



Beloved

Annual Report 2022

Dear Friends of Presbyterian Homes & Services,

As we look back at 2022, we affirm that we are, indeed, God's beloved children — intimately known and eternally loved in Christ. Our journey has not been without challenges, but we know that God faithfully walked with us, guiding our steps in serving older adults.

Last year, we recommitted to and refreshed our "Love One Another" Christian ministry theme. The theme is taken from Jesus' instruction to his disciples in John 13. Our annual report is entitled "beloved." There is no greater gift than knowing that we are loved by God. Similarly, there is no higher calling than to reflect God's love to others. Our mission — to honor God by enriching the lives and touching the hearts of older adults — is an extension of this truth.

In 2022, God enabled our ministry to:

- Serve 24,250 older adults, including 14,571 under our roofs and 9,679 in the community
- Extend care for an additional 15,000 people through our shared ownership of Genevive, the largest geriatric primary care practice in Minnesota
- Partner with 7,363 employees and 2,263 volunteers
- Receive \$5.4 million in charitable support from 2,579 donors to meet the needs of low-income older adults, fund our commitments to spiritual care and support employees
- Provide \$4.9 million in benevolence to help residents weather financial hardships

This report highlights how God proved faithful by enabling Presbyterian Homes & Services to maintain stability amidst challenging market and environmental conditions.

On behalf of the board of directors, thank you for your generous support and partnership in this ministry. We appreciate you!

Together beloved in Christ,



John Clymer
Board Chair
Presbyterian Homes & Services



Daniel A. Lindh
President & CEO
Presbyterian Homes & Services

“

A new commandment I give you:

Love one another.

As I have loved you, so you must
love one another.

By this everyone will know that
you are my disciples,
if you love one another.”

John 13:34-35

Read the *beloved* cover story on page 4.

Our Mission

To honor God by enriching the lives and touching the hearts of older adults.

Our Vision

To provide more choices and opportunities for more older adults to live well.

Our Values

Christian Ministry
Ready & Engaged People
Operational Integrity
Service Excellence
Stewardship

2023 Board Members

- James Green
Chair
- Jay Coughlan
Vice Chair
- John Clymer
Immediate Past Chair
- Theodore Chien
- Brad Hewitt
- Molly Lagermeier
- Laura McKnight
- Paula Norbom
- John Odom
- Jeffrey Rageth
- Sheryl Ramstad
- Janet Sommers
- Barbara Stinnett

Ex Officio

Elona Street-Stewart
Synod Representative

Officers

- Daniel Lindh
President and CEO
- Mark Meyer
Treasurer and CFO
- Peter Gregory
*Co-Secretary and
Co-Legal Counsel*

Since our founding, strong volunteer governance has been a hallmark of Presbyterian Homes & Services (PHS). Our board of directors ensures that the mission of PHS is achieved. Modeled after Acts 6, PHS board members are selected because they “are known to be full of the Spirit and wisdom.”

In Memoriam

Norman (Norm) Wenck, PHS board member and chair, passed away unexpectedly following an accident at his home on May 25, 2022. Norm served on the PHS board for eight years.



An Iowa native, Norm founded Minnesota-based Wenck Enterprises, an engineering and consulting firm providing innovative solutions related to infrastructure, water, air, land, waste and industrial processes.

“Norm was instrumental in our strategic planning, organizational positioning, governance processes, and more,” said PHS President & CEO Dan Lindh. “He was a great husband, father, grandfather, great grandfather, mentor, friend and a Christian with strong faith in his Savior.”

PHS extends our love and prayers to Norm’s wife, Mollie, and their entire family. We are grateful to past chair John Clymer for assuming the role of board chair for the remainder of Norm’s term.

Outgoing Board Member



Julie White joined the PHS board in 2013 and has served as board chair as well as chair of the executive, board growth and long-term availability of employees committees. Julie is the president and founder of Tapestry Solutions, LLC, a consulting company focused on strategy, leadership, organizational culture and people practices. She previously worked at Wells Fargo in leadership positions, including executive vice president and chief human resources officer.

