



2018

ANNUAL REPORT
TO THE CORPORATE
CONGREGATIONS



Our Family Caring for Yours

Executive Committee of the Board of Directors

Garth Rydland	President/Chief Executive Officer
Bruce Newhouse	Chairperson, Fisher Lutheran Church – Fisher, MN
John Snustad	Vice Chairperson, Appointed
Charles “Bud” Johnson	Secretary, Corporate Congregation Clergy
Clark Piepkorn	Treasurer, Appointed
Pete Hoistad	Calvary Lutheran Church – Grand Forks, ND
David Loer	Our Saviors Lutheran Church – East Grand Forks, MN
Patrick Moore	Appointed
Margaret Reed	Appointed

Board Members

Marilyn Nyberg	Ascension Lutheran Church – Emerado, ND
Carol Snortland	Augustana Lutheran Church – Grand Forks, ND
Chad Erickson	Bethany Lutheran Church – East Grand Forks, MN
Jeff Awes	Bethel Lutheran Brethren Church – Grand Forks, ND
Sheila Wurden	Bygland Lutheran Church – Fisher, MN
Duane Hanson	East Walle Lutheran Church – Thompson, ND
Diane Lindseth	Evanger Lutheran Church – Thompson, ND
Ellis Larson	Family of God Lutheran Church – East Grand Forks, MN
Roger Stadstad	Middle Grove Lutheran Church – Grand Forks, ND
Sharon Bakke	Ness Lutheran Church – Mekinock, ND
Lawrence Heuchert	Redeemer Lutheran Church – Grand Forks, ND
Susan Kuster	Reynolds Lutheran Church – Reynolds, ND
Olive Weber	St. Mark’s Lutheran Church – Grand Forks, ND
Sharon Gustafson	St. Matthew’s Lutheran Church – Thompson, ND
Marilyn Nyberg	St. Paul’s Lutheran Church – Honeyford, ND
Milt Kinzler	Sharon Lutheran Church – Grand Forks, ND
Lisa Piche	Trinity Lutheran Church – Manvel, ND
JoAnn Miller	Trinity Free Lutheran Church – Grand Forks, ND
Gary Masilko	United Lutheran Church – Grand Forks, ND
Arvin Kvasager	University Lutheran Church – Grand Forks, ND
Ron Holte	Walle Lutheran Church – Thompson, ND
Jacky Jones	Zion Lutheran Church – Oslo, MN
Eunice Vold	Bethesda Society
Joanne Becker	Valley Memorial Club



Our Executive Management Team

Garth Rydland, President/CEO, Administrator, Valley Eldercare Center
 Mindy Marcus, Campus Administrator 4000 Valley Square, Woodside Village
 Angie Goulet, Administrator/DON, Tufte Manor
 Cheryl Ekren, Housing Manager, Wheatland Terrace and Country Estates
 Lori Bott, Chief Financial Officer
 Barb Barta, Director of Human Resources
 Jenny Schultz, Director of Nursing, Woodside Village
 Jess Baumgarten, Director of Nursing, Valley Eldercare Center
 Gina Roller, Valley Transitions Coordinator, Valley Eldercare Center
 Megan Anderson, Administrative Project Coordinator

Did You Know?

25

Corporate Congregations

300

Adult and nearly 100 youth volunteers

569

Apartments/Resident rooms

800

Employees on three campuses

1,100

Residents cared for in the last year

\$45,600,000

Annual Budget

Employees Honored for 2017 Longevity Awards:

35 Years:

Roberta Arndt
 Toni LaFrenz
 Kim Morrison
 Shelly Pilon

30 Years:

Darlene Clifton
 Carolyn Ecklund
 Diane Habedank

25 Years:

Paula Nowatzki

20 Years:

Susan Blake
 Jane Cable
 Angie Goulet
 Mary Johnson
 Karen Klava
 Pam Sampson



4000 VALLEY SQUARE

Country Estates senior living combines the freedom and independence of apartment living with the community of 4000 Valley Square. Enjoy the friendly atmosphere, meet new neighbors and establish new friendships.

