	\$ 640,000	\$ -	\$ 640,000
2010	655,000	-	655,000
2011	685,000	-	685,000
2012	710,000	-	710,000
2013	730,000	-	730,000
Thereafter	<u>14,575,000</u>	<u>10,460,000</u>	<u>25,035,000</u>
	<u>\$ 17,995,000</u>	<u>\$ 10,460,000</u>	<u>\$ 28,455,000</u>

In April 2004, the Company simultaneously issued \$15,410,000 in tax-exempt, fixed rate and \$5,000,000 in tax-exempt, adjustable rate First Mortgage Revenue Refunding Bonds through a financing agreement with the North Carolina Medical Care Commission, collectively referred to as Series 2004 A and B Bonds ("A&B Bonds"). The proceeds of the A&B Bonds were used to refund the outstanding 1996 Bonds, to refund the outstanding balance of the note payable to the Small Business Administration, to fund the debt service reserve fund requirement, and to pay certain expenses incurred in connection with the issuance of the A&B Bonds.

In August 2004, the Company simultaneously issued \$12,960,000 in tax-exempt, fixed rate and \$2,500,000 in tax-exempt, adjustable rate First Mortgage Revenue Bonds through a financing agreement with the North Carolina Medical Care Commission, collectively referred to as the Series 2004 C and D Bonds ("C&D Bonds"). The proceeds of the C&D Bonds were used to build 54 new independent living apartments, to expand dining areas, to add a wellness area, to construct a new front entrance, to make certain other changes to the administrative areas, to pay a portion of the interest accruing on the C&D Bonds through January 31, 2006, to fund the debt service reserve fund requirement, and to pay certain expenses incurred in connection with the issuance of the C&D Bonds.

All series of bonds are subject to annual mandatory sinking fund requirements prior to their due dates. There are certain covenants associated with the Series A&B Bonds and the Series C&D Bonds that are outlined in the Master Trust Indenture. The most restrictive of these covenants requires maintenance of a long-term debt service coverage ratio, as defined, of not less than 1.20 to which the Company complies.

7. **Benevolent Assistance**

The Company maintains records to identify and monitor the level of benevolent assistance it provides. These records include the amount of charges forgone for services and supplies furnished under its benevolent assistance policy. The charges forgone, based on established rates, were approximately \$192,000 and \$219,000 for the years ended September 30, 2008 and 2007, respectively.

8. **Retirement Plan**

The United Methodist Retirement Homes, Inc. previously sponsored a defined benefit pension plan (the "Plan") covering a portion of its employees. The employees of the Company were participants of the Plan. Previously, since a percentage of the accumulated benefit obligation of the Plan related to employees of the Company, the Company's portion of the minimum pension liability and related change was reported in the Company's financial statements. During 2007, the Board of Trustees of The United Methodist Retirement Homes, Inc. terminated its defined benefit pension plan. This plan had been frozen since 2002. Accordingly, there is no prepaid benefit cost and minimum pension liability at September 30, 2008 and 2007 as all benefits were paid to the beneficiaries during 2007.

Effective July 1, 2002, The United Methodist Retirement Homes, Inc. formed a 403(b) defined-contribution pension plan covering substantially all its employees. The Company records the related pension expense for its employees and pays such amounts to The United Methodist Retirement Homes, Inc. The Company matches 50% of eligible employee contributions up to four percent on employees' annual compensation. Matching contributions begin on the plan entry date. The employees are immediately vested in their contributions. The Company's matching contributions are vested after the twelfth consecutive month period beginning with the first day of the plan year and ending with the last day of the plan year in which an employee is credited with at least 1,000 hours of service. At the end of the plan year, the Company's matching contributions are vested on a sliding scale from zero to 100%

based on years of vesting service. Retirement plan expense amounted to approximately \$49,000 and \$117,000 for the years ended September 30, 2008 and 2007, respectively.

9. **Restricted Net Assets**

Temporarily restricted net assets at September 30 were available for the following purposes:

	<u>2008</u>	<u>2007</u>
Project fund	\$ 9,562	\$ 8,373
Plant operations and maintenance	327,373	615,948
Benevolent care	23,880	47,250
Capital campaign	23,814	41,905
Other	<u>2,162</u>	<u>2,000</u>
	<u>\$ 386,791</u>	<u>\$ 715,476</u>

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:

	<u>2008</u>	<u>2007</u>
Split-interest agreements	\$ 291,770	\$ 360,672
Benevolent Endowment Fund	140,863	129,376
Capital campaign	717	717
Other	<u>4,500</u>	<u>4,000</u>
	<u>\$ 437,850</u>	<u>\$ 494,765</u>

10. **Concentration of Credit Risk**

Throughout the year, the Company has had bank balances in a major financial institution, which exceed federal depository insurance limits. Management believes that credit risk related to these deposits is minimal.

11. **Related Parties**

The Company issued to The United Methodist Retirement Homes, Inc. a subordinated unsecured note payable in the amount of \$1,495,373. The note bears no interest and is payable in thirty annual installments of \$49,846, beginning in fiscal year 2003, subject to payment limitations as outlined in the promissory note, which the Company has met.

The United Methodist Retirement Homes, Inc. and the Company also are directed by a common Board of Trustees.

