“Lord, you alone are my portion and my cup; you make my lot secure.
The boundary lines have fallen for me in pleasant places; surely I have a delightful inheritance.
I will praise the Lord, who counsels me; even at night my heart instructs me.
I keep my eyes always on the Lord.
With him at my right hand, I will not be shaken.
Therefore my heart is glad and my tongue rejoices; my body also will rest secure,
because you will not abandon me to the realm of the dead, nor will you let your faithful one see decay.
You make known to me the path of life; you will fill me with joy in your presence,
with eternal pleasures at your right hand.” ~ Psalm 16:5-11
Dear Friends of Presbyterian Homes & Services:

With this report, we give thanks for our many partners in ministry. We give thanks for being entrusted with a truly God-honoring mission. We give thanks for all those who have gone before us.

This report illustrates our aim to answer the call of discipleship and service—to laugh with those who laugh, and cry with those who cry; to serve wholeheartedly, as if serving the Lord.

This was a truly meaningful year of ministry. We were blessed to have:
• made a difference in the lives of over 26,000 older adults
• partnered with over 6,300 employees and more than 4,000 volunteers
• received $5.5 million in charitable support from nearly 2,900 donors to help fund our commitments to spiritual care, meeting the needs of low-income older adults and extending our mission
• extended Benevolence support of $2.2 million to help residents weather financial hardships
• expanded our continuum of care into the broader community through our Optage® home and community services
• extended our project development capacity to help advance the missions of 9 other faith-based, non-profit providers around the country

Amidst a declining labor market and unprecedented demographic shifts that call us to serve more people with greater sophistication, the Board of Directors focused strategic work in 2016 on our long-term availability of employees and a study of potential new geographic areas in which to serve. This work furthers our strategic priorities to expand in scope and reach of services to 80 communities and to more than double the reach of our Optage home and community services by 2030.

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

Together in Christ,

Kenny Larson
Board Chair
Presbyterian Homes & Services

Daniel A. Lindh
President & CEO
Presbyterian Homes & Services

“But among you it will be different. Whoever wants to be a leader among you must be your servant.”
~ Matthew 20:26
NEW MEMBER

Jon Fletcher is Senior Development Manager for Lennar Multifamily Communities based in Minneapolis, Minnesota. As a mixed-use and multifamily commercial real estate professional, Jon has expertise in development, financing, construction, leasing, operations, asset management and environmentally contaminated site remediation. He has led projects totaling over $750 million.

Jon is an honorably discharged US Army Veteran, having served in Operation Iraqi Freedom, and is a graduate of Crown College (BA/BA), University of Wisconsin-Whitewater (MBA-Finance), and Massachusetts Institute of Technology (Strategy & Innovation Certificate).

Jon also currently serves as a Planning Commissioner for the City of Brooklyn Park and on the Board of Trustees of Crown College. Jon was awarded a “40underForty” award from the Minneapolis/St. Paul Business Journal in 2012. Jon is a member of Horizons Community Church and lives in Brooklyn Park with his wife, Abby, and their two daughters.

2017 BOARD OF DIRECTORS

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Janna S. Severance, Secretary and Legal Counsel

“Brothers and sisters, choose seven from among you who are known to be full of the Spirit and wisdom. We will turn this responsibility [to care for widows] over to them and will give our attention to prayer and the ministry of the word.” ~ Acts 6:3-4
## 2016 Financials

### TOTAL REVENUES
Excluding Partnered Revenue (dollar amount in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$282.1</td>
<td>$281.8</td>
<td>$295.9</td>
<td>$325.2</td>
<td>$340.5</td>
<td>$369.1</td>
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### CONSOLIDATED STATEMENTS OF OPERATIONS
(dollar amount in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Revenue</td>
<td>$340,509</td>
<td>$369,100</td>
</tr>
<tr>
<td>Operating Revenue</td>
<td>$334,181</td>
<td>$363,626</td>
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<tr>
<td>Contribution Revenue</td>
<td>$6,328</td>
<td>$4,774</td>
</tr>
<tr>
<td>Total Operating Expenses</td>
<td>$321,215</td>
<td>$351,503</td>
</tr>
<tr>
<td>Services to Residents</td>
<td>$208,039</td>
<td>$228,160</td>
</tr>
<tr>
<td>General and Administrative</td>
<td>$41,527</td>
<td>$46,165</td>
</tr>
<tr>
<td>Interest</td>
<td>$30,790</td>
<td>$32,697</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>$40,859</td>
<td>$44,481</td>
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<tr>
<td>Non-Operating Gains (Losses)</td>
<td>$(260)</td>
<td>$(2,014)</td>
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<tr>
<td>Excess of Revenue over Expense</td>
<td>$17,280</td>
<td>$17,337</td>
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</table>