Wheatland Terrace assisted living is located on the 4000 Valley Square campus, offering personalized assistance, supportive services, and compassionate care in the privacy of a full apartment. Amenities of Town Square are available to any interested resident.

Woodside Village provides skilled nursing care and services as part of 4000 Valley Square. Woodside Village offers companionship and meaningful opportunities for residents. Town Square, the hub of this community, enhances the interaction of the campus. **Hearthstone** provides memory care within Woodside Village. It is a safe environment to support the changing needs of those diagnosed with dementia or Alzheimer's Disease.

VALLEY ELDERCARE CENTER

Valley Eldercare Center provides skilled nursing care and services in a caring environment and is located at the south end of the Altru Health System main campus. Upon entering this spacious one level facility you will find opportunities for developing companionship and new friendships. **Valley Transitions**, located within Valley Eldercare Center, provides post acute skilled nursing care and rehabilitative services for individuals to successfully return home or to an alternate level of care.

TUFTE MANOR

Tufte Manor basic care offers personalized assistance, supportive services, and compassionate care in a community setting. Tufte Manor provides the ideal alternative for those who no longer can live independently but may need some assistance.

Cherrywood Village offers affordable apartments for low income independent seniors. This two story structure houses thirty apartments with a connecting link to Tufte Manor where residents have access to the noon meal, hair salon, and a variety of scheduled activities. To inquire about these apartments, please call the Grand Forks Housing Authority at 701-746-2545.

A YEAR OF TRANSITIONS

The future of our organization is bright, though there are challenges that we are facing due to occupancy and reimbursement issues. These challenges are well known in many areas of North Dakota and the United States, but they are now affecting our market area.

Strategic planning sessions were held with the Executive Committee and Executive Leadership within Valley Memorial Homes. These planning sessions were timely as we are facing a number of new challenges with nursing home occupancy and reimbursement as long term care is in a state of transition.

Transitions of Care

We are proud that someone transitions to home or to a lesser level of care almost every day from Valley Memorial Homes. Most of that activity is occurring within Valley Transitions at Valley Eldercare Center. This vital work for the residents of our community gives people the confidence to return to their prior residence.

Transitioning Population

Independent living, basic care, and assisted living occupancy has been strong. However, we are seeing lower nursing home occupancy. Even though we are on track to have about 600 move-ins to our nursing homes in 2018, the overall census has been about 93 percent. Our population has been transitioning from the larger "greatest generation" of the 1910s and 1920s to the smaller numbers of those born in the "silent generation" of the 1930s and early 1940s. We project that there will be a few more years of less demand before it increases. The oldest baby boomer is only 73 and less than a quarter of the residents in our nursing homes are under the age of 80!

Financial Pressures

In addition to lower census, one of the factors that has created financial pressure on nursing homes is the legislative cut of the 3% annual inflator on prior year costs. 2018 is the second year with no inflator in the rates, which creates significant financial hardship for our profession. Since this cut occurred in the 2017 legislative session, operating margins in North Dakota nursing homes have declined from an average of -0.8% in 2016 to a -3.6% in 2018. Two-thirds of nursing homes are having losses in 2018. Please encourage your North Dakota Legislators to support the restoration of the 3% inflator during the 2019 Legislative Session.

Transitioning to a More Homelike Environment

Privacy is so important to everyone in our communities. This year we will add 36 private rooms to our nursing homes with a number of great amenities. At the same time we are decreasing the number of residents living in semi-private rooms so that we will only have 26 semi-private rooms in our two nursing homes.

At Woodside Village, the new addition has a total of twenty new private rooms with walk-in showers in their bathrooms. Ten rooms on two floors are built around their own activity and dining space just outside their room. These ten room additions have opened in August and September and are very well received by the first people to live in them!