A summary of The United Methodist Retirement Homes, Inc. and its Affiliate and Subsidiary's consolidated assets, liabilities, net assets, results of operations and changes in net assets follows:

	At September 30 (in millions of \$)	
	<u>2008</u>	<u>2007</u>
Assets	\$ <u>141.8</u>	\$ <u>151.5</u>
Liabilities	\$ 129.2	\$ 140.2
Net assets	<u>12.6</u>	<u>11.3</u>
Total liabilities and net assets	\$ <u>141.8</u>	\$ <u>151.5</u>
Revenues, gains and other support	\$ 37.6	\$ 33.6
Expenses	<u>36.2</u>	<u>32.0</u>
Operating income and excess revenues, gains and other support over expenses	1.4	1.5
Other changes	<u>.1</u>	<u>.1</u>
Changes in unrestricted net assets	<u>1.5</u>	<u>1.6</u>
Increase (decrease) in temporarily and permanently restricted net assets	<u>(.2)</u>	<u>.3</u>
Change in total net assets	1.3	1.9
Net assets, beginning of year	<u>11.3</u>	<u>9.4</u>
Net assets, end of year	\$ <u>12.6</u>	\$ <u>11.3</u>

12. Management Fees

The Company pays a monthly management fee to The United Methodist Retirement Homes, Inc. ("UMRH"), a related party. Each month of the fiscal year, the payment is adjusted so that the Company pays a total management fee that is five percent of the Company's operating revenues as defined by the management contract. The agreement was amended effective January 1, 2008 to continue for sixty months, terminable by UMRH (with six months notice) at the conclusion of the third anniversary without cause or penalty.

The Company recognized management fee expenses of approximately \$553,000 and \$520,000 for the years ended September 30, 2008 and 2007, respectively.

UMRH occasionally pays employee benefit expenses on behalf of the Company, charging it for expenses paid on a reimbursement basis. The Company owed approximately \$413,000 and \$499,000 to UMRH for expenses and management fees at September 30, 2008 and 2007, respectively.

13. Professional Liability Insurance

The Company is involved in litigation in the ordinary course of business related to professional liability claims. Management believes these claims, if asserted, would be settled within the limits of coverage, which is on a claims-made basis, with insurance limits of \$1,000,000 per claim and \$3,000,000 in the aggregate.

Should the policies not be renewed or replaced with equivalent insurance, claims based on occurrences during their terms but reported subsequently would be uninsured. Management anticipates that such coverage will be renewed or replaced with equivalent insurance as these policies expire.

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD			YEAR TO DATE			Annual Budget
	Budget	Actual	Variance	Budget	Actual	Variance	
	146,138.00	127,931.52	(18,206.48)	1,753,664.00	1,699,933.63	(53,730.37)	1,753,664.00
	(1,250.00)	(1,353.76)	(103.76)	(15,000.00)	(28,110.44)	(13,110.44)	(15,000.00)
	(6,879.00)	(3,315.06)	3,563.94	(82,559.00)	(53,035.07)	29,523.93	(82,559.00)
	-	46.41	46.41	-	99.52	99.52	-
	1,235.00	1,737.80	502.80	14,820.00	18,072.23	3,252.23	14,820.00
	-	-	-	-	84.00	84.00	-
	-	-	-	-	15.00	15.00	-
	139,244.00	125,046.91	(14,197.09)	1,670,925.00	1,637,058.87	(33,866.13)	1,670,925.00
ASSISTED LIVING REVENUE							
	1595620001						
	1595622401						
	1595622701						
	1595626201						
	1595626501						
	1595627101						
	1595629501						
	Room & Board						
	Discount - Free Days						
	Discount - Benevolent						
	Drugs						
	Medical Supplies						
	Supplements/Nutrition						
	Oxygen						
	Total Assisted Living Revenue						

