UNITED IN

peace

30 years

hospitality  financials

giving  BHS locations
All-powerful God of the Universe,
in You we can do all things.
We thank You and praise You
for sending Jesus, the Prince of Peace,
and Your Holy Spirit of understanding.
May we be inspired to find our own inner Peace,
to seek Peace with You, the source of Peace,
and be united in Peace with all people.
Bless us with a grateful heart
both now and forever.
Amen.
Dear Friends,

In 2015, the Benedictine Health System celebrated 30 years advancing the long-term care ministry of our Sponsor, the Benedictine Sisters of St. Scholastica Monastery. Each of us serving at the System — leadership, associates, volunteers and others — are united in our efforts to care for those in need as we have been directed by St. Benedict and his Holy Rule. Through our collective work, we have created communities of health, wellness and choice.

This was also our year of Peace. During the year, we explored more deeply how we can promote and create peaceful interactions, partnerships and communities. Peace is our theme, our motto and our focus both in 2015 and into the future.

It is no surprise that the health care environment continues to evolve at what seems lightning speed. We are challenged on a daily basis by industry influences both within and outside of health care. During these fast-changing and sometimes unpredictable times, we are steadfast in our vision for the future and our commitment to serving others as Christ.

We look forward to the many opportunities BHS has to make a difference in the future of service to seniors. We continue to explore ways to expand, shape and share how we create care communities focused on health, wellness and choice. Our leadership in Catholic long-term care will provide unique and creative partnerships that anticipate resident and family needs.

As our 30th anniversary year draws to a close, we say a special thank you to our more than 6,000 talented and dedicated associates, volunteers and governance members who carry out this special health care ministry of our Sisters.
In peace and gratitude,

Rocklon B. “Rocky” Chapin, FACHE  
President/CEO  
BENEDICTINE HEALTH SYSTEM

Sister Beverly Raway, OSB  
Prioress  
ST. SCHOLASTICA MONASTERY

Dean Fox, MD  
Board Chair  
BENEDICTINE HEALTH SYSTEM

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DANIEL ZISMER, PH.D.

ROCKLON CHAPIN, FACHE, PRESIDENT/CEO
mission

The Benedictine Health System is a Catholic organization entrusted with advancing the health care ministry of the Benedictine Sisters of Duluth, Minnesota. Our mission is to witness to God’s love by providing compassionate, quality care with special concern for the underserved and those in need.

core values

HOSPITALITY
Extending warmth and acceptance to each other and everyone we serve.

STEWARDSHIP
Providing wise and respectful use of all human and material resources.

RESPECT
Cherishing and promoting the worth of all human life with dignity and reverence.

JUSTICE
Advocating for the underserved and those in need as we work to eliminate prejudice.
### Financials

**Consolidated Statement of Operations**

(Dollar amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total operating revenue</td>
<td>$258,843</td>
<td>$272,765</td>
<td>$237,007</td>
</tr>
<tr>
<td>Total operating expense</td>
<td>258,159</td>
<td>269,538</td>
<td>235,694</td>
</tr>
<tr>
<td>Operating income</td>
<td>684</td>
<td>3,227</td>
<td>1,313</td>
</tr>
<tr>
<td>Non-operating income</td>
<td>1,731</td>
<td>654</td>
<td>(3,572)</td>
</tr>
<tr>
<td><strong>EXCESS OF REVENUE OVER EXPENSE</strong></td>
<td>$2,415</td>
<td>$3,881</td>
<td>$(2,259)</td>
</tr>
</tbody>
</table>

### Statistics

**Bed Complement**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing beds</td>
<td>3,324</td>
<td>3,183</td>
<td>3,097</td>
</tr>
<tr>
<td>Assisted/independent units</td>
<td>2,137</td>
<td>2,332</td>
<td>2,354</td>
</tr>
<tr>
<td><strong>TOTAL BEDS/UNITS</strong></td>
<td>5,461</td>
<td>5,515</td>
<td>5,451</td>
</tr>
</tbody>
</table>

**Utilization**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nursing facility resident days</td>
<td>943,726</td>
<td>1,011,450</td>
<td>986,318</td>
</tr>
<tr>
<td>Assisted/independent days</td>
<td>622,006</td>
<td>668,557</td>
<td>716,113</td>
</tr>
<tr>
<td>Total employee full-time equivalents</td>
<td>4,414</td>
<td>4,397</td>
<td>4,382</td>
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</table>
# CONSOLIDATED balance sheet

