Serving others in the spirit of respect.
Respect

Prayer
CEO, Board Chair and Prioress Message
Board of Directors
Respect Message
2018 Highlights
Prayer

God of Wisdom,

Your Golden Rule calls us to do unto others as we wish them to do to us.

Why do we so easily forget to put ourselves in the shoes of another person?

Help us to be sensitive to others, respecting who they are, and listening to another point of view.

In the spirit of Saint Benedict may we work to build positive relationships and form life-giving communities.

This we ask in Your holy name.

AMEN
Dear Friends,

It is our pleasure to share the Benedictine Health System 2018 Annual Report with you. Environmental and cultural changes in the world shaped how we celebrated and explored our Core Value of Respect this year. The theme of this annual report highlights the positive power of Respect through our experiences with each other. Being respectful in all situations — even those most difficult and challenging — can enhance our environment for all of us. We strive to model Respect as the foundation of community. Respect can only make where we live and work a better place for all.

Throughout the year, we at BHS worked to improve care systems as we serve aging seniors and make their lives meaningful each and every day. Because organizational stability is critical, we implemented changes to achieve stability and to meet market needs. We also focused on systems and processes to attract and retain the best workforce who will make a difference to our residents and families. And with everything we do, we remember that we are uniquely called to carry forward this special Ministry of our Sponsor, the Benedictine Sisters of St. Scholastica Monastery.

During the past year, the BHS Board of Directors, committee members and the executive team have dedicated significant time and thought to the development of our new strategic vision for 2019-2024. We’ve organized our main initiatives into the categories of perform and transform. Everything we do in the next few years will align to these elements of the strategic plan. It is exciting to anticipate how our talented and creative associates will implement this plan to advance and position our Ministry for the future.
We close this message by saying thank you to our associates, governance members, volunteers and partners whose dedication to our Mission is an inspiration as we strive to serve others as Christ.

With Peace,

Dean Fox, M.D.,
Board Chair
Benedictine Health System

Sister Beverly Raway, OSB, Prioress
St. Scholastica Monastery

Jerry Carley,
President/CEO
Benedictine Health System
Respect

Prayer
CEO, Board Chair
and Priorress Message
Board of Directors
Respect Message
2018 Highlights

Financials

Giving

BHS Communities

Board of Directors

Dean Fox, MD, FACP, chair
Roxann Daggett, vice-chair
Sister Danile Lynch, OSB, secretary
Michael Beard
Jeffrey Garland, MD, FHM
Paul Grizzell
David Hoel
Sister Beverly Horn, PhD, OSB
Sister Beverly Raway, OSB, priorress
Tim Scanlon, CPA
Carrie Shaw
Sister Joan Marie Stelman, OSB
Jay Sterns
Sister Clare Marie Trettel, OSB
Daniel Zismer, PhD
Jerry Carley, president/CEO
Kevin Rymanowski, CPA, treasurer
Respect

Small acts of deep respect and kindness make for an extraordinary life.

Woven throughout the Rule of St. Benedict are references to Respect — Respect for one another, Respect for the poor, Respect for community, Respect for the environment, Respect for persons of all ages and more. Saint Benedict’s attention to Respect tells us how important this value is to the human experience.

At BHS, we recognize how Respect can shape our work and the lives of others. We strive to treat each person with dignity and reverence through respectful words and actions. We treat our residents, family members, associates and partners with thoughtfulness and compassion. We Respect privacy and give assistance when needed. Each one of us is dedicated to honoring and supporting the spirituality of each person. Being positive in our actions and thoughts toward one another is how we demonstrate Respect.

Respect is deliberate. Respect is always directed toward or shown for a person, place or thing. We strive for the ability to see people for who they are and acknowledge and celebrate each person’s unique individuality.

Most people care deeply for the community where they live, and creating strong communities is built on Respect. Our world would be a better, more peaceful place if we treated each other, our resources and our environment with Respect. While that may seem like an insurmountable challenge, the Benedictine tradition passes on a spirituality of universal Respect that informs and inspires us each day.

A Tradition of Respect
Respect

Mission is everything and everything is Mission. We work together to make the lives of our aging seniors meaningful each day. Below are selected highlights of our fiscal year 2018.

BHS began a year-long celebration of our Sponsor — the Benedictine Sisters of St. Scholastica Monastery — and their 125th anniversary. One of the highlights was the tour of the Saint John’s Bible Heritage Edition to all of our communities across the System, giving thousands of individuals the opportunity to experience this important work of scripture and art.

