



GOODWIN HOUSE  
*Incorporated*

November 6, 2009

Dear Residents,

You have likely seen recent news reports about financial difficulties faced by some retirement communities, including the well publicized filing for bankruptcy of Erickson Retirement Communities and last Sunday's *Washington Post* lead business section article, "You're only as secure as the retirement home." While the number of communities facing significant financial distress is relatively rare, we know these reports may raise anxiety and questions in the minds of CCRC residents and prospects.

We would like to take this opportunity to review some of the systems that Goodwin House Incorporated (GHI) has put in place to assure the on-going stability and integrity of our financial condition.

- **Governance.** First is the presence of an engaged and talented voluntary Board of Trustees for Goodwin House Incorporated and Board of Directors for Goodwin House Foundation. Members of the boards represent the fields of banking, law, business, accounting, investments, public relations, marketing, architecture, development, fund-raising, construction, theology, medicine and strategic planning. Our Board members are leaders in their fields and respected members of our local communities. The Board Finance, Investment and Audit Committees each fulfill specific charges related to oversight of our financial affairs. I brag on our Board every chance I get. The wisdom and practical help they provide is truly without price.
- **Management.** Next I would highlight the credibility and depth of our management team. I hesitate to note this factor because I don't want to be seen as self-serving – but I think you should know that every member of our executive leadership team has attained professional certification or licensure in his/her field of expertise, most have advanced academic degrees, and all have a long and successful track record in their area of expertise. The members of our team are frequently asked to contribute their knowledge at regional, state and national forums on topics related to the successful management of not-for-profit senior living communities. GHI's financial stability is a focus of key executive team goals and we are proud to have closed a challenging fiscal year 2009 ahead of target on management controllable net revenue.
- **National accreditation.** We were one of the first continuing care retirement communities in the country to seek accreditation from the Continuing Care Accreditation Commission (CCAC). Our first community, Goodwin House Alexandria (42 proud years of age and counting), has now completed five accreditation cycles, and Goodwin House Bailey's Crossroads, at the relatively



4800 Fillmore Avenue • Alexandria, VA 22311

Phone: 703-578-1000 • Fax: 703-824-1379

[www.goodwinhouse.org](http://www.goodwinhouse.org)



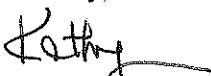
youthful age of 22, has completed four cycles. Both communities were fully re-accredited for five years in the fall of 2007, with commendations given for “exemplary” performance in the areas of governance and financial strength. CCAC reviews our financial performance annually to assure we continue to meet or exceed national high standards for financial integrity.

- **Fitch Rating.** GHI is one of a small number of CCRCs that chooses to have its debt rated by an external ratings agency. GHI first received a “BBB” investment grade rating with stable outlook in the spring of 2007, and we were pleased to receive a reaffirmation of rating and outlook this past spring after a rigorous surveillance by Fitch.
- **Audit.** GHI’s finances are audited annually by LarsonAllen, a nationally ranked audit firm with a specialization in not-for-profit senior living. GHI and its affiliates continually earn “a clean audit, unqualified opinion.” The auditors are retained directly by the GHI Board, and the Audit Committee, also reporting directly to the Board, includes a non-Trustee community CPA.
- **Actuarial soundness.** A nationally recognized independent actuary, A.V. Powell, reviews GHI’s contract structure and funding annually to assure that the pricing of our entrance fees and monthly service fees support our successful long term operation.
- **Goodwin House Foundation and the Fellowship Program.** The *Washington Post* article questioned the ability of some CCRCs to fulfill the promise of care regardless of a resident’s ability to pay. I have long stated that the presence of our Goodwin House Foundation is a tremendous asset and safety net for this community. The Fellowship Program is underwritten 100% by the Foundation. We are proud to say that 100% of our GHI and GHF Board members and 100% of our Executive Leadership Team support the Foundation through their personal gifts. I encourage you to join me in making a contribution to the Foundation, where you can be sure your gifts will be well used.

As noted at our recent semi-annual resident meetings, GHI ended fiscal year 2009 ahead of target on management controllable net revenue, in compliance with all Letter of Credit and bond-holder covenants, on target for budget and schedule for the GHBC expansion, and with expansion pre-sales holding strong as we move closer to the January 2010 opening.

These are just a few of the ways this organization strives to assure that we have the capacity as well as the will to fulfill our promises to you. I am honored to serve as your President and CEO.

Sincerely,



Kathleen S. Anderson  
President and CEO