(Dollar amounts in thousands)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>2015</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>$38,658</td>
<td>$33,681</td>
<td>$45,172</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>$26,673</td>
<td>$31,209</td>
<td>$26,899</td>
</tr>
<tr>
<td>Inventories and prepaid expenses</td>
<td>$11,773</td>
<td>$11,185</td>
<td>$10,184</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT ASSETS</strong></td>
<td>$77,104</td>
<td>$76,075</td>
<td>$82,255</td>
</tr>
<tr>
<td>Assets limited to use</td>
<td>$66,823</td>
<td>$70,374</td>
<td>$67,215</td>
</tr>
<tr>
<td>Property and equipment</td>
<td>$189,865</td>
<td>$202,644</td>
<td>$215,809</td>
</tr>
<tr>
<td>Other assets</td>
<td>$11,673</td>
<td>$13,841</td>
<td>$13,440</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$345,465</td>
<td>$362,934</td>
<td>$378,719</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>CURRENT LIABILITIES</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accruals</td>
<td>$32,646</td>
<td>$35,681</td>
<td>$37,600</td>
</tr>
<tr>
<td>Current portion long-term debt</td>
<td>$8,582</td>
<td>$8,991</td>
<td>$9,458</td>
</tr>
<tr>
<td><strong>TOTAL CURRENT LIABILITIES</strong></td>
<td>$41,228</td>
<td>$44,672</td>
<td>$47,058</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>$23,787</td>
<td>$27,280</td>
<td>$26,647</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>$177,789</td>
<td>$183,172</td>
<td>$198,694</td>
</tr>
<tr>
<td>Net assets</td>
<td>$102,661</td>
<td>$107,810</td>
<td>$106,320</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$345,465</td>
<td>$362,934</td>
<td>$378,719</td>
</tr>
</tbody>
</table>
NURSING FACILITY CENSUS

days

<table>
<thead>
<tr>
<th></th>
<th>PRIVATE</th>
<th>MEDICAID</th>
<th>MEDICARE</th>
<th>INS./ OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>29.6%</td>
<td>46.5%</td>
<td>13.3%</td>
<td>10.5%</td>
</tr>
<tr>
<td>2014</td>
<td>29.2%</td>
<td>49.1%</td>
<td>12.7%</td>
<td>9.0%</td>
</tr>
<tr>
<td>2013</td>
<td>27.8%</td>
<td>48.4%</td>
<td>14.0%</td>
<td>9.7%</td>
</tr>
</tbody>
</table>

NET RESIDENT SERVICE

revenue

<table>
<thead>
<tr>
<th></th>
<th>NURSING FACILITY</th>
<th>ASSISTED/ INDEPENDENT</th>
<th>OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$178.1</td>
<td>$43.3</td>
<td>$4.8</td>
</tr>
<tr>
<td>2014</td>
<td>$212.1</td>
<td>$43.0</td>
<td>$2.9</td>
</tr>
<tr>
<td>2013</td>
<td>$204.2</td>
<td>$37.8</td>
<td>$4.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>PRIVATE</th>
<th>MEDICAID</th>
<th>MEDICARE</th>
<th>INS./ OTHER</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$87.4</td>
<td>$70.6</td>
<td>$42.6</td>
<td>$36.4</td>
</tr>
<tr>
<td>2014</td>
<td>$91.0</td>
<td>$85.8</td>
<td>$50.3</td>
<td>$30.9</td>
</tr>
<tr>
<td>2013</td>
<td>$83.6</td>
<td>$82.9</td>
<td>$51.5</td>
<td>$28.4</td>
</tr>
</tbody>
</table>
collaboration
MINISTRY PARTNERS AND ASSOCIATE ORGANIZATIONS

The Benedictine Health System is comprised mostly of communities that are owned by BHS, some are Ministry Partners, in which BHS serves as co-owners or co-sponsors, or Associate Organizations, where we undertake management obligations.

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Revenue (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$90,680</td>
</tr>
<tr>
<td>2014</td>
<td>$89,431</td>
</tr>
<tr>
<td>2013</td>
<td>$110,692</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Assets (in thousands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$159,964</td>
</tr>
<tr>
<td>2014</td>
<td>$159,964</td>
</tr>
<tr>
<td>2013</td>
<td>$157,594</td>
</tr>
</tbody>
</table>
giving
Peace is often defined as tranquility, harmony or security. It can also mean prosperity or well-being. For the supporters of the Benedictine Health System Foundation and its Associated Foundations, all definitions apply.

Generous supporters have made it possible for seniors to find security and well-being in new assisted living and memory care communities in Duluth, Byron and Rochester. Gifts from others have made transformations of BHS Community spaces into inviting homes where individuals can live in harmony. In the past year, more than $3 million in gifts were used to enhance care and fund programs across the Benedictine Health System.

