



PROUD PAST PROMISING FUTURE



PRESBYTERIAN
SENIOR LIVING

2018 ANNUAL STEWARDSHIP REPORT

PROUD PAST PROMISING FUTURE

This is my 23rd and final annual report as PSL's chief executive officer, and the 47th annual report since starting as a PSL staff member in 1971. Over the years the themes have been focused on milestones and accomplishments during the previous year, recommitment to the mission of serving seniors as a faith based organization, and an expression of future aspirations as we continued to strengthen and expand this ministry to meet the needs of the generations that will follow. This annual report will mirror this general format, but will contain a bit more of a historical lens, illustrating how PSL has adhered to the mission while changing the scope of services to remain relevant. We have distinguished between a mission which has remained relatively constant, and methods, which have been constantly evolving throughout our history.

Presbyterian Senior Living has been serving seniors for 91 years, and some of the organizations that are now members of the PSL family predate PSL by many decades. This rich history helps us to remain focused on why we exist, and avoid the "mission drift" that is common in many not-for-profit organizations. This foundation has also served as a platform or springboard for growth from a single site to 32 locations in a multi-state area.

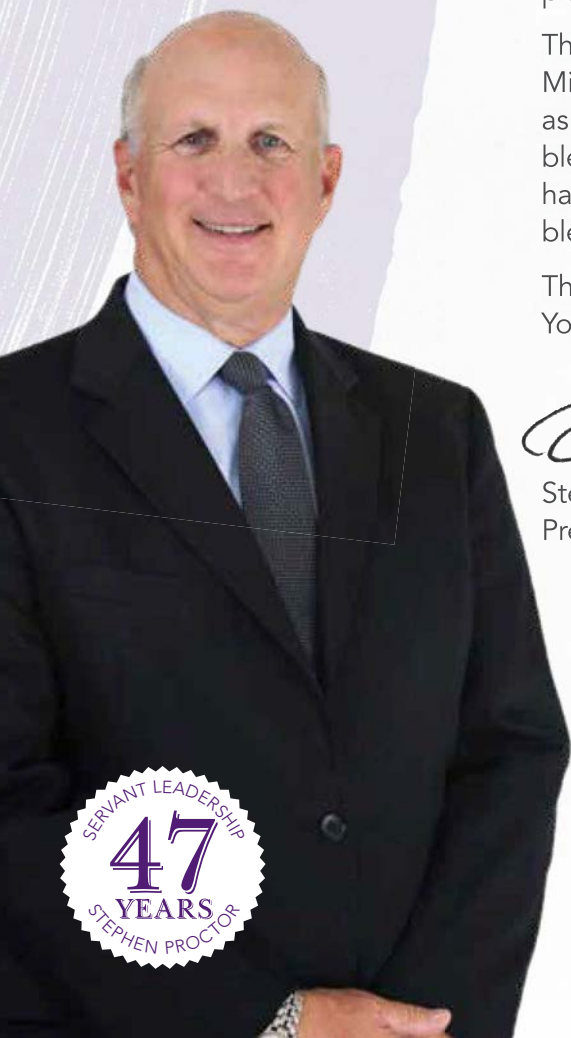
The recent achievements of PSL have very deep roots, and are the result of generations of strong board leadership, faithful service of staff members at all levels of the organization, generous church and community constituents and donors, and engaged residents and family members. The proverb of "Many hands make light work" is clearly in evidence by PSL's history. This shared commitment is a reason for optimism in a time when there is a planned change in leadership on the horizon.

The mission that called my wife Ronda and me to leave our home in Michigan and move 600 miles from our closest family member remains as vital and engaging today as it did all those years ago. We have been blessed to share this ministry with so many amazing people, and our lives have been greatly enriched by each of you. You have been the unexpected blessing of our call to service.

Thank you for making PSL such an extraordinary place to live and work. You are the reason PSL has had such a proud past and a promising future.