“Creating, Sustaining and Celebrating Community” was the theme of our BHS Annual Leadership Conference in September. Mary Frances Skala, J.D., was honored with the Distinguished Leadership Award recognizing her years of contributions to BHS.

In December, we said farewell to our President/CEO Rocky Chapin, who retired Jan. 2, 2018, and welcomed our new CEO, Jerry Carley, as he assumed leadership of BHS.

Benedictine Living Community of St. Peter, Minn., was awarded the 2018 Bronze — Commitment to Quality Award by the American Health Care Association and National Center for Assisted Living. The award is the first of three distinctions possible through the AHCA/NCAL National Quality Award Program, which honors long-term and post-acute care providers that have demonstrated their commitment to improving the quality of care for seniors and persons with disabilities.

Madonna Living Community of Rochester, Minn., received the 2017 Non-Profit Business of the Year Award from the Rochester Area Chamber of Commerce.

Benedictine Living Community of Duluth, Minn., was featured in the opening video presentation at the national assembly for the Catholic Health Association, San Diego, Calif.
Bringing our gifts and talents to life, and serving others in the spirit of respect, is what mission integration is all about at Benedictine Health System.

Twelve BHS communities were recognized by the American Healthcare Association and National Center for Assisted Living for their achievements through the Quality Initiative Recognition Program, which honors member communities for their individual work in achieving AHCA/NCAL Quality Initiative goals.
Financials

Operations and Statistics
Balance Sheet
Census Days and Service Revenue
Collaboration
## Consolidated Statement of Operations

*Dollar amounts in thousands*

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating revenue</td>
<td>$249,533</td>
<td>$266,312</td>
<td>$272,239</td>
</tr>
<tr>
<td>Total operating expense</td>
<td>248,702</td>
<td>262,677</td>
<td>266,641</td>
</tr>
<tr>
<td>Operating income</td>
<td>831</td>
<td>3,635</td>
<td>5,598</td>
</tr>
<tr>
<td>Non-operating income</td>
<td>(6,844)</td>
<td>(5,063)</td>
<td>522</td>
</tr>
<tr>
<td><strong>EXCESS OF REVENUE OVER EXPENSE</strong></td>
<td>$(6,013)</td>
<td>$(1,428)</td>
<td>$6,120</td>
</tr>
</tbody>
</table>

### Selected Statistics

#### BED COMPLEMENT

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing beds</td>
<td>2,745</td>
<td>2,582</td>
<td>2,542</td>
</tr>
<tr>
<td>Assisted/independent units</td>
<td>2,244</td>
<td>2,261</td>
<td>2,114</td>
</tr>
<tr>
<td><strong>TOTAL BEDS/UNITS</strong></td>
<td>4,989</td>
<td>4,843</td>
<td>4,656</td>
</tr>
</tbody>
</table>

#### UTILIZATION

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing facility resident days</td>
<td>837,936</td>
<td>845,460</td>
<td>804,977</td>
</tr>
<tr>
<td>Assisted/independent days</td>
<td>666,350</td>
<td>675,720</td>
<td>648,089</td>
</tr>
<tr>
<td>Total employee full-time equivalents</td>
<td>4,089</td>
<td>3,985</td>
<td>3,734</td>
</tr>
</tbody>
</table>
# Consolidated Balance Sheet

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and investments</td>
<td>$ 42,568</td>
<td>$ 42,033</td>
<td>$ 41,610</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>29,420</td>
<td>35,174</td>
<td>28,322</td>
</tr>
<tr>
<td>Inventories and prepaid expenses</td>
<td>11,156</td>
<td>13,483</td>
<td>11,859</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td><strong>83,144</strong></td>
<td><strong>90,690</strong></td>
<td><strong>81,791</strong></td>
</tr>
<tr>
<td>Assets limited to use</td>
<td>81,081</td>
<td>70,166</td>
<td>71,037</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>236,747</td>
<td>249,650</td>
<td>257,902</td>
</tr>
<tr>
<td>Other assets</td>
<td>13,191</td>
<td>6,280</td>
<td>3,833</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>414,163</strong></td>
<td><strong>416,786</strong></td>
<td><strong>414,563</strong></td>
</tr>
</tbody>
</table>

| **LIABILITIES AND NET ASSETS** | | | |
| **CURRENT LIABILITIES** | | | |
| Accounts payable and accruals | $ 34,459 | $ 33,405 | $ 30,324 |
| Current portion long-term debt | 29,552 | 15,735 | 22,073 |
| **TOTAL CURRENT LIABILITIES** | **64,011** | **49,140** | **52,397** |
| Other liabilities | 25,907 | 32,812 | 32,690 |
| Long-term debt | 223,186 | 218,965 | 209,930 |
| Net assets | 101,059 | 115,869 | 119,546 |
| **TOTAL LIABILITIES AND NET ASSETS** | **$ 414,163** | **$ 416,786** | **$ 414,563** |
Financials