Incoming Board Members



Laura McKnight is an attorney focused on employment law at Jackson Lewis. Laura was selected to Super Lawyers for 1999 – 2022, and Best Lawyers in America from 2015 to present. She has served on the board of trustees at Bethel University, the board of directors of Avinity, and as vice chancellor of the Episcopal Church of Minnesota, among others.



Dr. John H.L. Odom Jr. is a medical doctor specializing in sports medicine. He founded Odom Health & Wellness in 2006 and Odom Rehab in 2011, an outpatient practice predominantly serving the senior housing industry. His private practice addresses health and wellness by incorporating cutting-edge technology and a holistic approach to optimize health.



Barbara Stinnett is the founder and CEO of the Timmaron Group, a global applied technologies firm which seeks to bring better health care to all. Barb is recognized for bringing clinical, behavioral, and all ancillary services together that allow communities to thrive. She has served on multiple boards for technology and service companies.

2022 Donor, Grant and Volunteer Contributions:

\$19,663,000

In 2022, **\$19.7M** was contributed to our ministry through gifts of time by volunteers, financial gifts from donors and COVID-related grants. **Thank you!**

\$2,960,000	\$5,417,000	\$11,286,000
Volunteerism	Contributions	Grants



Foundation Funds

There are many ways that donors fund ministry goals, honor loved ones and support PHS employees.

= Number of Donors

► [Learn more: PresHomes.org/MakeAGift](https://PresHomes.org/MakeAGift)

1,316 <i>Greatest Needs</i>	194 <i>Spiritual Life</i>
644 <i>Employee Appreciation</i>	122 <i>Education Assistance</i>
125 <i>Resident Benevolence</i>	114 <i>Optage Programs</i>
130 <i>Employee Hardship</i>	28 <i>Endowment</i>



Making a Splash

Marion's Poolside Comeback

On many days, Marion, age 93, can be found gliding across the pool at her home, Carondelet Village in Saint Paul, Minn.

And just like the water that surrounds and propels her movement, an entire team was supporting Marion along her recent journey of recovery.

Last year, Marion experienced a nasty fall at her independent living apartment. Hip fractures and a head injury resulted in her stay as a guest in Carondelet Village's care center. Fiercely independent by nature, Marion suddenly felt overwhelmed.

"It would have been easy for me to stay cuddled in bed," Marion recalls.

But that's exactly where she was met by the PHS Rehab team. "They saw me when I first came to the care center and gently motivated me to get moving," Marion said. "I will forever appreciate their persistence and kindness." Able to take just a few assisted steps at the time, Marion soon progressed through short-term rehab.

Eventually, Marion was able to return to her apartment, yet she knew she needed additional support to fully regain her independence. Marion called upon further support from Optage, the home & community-based services division of PHS, then from outpatient therapy at Carondelet Village.

With their continued support and consultation, Marion experienced the pleasure of returning to most of her daily, familiar routines.

Still, she had one final goal in mind: returning to the pool. Such would require seamless coordination from a support team, including occupational therapy, physical therapy and fitness staff.

Marion relearned how to open the heavy doors to the pool, use the poolside shower and choose

appropriate footwear (Crocs!) to avoid a slip and fall. Fitness staff determined Marion's readiness inside the pool.

As soon as Marion made her comeback, therapy and fitness staff cried out to one another, "Marion's in the pool!" and quickly lined up to cheer from the expansive window overlooking the pool.

Occupational Therapist Jen Schroeder recalls those first, frequent visits: "She'd always be

looking up, watching for us, and then give us a big wave.

"We establish a rapport with the people in our care, like Marion, and it carries over," says Jen. "They inspire us, but I think we inspire them too. Because we're cheerleading them along the whole journey."

That's the nature of being beloved. Someone is in your corner. Assisting. Cheering. Encouraging. Caring.

► [Read more: PresHomes.org/Marion](https://PresHomes.org/Marion)

“

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Our *Hannah* Credits God for Enabling Her to Uplift Others

Hannah Solomon, a much-loved culinary server at PHS' Lexington Landing, has earned a warm embrace by an entire community.

One resident stated, "Hannah instantly remembers your name as soon as you move in. As a server, she knows your 'favorites' and comes with what you need. She always smiles, and her giggle is contagious."