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD			YEAR TO DATE			Annual Budget
	Budget	Actual	Variance	Budget	Actual	Variance	
HEALTH CENTER REVENUE							
HC - PRIVATE PAY REVENUE							
1597620001	158,045.00	147,544.60	(10,500.40)	1,920,999.37	1,920,999.37	24,467.37	1,896,532.00
1597622101	-	(11.64)	(11.64)	(277.00)	(277.00)	(277.00)	-
1597622401	-	-	-	(4,122.53)	(4,122.53)	(4,122.53)	-
1597622701	(10,126.00)	(3,814.00)	6,312.00	(96,171.46)	(96,171.46)	25,335.54	(121,507.00)
Net Room & Board	147,919.00	143,718.96	(4,200.04)	1,820,428.38	1,820,428.38	45,403.38	1,775,025.00
Drugs							
1597626201	-	-	-	5.85	5.85	5.85	-
1597626501	4,942.00	5,225.89	283.89	55,265.45	55,265.45	(4,046.55)	59,312.00
1597627101	-	21.00	21.00	1,344.00	1,344.00	1,344.00	-
1597627401	-	-	-	6,210.00	6,210.00	6,210.00	-
1597627701	-	-	-	2,760.00	2,760.00	2,760.00	-
1597628001	-	-	-	395.00	395.00	395.00	-
1597629201	-	-	-	30.00	30.00	30.00	-
1597629501	-	-	-	15.00	15.00	15.00	-
1597630701	-	(2,510.00)	(2,510.00)	(3,390.00)	(3,390.00)	(3,390.00)	-
Net Private Pay Ancillaries	4,942.00	2,736.89	(2,205.11)	62,635.30	62,635.30	3,323.30	59,312.00
Total Private Pay Revenue	152,861.00	146,455.85	(6,405.15)	1,883,063.68	1,883,063.68	48,726.68	1,834,337.00
HC - MEDICARE PART A REVENUE							
1597620006	11,868.00	16,896.61	5,028.61	194,971.43	194,971.43	52,547.43	142,424.00
1597623606	10,877.00	17,905.89	7,028.89	180,856.02	180,856.02	50,340.02	130,516.00
Net Medicare Room & Board	22,745.00	34,802.50	12,057.50	375,827.45	375,827.45	102,887.45	272,940.00
Drugs							
1597626206	2,387.00	4,092.15	1,705.15	38,783.57	38,783.57	10,147.57	28,636.00
1597626506	273.00	631.69	358.69	6,287.34	6,287.34	3,003.34	3,284.00
1597626906	61.00	-	(61.00)	319.60	319.60	(412.40)	732.00
1597627106	16.00	-	(16.00)	1,900.05	1,900.05	1,716.05	184.00
1597627406	3,041.00	6,270.00	3,229.00	57,360.00	57,360.00	20,860.00	36,500.00
1597627706	3,164.00	6,480.00	3,316.00	53,610.00	53,610.00	15,650.00	37,960.00
1597628006	-	-	-	2,215.00	2,215.00	2,215.00	-
1597628606	-	-	-	2,577.40	2,577.40	2,577.40	-
1597628906	426.00	1,151.00	725.00	9,972.78	9,972.78	4,860.78	5,112.00
1597629206	3.00	-	(3.00)	315.00	315.00	279.00	36.00
1597629506	86.00	191.58	105.58	946.16	946.16	(77.84)	1,024.00
1597629806	13.00	-	(13.00)	220.68	220.68	72.68	148.00
1597630106	121.00	1,201.75	1,080.75	2,137.29	2,137.29	677.29	1,460.00
1597630706	(9,591.00)	(20,018.17)	(10,427.17)	(176,844.87)	(176,844.87)	(61,568.87)	(115,076.00)
Net Medicare A Ancillaries	-	-	-	-	-	-	-
Total Medicare Part A Revenue	22,745.00	34,802.50	12,057.50	375,827.45	375,827.45	102,887.45	272,940.00

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD			YEAR TO DATE			Annual Budget
	Budget	Actual	Variance	Budget	Actual	Variance	
	20,304.00	9,420.00	(10,884.00)	244,610.00	130,430.00	(114,180.00)	244,610.00
	18,576.00	22,020.00	3,444.00	222,570.00	282,030.00	59,460.00	222,570.00
	156.00	845.00	689.00	1,720.00	8,140.00	6,420.00	1,720.00
	(6,355.00)	(5,407.17)	947.83	(76,289.00)	(77,007.56)	(718.56)	(76,289.00)
	<u>32,681.00</u>	<u>26,877.83</u>	<u>(5,803.17)</u>	<u>392,611.00</u>	<u>343,592.44</u>	<u>(49,018.56)</u>	<u>392,611.00</u>
HC - MEDICARE PART B REVENUE							
Occupational Therapy		1597627407					
Physical Therapy		1597627707					
Speech Therapy		1597628007					
Contractual Discount - Ancillaries		1597630707					
Total Medicare Part B Revenue							
				2,499,888.00	2,602,483.57	102,595.57	2,499,888.00
Total Health Center Revenue	208,287.00	208,136.18	(150.82)				