Wheatland Activity Room



Valley Eldercare Center Deluxe Room



Headstart Classroom

At Valley Eldercare Center, 32 residents who were previously living in semi-private rooms will live in private rooms. In converting the Riverside neighborhood, we are adding 16 deluxe private rooms with two closets and over 300 square feet of living space. They are the most spacious of our nursing home rooms. It has been great to see people move in their additional furnishings to these rooms to make it more like home!

The new Wheatland Terrace activity room, entrance, and parking lot have been very well received by our assisted living residents and families. Washers and dryers have now been installed in all of our Country Estates independent apartments and a second elevator is under construction.

Our Staff Make These Transitions Possible

We are blessed to have nearly 800 dedicated staff at Valley Memorial Homes!

Congratulations to our VMH Employees of the Month for the past year: Sarah Dahlen, Austen Tyryfter, Elizabeth Staatz, Jayne Stempinski, Marlys Goulet, Elizabeth Belgarde, Sarah Hervey, Linda Halvorson, Luke Mathson, Sandy Kemnitz, Fatu Konneh, and Wanda Armstrong!

Of special note we have a transition in Medical

Staff leadership. Congratulations to Dr. James Brosseau on his retirement as our Medical Director from Valley Memorial Homes! He has dedicated his career to his patients in our region and we were very fortunate to have his leadership over the last three decades! We welcome Dr. Chris Henderson as our new Medical Director.

Transitioning to School

I would be remiss to leave out a wonderful new program that opened at 4000 Valley Square in August. Our Head Start preschool partnership has led to the creation of two classrooms for 28 children that will lead to amazing new intergenerational opportunities for our residents and the children in the program! We built the new accessible playground and classrooms with tremendous community support and a partnership with the Grand Forks Foundation for Education.

In conclusion, I would like to thank the Executive Committee of the Board of Directors for their volunteer service to our organization. To our member congregations, we thank you for supporting us through programs, volunteering, financial support, and governance. We are blessed to have you as a part of our organization!



Garth Rydland
President/CEO



Bruce Newhouse
Chairperson

In 2017-2018 our generous donors and endowment interest earnings generated \$644,000 of support to help meet the needs of our residents, their families and our staff. We provided support to over 40 programs and areas within Valley Memorial Homes. Chaplaincy Ministry is one of those programs and is an important part of caring for the whole person - Body, Mind and Spirit. Chaplains Gwenn Bazajou and Bud Johnson lead worship, provide sacraments, lead Bible studies, fellowships, special services, Abider Ministry volunteers and one-on-one visits. Support for this program came from:

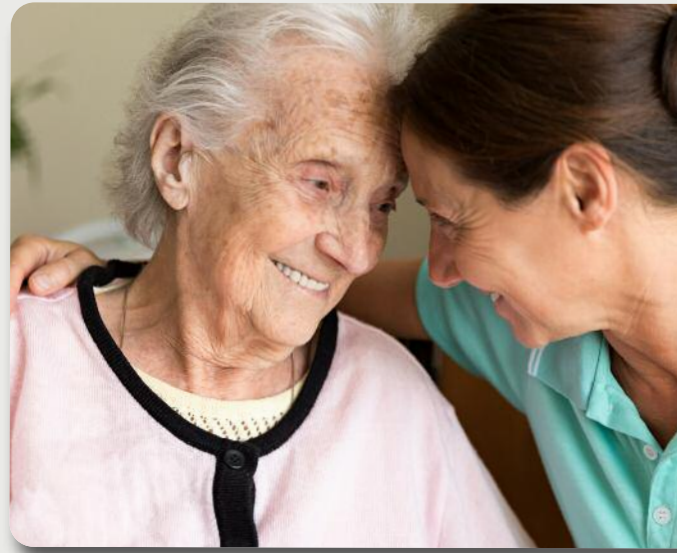
- The Bethesda Society
- Congregational Support
- Community Support
- Around Our Table Special Event
- Endowment Interest Earnings