Steve Proctor,
President/CEO



Tim Beaver, Chair



Thomas Paisley, Vice Chair



FOCUS

THE PEOPLE WE SERVE

Over the past 91 years the persons served by Presbyterian Senior Living have changed in countless ways. The first residents of the Parker Home were born in an era when the average life expectancy was in the mid 40's. In 1903, The Long Community, now a part of Presbyterian Senior Living, defined the older women it intended to serve as over 40. The first residents in 1927 had just reached the biblical definition of old age – three score and ten. They lived their lives in an agricultural society where hard work and long hours were the norm. To be an older widow or single woman in a time before social security, Medicare, and Medicaid was to be consigned to a life of hardship. The first residents of the Parker Home found a place of respite that protected them from the effects of the Great Depression of the 1930's.



The Presbyterian Homes model of "small, scattered, homelike homes" was extended to multiple locations in Pennsylvania and was refined to meet the changing needs of seniors. From a model based on meeting basic needs of nutrition and shelter, the focus was expanded to a more socially engaged and physically active model of aging. By the late 1950's and early 1960's seniors being served by Presbyterian Homes were literally "kicking up their heels".



Medical advances that extended life expectancy also created the need for skilled nursing services to help seniors with chronic medical conditions that required more intense support. By the mid 1970's skilled nursing care was a major part of the PSL ministry. Short-term, post hospital rehabilitation helped to return people to their own homes and communities.

Beginning in the late 1970's, continuing care retirement communities appeared on the landscape, and for the first time Presbyterian Senior Living reached out to serve middle and upper income seniors. Full service campuses were developed that offered independent living, personal care, and nursing care options, engaging seniors at any point in the continuum of care.

Since that time the march toward active aging has continued without interruption. Delivery of a wide range of services in a variety of settings has been expanded in response to consumer expectations. Expanding the range of "Lifestyle choices" has become the mantra for persons of all income levels in the PSL family. Physical activities and exercise programs, a culture of opportunity for life-long learning that fosters intellectual stimulation, opportunities for socialization and expand friendships to promote life satisfaction, and attention to spiritual growth are combined to enrich the aging experience.

With constant changes in technology and medicine one can only imagine what seniors will demand in the future. Presbyterian Senior Living is committed to meeting and exceeding those expectations in the decades to come.

FOCUS

STAFF OF EXPERTISE

For many years there have been regular campus wide staff meetings at the various PSL communities. These meetings allowed direct and unfiltered communication with staff members at all levels in the organization. After literally hundreds of such meetings, certain common themes emerge. These themes centered on providing care, caregiving, and creating community. These words are powerful themes that are crucial to creating a successful and healthy work environment.



The first is who deems themselves to be a “caregiver”. The nurses, nurse aides and therapists come to mind first. However, virtually all community staff feels they provide “care” for the residents, either by creating and serving excellent food, ensuring a clean room, by folding the laundry “just like the resident wants it”, by engaging residents in activities that stimulate, or even vicariously by providing support to the people who are on the front line. Creating community is about supporting a culture where everyone is loved and appreciated for the person they are.

So what does this have to do with Leadership Development? Everything! It is easy to assume that a person’s title denotes leadership. This is not necessarily true. Leadership and management are entirely different skills. Leadership is required at every level of the organization, those identified as having primarily management roles as well as those closer to the front line. Recognizing leaders at all levels is a critical part of employee relations and development. It is the essence of providing a culture of excellence.

The “development” part of leadership is not always easy. How do you develop what appears to be a set of personal attributes? We start by understanding that there is more than one way to define a leader and by offering more than one path to “leadership”. PSL offers career paths, formal mentor programs, promotion opportunities, special certifications and educational support. There is also opportunity to serve on teams to solve problems or committees who support various activities such as quality or safety. All of these are designed to encourage staff caregivers to develop themselves as leaders in addition to their normal position specific skills.