Revenue and Expenses

Revenue by Service Type
- Long-Term Care: 19%
- Transitional Care: 4%
- Housing with Services: 55%
- Other: 22%

Revenue by Payor
- Private: 15%
- Medicaid: 33%
- Medicare: 38%

Expense by Type
- Payroll/Benefits: 8%
- Supplies: 7%
- Purchased Services/Professional Fees: 5%
- Other: 22%
- Depreciation/Amortization: 8%
- Interest: 8%
- Utilities: 65%

Nursing Facility Census Days

<table>
<thead>
<tr>
<th>Year</th>
<th>Private</th>
<th>Medicaid</th>
<th>Medicare</th>
<th>Ins./Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>27.0%</td>
<td>49.1%</td>
<td>13.2%</td>
<td>10.6%</td>
</tr>
<tr>
<td>2017</td>
<td>26.9%</td>
<td>48.0%</td>
<td>13.4%</td>
<td>11.7%</td>
</tr>
<tr>
<td>2016</td>
<td>28.1%</td>
<td>47.9%</td>
<td>13.7%</td>
<td>10.2%</td>
</tr>
</tbody>
</table>
Collaboration

The Benedictine Health System is primarily comprised of communities that are owned by BHS; however, there are also Ministry Partners — in which BHS serves as co-owner or co-sponsor — and Associate Organizations, where we undertake management obligations.

<table>
<thead>
<tr>
<th>Ministry Partners</th>
<th>Associate Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>operating revenue</strong></td>
<td><strong>operating revenue</strong></td>
</tr>
<tr>
<td>2018: $71,706</td>
<td>2018: $1,305</td>
</tr>
<tr>
<td>2017: $76,249</td>
<td>2017: $1,588</td>
</tr>
<tr>
<td>2016: $72,083</td>
<td>2016: $1,595</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>total assets</strong></th>
<th><strong>total assets</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>2018: $121,172</td>
<td>2018: $3,661</td>
</tr>
<tr>
<td>2017: $141,023</td>
<td>2017: $3,685</td>
</tr>
<tr>
<td>2016: $140,570</td>
<td>2016: $3,782</td>
</tr>
</tbody>
</table>
Giving

Community Benefit
BHS Foundation
Associated Foundations
When we reflect on our Vision, it is our hope to extend beyond the walls of our organizations to assist with the health and well-being of the communities we serve. In doing so, we are caring for others as Christ and bringing special attention to aging seniors and other individuals who are underserved or who are in need.

Each year, our organizations research, plan and implement activities to meet specific community needs. When we report Community Benefit at BHS, we organize initiatives into two categories: benefits for persons living in poverty, including charity care, unpaid costs of public programs, community health improvement services, cash and in-kind contributions; and benefits for the broader community, including programs that improve community health, subsidized health services, educational programs and other activities.

The following examples illustrate three specific community benefit programs in 2018:

- Benedictine Living Community of Duluth, Minn., collaborated with exercise physiology students at the College of St. Scholastica to host a free public senior health fair. It consisted of more than 24 exhibits and interactive stations providing blood pressure and hearing aid checks, massages, strength testing and more.

- Cerenity Senior Care – Marian of Saint Paul, Minn., partnered with St. Paul College to provide hands-on learning opportunities through “Scrubs Camp” for students considering a career in senior care. More than 70 students participated in this realistic, interactive experience.

- For the last 18 years, staff, guests, residents and families at Villa St. Vincent, Crookston, Minn., have contributed to meet the nutritional needs of the less fortunate in the community. During this time, over 4,000 pounds of food and more than $20,000 has been donated to serve those with this basic need.