Another resident reports, "Hannah calls us all by name, she greets us with love, and she remembers who we are. She is an artist of people!"

Hannah quickly admits it's not about her — but her relationship with Christ. She feels any praise she receives is evidence of God's real presence in her life. "It can't be me because sometimes I don't feel positive," she explains.

"Someone nicknamed her 'Sunshine,'" observes one resident. "That's her effect on me."

► [Read more: PresHomes.org/Hannah](https://PresHomes.org/Hannah)



Woodchucks Practice 'Building With Love'

► [Read more: PresHomes.org/Woodchucks](https://PresHomes.org/Woodchucks)

Not too long ago, a group of residents at PHS' SummerHouse of Shorview set out to refurbish a cluttered woodshop. Some residents donated their tools; others donated money. Still others helped plan, organize, label, catalog and index the woodshop tools so that shop users could easily find what they needed. Others simply "pitched in" to help wherever they could.

The effort exemplified the best of using everyone's gifts for the benefit of all.

These "Woodchucks" provide free services and repairs for community residents. Dull knives get sharpened. Broken picture frames are restored. Wobbly chairs are brought "back to level." Furniture gets refinished.

For those who are hurting, the Woodchucks provide a community where residents are heard, known and loved, occasionally through words and often through acts of kindness. Woodchuck "comfort crosses" also remind recipients that they are beloved by God.



Blessing Inspires Israel's *Calling as a Caregiver*

As a young man in Kenya, Israel Omariba seized one last chance to visit his grandfather. Arriving at his grandfather's village, he discovered his grandfather in grave condition. Instinctively, he began to provide care. A change of clean clothes — plus a haircut and shave — refreshed his grandfather.

Turning to Israel, his grandfather blessed him with these prophetic words: "Your hands will bless many people."

Soon Israel's life began to unfold according to his grandfather's blessing. Within two years of immigrating to the United States, Israel felt drawn to PHS and its mission.

Almost 25 years later, Israel reflects on the work of his hands and his growth with PHS, from nursing assistant to RN to clinical administrator. "I still look at myself as a caregiver," Israel says. "My number one motivation is being connected to the resident and knowing their stories, who they are."

► [Read more: PresHomes.org/Israel](https://PresHomes.org/Israel)

To read more "Beloved" stories, visit PresHomes.org/Blog.

Beloved

Our ministry is grounded in honoring God and serving God's people, specifically older adults. This work flows from being "beloved" by God and from being called to extend God's love to others.

“

Near the cross of Jesus stood his mother. ... When Jesus saw his mother there, and the disciple whom he loved standing nearby, he said to her, 'Woman, here is your son,' and to the disciple, 'Here is your mother.' From that time on, this disciple took her into his home."

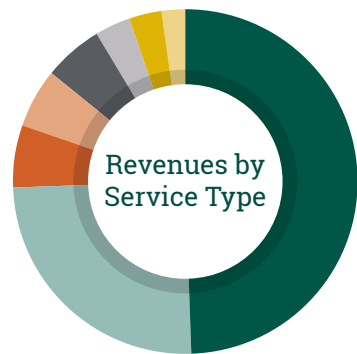
John 19:25-27

Get to know the biblical framework of our ministry.

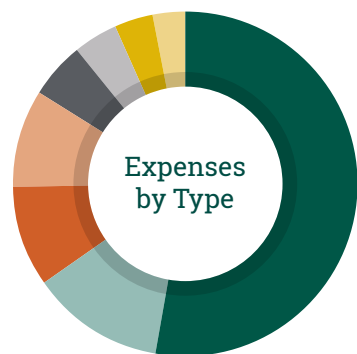
► [Read more: PresHomes.org/BiblicalFramework](https://PresHomes.org/BiblicalFramework)

Total Revenues (excluding partnered revenue, dollar amount in millions)

2016	2017	2018	2019	2020	2021	2022
\$369.1	\$390.6	\$420.6	\$454.3	\$464.4	\$487.4	\$493.3



