



better TOGETHER

2021 ANNUAL REPORT

“

Let us hold unswervingly to the hope we profess, for he who promised is faithful. And let us consider how we may spur one another on toward love and good deeds...”

– Hebrews 10:23-24

Dear Friends of Presbyterian Homes & Services,

With this report, we give testimony to God's faithfulness and the transformative power of people living together in hope. The last two years have shown us that we walk a path guided not by perfect knowledge, but in taking steps of faith.

We entitle this report "better together" because of the many ways we have found resilience and hope in community. This experience of togetherness is at the heart of our Mission and results in the blessing of lives filled with purpose. Only together can we live into God's larger view for our lives.

In 2021, our 66th year of ministry, we were blessed to:

- Partner with 7,105 employees and 2,186 volunteers
- Experience the joy of serving 26,107 older adults at PHS and through Optage
- Enhance the care of an additional 15,936 people beyond our walls through our partnership with Genevive, the largest geriatric primary care practice in Minnesota
- Make the most significant total wage increase in our history—more than \$17 million
- Provide a second round of Covid appreciation pay to employees, totaling more than \$4 million
- Receive \$4.1 million in charitable support from 2,649 donors to meet the needs of low-income older adults, fund our commitments to spiritual care and support employees
- Grow PHS endowment funds to more than \$100 million
- Provide \$4.9 million in benevolence to help residents bridge financial gaps

In this report you can read some of the stories that touched our hearts and learn about some of the operational challenges that tested our resolve and proved the value and stability of Presbyterian Homes & Services.

On behalf of the Board of Directors, thank you for your faithful and generous support and partnership in ministry.

Together in Christ,



Norman C. Wenck
Board Chair
Presbyterian Homes & Services



Daniel A. Lindh
President & CEO
Presbyterian Homes & Services

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

2022 Board Members

Norman Wenck
Chair

James Green
Vice Chair

John Clymer
Immediate Past Chair

Julie White
Past Chair

Theodore Chien

Jay Coughlan

Brad Hewitt

Molly Lagermeier

Paula Norbom

Jeffrey Rageth

Sheryl Ramstad

Janet Sommers

Ex-officio

Elona Street-Stewart
Synod Representative

Officers

Daniel Lindh
President and CEO

Mark Meyer
Treasurer and CFO

Janna Severance
*Co-Secretary and
Co-Legal Counsel*

Peter Gregory
*Co-Secretary and
Co-Legal Counsel*

Since 1953, when PHS was incorporated, strong volunteer leadership and governance have been a hallmark of our ministry. The purpose of the Board of Directors is to be a steward in ensuring that the Mission of PHS is achieved. Governance is about creating the future; about building what can be out of what is; about creating a dynamic community by linking the organization to an even wider and more involved community of stakeholders. Modeled after Acts 6, Board members are selected because they "are known to be full of the Spirit and wisdom."

Outgoing Board Member



David Wessner was the CEO of Park Nicollet Clinics and led efforts to introduce LEAN techniques into the health care environment. David has served as executive producer at Thinking Man Films, including producer of the *Patterns of Evidence: Exodus* documentary. David also served on a number of boards, including The ServiceMaster Company, Commonwealth Bank, Minnesota Hospital Association, and co-chaired the Community University Board at the University of Minnesota. He was also a Senior Fellow in Residence at the University of Minnesota.

Incoming Board Member



Jay Coughlan is Chief Executive and Managing Director of Coughlan Consulting, a company that provides CEO coaching to leaders of emerging companies. Jay has successfully led two companies through turnarounds, business integrations, periods of rapid business growth, and mergers and acquisitions. Jay has served in both the private and public sectors including Chairman and CEO of XRS Corporation and CEO of Lawson Software. During his tenure as board chair of Minnesota Teen Challenge, the organization doubled in size, becoming one of the largest non-profits in Minnesota.

One of our greatest joys is to witness the clear examples of how Presbyterian Homes & Services is a shared ministry. Thousands of donors and volunteers use their gifts to administer God's grace and extend the reach of our Mission.

2021 Donor, Grant and Volunteer Contributions:

\$26,726,000

In 2021, **\$26.7M** was contributed to our ministry through gifts of time by volunteers, financial gifts from donors and Covid-related grants. **Thank you!**

2.6K
Donors

2.2K
Volunteers



\$1,985,000
Volunteerism

\$4,051,000
Contributions

\$20,690,000
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://www.PresHomes.org/MakeAGift)

“

Better Together—
that’s what
leadership is.”