Some generous donors are not content with making a difference today; they want to leave a legacy that gives others the opportunity to experience tranquility in the future. Planned gifts such as will bequests, life insurance policy designations, and charitable gift annuities, are a few ways they have elected to make a difference. To date, 17 dedicated supporters have chosen to create a legacy totaling more than $900,000 through planned gifts.

BHS Participating Organizations’ associates are critical to fulfilling the Benedictine Health System Mission. Because they believe in the Mission, they give of themselves at work and with their gifts. Their gifts add to the possibilities of what can be accomplished. BHS Support Center associates add to their efforts of making a difference in the lives of Community guests and associates by donating to the we believe! campaign. This commitment to we believe! has resulted in gifts totaling more than $700,000 over nine years for the Employee Emergency Fund’s support of 131 associates, funding the fulfillment of 28 residents’ dreams, honoring 176 associates who live the Mission and Core Values, and much more.

To all who have supported the Benedictine Health System Foundation and its Associated Foundations, thank you! Without your support, peace, tranquility, harmony, security and well-being would be harder to attain.

Click here to become one of those special people who make a difference in the lives of those we serve.
foundation
BENEDICTINE HEALTH SYSTEM

(Dollar amounts in thousands)

**TOTAL NET ASSETS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$17,455</td>
</tr>
<tr>
<td>2014</td>
<td>$15,272</td>
</tr>
<tr>
<td>2013</td>
<td>$14,175</td>
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**TOTAL CONTRIBUTIONS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$4,935</td>
</tr>
<tr>
<td>2014</td>
<td>$4,536</td>
</tr>
<tr>
<td>2013</td>
<td>$5,518</td>
</tr>
</tbody>
</table>

**TOTAL CONTRIBUTIONS/GRANTS/PERFORMANCE AWARDS**

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$5,651</td>
</tr>
<tr>
<td>2014</td>
<td>$6,577</td>
</tr>
<tr>
<td>2013</td>
<td>$7,451</td>
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</tbody>
</table>

* BHS Foundation Only
** BHS Foundation and Participating Organizations
Benedictine Health Center Foundation, Duluth, Minn.
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 St. Peter Foundation, St. Peter, Minn.
Benedictine Living Community of Wahpeton Foundation, Wahpeton, N.D.
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.
Nazareth Living Community Foundation, St. Louis, Mo.
Prince of Peace and Evergreen Foundation, Ellendale, N.D.

Saint Anne Foundation, Winona, Minn.
St. Benedict’s Health Center Foundation, Dickinson, N.D.
St. Clare Living Community of Mora Foundation, Mora, Minn.
St. Crispin Foundation, Red Wing, Minn.
St. Eligius Foundation, Duluth, Minn.
St. Gabriel’s Community Foundation, Bismarck, N.D.
St. Gertrude’s Foundation, Shakopee, Minn.
St. Isidore Health Center of Greenwood Prairie Foundation, Plainview, 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.
Tekakwitha Living Center Foundation, Sisseton, S.D.
Villa St. Benedict Foundation, Lisle, Ill.
Villa St. Vincent/The Summit Foundation, Crookston, Minn.
Despite recent and dramatic changes in health care, we continue to be grounded in our commitment to care and provide for those in need through community benefit.

Community benefit is part of our Catholic identity to promote the common good. We do this through programs and activities that foster health, healing and wellness, and those which directly address community need. Each one of our communities plans, implements and reports their unique community benefit work. Some examples of these special programs in 2015 include:

+ Warm Space is a coordinated outreach effort at Benedictine Health Center of Minneapolis, Minn., with a local church to reach homeless individuals. Each Thursday, staff from BHCM assist those in need with basic health care issues and access to programs for medical coverage, disability, Social Security and other benefits.

+ St. Gertrude’s Health and Rehabilitation Center, Shakopee, Minn., hosts an annual Halloween event to provide a safe environment for local children and their families. Over 350 community individuals participated in this event in 2015.

+ And at Cerenity Care Center – Marian of St. Paul, Minn., residents, staff and volunteers worked together to assemble 200 care packages for Second Stork, a program that serves mothers in need through local hospitals.

For many years, the Benedictine Health System has participated in the Catholic Health Association’s unified reporting model for community benefit. This is a recognized best-practice system for planning, organizing and reporting community benefit data. In the fiscal year ending 2015, the Benedictine Health System provided $20,405,345 in quantifiable community benefit according to the CHA reporting method.

Additionally, we served 140,296 individuals throughout our service areas — more than 30,000 or 28 percent more people than in 2014.