Several years ago PSL started a “Talent Management Program” to identify and nurture staff members with demonstrated leadership skills to refine and expand them in preparation for positions with greater responsibility. This program is an intense course of education involving significant commitment of time from the individual PSL staff person and PSL corporate resources. The program has been successful in assisting people to discover their own leadership style and strengths. The participants of the program have already “repaid” the investment by showing tremendous growth and self-awareness as leaders. The intention is that they share and model leadership throughout PSL.

Recognizing leaders can be formal, such as career paths or special training. But even more important, is recognizing the people who provide leadership every day—in small and large ways. For example, we engage staff in opportunities to learn from each other along with formal learning programs. Encouraging staff to share, to teach – to lead others in this way is a strong source of satisfaction and staff retention. Seeing a new person struggle and reaching out as a “buddy” to become acclimated to a new environment is another form of leadership. Volunteering to stay at a community for two days during a snow storm is another form of leadership. Taking the initiative to satisfy an unmet need of a resident or fellow staff member is leadership in action. Recognizing these many acts of leadership creates an environment where people are encouraged to be creative and committed in their daily work. It is also the simplest and most effective form of leadership development.

AGING SERVICES

CHANGES IN THE FIELD

In an era of unprecedented change in the rate of medical advancements, combined with the ever-changing desires of the evolving generations, the field of aging services is a vibrant, challenging and impactful world. When PSL was founded, the average life expectancy in the US was a little over 60 years old and today it is almost 18 years higher. Not only is this a shift in the number of seniors, but also in the number of seniors who will need support throughout a longer time span in their lives. In senior living, this is particularly exciting because of the ways in which we can make a difference in someone's path to successful aging.



Over the years, PSL has evolved its services to meet our customers' expectations, adding housing for low-to-moderate income seniors, developing services that support people in their homes, and developing highly skilled nursing staff to transition patients from hospital to home. Part of this evolution has been to seek out strategic partnerships that enhance our breadth of services, expertise in service provision and ultimately the ability to serve greater numbers of seniors in new and innovative ways. With the complexity of today's healthcare and technology environment, aging services organizations like PSL will need to accelerate their focus on partnerships and seek out organizations that can bring greater value to the seniors we serve.

Today's environment allows us to create a world of opportunities to enrich lives as we age. We see this in wellness-centered approaches in our examination of the impact that technology has and will have on important issues such as social isolation and healthcare support. New methods will add to and improve the linkages we are developing between senior living and healthcare.

While the concept of a caring staff never changes, the evolving landscape requires new and flexible skill sets by staff members. Development of new methods and processes challenges staff to find new ways

of responding to our environment. Innovation requires the ability to think critically and execute quickly. Technology not only improves the lives of our customers, but also may make staff more responsive and efficient.

To be a part of senior living during this time is to be fully engaged in the vision of supporting seniors wherever they call home and to embrace the gifts that each of us bring to create physical and virtual communities that truly impact body, mind and spirit.



THE VITAL WORK OF VOLUNTEERS

Sharing of talents, interests and love,
Volunteers are sent from above.
Making a difference, to all we hold dear,
Thank you volunteers, for being here.

From sharing your art, angels and all,
To leading games and knitting a shawl.
From music, fitness and ministries,
You bring diverse activities.

From running shops, and delivering mail,
To laughter caused, by a wag of a tail.
Serving on committees, planting a tree,
You're our devoted Auxiliary.

From being proficient in AV,
To building trains and scenery.
Organizing groups, teaching a skill,
Visits from you, are always a thrill.

From being Santa and wearing red,
To weeding more than one flower bed.
Covering the desk, holding a hand,
Your skills and love are priceless and grand.

There is so much more that you all share,
For the Community and everywhere.
You make a difference with all that you do,
For giving time, touching hearts...
we thank you.

By Tami Bennett,
Community Life Director,
Ware Presbyterian Village



"Too often we underestimate the power of a touch, a smile, a kind word, a listening ear, an honest compliment, or the smallest act of caring, all of which have the potential to turn a life around."