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD			YEAR TO DATE			Annual Budget
	Budget	Actual	Variance	Budget	Actual	Variance	
	GENERAL & ADMINISTRATIVE EXPENSE						
1501720000	11,106.00	9,648.86	1,457.14	132,390.00	132,123.20	266.80	132,390.00
1501722800	6,624.00	7,096.63	(472.63)	78,917.00	77,668.48	1,248.52	78,917.00
1501721600	4,004.00	4,117.50	(113.50)	44,062.00	44,497.79	3,564.21	44,062.00
1501724800	10,527.00	11,235.12	(708.12)	126,324.00	117,215.37	9,108.63	126,324.00
1501720200	2,481.00	2,712.97	(231.97)	29,563.00	30,981.37	(1,418.37)	29,563.00
1501720300	864.00	935.74	(71.74)	10,218.00	11,221.61	(1,003.61)	10,218.00
1501724000	3,968.00	3,991.50	(23.50)	46,952.00	44,205.67	2,746.33	46,952.00
	<u>39,574.00</u>	<u>39,738.32</u>	<u>(164.32)</u>	<u>472,428.00</u>	<u>457,913.49</u>	<u>14,512.51</u>	<u>472,428.00</u>
1501730000	3,165.00	2,799.61	365.39	41,066.00	33,019.08	8,046.92	41,066.00
1501731000	4,924.00	4,691.86	232.14	59,154.00	49,778.46	9,375.54	59,154.00
1501733000	1,025.00	1,265.29	(240.29)	12,236.00	13,450.42	(1,214.42)	12,236.00
1501732000	-	-	-	630.00	542.60	87.50	630.00
	<u>9,114.00</u>	<u>8,756.76</u>	<u>357.24</u>	<u>113,086.00</u>	<u>96,790.46</u>	<u>16,295.54</u>	<u>113,086.00</u>
1501735200	32.00	14.40	17.60	450.00	256.55	193.45	450.00
1501735400	591.00	931.74	(340.74)	7,125.00	8,507.84	(1,382.84)	7,125.00
1501735600	781.00	875.89	(94.89)	9,360.00	10,168.12	(808.12)	9,350.00
1501735700	34.00	-	34.00	375.00	1,255.67	(880.67)	375.00
1501735800	12.00	-	12.00	100.00	243.95	(143.95)	100.00
1501762800	1,632.00	522.57	1,109.43	19,650.00	21,709.27	(2,059.27)	19,650.00
1501741500	658.00	1,149.12	(491.12)	7,896.00	7,976.44	(80.44)	7,896.00
1501740600	413.00	(0.09)	413.09	5,000.00	977.21	4,022.79	5,000.00
1501740900	2,000.00	2,416.98	(416.98)	24,000.00	30,121.18	(6,121.18)	24,000.00
1501741800	739.00	864.54	(125.54)	8,868.00	12,282.51	(3,414.51)	8,868.00
1501742400	1,629.00	1,651.00	(22.00)	19,570.00	19,674.48	(104.48)	19,570.00
1501743900	500.00	132.25	367.75	6,011.00	7,136.53	(1,125.53)	6,011.00
1501745300	75.00	297.25	(222.25)	900.00	1,641.85	(741.85)	900.00
1501761300	250.00	(1,381.64)	1,631.64	3,000.00	3,960.92	(960.92)	3,000.00
1501749300	-	15,565.75	(15,565.75)	-	-	-	-
1501749300	14,734.00	15,565.75	(831.75)	182,039.00	184,623.88	(2,584.88)	182,039.00
1501749900	1,500.00	1,037.52	462.48	18,000.00	15,969.56	2,030.44	18,000.00
1501750800	1,540.00	-	1,540.00	48,000.00	25,545.00	22,455.00	48,000.00
1501751100	-	-	-	-	4,508.00	(4,508.00)	-
1501751400	-	-	-	-	4,701.34	(4,701.34)	-
1501751700	1,387.00	2,950.00	(2,950.00)	16,600.00	12,460.00	(4,140.00)	16,600.00
1501753200	69.00	69.00	-	850.00	1,221.71	(371.71)	850.00
1501755000	45,062.00	44,746.15	315.85	540,689.00	552,765.42	(12,076.42)	540,689.00
1501760400	906.00	760.88	145.12	10,938.00	10,317.78	620.22	10,938.00
1501760500	138.00	-	138.00	1,700.00	2,008.37	(308.37)	1,700.00
1501756800	9,712.00	9,770.96	(58.96)	116,500.00	92,057.81	24,442.19	116,500.00
1501755900	1,098.00	4,500.00	(3,402.00)	12,500.00	8,132.19	4,367.81	12,500.00
1501761000	45.00	85.00	(40.00)	595.00	550.00	45.00	595.00
1501766100	191.00	-	191.00	2,325.00	9,791.72	(7,466.72)	2,325.00
1501766400	2,919.00	520.08	2,398.92	34,984.00	31,323.72	3,660.28	34,984.00
	<u>88,587.00</u>	<u>89,610.60</u>	<u>(1,023.60)</u>	<u>1,098,015.00</u>	<u>1,098,976.54</u>	<u>(961.54)</u>	<u>1,098,015.00</u>

137,275.00

138,105.88

(830.88)