The impact of community benefit is profound in our communities. It is also a living example of the BHS Mission and Core Values in action as we strive to achieve the health care vision of our Sponsor, the Benedictine Sisters of St. Scholastica Monastery in Duluth, Minn.
2015 PARTICIPATING organizations

BENEDICTINE HEALTH CENTER
Marywood
Westwood Senior Apartments
Westwood Terrace

BENEDICTINE HEALTH CENTER AT INNSBRUCK

BENEDICTINE HEALTH CENTER OF MINNEAPOLIS

BENEDICTINE HEALTH SYSTEM FOUNDATION

BENEDICTINE LIVING CENTER OF GARRISON
The Meadows

BENEDICTINE LIVING COMMUNITY OF ADA
Benedictine Care Community
Benedictine Supportive Services
Mission Court

BENEDICTINE LIVING COMMUNITY OF LA CROSSE
Benedictine Manor
Benedictine Villa

BENEDICTINE LIVING COMMUNITY OF ST. PETER
Benedictine Court
Benedictine Health Center

BENEDICTINE LIVING COMMUNITY OF WAHPETON
St. Catherine’s Living Center
Siena Court
Benedictine Home Health

BENEDICTINE LIVING COMMUNITY OF WAUSAU
Benedictine Manor
Benedictine Wellness Center
Northland House Group Home

DULUTH, MINN.
NEW BRIGHTON, MINN.
MINNEAPOLIS, MINN.
DULUTH, MINN.
GARRISON, N.D.
ADA, MINN.
LA CROSSE, WIS.
ST. PETER, MINN.
WAHPETON, N.D.
WAUSAU, WIS.
PARTICIPATING organizations continued

BENEDICTINE SENIOR LIVING AT STEEPLE POINTE  
OSSEO, MINN.
ST. PAUL, 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  
WHITE BEAR LAKE, MINN.

CERENITY SENIOR CARE – WHITE BEAR LAKE  
Cerenity Care Center and Transitional Care  
Cerenity Residence  
GREENFIELD, WIS.
NEW LONDON, MINN.
FRIDLEY, MINN.
OWATONNA, MINN.

CLEMENT MANOR  
GLENCOE, MINN.

GRACE LIVING COMMUNITY OF GLENOAKS  
GREENFIELD, WIS.
NEW LONDON, MINN.
FRIDLEY, MINN.
OWATONNA, MINN.

INTERLUDE RESTORATIVE SUITES  
ST. JOSEPH, MO.

KODA LIVING COMMUNITY  
Park Place Senior Living  
ROCHESTER, MINN.

LIVING COMMUNITY OF ST. JOSEPH  
ST. JOSEPH, MO.

MADONNA LIVING COMMUNITY OF ROCHESTER  
Madonna Meadows of Rochester  
Madonna Towers of Rochester  
ROCHESTER, MINN.

NAZARETH LIVING CENTER  
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.
PARTICIPATING organizations continued

ST. BENEDICT’S HEALTH CENTER
Benedict Court

ST. CLARE LIVING COMMUNITY OF MORA
Eastwood Senior Living
St. Clare’s Care Center
St. Clare’s Short-Stay Rehab
Villages of St. Clare Apartments

ST. CRISPIN LIVING COMMUNITY
Career Center
Short-term Rehab
The Villa

ST. ELIGIUS HEALTH CENTER
ST. GABRIEL’S COMMUNITY

ST. GERTRUDE’S HEALTH AND REHABILITATION CENTER
The Gardens at St. Gertrude’s

ST. ISIDORE HEALTH CENTER OF GREENWOOD PRAIRIE
Green Prairie Place

ST. MARY’S CARE CENTER
The Garden House at St. Mary’s
Linden Wood Apartments

ST. MICHAEL’S HEALTH AND REHABILITATION CENTER
ST. RAPHAEL’S HEALTH AND REHABILITATION CENTER

ST. ROSE CARE CENTER
Rosewood Court

TEKAKWITHA LIVING CENTER

VILLA ST. BENEDICT
VILLA ST. VINCENT
The Summit

DICKINSON, N.D.
MORA, MINN.
RED WING, MINN.
DULUTH, MINN.
BISMARCK, N.D.
SHAKOPEE, MINN.
PLAINVIEW, MINN.
WINSTED, MINN.

VIRGINIA, MINN.
EVELETH, MINN.
LAMOURE, N.D.
SISSETON, S.D.
LISLE, ILL.
CROOKSTON, MINN.
503 E. THIRD STREET
SUITE 400
DULUTH, MINN. 55805

1995 E. RUM RIVER DRIVE S.
CAMBRIDGE, MINN. 55008

4000 LEXINGTON AVE. N.
SUITE 201
SHOREVIEW, MINN., 55126

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