

Goodwin House Bailey's Crossroads
Resident Community Meeting
September 14, 2020

Resident Council Chair Arthur Welch opened the virtual community meeting at 10:00 a.m.

Chair Welch began in memoriam of departed residents:

Gen. Brent Scowcroft
Ms Mary Jeanne Purdy
Mrs. Virginia C. Karl
Mrs. Jean L. Goodson
Mrs. Clare Kearney

and welcomed new residents:

Jane Gore July 30 (Apt. 423)
Nathan Miller July 31 (Apt. 422)
Jane & Ron Karpick Aug. 19 (Apt. 437)
Peggy O'Brien Aug. 28 (Apt. 737)
Kelly & Joseph Luquire Aug. 31 (Apt 1109)

Budget 2021

Chair Welch then introduced Richard Carter, Chief Financial Officer for Goodwin House Inc., who explained the 2021 budget.

The budget is based on assumptions that:

The occupancy will remain at high levels despite the pandemic.
Capital expenditures will return closer to historical levels.
Expenses will increase because of COVID-19 related costs, such as testing.

We are fortunate enough to have enough resources and liquidity to weather the storm, and meet our debt obligations, as many of our colleagues are not able to do.

A few of the summary points on the 2021 budget:

We will be slightly above breakeven Net Operating Margin (NOM).
There will be a 3.8% increase in resident fees, the same as it was for 2020.
There will be no government subsidy as there was in 2020. If and when Congress passes a new appropriation, GHI will apply for funds.
No reductions in force are planned.

Budget-- staff support

Fran Casey, GHI Chief People Officer, explained how GHI will maintain commitment to the staff through various programs initiated in response to the COVID crisis. Programs begun this year included temporary increases to hourly wages (ending in October), extra payments for working

with COVID patients, financial support to staff, more generous leave policies, flexible work schedules, extra support for COVID infected staff.

Minimum hourly wages at GHI will be \$17.75 for clinical staff and \$15.50 for other staff. Virginia's state minimum in 2021 is \$9.50/hour.

Budget—Estimated costs

Carter said that costs related to COVID are estimated to total \$2.1 million, more or less equally divided between Alexandria and Bailey's Crossroads. Most costs are for testing and personal protective equipment.

Budget—Capital Expenditures Bailey's Crossroads

Linda Lateana reported on the GHBC capital budget with special mention of the 2020 projects that were deferred to the 2021 budget. One is the repurposing of the Crossroads storage area. It will begin this month and end in early November. The second is the Crossroads building window replacements, which will be spread out over two years.

Questions from residents

Q: What is the difference between resident revenue and resident expenses and how is it being used?

A: Resident revenue is revenue received for services under contract and is used to cover resident expenses. Resident expenses are the direct costs incurred to provide the services. The difference between the two is the Net Operating Margin (NOM).

Q: What is the annual compensation for each of the corporate officers and board members?

A: Board members do not receive compensation. Corporate officer compensation is available on Form 990 at the Internal Revenue Service.

Q: Who prepares the food services budget?

A: The budget is prepared at each house by its Director of Dining Services and approved by the Executive Director.

Q: Does the food budget include labor?

A: The food budget includes labor, food and administrative costs.

Q: How are dining dollars calculated in the food budget?

A: Dining dollars were originally designed by calculating the cost of a dinner and multiplying it by 30. The calculation has not changed. It is not part of the food budget. Dining dollars can now be used for ala carte items.

Q: Do we anticipate a deficit since President Rob Liebreich promised an increase in fees not to exceed 3.5%?

A: Rob Liebreich promised an increase similar to last year's, which was 3.8%.

Q: What are GSI's current net assets for the obligated group and how does it compare with the net assets at the end of 2019 FY?

A: The net assets as of June 30 shows about a million dollars more than at end of fiscal year 2019. To put it in historical perspective, in September 2009, during the great recession, assets were at negative 10 million.

Q: What commitments does GHI have to the Virginian?

A: We have no commitments relating to the Virginian or the Temple Foundation.

Q: If a vaccine is available in February or March, what are the financial implications for GHI?

A: Even if a vaccine were available then, changes are not that simple. Much depends on when the vaccine is available, how long it would take to distribute, and how many people can be persuaded to take the vaccine to develop the herd immunity required.

Q: Will GHI reach its goal of a triple B rating from Fitch?

A: GHI had been rated triple B for years, but was afraid that this year, because of the COVID situation, the rating would be affected along with other CCRCs. But a week before last, we received an update of a triple B rating, so that means we will retain that rating for another year.

More Budget information

Carter directed anyone interested in more information to contact:

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The meeting ended at 10:30 a.m.

Submitted by Toki Shimabukuro