1,683,527.00

1,653,680.49

29,846.51

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1,683,527.00

Total General & Administrative

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD			YEAR TO DATE			Annual Budget
	Budget	Actual	Variance	Budget	Actual	Variance	
PLANT EXPENSE							
	2,803.00	3,884.88	(1,081.88)	33,399.00	29,058.23	4,334.77	33,399.00
Supervisor	1,517.00	1,510.00	7.00	18,212.00	18,787.07	(575.07)	18,212.00
Clerical & Secretary	2,368.00	2,308.43	59.57	28,408.00	27,011.82	1,396.18	28,408.00
General Maintenance	11,813.00	11,414.91	398.09	140,793.00	137,729.60	3,063.40	140,793.00
Security	5,637.00	5,445.64	191.36	67,194.00	75,210.04	(8,016.04)	67,194.00
Refurbishment Credits	(2,301.00)	(2,301.00)	2,301.00	-	(3,787.00)	3,787.00	-
Total Salaries & Wages	24,138.00	22,262.86	1,875.14	288,000.00	284,009.76	3,990.24	288,000.00
Payroll Taxes & Insurance	2,163.00	2,380.72	(217.72)	28,138.00	28,505.02	(367.02)	28,138.00
Insurance	2,889.00	3,652.59	(763.59)	34,756.00	47,127.33	(12,371.33)	34,756.00
Retirement	257.00	385.30	(128.30)	3,110.00	2,233.13	876.87	3,110.00
Other	-	(886.00)	886.00	690.00	588.00	102.00	690.00
Refurbishment Credits	-	(886.00)	886.00	-	(1,239.00)	1,239.00	-
Total Employee Benefits	5,309.00	5,532.61	(223.61)	66,694.00	77,214.48	(10,520.48)	66,694.00
Recruiting & Relocation	27.00	28.80	(1.80)	313.00	804.65	(491.65)	313.00
Training & Meetings	50.00	34.59	15.41	600.00	(980.18)	980.18	600.00
Travel & Transportation	37.00	-	37.00	400.00	463.33	(63.33)	400.00
Employee Related Miscellaneous	40.00	-	40.00	425.00	627.65	(202.65)	425.00
Background Checks	15.00	-	15.00	202.00	160.98	41.02	202.00
Maintenance & Repair - Building	3,274.00	18,811.48	(15,537.48)	39,255.00	56,808.97	(17,553.97)	39,255.00
Maintenance & Repair - Grounds	7,740.00	5,828.37	1,911.63	92,836.00	90,372.83	2,463.17	92,836.00
Supply - Chemical	125.00	19.25	105.75	1,500.00	1,151.97	348.03	1,500.00
Supply - Minor Equipment	712.00	2,861.77	(1,949.77)	8,500.00	12,980.64	(4,080.64)	8,500.00
Supply - Miscellaneous	4,000.00	(2,254.77)	6,254.77	48,000.00	48,505.78	(505.78)	48,000.00
Auto & Bus	1,837.00	2,253.16	(416.16)	22,000.00	27,256.08	(5,256.08)	22,000.00
Disposal & Trucking	2,163.00	2,119.11	43.89	26,000.00	25,109.85	890.15	26,000.00
Labor - Outside Contract	2,500.00	8,359.08	(5,859.08)	30,000.00	81,543.89	(51,543.89)	30,000.00
License & Fees	100.00	28.00	72.00	1,200.00	1,795.50	(595.50)	1,200.00
Rental & Leasing	676.00	1,809.58	(1,133.58)	8,112.00	10,609.27	(2,497.27)	8,112.00
Extermination Service	550.00	1,867.00	(1,317.00)	6,633.00	11,591.00	(4,958.00)	6,633.00
Resident Construction	12.00	-	12.00	100.00	-	100.00	100.00
Cable TV	3,389.00	5,186.03	(1,797.03)	40,712.00	60,659.26	(19,947.26)	40,712.00
Total Other Expense	27,247.00	48,751.45	(19,504.45)	326,788.00	423,661.47	(102,873.47)	326,788.00
Utilities - Gas	10,088.00	14,379.25	(4,311.25)	249,907.00	176,044.90	73,862.10	249,907.00
Utilities - Electric	35,842.00	44,416.22	(8,574.22)	430,085.00	463,006.61	(32,921.61)	430,085.00
Utilities - Water	5,787.00	6,477.17	(690.17)	79,063.00	76,921.77	2,141.23	79,063.00
Total Utility Expense	51,697.00	65,272.64	(13,575.64)	759,055.00	715,973.28	43,081.72	759,055.00
Total Plant Expense	108,391.00	139,819.56	(31,428.56)	1,440,537.00	1,506,859.99	(66,321.99)	1,440,537.00

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD		YEAR TO DATE		Annual Budget
	Budget	Actual	Budget	Actual	
	1,770.00	1,588.21	21,245.00	20,362.88	882.12
	21,471.00	19,733.85	245,936.00	209,700.01	36,235.99
	3,051.00	3,110.88	36,620.00	35,398.08	1,221.92
	1,435.00	1,693.22	17,225.00	18,799.01	(1,574.01)
	27,727.00	26,126.16	321,026.00	284,259.98	36,766.02
ENVIRONMENTAL SERVICES EXPENSE					
Department Managers & Assistants	1531722800	181.79	21,245.00	20,362.88	882.12
Housekeepers	1531723800	1,737.15	245,936.00	209,700.01	36,235.99
Janitors	1531724200	(59.88)	36,620.00	35,398.08	1,221.92
Laundry	1531724400	(258.22)	17,225.00	18,799.01	(1,574.01)
Total Salaries & Wages		1,600.84	321,026.00	284,259.98	36,766.02
Payroll Taxes & Insurance	1531730000	132.80	32,542.00	27,228.81	5,313.19
Insurance	1531731000	1,174.49	60,003.00	53,231.66	6,771.34
Retirement	1531733000	80.06	4,494.00	3,208.47	1,285.53
Other	1531732000	-	930.00	760.00	170.00
Total Employee Benefits		1,387.35	97,969.00	84,428.94	13,540.06
Recruiting & Relocation	1531735200	(31.20)	100.00	291.27	(191.27)
Training & Meetings	1531735400	24.06	600.00	1,463.57	(863.57)
Travel & Transportation	1531735600	100.00	1,200.00	127.76	1,072.24
Employee Related - Miscellaneous	1531735700	(263.32)	475.00	720.66	(245.66)
Background Checks	1531735800	1.00	67.00	246.36	(179.36)
Supply - Chemical	1531762500	504.96	22,440.00	25,508.71	(3,068.71)
Supply - Linen	1531763400	(189.40)	7,500.00	6,912.05	587.95
Supply - Minor Equipment	1531763700	(603.79)	4,500.00	5,295.29	(755.29)
Supply - Paper & Forms	1531764300	838.92	35,000.00	28,647.27	6,352.73
Supply - Repairs - Equipment	1531764600	163.71	4,600.00	4,007.69	592.31
Outside Cleaning	1531760100	481.25	7,864.00	1,273.25	6,590.75
Total Other Expense		1,126.19	84,346.00	74,453.88	9,892.12
Total Environmental Services Expense		4,114.38	503,341.00	443,142.80	60,198.20

