MANAGEMENT OF RESIDENT'S FUNDS

PURPOSE:

To hold, safeguard, manage and account for residents' personal funds if authorized to do so by the resident (or the resident's legal representative).

SPECIAL INFORMATION:

1. Each resident's funds will be fully and separately accounted for in accordance with generally accepted accounting principles.
2. The resident's funds will not be co-mingled with the funds of the facility or a non-resident.
3. At least quarterly, and upon request, each resident (or the resident's legal representative) will be provided with an individual financial record of all transactions with respect to the resident's funds.
4. A resident's funds in excess of $50 will be deposited in an interest bearing account which credits all interest accrued on the resident's funds to the resident.
5. A resident's funds of $50 or less will be deposited in a non-interest bearing account or a petty cash fund.
6. Upon death, each resident's funds together with a financial accounting will be conveyed to the individual administering the resident's estate within 30 days.
7. Charges will not be imposed by the facility against the resident's funds for any item or service for which payment is made under Medicare.
8. The facility insures the security of the resident's funds entrusted to the facility by purchase of a security bond.
9. The facility will pay any service charge imposed by a bank pertaining to a resident's funds entrusted to the facility.

METHOD OF FUND MANAGEMENT:

Co-mingled Accounts:

1. The facility establishes an interest-bearing account at a bank under the facility's Federal Employee Identification Number ("FEIN").
2. Fifty dollars of each resident's funds are deposited into a petty cash fund and the balance of each resident's funds are deposited by the Facility into the interest-bearing account.
3. The Facility disperses funds from the co-mingled account upon each resident's request (so long as the resident has sufficient funds) and deposits the residents funds into the accounts on the residents behalf.
4. The Facility maintains accurate and complete records of all transactions for each resident.
5. The Facility will issue to each resident a form 1099-INT which reports each resident's share of the interest earned in their fund. The form will either be issued in person or by first class mail, not later than January 31 of the calendar year following the year in which the interest was earned.
6. The Facility will transmit copies of those 1099-INT's to the IRS together with FORM 1096, Annual Summary and Transmittal of US Information Returns, not later than February 28 or the calendar year following the year in which the interest was earned.

7. On the Form 1096, the Facility explains to the IRS that the interest reported on 1099-INT issued by the banks belongs to the residents, and the Facility issued the 1099-INT's to the residents to reflect the fact that the Facility merely acted as the residents' "Nominee" for the receipt of the residents' respective shares of that interest.