During fiscal year 2018, BHS provided $13,649,164 in quantifiable Community Benefit programs and activities serving 158,675 individuals in our communities.
Community Benefit

We witness to God’s love by creating compassionate communities providing support to those we serve to live fully and live well.
Giving

To live fully and well, each of us needs hope and a purpose. Opportunities to participate in community events adds purpose to the lives of residents, yet these opportunities may be limited if transportation is not readily available. This past year, Koda Living Community Foundation sought community support to purchase a handicapped-accessible bus to offer these outings on a regular basis. When asked, supporters in the community responded with gifts, large and small. The new Koda Living Community bus is nearly in the driveway.

It is out of Respect for those we serve that the Benedictine Health System Foundation and its Associated Foundations reach out to offer opportunities to others in our surrounding communities to further our Mission of care. We are thankful so many believe and are called to support our Mission. In 2018, more than $6.7 million in charitable gifts were used to fund resident and employee programs, facility improvements and equipment purchases.

In addition to gifts given to fund immediate needs, more than 40 dedicated BHS Mission supporters have chosen to create their own legacy of care. Planned gifts such as will bequests, life insurance policy designations and charitable gift annuities are just a few of the ways they sought to make a difference in the lives of those we will serve now and in the future.

At the very root of our efforts are the growing numbers of Benedictine Health System associates who not only provide quality care, but give their own resources. BHS Support Center associates, who do not provide direct care, also choose to make a difference in the lives of residents and associates with gifts to the BHSF we believe! campaign. Since its inception, we believe! has raised more than $1.1 million. These dollars have funded 39 residents’ dreams; relieved the stress of 171 associates through the Employee Emergency Fund; honored 278 BHS associates who emulate Sr. Claudia Riehl’s life and work; and much more.

Thank you to all who support the Benedictine Health System Foundation and its Associated Foundations. Your generosity extends the Core Value of Respect to so many throughout the Benedictine Health System.
Giving

Foundation

TOTAL NET ASSETS
(Dollar amounts in thousands, BHS Foundation only)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$11,976</td>
</tr>
<tr>
<td>2017</td>
<td>$16,235</td>
</tr>
<tr>
<td>2016</td>
<td>$17,021</td>
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</table>

TOTAL CONTRIBUTIONS
(Dollar amounts in thousands, BHS Foundation only)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2,354</td>
</tr>
<tr>
<td>2017</td>
<td>$2,662</td>
</tr>
<tr>
<td>2016</td>
<td>$3,063</td>
</tr>
</tbody>
</table>

TOTAL CONTRIBUTIONS/GRANTS/PERFORMANCE AWARDS
(Dollar amounts in thousands, BHS Foundation and Participating Organizations)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$5,334</td>
</tr>
<tr>
<td>2017</td>
<td>$4,146</td>
</tr>
<tr>
<td>2016</td>
<td>$3,511</td>
</tr>
</tbody>
</table>
Associated Foundations

Benedictine Health Center of Minneapolis Foundation, Minneapolis, Minn.
Benedictine Living Center of Garrison Foundation, Garrison, N.D.
Benedictine Living Community of Ada Foundation, Ada, Minn.
Benedictine Living Community of Duluth Foundation, Duluth, Minn.
Benedictine Living Community of St. Peter Foundation, St. Peter, Minn.
Benedictine Living Community of Wahpeton Foundation, Wahpeton, N.D.
Cerenity Foundation, St. Paul, Minn.
Cerenity – Humboldt Foundation, St. Paul, Minn.
Cerenity – Marian of St. Paul Foundation, St. Paul, Minn.

Cerenity – White Bear Lake Foundation, White Bear Lake, Minn.
Innsbruck Foundation, New Brighton, Minn.
(serving Benedictine Health Center at Innsbruck)
Koda Living Community Foundation, Owatonna, Minn.
Living Community of St. Joseph Foundation, St. Joseph, Mo.
Madonna Living Community Foundation of Rochester, Rochester, Minn.
(serving Madonna Towers of Rochester, Madonna Meadows of Rochester and Madonna Summit of Byron)
Nazareth Living Center Foundation, St. Louis, Mo.
Prince of Peace and Evergreen Foundation, Ellendale, N.D.
**Associated Foundations**

- **Saint Anne Foundation**, Winona, Minn.
- **St. Benedict’s Health Center Foundation**, Dickinson, N.D.
- **St. Crispin Foundation**, Red Wing, Minn.
- **St. Gabriel’s Community Foundation**, Bismarck, N.D.
- **St. Gertrude’s Foundation**, Shakopee, Minn.
- **St. Mary’s of Winsted Foundation**, Winsted, Minn.
- **St. Michael’s Foundation**, Virginia, Minn.
- **St. Raphael’s Foundation**, Eveleth, Minn.
- **St. Rose Foundation**, LaMoure, N.D.
- **Villa St. Benedict Foundation**, Lisle, Ill.
- **Villa St. Vincent/The Summit Foundation**, Crookston, Minn.