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD		YEAR TO DATE		Annual Budget
	Budget	Actual	Budget	Actual	
	11,780.00	10,890.38	140,779.00	140,863.44	140,779.00
	10,832.00	11,653.45	129,976.00	145,233.95	129,976.00
	9,168.00	7,896.15	110,022.00	86,783.62	110,022.00
	5,096.00	5,859.48	61,152.00	81,765.33	61,152.00
	10,950.00	9,649.80	130,681.00	105,504.67	130,681.00
	5,906.00	6,035.46	70,870.00	74,190.55	70,870.00
	15,621.00	13,812.07	187,460.00	198,292.45	187,460.00
	1,286.00	1,280.59	15,424.00	14,311.59	15,424.00
	<u>70,639.00</u>	<u>67,077.38</u>	<u>846,364.00</u>	<u>846,945.60</u>	<u>(581.60)</u>
FOOD AND BEVERAGE EXPENSE					
Department Managers & Assistants					
Supervisor					
Cooks					
Cook's Assistants					
Dietary Aides					
Utility Workers					
Wait Staff/Host					
Coffee Shop/Cafe					
Total Salaries & Wages					
	6,884.00	6,482.86	89,536.00	86,238.10	89,536.00
Payroll Taxes & Insurance					
Insurance					
Retirement					
Other					
Total Employee Benefits					
	14,886.00	14,284.39	186,011.00	180,150.65	186,011.00
Uniforms					
Recruiting & Relocation					
Training & Meetings					
Travel & Transportation					
Employee Related - Miscellaneous					
Background Checks					
Food					
Supply - Chemical					
Supply - Minor Equipment					
Supply - Paper & Forms					
Supply - Silverware/Dishes					
Consultants					
Licenses & Fees					
Maintenance & Repair - Contract					
Rental & Leasing					
Total Other Expense					
	62,094.00	70,746.86	737,406.00	771,777.32	(34,371.32)
Total Food & Beverage Expense					
	147,419.00	152,108.63	1,769,761.00	1,798,873.57	(29,092.57)

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD			YEAR TO DATE			Annual Budget
	Budget	Actual	Variance	Budget	Actual	Variance	
HEALTH CENTER EXPENSE							
1537722800	13,171.00	13,108.52	208.48	156,831.00	159,671.84	(2,840.84)	156,831.00
1537720600	2,535.00	2,021.32	513.68	29,976.00	28,325.77	1,650.23	29,976.00
1537725000	1,257.00	1,964.73	(107.73)	14,974.00	16,177.32	(1,203.32)	14,974.00
1537723500	3,732.00	3,881.59	(149.59)	44,787.00	41,009.86	3,777.14	44,787.00
1537721800	30,913.00	30,253.18	558.82	369,744.00	413,637.21	(43,893.21)	369,744.00
1537724600	9,913.00	7,950.46	1,962.54	118,961.00	124,782.07	(5,821.07)	118,961.00
1537725800	15,900.00	16,392.01	(492.01)	190,798.00	193,782.88	(2,984.88)	190,798.00
1537726200	3,802.00	3,953.67	(151.67)	45,300.00	45,534.90	(234.90)	45,300.00
	<u>81,268.00</u>	<u>78,925.48</u>	<u>2,342.52</u>	<u>971,371.00</u>	<u>1,022,921.85</u>	<u>(51,550.85)</u>	<u>971,371.00</u>
1537730000	9,026.00	8,942.24	83.76	116,953.00	120,469.85	(3,516.85)	116,953.00
1537731000	10,015.00	11,678.37	(1,663.37)	120,334.00	144,892.26	(24,558.26)	120,334.00
1537733000	2,017.00	1,000.12	1,016.88	24,090.00	11,677.36	12,412.64	24,090.00
1537732000	-	50.00	(50.00)	1,790.00	1,654.50	135.50	1,790.00
	<u>21,058.00</u>	<u>21,670.73</u>	<u>(612.73)</u>	<u>263,167.00</u>	<u>278,693.97</u>	<u>(15,526.97)</u>	<u>263,167.00</u>
1537735200	84.00	1,023.54	(939.54)	1,063.00	5,114.39	(4,051.39)	1,063.00
1537735400	400.00	1,108.87	(708.87)	4,800.00	6,680.10	(2,080.10)	4,800.00
1537735600	350.00	-	350.00	4,200.00	2,684.77	1,515.23	4,200.00
1537735700	90.00	-	90.00	1,025.00	2,044.72	(1,019.72)	1,025.00
1537735800	60.00	29.79	30.21	687.00	642.08	44.92	687.00
1537741800	180.00	109.44	70.56	2,160.00	1,373.64	786.36	2,160.00
1537743600	-	-	-	-	24.20	(24.20)	-
1537743900	288.00	-	288.00	3,500.00	2,295.50	1,204.50	3,500.00
1537752000	238.00	19.77	218.23	2,901.00	2,717.19	183.81	2,901.00
1537758900	850.00	1,040.00	(190.00)	10,200.00	12,120.00	(1,920.00)	10,200.00
1537759500	625.00	854.74	(229.74)	7,500.00	6,171.26	1,328.74	7,500.00
1537761000	-	67.20	(67.20)	-	175.20	(175.20)	-
1537762800	225.00	(201.17)	426.17	2,700.00	28,093.45	(25,393.45)	2,700.00
1537763700	425.00	410.47	14.53	5,100.00	6,668.93	(1,568.93)	5,100.00
1537764300	-	-	-	-	19.00	(19.00)	-
1537749000	137.00	473.39	(336.39)	1,600.00	2,215.53	(615.53)	1,600.00
	<u>3,955.00</u>	<u>4,936.04</u>	<u>(983.04)</u>	<u>47,436.00</u>	<u>79,209.96</u>	<u>(31,773.96)</u>	<u>47,436.00</u>
1537770001	-	1.80	(1.80)	-	23.59	(23.59)	-
1537770301	2,472.00	2,203.47	268.53	29,656.00	24,239.17	5,416.83	29,656.00
1537770901	-	15.60	(15.60)	-	909.02	(909.02)	-
1537771201	-	-	-	-	3,141.50	(3,141.50)	-
1537771501	-	-	-	-	1,722.27	(1,722.27)	-
1537771801	-	-	-	-	243.50	(243.50)	-
1537772401	-	-	-	-	90.00	(90.00)	-
1537773001	-	-	-	-	30.00	(30.00)	-
1537773301	-	-	-	-	10.00	(10.00)	-
	<u>2,472.00</u>	<u>2,220.87</u>	<u>251.13</u>	<u>29,656.00</u>	<u>30,409.05</u>	<u>(753.05)</u>	<u>29,656.00</u>