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(dollar amount in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Assets</td>
<td>$1,254,516</td>
<td>$1,286,750</td>
</tr>
<tr>
<td>Current Assets</td>
<td>$118,316</td>
<td>$120,124</td>
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<tr>
<td>Endowment</td>
<td>$53,716</td>
<td>$61,304</td>
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<tr>
<td>Other Investments and Assets</td>
<td>$172,581</td>
<td>$158,357</td>
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<tr>
<td>Property and Equipment</td>
<td>$909,903</td>
<td>$946,965</td>
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<tr>
<td>Total Liabilities and Net Assets</td>
<td>$1,254,516</td>
<td>$1,286,750</td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>$81,846</td>
<td>$81,762</td>
</tr>
<tr>
<td>Long-Term Debt and Other Obligations</td>
<td>$954,651</td>
<td>$969,632</td>
</tr>
<tr>
<td>Net Assets</td>
<td>$218,019</td>
<td>$235,356</td>
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</table>
Service and Dedication

From the beginning, it has been clear that people are the most important resource in our ministry. Every employee, volunteer and donor has a story to tell about their calling and journey, including Brian Freeberg, Optage Hospice Nurse. For more than three decades, Brian’s story has been woven together with that of PHS, from 16-year-old server, to family caregiver, to nurse. “I didn't recognize that I was on a path,” Brian reflects, but now, when he looks back on his vocation with PHS, he can see how the way was being cleared all along and he knows that he’s found his calling. Finding and developing compassionate and caring people like Brian is one of our highest priorities and one of our greatest gifts.

In 1979, at age 16, Brian started his first job as a dietary aide at the McKnight Care Center (now Johanna Shores Gables).

“I found out how much I enjoyed working closely with older adults, although it didn’t occur to me to make it a career at that point.”

Later, Brian became the primary caregiver for his father who was living with dementia. After 10 years at home, his father needed more care and moved to the McKnight Care Center. When Brian doubted his own competence as a caregiver, his father said to him, “You can't go back and change anything. If you don't feel like you did a good job, there are plenty of people to help you. Go find somebody else. If you feel like you want to do more, then do it.” His father’s wisdom resonated with him, motivating him to explore nursing as a career.

Brian returned to the care center of Johanna Shores in 2008 as a nursing assistant while attending college to study nursing.

“For the first time, I was actually happy about being at work. I connected with everyone so quickly at PHS. I felt good about the people I was working with and the people I was serving.”

Three years later, he obtained his license as a registered nurse and stepped up to the role of overnight nurse at the care center.

“PHS also helped me with education assistance. The scholarship made a huge difference by taking care of my tuition and book expenses.”

Today Brian serves as an Optage Hospice nurse—drawing on his personal and professional experiences in the unique role of providing nursing care for those facing the end of life.

Read “Brian’s Journey From Job to Ministry” on our blog at www.preshomes.org/blog.
In 2016 we were also blessed by the support of over 2,900 donors and more than 4,000 volunteers who have been inspired by the service of people like Brian. Through their financial gifts and equivalent gifts of time, these individuals contributed more than $8.6 million to the ministry of Presbyterian Homes & Services.

“\textit{You are the light of the world. A town built on a hill cannot be hidden. Neither do people light a lamp and put it under a bowl. Instead they put it on its stand, and it gives light to everyone in the house. In the same way, let your light shine before others, that they may see your good deeds and glorify your Father in heaven.}” ~ Matthew 5:14-16
New PHS Communities

Dickson Hollow
*Menomonee Falls, Wisconsin*

Dickson Hollow was completed in 2016 and offers 120 senior apartments, 42 assisted living apartments and 18 memory care suites. The $48 million community was developed in collaboration with Presbyterian Homes of Wisconsin, the eastern Wisconsin affiliate of PHS, and includes attached worship and ministry space for Living Hope Presbyterian Church. For more information, visit www.dicksonhollow.org.