Valley Memorial Homes also received gifts for:

- Resident Neighborhoods
- Valley Eldercare Center Player Piano
- Wishing Well Program
- 4000 Valley Square Building Project
- Head Start Classrooms & Playground

Named Endowment Interest Earnings also provided support to Valley Memorial Homes:

- Resident Needs – Music: Paul Howard Family and Garth & Christine Rydland
- Prof. Elwyn & Eva Robinson for Tufte Manor – Stephen Robinson
- Chaplaincy Ministry – Bethesda Society
- Resident Needs – Arthur Tweet and Sally J. Page
- Hearthstone (Memory Care) Resident Needs – Doris E. & William H. Page, Jr. and Donald J. & Alice Joy Bostrom
- Intergenerational Endowment – Mike & Ann Porter, Lori & Steve Bott and Sue & Mark Bjornstad
- Intergenerational Endowment for Music and Art – John & Inez Dahlgren



The Bethesda Society was created in 1914 to raise funds to build the first home for the aged in Grand Forks. They have continued to raise funds for over 100 years to support Chaplaincy Ministry.

The Valley Memorial Club was established to help provide for the 'extras' that enhance the lives of our residents. They recently provided funds for the Head Start Classroom and Playground Project.

Employees of Valley Memorial Homes contributed over \$37,000 through payroll deductions in 2017-2018. Gifts were used for resident needs, staff enrichment, Greg Hanson Scholarship Fund and the 4000 Valley Square Building Project.

A heartfelt thank you to all our volunteers and donors from the Valley Memorial Foundation staff, Sue Bjornstad, Director of Development and Jolene Marsh, Volunteer Coordinator/Administrative Assistant.

We appreciate the generous hearts of our gracious congregations and are grateful to be part of such a caring community. It is through these gifts, to the Chaplaincy Ministry Program, that we are able to provide compassionate Christian care that enhances the daily lives of those who call Valley Memorial 'home'.

Bethesda Award

United Lutheran Church
Calvary Lutheran Church
Trinity Lutheran Church

Cornerstone Award

Bethel Lutheran Brethren Church
University Lutheran Church

Heritage Award

Fisher Lutheran Church
Sharon Lutheran Church
Byglund Lutheran Church
Augustana Lutheran Church
St. Paul's Lutheran Church
St. Matthew's Lutheran Church
Reynolds Lutheran Church

Builders Award

Our Savior's Lutheran Church
Bethany Lutheran Church
Walle Lutheran Church
Evanger Lutheran Church
Ness Lutheran Church
Zion Lutheran Church

Golden Circle Award

Middle Grove Lutheran Church
East Walle Lutheran Church
St. Mark's Lutheran Church

Grand Giver Award

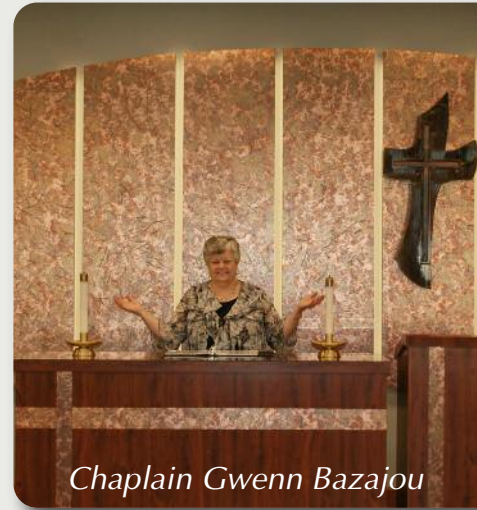
Family of God Lutheran Church
Trinity Free Lutheran Church