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD		YEAR TO DATE		Annual Budget
	Budget	Actual	Actual	Variance	
	25,347.00	25,796.49	288,705.05	11,808.95	300,514.00
MEMORY CARE EXPENSE					
Department Managers & Assistants	4,554.00	4,431.81	53,954.15	265.85	53,620.00
CNA	16,519.00	16,623.20	185,585.06	10,886.94	196,472.00
RN	2,131.00	2,504.51	26,585.24	(1,497.24)	25,088.00
Activities	2,143.00	2,036.97	23,180.60	2,153.40	25,334.00
Total Salaries & Wages	25,347.00	25,796.49	288,705.05	11,808.95	300,514.00
Payroll Taxes & Insurance	2,700.00	2,746.01	32,691.51	2,303.49	34,995.00
Insurance	1,752.00	3,858.56	31,703.74	(10,503.74)	21,200.00
Retirement	170.00	248.74	2,665.08	(682.08)	1,983.00
Other	-	-	465.50	164.50	630.00
Total Employee Benefits	4,622.00	6,853.31	67,525.83	(8,717.83)	58,808.00
Recruiting & Relocation	32.00	7.20	725.65	(319.65)	406.00
Training & Meetings	125.00	39.41	1,474.00	26.00	1,500.00
Travel & Transportation	100.00	436.18	598.62	601.38	1,200.00
Employee Related - Miscellaneous	34.00	-	602.92	(227.92)	375.00
Background Checks	21.00	9.93	203.01	59.99	263.00
Supply	100.00	124.78	1,777.35	(577.35)	1,200.00
Drugs	-	-	4.61	(4.61)	-
Dues & Subscriptions	25.00	-	-	300.00	300.00
Medical Supplies	404.00	471.71	4,146.88	664.12	4,801.00
Activities	75.00	103.09	710.79	189.21	900.00
Total Other Expense	916.00	1,192.30	10,243.83	701.17	10,945.00
Total Memory Care Expense	30,885.00	33,842.10	366,474.71	3,792.29	370,267.00