Woodland Hill
*Hudson, Wisconsin*

Residents began moving into their homes at Woodland Hill in April 2016. The $47 million community is located adjacent to Hudson Hospital & Clinic and includes a medical suite for a DaVita Dialysis clinic. The community includes 95 senior apartments, 46 assisted living apartments and 19 specialty/memory care suites. For more information, visit www.woodlandhillphs.org.

Orchard Path
*Apple Valley, Minnesota*

Construction is underway for Orchard Path, a new senior living community on the western shoreline of Cobblestone Lake in Apple Valley, Minnesota. With anticipated completion in early 2018, the community will include 115 senior apartments, 58 assisted living apartments, 20 memory care suites, and a town center. To learn more, visit www.orchardpath.org.

Fairway Knoll
*Germantown, Wisconsin*

Construction on Fairway Knoll is anticipated to begin in spring 2017. Located adjacent to Blackstone Golf Course, this new community will include 92 senior apartments, 42 assisted living apartments, 18 memory care suites, and town center amenities. For more information, contact Heidi Roberts at hroberts@seniorpartners.com or 414-207-5913.
## Redevelopments

**Mill Pond**  
Ankeny, Iowa

The first phase of construction on the redevelopment of Mill Pond was completed in summer 2016, with additional phases continuing through spring 2017. The project adds new senior apartments, a full replacement of the assisted living apartments, new memory care apartments, and a remodeled care center. **For more information, visit www.millpondaphs.org.**

**Maranatha**  
Brooklyn Center, Minnesota

The final phase of Maranatha’s redevelopment is anticipated to be complete late summer 2017. The project will add 34 senior apartments. The new construction will connect to the current assisted living and care center buildings and add approximately 3,000 square feet to the existing town center. **To learn more, visit www.maranathaphs.org.**

**GracePointe Crossing**  
Cambridge, Minnesota

Anticipated to be complete in March 2018, this redevelopment includes construction of 50 new senior apartments and a new care center at the campus’ location west of the Rum River. The project will connect to the current assisted living apartments to consolidate amenities and services to enrich community life. **Learn more at www.gracepointecrossing.org.**

**Norris Square**  
Cottage Grove, Minnesota

Construction on a new 72-suite care center and an additional 64 senior apartments is scheduled to begin spring 2017. The project also includes renovation and expansion of the town center. **To learn more, visit www.phsnorrisquare.org.**

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

2016 COMMUNITY BENEFIT - $16,937,344

One of the ways that PHS lives out its mission is through a dedication to social accountability—the community benefit that is provided as a not-for-profit, faith-based organization. Added together, the services in this report have returned nearly 5 percent of PHS’ net revenues back to the community. We know that much more is offered, but not recorded.

Improving the quality of life of older adults - $5,512,537
Music, art, education, and intergenerational programs cultivate hearts and minds. Chaplains offer spiritual care. Volunteers of all ages find meaningful engagement and vocation.

Improving the health of older adults in the community - $147,873
Wellness education promotes physical activity and self-management of chronic diseases. Screenings and preventive health services help improve health outcomes. PHS is also active with the Alzheimer’s Association to help create “dementia-friendly communities.”

Improving access to needed services - $2,755,150
About 20% of PHS residents are at low or very low income and some residents are supported by HUD-subsidized rent, where PHS provides amenities and services at low or no added cost. PHS covered shortfalls from Medical Assistance reimbursements to maintain uninterrupted care and provided on-site space for medical and dental clinics, banking services, and tax preparation.

Helping contain costs of care and services - $2,236,762
PHS turns to its Benevolence Fund to help individuals bridge the gap between income and expenses. The Elderly Waiver program also assists eligible older adults who, with adequate care and support, are able to remain in assisted living.