– Leo Buscaglia

Have you made someone smile today? Volunteers make the residents at PSL communities smile every day. Whether the volunteer is visiting to help people get to the beauty shop, provide Compassionate Touch®, teach an art class, visit with their therapy dog, read to a resident, lead a support group, or hold someone's hand the impact is great. Residents and team members look forward to the talents and time that volunteers share at our communities. A kind listening ear or a gentle holding of hands connects our spirits and unites our souls.

Volunteers join our mission in many ways. No matter where you go at our communities you can see the impact of volunteers. At Green Ridge Village in Newville, PA we have volunteers who support residents to attend weekly religious services. At Westminster Village in Allentown, PA, we have volunteers from a local human service agency who deliver freshly laundered clothing daily to the residents and visit. At Glen Meadows Retirement Community in Glen Arm, MD, a local boys scout group created a walking meditation for the residents. At Presbyterian Home in Williamsport volunteers lead poetry groups and bible studies. At Quincy Village in Waynesboro, PA, volunteers lead a support and education group for the community for caregivers of individuals with memory loss. Presbyterian Village of Hollidaysburg has a volunteer who spends time with residents providing compassionate presence and Compassionate Touch®. Each PSL community has special individuals sharing talents, a smile, and their love.

In 2018, Volunteer hours across PSL surpassed 125,437 hours. We could not do nearly as much as we do for and with residents without our volunteers. Their hard work and dedication are appreciated more than they may ever realize. We hope that our smiles and the smiles of the residents shine through to thank our volunteers for the wonders they do daily for all of us.



VOLUNTARY LEADERSHIP

Since our inception, Presbyterian Senior Living has been blessed with strong board leadership to guide this historic ministry and keep staff focused on faithfully fulfilling our stated mission. In the lobby of the PSL administrative office is a plaque that lists the names of the 32 individuals that have been elected as chair of the board in our 91 year history. There are two scripture verses written below the list of names of past board chairs.

So give your servant a discerning heart to govern your people and to distinguish right from wrong. (1 Kings 3:9)



Let the greatest among you become as the youngest, and the leader as one who serves. (Luke 22:26)