— Blake Boche, Campus Administrator



How often in these past two years of quarantines and Covid restrictions have we realized how much we want to be together? Being together makes us happy. Being together helps us thrive. Being together just makes us better. Here are a handful of the many stories that inspired us this year.



Then I Met Aminga

Folkestone resident Dennis overcame his fears and learned to walk again with the help of nursing assistant Aminga Keago and others.

After a brain tumor operation, Dennis, a successful businessman, needed rehab and help with activities of daily living. He felt overwhelmed. “I never really stayed in a place like this, a nursing home,” he said, “so I didn’t know what to expect.”

Then Dennis met Aminga. “The man did everything he possibly could to make me feel welcomed and comfortable...” Dennis reflected with gratitude.

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



The Music Only Gets Better as You Grow Older

In Eden Prairie, MN, two long-time jazz musicians became instant friends over reviving their musical dreams—to the delight of their new Flagstone neighbors.

Resident Roy Prohofsky, the band’s keyboardist, reflects. “It’s tremendous, life changing. I really wondered if I could bring it back. And as soon as we got the guys together and they called the tunes, things I hadn’t played in decades and couldn’t name... came back.”

Resident Dick Petersen, who leads on banjo and guitar, says the newly formed band’s mission is to “make people smile and just feel good.”

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



Career Pathways Made Possible Here

Archie Makayi interns with Campus Administrator Blake Boche at Norris Square. The first of its kind at PHS, this internship helps pave the way for Archie to earn his Licensed Assisted Living Director designation based on new licensure standards in Minnesota.

“The fact I am experiencing this internship,” said Archie, “I think gives others from different backgrounds a game plan for what is possible.”

“Better Together—that’s what leadership is,” Blake explains. “It’s just creating an environment where we work together as much as possible and remove any barriers.”

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



To read more “Better Together” stories, visit PresHomes.org/Blog.



A Living Miracle: Bindu’s Story

Johanna Shores nursing assistant Bindu Taylor-Jleh’s miraculous healing strengthened our hope during the pandemic.

After Bindu contracted Covid and suffered cardiac arrests, doctors worked to sustain her life on a ventilator and cure her with antibiotics. Immediately, the PHS family started praying and donating paid time-off hours to support Bindu and her family. Bindu says the prayers and support of her PHS family made a “big, big difference.”

“After all of that,” Bindu said, “the good Lord brought me through.” Her path of healing included a stay at Langton Shores transitional care and support from Optage Home Care.

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

Daily headlines report how employers are experiencing a significant shortage of qualified workers, and this is certainly true among aging services providers. Many older adults are anxiously waiting to receive the services they need as providers and family caregivers are stretched thin.

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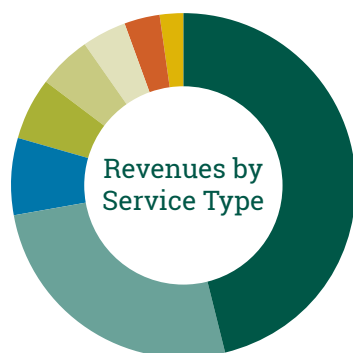
As Jesus said to his disciples, “The harvest is plentiful, but the workers are few. Ask the Lord of the harvest, therefore, to send out workers into his harvest field.”

— *Matthew 9:37-38*

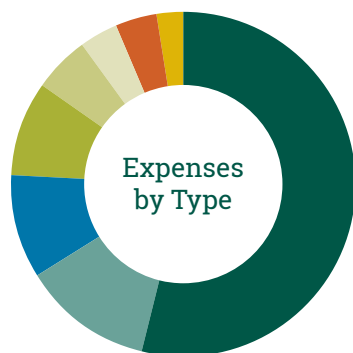
Prayer sustains and anchors our ministry. We invite all people of prayer to ask God to send workers and volunteers for such a time as this.

Will you please join us?

