

Subject: Allocation of Revenue and Expenses

Purpose: To Establish a Policy to Differentiate Trust Revenues and Expenses From Operating Revenues and Expenses in accordance with Section 6 of Exhibit B to the GRF Trust Agreement

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

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

**I. Trust Revenues** include:

- membership transfer fees;
- earnings on Trust assets held for investment, including interest and Medical Center rent;
- Reimbursement by MOD for capital equipment purchased by the trust on their behalf;
- gifts to the Trust (either for construction of a specific Trust asset or for general Trust activities).
- Resale Community Facilities Fee (policy 102.0.2)

**II. Trust Expenditures** include:

- construction of new facilities or capitalized major renovations to existing facilities;
  1. fees for work done by non-GRF employees in anticipation of a capital project, including architect fees, engineering studies and consultant fees. Abandoned projects are an expense of the Trust.
  2. any cost of temporary facilities required due to construction; and repair of changes that occurred due to construction;
- 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 Trust 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 GRF, 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 facilities usage fee, 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 GRF assets, including utilities, taxes, insurance, as well as labor and materials for functions such as custodial and landscape maintenance of GRF facilities and land, including temporary facilities;
- labor and materials for programs/services such as aquatics, bus transportation, counseling, communications, fitness and public safety;
- labor and materials for administrative services such as human resources, accounting, legal and executive services;
- purchase of tangible property costing \$5,000 or less per item;
- repairs;
- maintenance of Trust assets, in accordance with the terms of the Trust; and
- banking and financial expenses related to the operating budget.

Authority: Policy

12/1/11  
5/29/14  
7/26/18