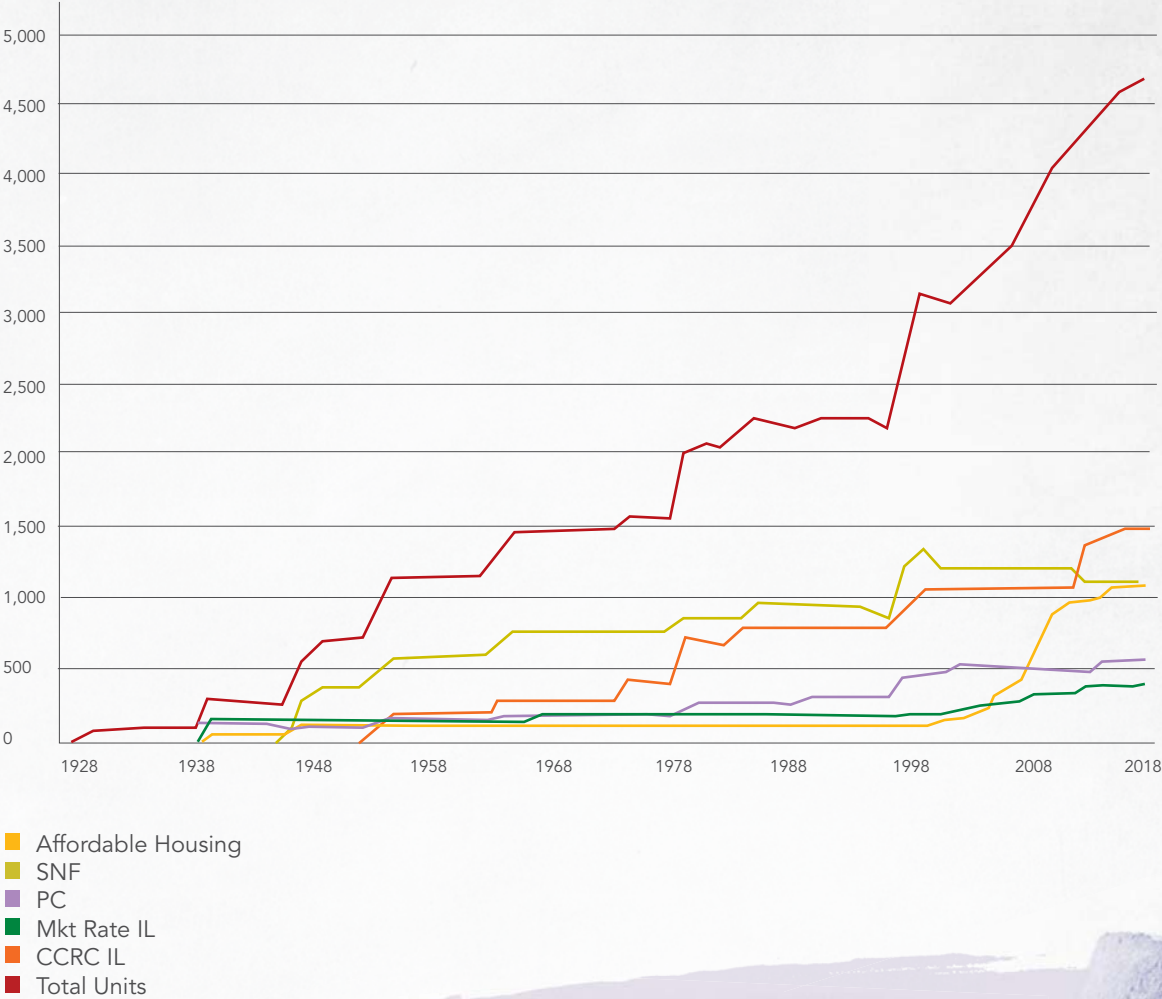
These words, taken from Solomon's prayer in the Old Testament and the words of Jesus have set the tone for generations of PSL's board leadership.

That commitment to seeking wisdom and servant leadership has been the driving force behind PSL's success. There are 13 living past board chairs that continue to provide a source of support and encouragement for PSL's ministry to seniors.

Originally the board consisted primarily of pastors, whose focus on mission firmly established the organization’s commitment to serving seniors in financial need. As the organization grew in size and complexity the board evolved to include wide ranges of expertise with a combination of clergy and laypersons with business and healthcare expertise. With a clear understanding of the calling and the faith commitment of the founders of the organization, each member of the PSL board uses their collective skills and abilities to help PSL to navigate in a constantly changing environment.

Staff often refers to the PSL board as “our secret weapon” enabling us to respond quickly to opportunities as they arise. As a result, PSL has experienced extraordinary record of growth throughout its 91 year history.

Presbyterian Senior Living Pace of Growth



THE NEED FOR INNOVATION & CHANGE



In the past, it was fairly easy to market and sell retirement communities. To quote James Earl Jones, "If you build it, they will come," rang true through the 80's and 90's as the silent generation chose to take advantage of the relaxing and caring social environments we referred to as retirement communities. Growing up in the Great Depression they worked hard, saved everything, and were simply thankful and grateful for the blessings they had been given. Pensions were strong and the stock market grew their wealth. By providing a safe, compassionate, socially fulfilling community with the promise of life-long care and services, you had the recipe for a sustainable business model.