► PresHomes.org/PeopleOfPrayer



- 46.3% Housing with Services
- 25.9% Long Term Care
- 7.2% Transitional Care
- 5.9% Optage
- 5.1% Foundation & Covid Grants
- 4.0% New Projects / Ancillaries
- 3.4% Senior Housing Partners
- 2.1% Standalone Housing



- 53.9% Payroll / Benefits
- 12.4% Depreciation
- 9.6% Supplies
- 9.0% Interest
- 5.2% Other
- 3.6% Food
- 3.8% Utilities
- 2.5% Property Tax

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

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

Consolidated Statements of Operations

(dollar amount in thousands)

	2020	2021
Total Revenue	\$464,379	\$487,422
Operating Revenue	\$450,621	\$462,681
Contribution Revenue	\$7,762	\$4,051
Covid Grant Revenue	\$5,996	\$20,690
Total Operating Expenses	\$437,370	\$456,752
Services to Residents	\$277,947	\$285,895
General and Administrative	\$66,147	\$72,687
Interest	\$39,261	\$41,411
Depreciation and Amortization	\$54,015	\$56,759
Excess of Revenue Over Expense Operations Only	\$13,251	\$5,929
Excess of Revenue Over Expenses Non-Operating	\$8,699	\$40,966
Excess of Revenue Over Expense	\$21,950	\$46,895

Consolidated Statements of Financial Position

(dollar amount in thousands)

	2020	2021
Total Assets	\$1,641,824	\$1,735,532
Current Assets	\$158,168	\$173,352
Endowment	\$76,266	\$101,541
Other Investments and Assets	\$180,531	\$202,601
Property and Equipment	\$1,226,859	\$1,258,038
Total Liabilities and Net Assets	\$1,641,824	\$1,735,532
Current Liabilities	\$110,733	\$121,074
Long-Term Debt and Other Obligations	\$1,203,242	\$1,239,714
Net Assets	\$327,849	\$374,744

Operational challenges offset by balanced portfolio, Covid grants, and investment returns

2021 was a unique year in many ways. As we learned to live with Covid, we saw respite from most of the severe health outcomes from earlier in the pandemic, but the lingering impact of exposures and mandatory medical leaves compounded an already tight workforce situation.

We are experiencing the tightest labor market in our ministry's history and we are devoting significant time and energy to recruitment and engagement strategies. One of these efforts was to implement the most significant wage increase in our history, with the highest increases for direct service roles.

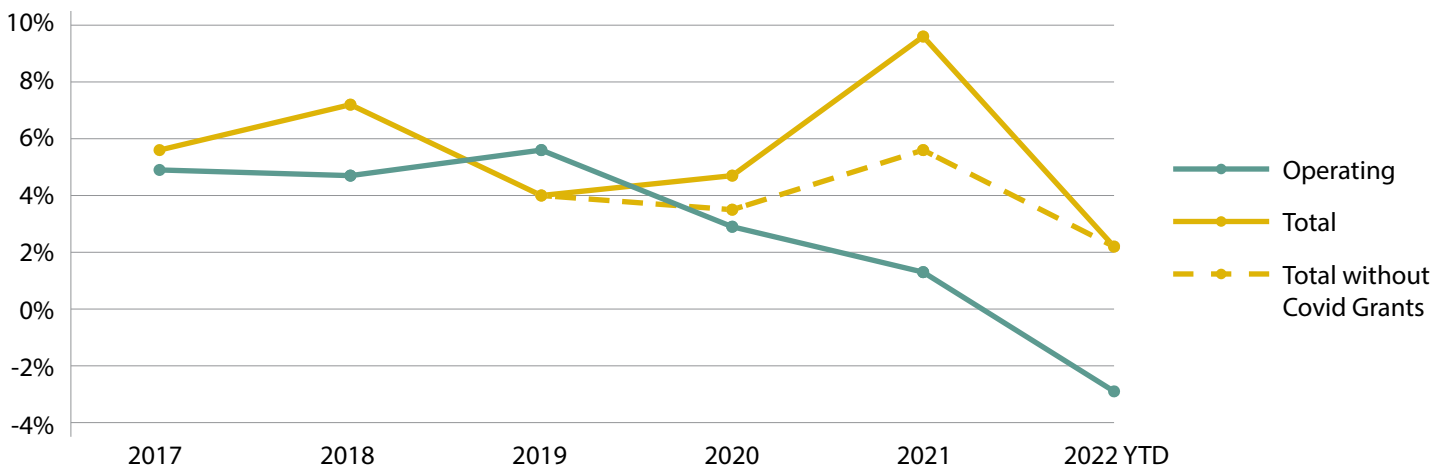
As with other providers, staffing challenges resulted in the painful experience of sometimes having to turn away older adults seeking our services. This impacted topline revenue by \$30M. At the same time, we saw the U.S. annual inflation rate rise to 7%, the highest rate since the early 1980s. PHS saw increases in food costs (6.1%), utilities (30%), insurance (10%), and employee medical

benefits (19%). Given rising costs and lost revenue, operating margin is trending negative in early 2022. We need margins of 4% to stay competitive in the labor market, maintain our beautiful communities, invest in new services and maintain our commitments to low-income older adults.