Finding meaning in our work and being mission-minded gives us purpose and keeps us grounded.
2018 Communities

Benedictine Health Center at Innsbruck
New Brighton, Minn.

Benedictine Health Center of Minneapolis
Minneapolis, Minn.

Benedictine Health System Foundation
Cambridge, Minn.

Benedictine Living Center of Garrison
Garrison, N.D.

The Meadows

Benedictine Living Community of Ada
Ada, Minn.

Benedictine Care Community

Benedictine Supportive Services

Mission Court

Benedictine Living Community of Duluth
Duluth, Minn.

Benedictine Adult Day

Benedictine Developmental Preschool

Benedictine Health Center

Marywood Enhanced Assisted Living

Westwood Senior Apartments

Westwood Terrace

Benedictine Living Community of La Crosse
La Crosse, Wis.

Benedictine Manor

Benedictine Villa

Benedictine Living Community of Northfield
Northfield, Minn.

Opening late 2019
Benedictine Living Community of Shakopee
*Opening summer 2020*
Shakopee, Minn.

Benedictine Living Community of St. Peter
Benedictine Court
Benedictine Health Center
Heritage Meadows
St. Peter, Minn.

Benedictine Living Community of Wahpeton
Benedictine Home Health
St. Catherine’s Living Center
Siena Court
Wahpeton, N.D.

Benedictine Living Community of Wausau
Northland House Group Home
Wausau, Wis.

Benedictine Senior Living at Steeple Pointe
Osseo, Minn.

Cerenity Senior Care – Humboldt
Cerenity Care Center
Cerenity Residence and Transitional Care
St. Paul, Minn.

Cerenity Senior Care – Marian of Saint Paul
Cerenity Care Center and Transitional Care
Cerenity Residence
St. Paul, Minn.

Cerenity Senior Care – White Bear Lake
Cerenity Care Center and Transitional Care
Cerenity Residence
White Bear Lake, Minn.

Grace Living Community of GlenOaks
New London, Minn.

Koda Living Community
Park Place Senior Living
Owatonna, Minn.
BHS Communities

Living Community of St. Joseph

St. Joseph, Mo.

Madonna Living Community of Rochester
Madonna Meadows of Rochester
Madonna Summit of Byron - Byron, Minn.
Madonna Towers of Rochester

Rochester, Minn.

Nazareth Living Center
Gleason Hall
McGovern Commons
The Village at Nazareth

St. Louis, Mo.

Prince of Peace Care Center
Evergreen Apartments
Evergreen Place

Ellendale, N.D.

Regina Senior Living
Regina Assisted Living
Regina Care Center

Hastings, Minn.

Saint Anne of Winona
Callista Court
Saint Anne Extended Health Care

Winona, Minn.

St. Benedict’s Health Center
Benedict Court

Dickinson, N.D.

St. Crispin Living Community
Care Center
Short-Term Rehab
The Villa

Red Wing, Minn.

St. Gabriel’s Community

Bismarck, N.D.
BHS Communities

St. Gertrude’s Health and Rehabilitation Center
  The Gardens at St. Gertrude’s  Shakopee, Minn.
St. Mary’s Care Center
  Garden House at St. Mary’s  Winsted, Minn.
  Linden Wood Apartments
St. Michael’s Health and Rehabilitation Center  Virginia, Minn.
St. Raphael’s Health and Rehabilitation Center  Eveleth, Minn.
St. Rose Care Center
  Rosewood Court  LaMoure, N.D.
Villa St. Benedict
  Bendale Center  Lisle, Ill.
Villa St. Vincent
  The Summit  Crookston, Minn.
Mission

The Benedictine Health System is a Catholic, faith-based organization entrusted with advancing the life-enhancing senior care ministry of the Benedictine Sisters of Duluth, Minnesota.

We witness to God’s love by creating compassionate communities providing support to those we serve to live fully and live well with special concern for the underserved and those in need.

Vision

We create Benedictine Living Communities where health, wellness and choice come to life.

Core Values

Hospitality | Stewardship | Respect | Justice

Annual report photography taken at Benedictine Health System communities including: Cerenity Senior Care – White Bear Lake (cover, page 8), and Benedictine Living Community of Duluth (page 16).