While the premise of our former model remains, the landscape of senior living is making drastic changes as our world and consumers evolve at a rapid pace. Senior living has experienced hyper-growth over the last ten years in anticipation of the 'Silver Tsunami'. Technological advances enable people to live in their homes longer and stay socially connected. The marketing of our communities and the services we provide must be more agile than ever and pivot quickly to engage the next generation of residents in an increasingly competitive market. Innovation of product offerings and a focus on lifestyle is what is needed to set us apart from the competition. As we currently work to serve three generations, lifestyle choices that offer variety has become a "must have". Multiple dining venues are important, flexible mealtimes and menu selections are essential, and options for various diet choices are non-negotiable. Wellness and prevention is front of mind, rather than treatment. Programming centered around the four pillars of wellness (Social, Intellectual, Physical, and Spiritual) is the foundation of the work we do, and aging in place is the new expectation. We continue to develop or partner with organizations to bring outside services in, create the feel of home, and optimize the consumer experience with a hospitality mindset.



The inclusion of cutting edge technology as a cost of doing business to attract residents is necessary. With that in mind, we must continue to be at the forefront of exploration and innovative approaches which embrace technological initiatives across our full spectrum of operations. Within the full enterprise of operations from risk management, marketing, resident and staff care, physical plant and fiscal stewardship, we must imagine

and steer our future. We must also be prepared to invest in infrastructure and take quantitative risks in exploring new tactics, techniques and procedures in all areas of operations to ensure that we are in front of tomorrow and leading the future as the shelf life of yesterday and today's innovations expire.

The way that PSL delivers care to our residents in long-term care, personal care, and assisted living are examples of how technology and market forces are requiring us to develop new ways to provide service, treat in place, and limit emergency room visits and hospital admissions. Advances in Telehealth are being utilized to connect the physician and specialist with the resident and nurse without requiring an in-person visit to address non-emergent changes in condition. New innovations in electronic monitoring systems will also allow us to identify functional decline in a person's movements, range of motion, balance and gait as well as changes in key vital signs, allowing for earlier intervention and decreasing the potential of life altering events. With the advent of Accountable Care Organizations and health system mergers, transitional short-term skilled nursing services have seen a dramatic shift. Bundled payment initiatives requiring adjustments in care provision to treat higher acuties while shortening lengths of stay and providing for safe discharges to the next level of care in 15 days or less have become the norm. Communication efforts throughout the continuum are key to successful patient and disease management. Relationship building with health systems, payers and other pre and post-acute care providers has become essential to remaining relevant in this increasingly competitive area of our markets.

Over the past 90+ years we have had many adventures, and it is fascinating how we return to historically successful practices while simultaneously trying new endeavors. Mike Vance the former Dean of Disney University said it best when he said "Innovation is the creation of the new, or the re-arranging of the old in a new way." At PSL, community members continue to pray and find spiritual solace through bible studies, meditation and Compassionate Touch. We strive to build relationships across generations through mentorship, pen pals, reading clubs, and mutual growth projects such as community youth groups creating meditation walking paths or gardens. We bond with each other socially at concerts, campus dog parks, support groups and the fitness center. We share our stories with students of all ages and become the students ourselves. Innovation comes from listening and exploration, all the while keeping 'People' at the center of what we do. As we move forward continuing to practice servant leadership that has been the hallmark of Presbyterian Senior Living, we will continue to focus on being trusted advisors, consultants, care givers, service providers and educators to the people we meet who become residents, team members, participants, clients, family members or simply friends knowing that we are a better organization for having had the opportunity to serve.

THE SUPPORT OF DONORS



Donors are a vital part of the fabric that is PSL. PSL's existence traces back to 1927 with the donation of a farmhouse that served as the first housing community for nine single, senior women. It was that generous gift that laid the foundation for an organization that is today a national leader in the provision of senior healthcare and housing services.

Through the years PSL has been blessed to develop relationships with donors who share a connection to our mission. These donors contribute to PSL's ability to provide compassionate, vibrant and supportive communities and services to seniors. Their gifts combine with the talents of dedicated staff and volunteers who help to facilitate varied services to seniors from Pennsylvania, Maryland, Delaware and Ohio.