All this said, PHS is fortunate to be in a much more stable financial position than most of our peers, largely due to our balanced portfolio of services. Total margin was also buoyed in 2021 by over \$20M in Covid-related grants and over \$20M in unrealized investment gains from the strong equity market. We are grateful for these non-operating incomes even as we know that such sources of income can't be relied on for future planning.

As a nonprofit organization, we are committed to be good stewards of the resources entrusted to us, and even more importantly, to honor the Mission entrusted to us.

PHS Margin

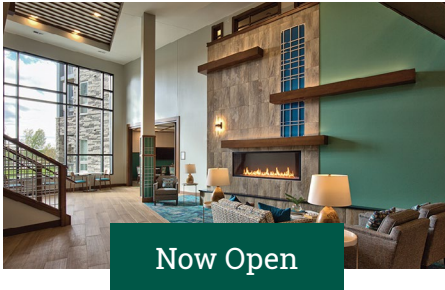


New PHS Communities



Mount Carmel Bluffs | Dubuque, Iowa | MountCarmelBluffs.org

In early 2021, construction was completed on phase 1 of Mount Carmel Bluffs, a shared ministry of the Sisters of Charity, BVM and PHS located on the scenic bluffs of the Mississippi River in Dubuque. The project has transformed the 125-year-old campus adding 40 enriched living apartments, 21 memory care apartments and 60 long term care suites. A second phase will include 115 senior living apartments and additional town center amenities.



Flagstone | Eden Prairie, Minnesota | FlagstonePHS.org

In fall 2021, Castle Ridge residents moved to their new home at Flagstone, the master-planned redevelopment featuring senior housing, market rate apartments and retail. This new community includes 148 senior apartments, 40 assisted living apartments, 18 memory care apartments and 72 long term care suites. A town center offers residents a variety of amenities, including a pool, pickleball court, firepit, outdoor yoga studio and putting green.



Marvella | St. Paul, Minnesota | MarvellaPHS.org

Anticipated to open winter 2022/2023, Marvella is located in the heart of the new Highland Bridge neighborhood. Residents will be just steps away from restaurants, grocery stores and greenspace. Marvella will also feature vibrant amenities like a pool, wellness center, chapel and various dining options. The community will include 220 senior apartments, 40 assisted living apartments and 40 memory care apartments. Marvella is a play on the word “marvelous.”



Stair Crest | Muskego, Wisconsin | StairCrest.org

Scheduled to open in spring 2023, Stair Crest will be our sixth community in collaboration with Presbyterian Homes of Wisconsin. Located on the former site of Tess-Corners Elementary School, Stair Crest will feature a spacious two-story foyer overlooking an outdoor terrace, gazebo and large pond. The community will include 80 senior apartments, 20 assisted living apartments and 20 memory care apartments.