Bronze Circle Award

Ascension Lutheran Church

Supporter

Redeemer Lutheran Church

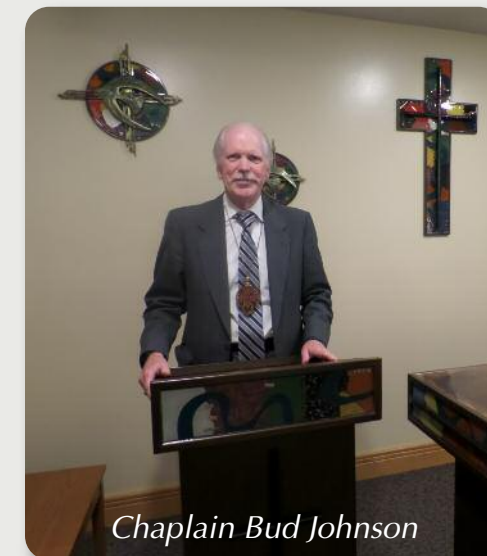


Chaplain Gwenn Bazajou

These individuals have achieved lifetime giving levels of \$10,000 and above as of June 30, 2018.

Cornerstone Award
John & Inez Dahlgren
Intergenerational
Endowment for Music
and Art Therapy

Heritage Award
In memory of Donald &
Dorothy Hulteng



Chaplain Bud Johnson

**VALLEY MEMORIAL FOUNDATION
Tree of Life Awards**

Giving Total	Giving Level	Tree of Life
\$ 50,000	Bethesda Award	Plaque
\$ 25,000	Cornerstone Award	Plaque
\$ 10,000	Heritage Award	Large Stone
\$ 5,000	Builders Award	Small Stone
\$ 2,500	Golden Circle Award	Gold Leaf
\$ 1,000	Grand Giver Award	Silver Leaf
\$ 500	Bronze Circle Award	Bronze Leaf
\$ 300	Supporter	

FINANCIAL OVERVIEW - 2017/2018 FISCAL YEAR HIGHLIGHTS

For the year ended June 30, 2018 the organization experienced an increase in net assets of \$147,386 with a minimal margin for the year of 0.4%. This past fiscal year there were a few key areas that impacted financial performance: state reimbursement, census, a loss on bond refunding and construction projects. Although we've faced some financial challenges, the organization remains financially stable with Net Assets of \$7 million and \$11.3 million in Cash the equivalent of 108 Days Cash on Hand.

Reimbursement Update

This past year Valley Memorial Homes faced some financial challenges revolving around limited reimbursement for skilled nursing facilities and basic care. Although state budget allotment cuts were restored in June 2017, for the 2017-2018 fiscal year Valley Eldercare Center, Woodside Village and Tufte Manor experienced another year of reimbursement with zero annual inflator in their rates issued by the state. Additionally, Valley Eldercare Center and Woodside Village will experience reduction in their Medicare rates effective October 1, 2018. We have budgeted to operate under these constraints in the 2018-2019 fiscal year. We will continue to work with the ND Long Term Care Association and local legislators to advocate for better funding.

Census Update

Declining occupancy for nursing home beds was also a challenge this past fiscal year. We experienced decreased demand and at the same time we were ramping up for a 20 bed addition at Woodside Village. The opportunity to sell 16 licensed beds to another facility in October has presented itself. As a result, Valley Eldercare Center will downsize from a 212 bed facility to 176, allowing for the conversion of 16 side by side double rooms to deluxe private room accommodations on the Riverside neighborhood. Basic Care, assisted and independent living census remained strong during the year.

Loss on Refunding

In 2016 the organization restructured its existing debt under the Valley Homes Obligated Group. Both the 2009 and 2012 series for Valley Homes and Services were advanced refunded and placed in escrow. The 2009 bond series were redeemed and paid out of the escrow account this past November, with a resulting \$86,213 Loss on Refunding from unamortized bond issue costs reflected on the financial statements. The 2012 bond series is still held in escrow and is scheduled to be redeemed in November 2018, which will result in another Loss on Refunding being reflected on 2018-2019 financials. These transactions do not have any impact on cash.