- 49.5% Housing with Services
- 25.0% Long Term Care
- 5.9% Optage
- 5.7% Transitional Care
- 5.4% New Projects / Ancillaries
- 3.4% Foundation and COVID Grants
- 3.1% Senior Housing Partners
- 2.0% Standalone Housing



- 53.0% Payroll / Benefits
- 12.5% Depreciation
- 9.6% Interest
- 9.0% Supplies
- 5.3% Other
- 4.2% Utilities
- 3.7% Food
- 2.9% Property Tax

Consolidated Statements of Operations

(dollar amount in thousands)

	2021	2022
Total Revenue	\$487,422	\$493,336
Operating Revenue	\$462,681	\$476,633
Contribution Revenue	\$4,051	\$5,417
COVID Grant Revenue	\$20,690	\$11,286
Total Operating Expenses	\$456,752	\$499,483
Services to Residents	\$285,895	\$315,740
General and Administrative	\$72,687	\$73,429
Interest	\$41,411	\$47,874
Depreciation and Amortization	\$56,759	\$62,440
Excess of Revenue Over Expense Operations Only	\$5,929	\$(22,850)
Excess of Revenue Over Expense Non-Operating	\$40,966	\$10,177
Excess of Revenue Over Expense	\$46,895	\$(12,673)

Consolidated Statements of Financial Position

(dollar amount in thousands)

	2021	2022
Total Assets	\$1,735,532	\$1,875,609
Current Assets	\$173,352	\$156,727
Endowment	\$101,541	\$81,830
Other Investments and Assets	\$202,601	\$188,994
Property and Equipment	\$1,258,038	\$1,448,058
Total Liabilities and Net Assets	\$1,735,532	\$1,875,609
Current Liabilities	\$121,074	\$119,610
Long-Term Debt and Other Obligations	\$1,239,714	\$1,393,928
Net Assets	\$374,744	\$362,071

Gratitude Amidst Challenges

Operational and Market Headwinds Test Senior Living Providers

2022 was the first year in more than a decade that PHS saw a negative financial margin. As a nonprofit organization, PHS is blessed with a higher calling than profits, but as good stewards, we need positive margins to reinvest in our communities, maintain our commitments to moderate- and low-income older adults and stay competitive in the labor market.

Like most businesses, PHS and other senior living providers faced the dual headwinds of a national inflation rate averaging 8% and historic workforce shortages.

We faced the painful experience of sometimes having to turn away older adults seeking our services. Approximately 20% of our skilled care center capacity was out of service in 2022 due to staffing shortages, impacting topline revenue by \$30 million.

Amidst this labor shortage, we devoted significant time and energy to recruitment and engagement strategies. This resulted in an investment of over \$17 million in wage increases, including up to 15% for roles where the labor market is most challenged.

With more than half of total expenses represented by employee wages and benefits, our job as stewards of this ministry is to manage the tension between the cost that residents can pay for services they want and what employees need to live and thrive.

The National Investment Center, which tracks data across the senior living sector, reported that 2022

saw the highest rate of rent growth since they started tracking data. This included an average 7.9% annual rent growth for the Minneapolis metro market where most PHS communities are located.

We were blessed by residents who expressed their understanding despite unusually high rent increases, and we were humbled by employees who made donations back to the ministry even as their wages didn't keep up with inflation. Just as individuals saw their investment portfolios struggle in 2022 with the S&P 500 down 19.4%, PHS also experienced investment losses of nearly \$18 million in the fiscal year.

2022 was a year that truly tested organizations, and PHS is fortunate to be in a more stable financial position than most of our peers, largely due to our balanced portfolio of services and loyal partners in ministry. PHS continues to have a positive cash flow so that we can make investments in our people, services and buildings, and we are conservatively budgeted for a positive margin in 2023.

We are grateful to God, who provides for our ministry, and to our residents, employees, volunteers and donors who enable PHS to thrive, even in challenging circumstances. We approach the next year taking steps of faith into an unknown future.

Mark Meyer
Chief Financial Officer
Presbyterian Homes & Services



PHS is fortunate to be in a more stable financial position than most of our peers, largely due to our balanced portfolio of services and loyal partners in ministry."