Reaching out to underserved persons - $5,904,992
Optage Senior Dining Choices served over 1.5 million meals in 2016 to support healthy eating, with 70% going to low income seniors, often without obligation to pay. Residents and staff also reach out to help people in need through food, clothing and toy drives, special outreach initiatives and veterans’ recognitions.

Demonstrating leadership - $380,031
PHS staff offer their time and talents to the local community and non-profit senior housing and services organizations as speakers, trainers, board members, professional event hosts and more.
Who We Are

Presbyterian Homes & Services, based in St. Paul, Minnesota, is a non-profit, faith-based organization providing a broad array of high quality housing choices, care and service options for older adults. 6,300 employees serve over 26,000 older adults through 43 PHS-affiliated senior living communities in Minnesota, Wisconsin and Iowa, and through Optage® home and community services. Established in 1955, PHS has earned the reputation as an innovative leader concerned with promoting independence, vitality and well-being for those we serve.

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

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

VALUES
Christian Ministry
Ready & Engaged People
Operational Integrity
Service Excellence
Stewardship

At PHS, our employee motto is “creating smiles in the eyes of the people we serve.” Many of the photos in this report were submitted by employees and residents to answer the question, “How do you create smiles?” We hope they made you smile!
## Locations

### Twin Cities-North
- EagleCrest
  - Roseville, MN
- The Farmstead
  - Andover, MN
- GracePointe Crossing
  - Cambridge, MN
- Johanna Shores
  - Arden Hills, MN
- Langton Place
  - Roseville, MN
- Maranatha
  - Brooklyn Center, MN
- The Mayfield
  - Little Canada, MN
- Mississippi Shores
  - Monticello, MN
- Oak Crest
  - Spring Lake Park, MN
- SummerHouse of Shoreview
  - Shoreview, MN
- Waverly Gardens
  - North Oaks, MN

### Twin Cities-South
- Founders Ridge
  - Bloomington, MN
- McKenna Crossing
  - Prior Lake, MN
- Presbyterian Homes of Bloomington
  - Bloomington, MN
- Ridgeview Terrace
  - Bloomington, MN
- SummerHouse of Bloomington
  - Bloomington, MN
- Timber Hills
  - Inver Grove Heights, MN
- Valley Ridge*
  - Burnsville, MN

### Twin Cities-East
- Boutwells Landing*
  - Oak Park Heights, MN
- Carondelet Village*
  - St Paul, MN
- Central Towers
  - St. Paul, MN
- Croixdale
  - Bayport, MN
- Echo Ridge
  - Oakdale, MN
- Norris Square
  - Cottage Grove, MN
- St. Andrew’s Village*
  - Mahtomedi, MN
- Stonecrest
  - Woodbury, MN

### Twin Cities-West
- Beacon Hill
  - Minnetonka, MN
- Castle Ridge
  - Eden Prairie, MN
- Folkestone
  - Wayzata, MN
- Interlude™ Restorative Suites*
  - Plymouth, MN
- Lake Minnetonka Shores
  - Spring Park, MN
- SummerWood of Chanhassen
  - Chanhassen, MN
- SummerWood of Plymouth
  - Plymouth, MN

### Twin Cities-West
- Highland Ridge
  - Williamsburg, IA
- Mill Pond
  - Ankeny, IA
- Walnut Ridge
  - Clive, IA

### Iowa
- Highland Ridge
  - Williamsburg, IA
- Mill Pond
  - Ankeny, IA
- Walnut Ridge
  - Clive, IA

### Wisconsin
- Avalon Square
  - Waukesha, WI
- The Deerfield
  - New Richmond, WI
- Dickson Hollow
  - Menomonee Falls, WI
- Kirkland Crossings
  - Pewaukee, WI
- Woodland Hill
  - Hudson, WI

*Shared-venture communities and/or managed by PHS Management, LLC

### Outstate
- Harmony River*
  - Hutchinson, MN
- Heartwood*
  - Crosby, MN

### Coming Soon!
- Orchard Path
  - Apple Valley, MN
- Fairway Knoll
  - Germantown, WI

See pages 6-7 for more updates

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**Presbyterian homes & services**

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Roseville, Minnesota 55113

651.631.6100
www.preshomes.org