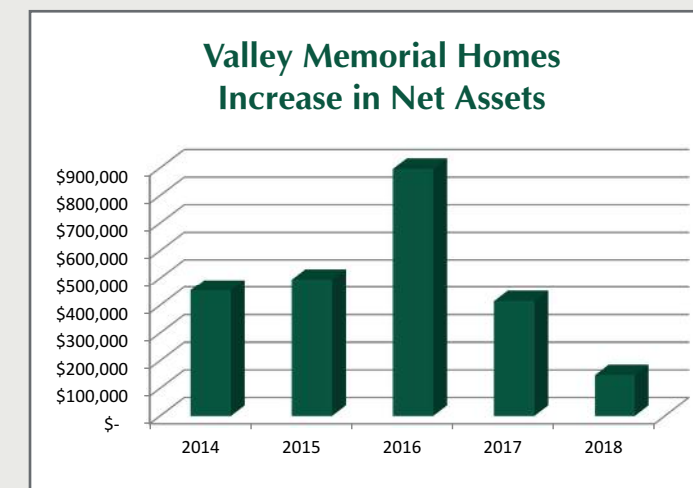
Construction Update

During the year there was continued progress on construction and renovation projects at both 4000 Valley Square and Valley Eldercare Center, which are scheduled to be completed in the 2018-2019 fiscal year. During the 2017-2018 fiscal year the following projects were completed: Wheatland Terrace new front entrance and activity room, washer and dryer project for Country Estates, parking lot and reroofing project at 4000 Valley Square. In the 2018-2019 fiscal year the following projects were completed or are still in process: Woodside Village opened 10 beds of the new addition on 8/2/2018 and the remaining beds were licensed on 9/1/2018 and the Head Start classrooms were opened in August. Work continues on Country Estate's second elevator

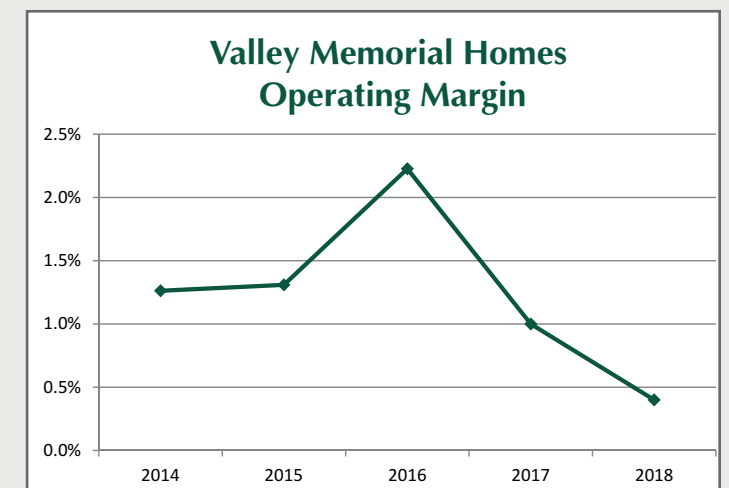
and interior renovations at Town Square. Valley Eldercare Center has completed numerous renovations including an update to its Town Square area; renovations on each neighborhood will continue this next fiscal year as well. We look forward to these projects and enhancements to better serve our current and future residents in a more home-like environment.

A copy of audited financial statements is available upon request by contacting Lori Bott at 701-787-7912 or lbott@valleymemorial.org. See also financial statistics provided below.

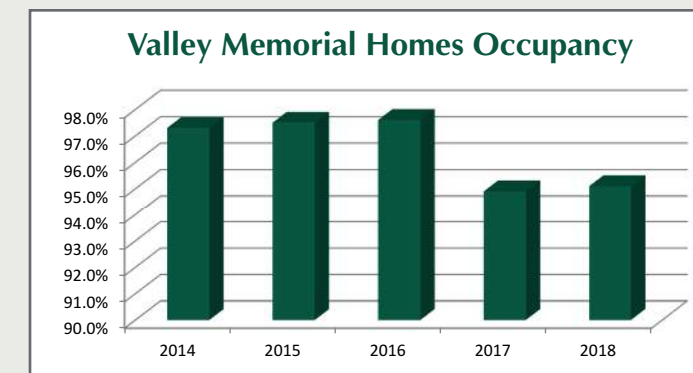
Financial Performance – Ratios and Statistics