Mark Meyer



Marvella



Orchard Path



Mount Carmel Bluffs

Senior Housing Partners

Living Well Starts Here

2022 brought a myriad of blessings to Senior Housing Partners, the development arm of PHS. New and exciting community developments and repositionings benefited current and future residents, their families, and our valued staff.

More than 850 PHS apartment homes were in active construction last year, including communities in: Dubuque, Iowa (Mount Carmel Bluffs Phase 2); Cedar Rapids, Iowa (HallMar Village); Muskego, Wis. (Stair Crest); Apple Valley, Minn. (Orchard Path Phase 2); and in the Highland Park neighborhood of Saint Paul, Minn. (Marvella).

These projects also included new affordable housing apartments on the campus of The Deerfield in New Richmond, Wis., which are already 100% leased and are scheduled to open in summer 2023.

Each new community brings us more opportunities to serve older adults, provide health care when needed and fulfill our motto of creating smiles in the eyes of those we serve. Over the long-term, these high-demand communities also strengthen PHS finances and our entire ministry.

As we strive to meet our strategic goals, we look to our mission of honoring God by enriching the lives and touching the hearts of older adults. We realize

that we can be most effective in achieving our mission by leveraging and sharing the gifts and talents of our team with other organizations.

“Each of you should use whatever gift you have received to serve others, faithfully administering God’s grace in its various forms.” – 1 Peter 4:10

In 2022, Senior Housing Partners provided strategic development support and consultation to like-minded nonprofit faith-based senior living operators across the country, helping them expand their missions. With a geographic footprint that extends from Seattle to Washington, D.C., and from Minneapolis to Phoenix, PHS is assisting in the planning, development and construction of more than \$600 million of middle-market senior living projects.

We are excited about the future while mindful of the challenges and opportunities that need to be met along the way.

Jon Fletcher
Senior Vice President
Presbyterian Homes & Services & Senior Housing Partners

Good Stewardship Includes Renovations

PHS has 59 senior living communities across three states. Keeping these properties attractive and operating efficiently requires constant attention and care. As owners or co-owners of these communities, we invest in them for the long haul.

In fiscal year 2022, PHS conducted renovations on eight of our campuses including: Ridgeview Terrace, Bloomington, Minn.; Beacon Hill, Minnetonka, Minn.; Avalon Square, Waukesha, Wis.; Timber Hills, Inver Grove Heights, Minn.; Presbyterian Homes of Bloomington (Minn.); Main Street Village, Richfield, Minn.; GracePointe Crossings, Cambridge, Minn.; and EagleCrest, Roseville, Minn.

The renovations — both major and minor — were carried out by an internal team of designers, procurement specialists, project managers and facilities managers. Renovation work impacted both common areas — such as lobbies, dining areas, wellness centers, club lounges, libraries and more — and resident apartments.

Major renovation work included updating building exteriors, like siding, roofing and landscaping. Apartment renovation work included replacing kitchen cabinets, countertops, appliances, light fixtures, window treatments, bathroom vanities and accessories, and, in some instances, kitchen and bathroom floors.

PHS brings a holistic approach to renovation work, marrying design and engineering functions. This enables the team to draw from both renovation capital and engineering capital when updating PHS campuses.

“Our goal is to provide residents with updated and comfortable environments in a timely manner,” says David Millett, vice president of facilities management.

Brighter, fresher campuses are the result and well-maintained communities will continue to be a hallmark of PHS.

► [Read more: PresHomes.org/Renovations](https://www.PresHomes.org/Renovations)