Donors enhance our ability to serve. Throughout the PSL continuum of care, thousands of seniors needs are provided for across residential and care services. The gifts of donors provide resources for the expansion of programming, equipment to improve resident quality of care, activities and events to enrich the lives of residents, and the provision of charity care.

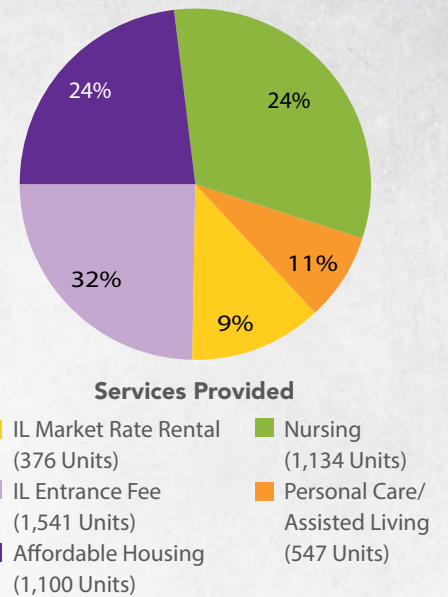
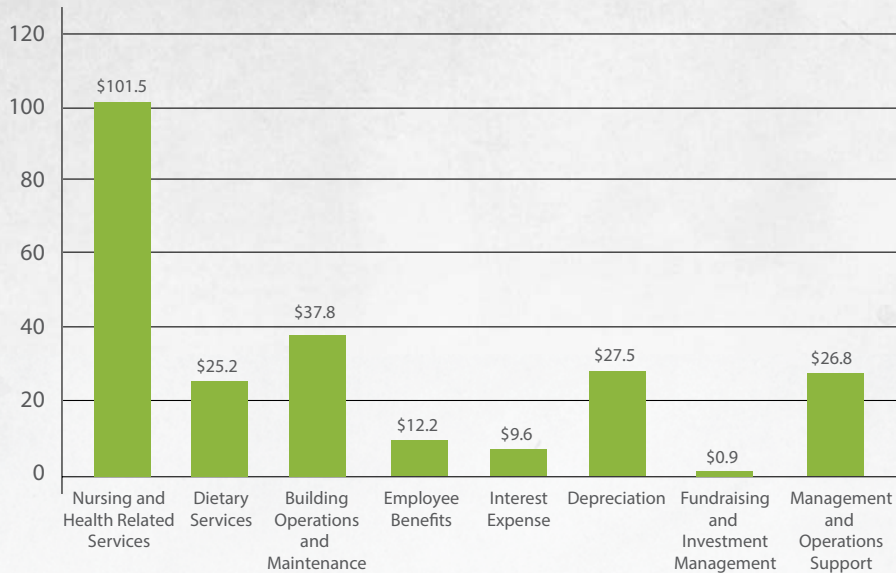
Donors enlarge our ability to provide for those truly in need. PSL has a proud history of providing for those who cannot otherwise afford housing services through its affordable housing ministry. Through the establishment of the Stephen Proctor Endowment Fund for Resident Quality of Life, the provision of these services will endure, thanks to generous donors who have contributed to the fund's establishment.

Donors help to expand our community connections. Event sponsorships and partnerships such as our annual golf tournament and the Long Home Gala, help us to expand our circle of influence and support. They bring their friends and colleagues to the events and help PSL to expand its reach into the community and grow our circle of friends and supporters.

Thanks to the wonderful relationships we enjoy with our donors, the future is promising. In the words of Mother Teresa, "It's not how much we give but how much love we put into giving." We look forward to the possibilities yet to be realized as a result of the special relationship between the organization and our donors.