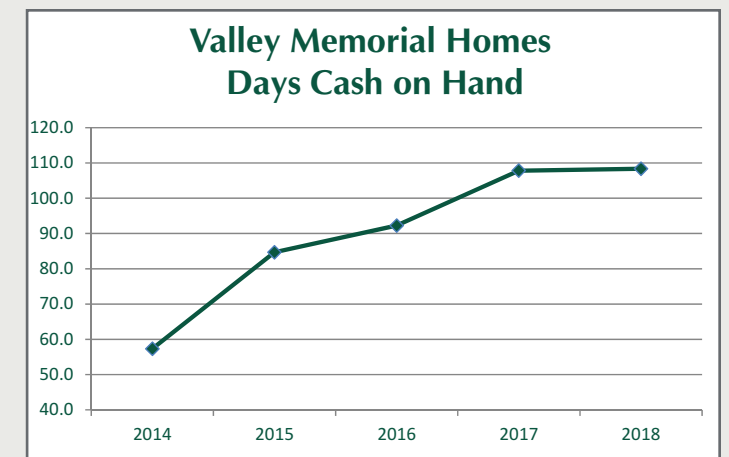
	Increase (Decrease) Net Assets				
	2014	2015	2016	2017	2018
Valley Homes and Services	\$(154,143)	\$(246,934)	\$ 347,650	\$ (31,797)	\$(572,219)
4000 Valley Square	\$ 608,430	\$ 741,450	\$ 548,232	\$ 446,343	\$ 719,605
Valley Memorial Homes	\$ 454,287	\$ 494,516	\$ 895,882	\$ 414,546	\$ 147,386



	Operating Margin				
	2014	2015	2016	2017	2018
Valley Homes and Services	-0.7%	-1.1%	1.4%	-0.1%	-2.1%
4000 Valley Square	4.3%	5.1%	3.7%	3.0%	4.7%
Valley Memorial Homes	1.3%	1.3%	2.2%	1.0%	0.4%



	Occupancy				
	2014	2015	2016	2017	2018
Valley Memorial Homes	97.3%	97.5%	97.6%	94.9%	95.1%
Valley Eldercare Center	97.0%	96.8%	97.0%	91.9%	90.8%
Tufte Manor	96.8%	97.6%	97.5%	95.9%	97.6%
Woodside Village	98.8%	99.3%	98.8%	98.2%	98.3%
Wheatland Terrace	93.7%	95.2%	96.4%	95.4%	98.4%
Country Estates	99.6%	99.2%	98.7%	98.3%	98.1%



	Days Cash on Hand				
	2014	2015	2016	2017	2018
Valley Homes and Services	31.4	56.6	70.2	81.0	83.5
4000 Valley Square	125.4	140.4	141.4	150.8	152.3
Valley Memorial Homes	57.3	84.7	92.3	107.8	108.4

Our Corporate Congregations

Ascension Lutheran Church – Emerado, ND
Augustana Lutheran Church – Grand Forks, ND
Bethany Lutheran Church – East Grand Forks, MN
Bethel Lutheran Brethren Church – Grand Forks, ND
Bygland Lutheran Church – Fisher, MN
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Sharon Lutheran Church – Grand Forks, ND
Trinity Lutheran Church – Manvel, ND
Trinity Free Lutheran Church – Grand Forks, ND
United Lutheran Church – Grand Forks, ND
University Lutheran Church – Grand Forks, ND
Walle Lutheran Church – Thompson, ND
Zion Lutheran Church – Oslo, MN



Mission Statement

Valley Memorial Homes provides compassionate Christian care and service to enhance the quality of life for those we serve.