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD		YEAR TO DATE		Annual Budget
	Budget	Actual	Budget	Actual	
RESIDENT SERVICES EXPENSE					
1563721200 Bus Driver/Valet	3,194.98	25.02	34,934.18	34,934.18	3,432.82
1563720400 Activities Director	3,644.00	1,859.31	40,204.61	40,204.61	3,204.39
1563721400 Chaplain	3,819.00	3,567.04	31,856.38	31,856.38	11,424.62
1563725800 Clinic RN	2,131.00	2,504.47	26,585.01	26,585.01	(1,497.01)
1563720800 IL Service Aides	1,596.00	1,850.01	18,009.11	18,009.11	766.89
1563720900 ILPS Service Aides	5,947.00	4,268.73	49,903.52	49,903.52	21,081.48
1563726000 Security	-	-	247.94	247.94	(247.94)
1563726400 Social Services Staff	1,339.00	1,416.70	14,613.16	14,613.16	1,220.84
1563726200 Arts & Crafts Director	1,931.00	1,462.50	22,852.89	22,852.89	158.11
Total Salaries & Wages	23,627.00	20,049.12	239,206.80	239,206.80	39,544.20
1563730000 Payroll Taxes & Insurance	2,237.00	2,074.49	25,114.19	25,114.19	3,930.81
1563731000 Insurance	2,615.00	1,710.03	24,235.92	24,235.92	7,287.08
1563733000 Retirement	664.00	514.25	4,618.96	4,618.96	3,214.04
1563732000 Other	-	-	456.00	456.00	64.00
Total Employee Benefits	5,516.00	4,298.77	54,425.07	54,425.07	14,495.93
1563735200 Recruiting & Relocation	6.00	14.40	601.23	601.23	(507.23)
1563735400 Training & Meetings	112.00	8.64	231.41	231.41	1,066.59
1563735600 Travel & Transportation	413.00	-	77.75	77.75	4,922.25
1563735700 Employee Related - Miscellaneous	25.00	-	331.94	331.94	300.00
1563735800 Background Checks	1.00	62.93	117.33	117.33	(50.33)
1563732000 Maintenance & Repair - Contract	63.00	-	225.00	225.00	575.00
1563740000 Activities Expense	701.00	467.16	7,522.92	7,522.92	867.08
1563741800 Consultants	2,500.00	2,084.00	25,008.00	25,008.00	4,992.00
1563764000 Supply - Miscellaneous	97.00	-	143.75	143.75	976.25
1563743900 Dues & Subscriptions	32.00	-	394.90	394.90	55.10
1563759900 Outreach	-	687.50	4,212.09	4,212.09	(4,212.09)
Total Other Expense	3,950.00	3,324.63	38,866.32	38,866.32	8,654.68
Total Resident Services Expense	39,093.00	27,672.52	392,498.19	392,498.19	62,694.81
Total	278,751.00	239,206.80	2,787,511.00	2,787,511.00	278,751.00
Total	29,045.00	24,235.92	290,445.00	290,445.00	29,045.00
Total	31,523.00	7,833.00	315,230.00	315,230.00	31,523.00
Total	520.00	456.00	520.00	520.00	520.00
Total	68,921.00	54,425.07	689,211.00	689,211.00	68,921.00
Total	94.00	601.23	94.00	601.23	94.00
Total	1,300.00	231.41	1,300.00	1,300.00	1,300.00
Total	5,000.00	77.75	5,000.00	5,000.00	5,000.00
Total	300.00	331.94	300.00	331.94	300.00
Total	67.00	117.33	67.00	117.33	67.00
Total	800.00	225.00	800.00	225.00	800.00
Total	8,390.00	7,522.92	8,390.00	7,522.92	8,390.00
Total	30,000.00	25,008.00	30,000.00	25,008.00	30,000.00
Total	1,120.00	143.75	1,120.00	143.75	1,120.00
Total	450.00	394.90	450.00	394.90	450.00
Total	47,521.00	38,866.32	47,521.00	38,866.32	47,521.00
Total	395,193.00	332,498.19	395,193.00	332,498.19	395,193.00

Cypress Glen Retirement Community
Statement of Revenues and Expenses
For the Period Ending September 30, 2008

	CURRENT PERIOD		YEAR TO DATE		Annual Budget
	Budget	Actual	Budget	Actual	
SUMMARY OF REVENUE AND EXPENSE					
OPERATING REVENUE					
Total Independent Living	478,158.00	466,275.35	5,622,547.00	5,587,480.10	(35,066.90)
Total Memory Care	58,119.00	56,427.30	689,028.00	718,106.70	29,078.70
Total Assisted Living	139,244.00	125,046.91	1,670,925.00	1,637,058.87	(33,866.13)
Total Health Center	208,287.00	208,136.18	2,499,888.00	2,602,483.57	102,595.57
Total Other	30,462.00	41,294.36	340,599.00	537,240.34	196,641.34
Total Operating Revenue	914,270.00	897,180.10	10,822,987.00	11,082,369.58	259,382.58
OPERATING EXPENSES					
Total General & Administrative	137,275.00	138,105.68	1,683,527.00	1,653,680.49	29,846.51
Total Plant	108,391.00	139,819.56	1,440,537.00	1,506,858.99	(66,321.99)
Total Environmental Services	42,631.00	38,516.62	503,341.00	443,142.80	60,198.20
Total Food & Beverage Service	147,419.00	152,108.63	1,769,781.00	1,798,873.57	(29,092.57)
Total Health Center	198,192.00	141,707.73	1,665,203.00	1,782,270.70	(117,067.70)
Total Memory Care	30,885.00	33,842.10	370,267.00	366,474.71	3,792.29
Total Resident Services	33,093.00	27,672.52	395,193.00	332,488.19	62,694.81
Total Assisted Living	50,857.00	45,015.12	615,688.00	573,607.82	42,080.18
Total Operating Expense	688,743.00	716,787.96	8,443,537.00	8,457,407.27	(13,870.27)
Net Operating Income/(Loss)	225,527.00	180,392.14	2,379,450.00	2,624,962.31	245,512.31