Total Expenses \$237 (Million)



FINANCIAL SECURITY

THE WINDSHIELD AND THE REAR VIEW MIRROR

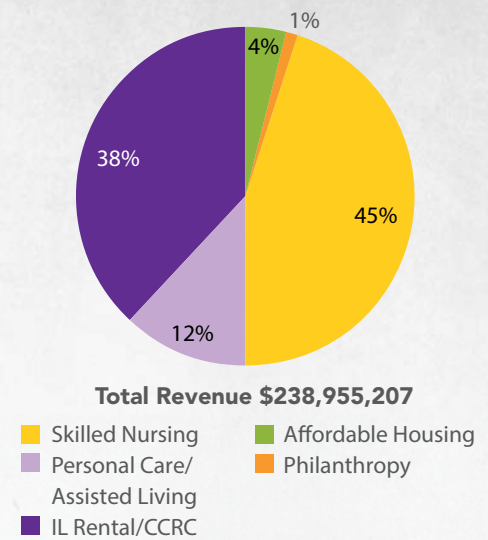
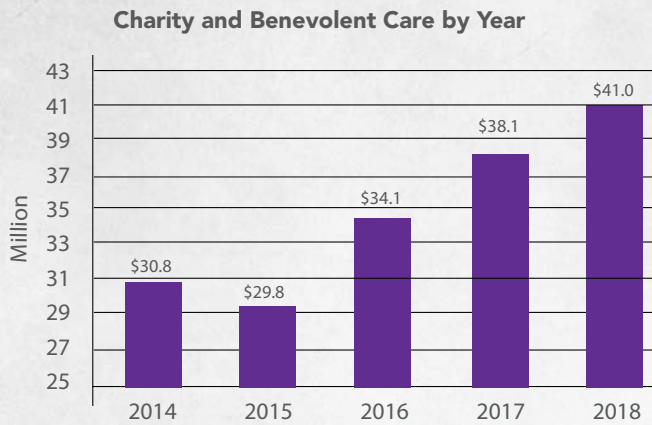
You may have heard it said that Pennsylvania has two seasons: "Winter" and "Road Work". With the advent of the second season, we find ourselves once again thankful for a windshield through which we have visibility of that which is oncoming, and the rear view mirror which provides a view of what which is behind us. Too often in the last few weeks we have felt the need to look at both at the same time.

The financial information provided in this report has more detail on our web-site and provides a wonderful rear view mirror. We can be thankful for where we have traveled thus far. We successfully filled expansions which were undertaken over the

prior two years. Net income increased over 2017, while at the same time charity and benevolent care increased by \$2 million. \$35 million was invested in facility improvements and expansions. We maintained our investment grade credit rating. Our ministry is at a good and safe place in our 91 year journey.

As we look forward through the windshield we have to drive carefully. Over the past year the Wall Street Journal has had several articles on the challenges seniors are facing. The country's senior population is increasing, while incomes are decreasing. Defined benefit pension plans are disappearing, and the

PSL financial statements can be accessed on the PSL website at www.psl.org.



average savings in 401k's is less than \$100,000. Healthcare costs for many of us are increasing at a greater rate than incomes. Most sources of government funding, most notably Pennsylvania Medicaid, have not increased rates for the past few years. Navigating the healthcare environment has become more challenging.

We proceed forward knowing the future can't be the same as the past. But also knowing we have a solid foundation of ministry and finances that are the road we travel on. A proud past and a promising future.



OUR MISSION

Guided by the life and teachings of Jesus,
the mission of Presbyterian Senior Living is
to provide compassionate, vibrant, and supportive
communities and services to promote
wholeness of body, mind and spirit.



PRESBYTERIAN
SENIOR LIVING

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As a faith-based organization, Presbyterian Senior Living is founded on the belief that every human being is of infinite worth as a unique creation of God. Based on this premise, Presbyterian Senior Living is committed to fully embracing the diversity of all persons served, so that together, we can foster a culture of inclusion in an environment free of all forms of discrimination where all people are treated with dignity and respect. Our goal is to cultivate awareness and understanding of personal differences and biases so that an environment of understanding, acceptance, respect and support is established.