GracePointe Crossing



Timber Hills

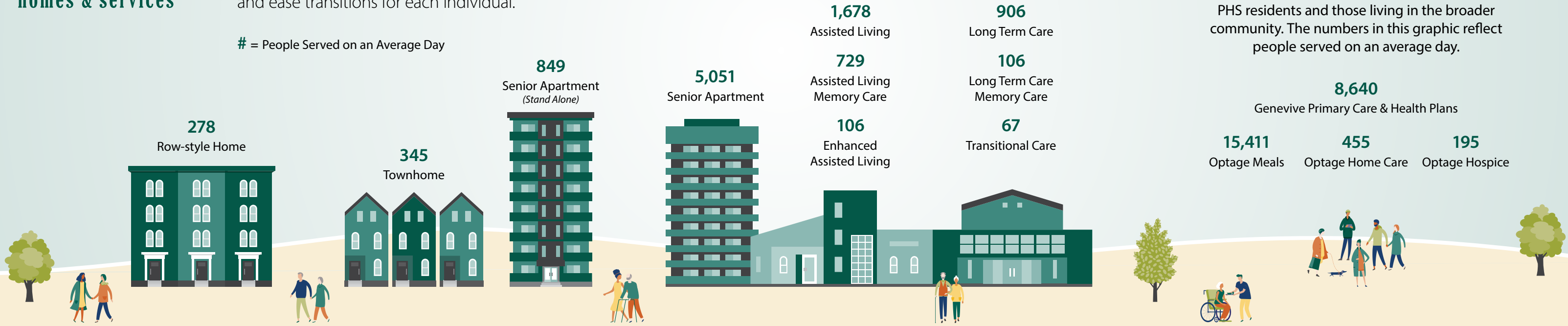


Mainstreet Village



PHS offers more than 15 distinct living options and service divisions, and we continue to enhance our overall model to expand choices and ease transitions for each individual.

= People Served on an Average Day



Home & Community Services

Our services provide care and assistance to both PHS residents and those living in the broader community. The numbers in this graphic reflect people served on an average day.



MEALS | HOME CARE | HOSPICE

Support to Live Well

There may be times in life when we need support to maintain our quality of life, autonomy and comfort to remain at home. Optage works with clients, physicians, family members and community staff to coordinate services for clients' health and well-being through nutritious meals, skilled home care or hospice support.

Recently, PHS created a new brand identity for Optage. This included a new logo with a stylized flame symbolizing the presence of God's Holy Spirit, as well as a fish within the flame, an ancient symbol of Christian fellowship.

“ This is the message we have heard from Him and declare to you: God is Light; in Him there is no darkness at all.” *1 John 1:5*
Where there is light, there is hope.



Meals

Optage Meals boosts clients' nutrition, health and independence with home-delivered meals. Through its extensive meal options, Optage provided 1.3 million meals in 2022, with 70% to individuals facing food insecurity.



Home Care

Optage Home Care provides skilled nursing and rehabilitation services prescribed by clients' doctors. Personalized care is delivered at clients' homes to treat chronic conditions and recovery from illness, injury and surgery.



Hospice

Optage Hospice helps clients navigate the end of life with grace. The Optage team supports those with life-limiting conditions through pain management, education and spiritual care.



Genevive is a geriatric medical practice and care management organization co-owned by PHS providing comprehensive care for older adults.

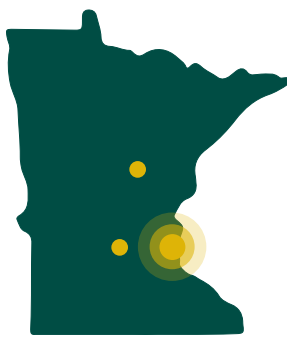


In 2022, PHS partnered with Radius Living Rx, a geriatric-focused pharmacy incorporating genomic testing and integrating "big data" to form optimal health and economic outcomes for older adults.

Who We Are

Presbyterian Homes & Services, based in St. Paul, Minn., is a nonprofit, faith-based organization providing a broad array of housing choices, and care and service options for older adults.

More than 7,300 employees serve in excess of 24,000 older adults through 59 PHS-affiliated senior living communities in Minnesota, Iowa and Wisconsin, and through Optage® home and community services. PHS is also co-owner of Genevive, the largest geriatric primary care practice in Minnesota, providing comprehensive care for more than 15,000 older adults. Established in 1955, PHS has earned the reputation as an innovative leader concerned with promoting independence, vitality and well-being.



MINNESOTA – 47

Minneapolis-St. Paul Metro (45)
Hutchinson • Crosby



WISCONSIN – 7

Milwaukee Suburbs (5)
Hudson • New Richmond



IOWA – 5

Ankeny • Clive • Council Bluffs
Dubuque • Williamsburg