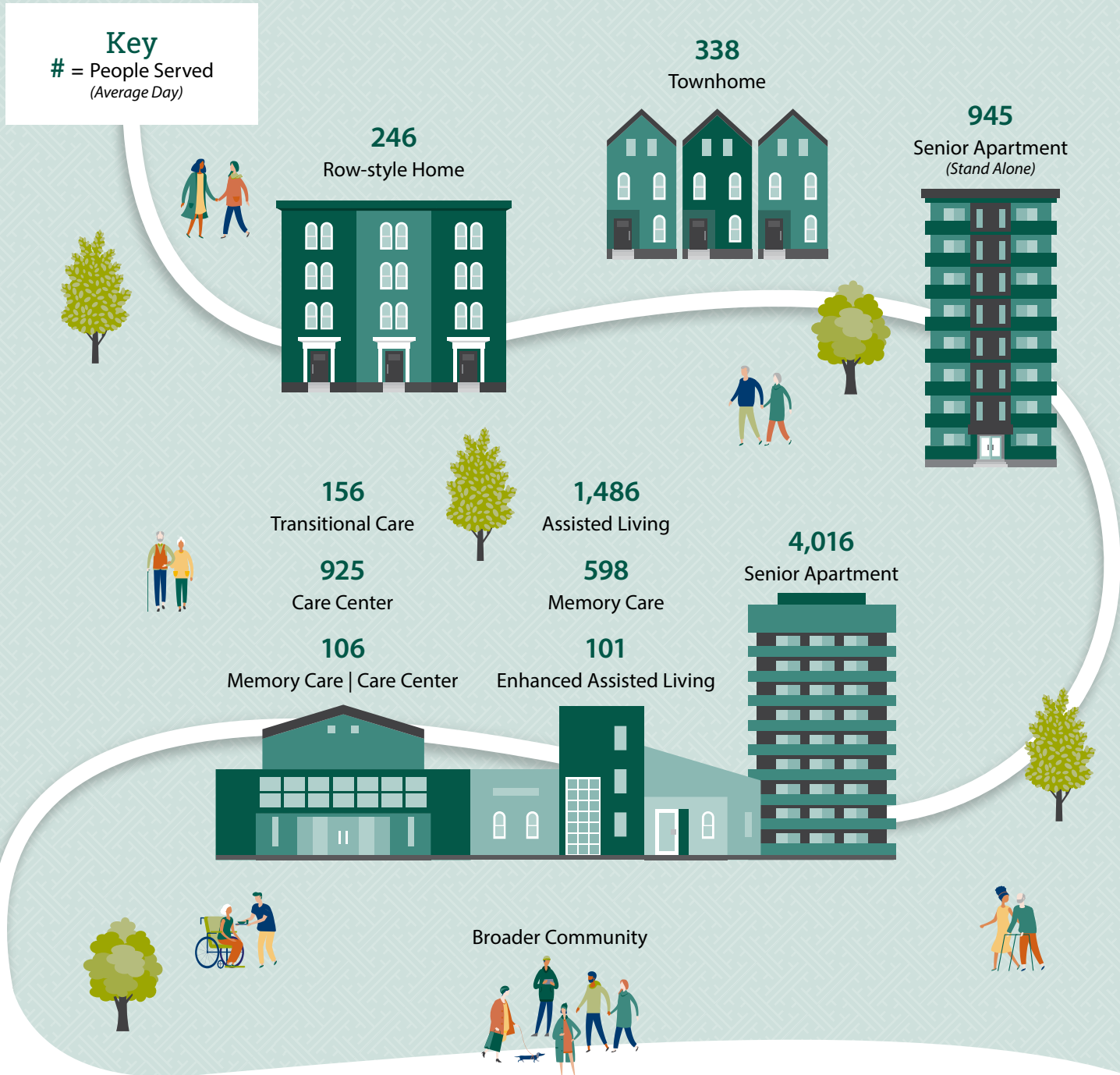


HallMar Village | Cedar Rapids, Iowa | HallMarVillagePHS.org

With projected completion in fall 2023, HallMar Village is a joint ministry of Mercy Medical Center and PHS. HallMar Village will include 117 senior apartments, 40 assisted living apartments, 20 memory care apartments and 60 long term care suites as well as an expansive town center. HallMar Village will also be home to the Chris & Suzy DeWolf Family Innovation Center for Aging & Dementia.

Senior Housing Partners, the development arm of PHS, also provides consulting, project development and marketing services to other non-profit senior housing organizations across the nation. Demand is growing for their services.

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.



Home & Community Services

Our services provide care and assistance to both PHS residents and those living in the broader community.

7,598
Genevive Primary
Care & Health Plans

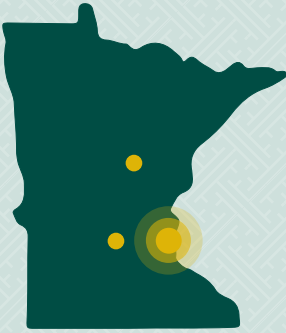
418
Optage
Home Care

204
Optage
Hospice

15,233
Optage Senior
Dining Choices

Who We Are

Presbyterian Homes & Services (PHS), based in St. Paul, Minnesota, is a non-profit, faith-based organization providing a broad array of high quality housing choices, and care and service options for older adults. Over 7,100 employees serve more than 26,000 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 over 15,000 older adults. Established in 1955, PHS has earned the reputation as an innovative leader concerned with promoting independence, vitality and well-being for those they serve.



MINNESOTA – 45



Minneapolis-St. Paul Metro (43)
Hutchinson • Crosby



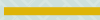
WISCONSIN – 8



Milwaukee Suburbs (6)
Hudson • New Richmond



IOWA – 6



Ankeny • Cedar Rapids • Clive
Council Bluffs • Dubuque • Williamsburg



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