



THE LUTHERAN HOME
ASSOCIATION

WHERE
the Care of the
- SOUL -
is the Soul
of Care® ♥



ANNUAL REPORT 2012

Eternal Lord,

today we reflect upon reasons for our rejoicing as well as pondering how you might continue to use us to the glory of your name.

We humbly praise you for sending your Son, Jesus Christ, into this world to carry out the plan of our salvation.

We praise you for the love that wants all people to be saved and for the forgiveness that comes to each of us only through your grace.

We thank you for allowing us to be your ambassadors to share the saving Word.

We ask your blessing on all the plans of this association to share Christian care along with the saving Gospel.

We ask your guidance as well as your blessings for the leadership of our association in these times when the work we do has so many challenges.

We ask your blessings on all who work within The Lutheran Home Association's network of services, especially in consideration of the sacrifices they accept as a part of what they do to assure the continuing mission of this ministry.

We ask your blessing on those who share the Word of Life; may their words always serve to your glory. As they speak your truth in love, we pray that the ears and hearts of those who hear may be receptive. May the weak be strengthened, the agitated be calmed, the sad find joy and the uncertain be made certain that there is no need to fear.

Lord Jesus, give us compassion to care about imperfect people even as you cared about us in our transgressions and sins. Lead us to feel the passion for souls that you felt for the entire world when you willingly went to the cross. May your Holy Spirit guide us to see souls in need, motivate us to do your work while there is still time and empower us to use to your glory the talents you have given us.

Until we walk hand in hand in glory with you and all believers, give us the joy of recognizing that you are beside us here. Give us confidence in all you accomplished so we can accomplish more for you in this and in years to come.

We pray and live to the glory of your name.

Amen!

PRESIDENT'S REPORT

It would be easy to spend time in this report discussing the mission challenges of the recent healthcare and human services environment. Huge cuts in payments for our services coupled with a dramatically changing landscape, largely influenced by the Affordable Care Act, create immense uncertainty. Naturally, no one really likes uncertainty.

Our ministry views this time through a different lens. Ralph Waldo Emerson once said, "Nothing great has ever been achieved without enthusiasm." As tempting as it is to hunker down and let the storm control our future, we believe that by leading with enthusiasm we are creating a stronger and brighter future. This past year we have continued addressing our technology initiatives, created a new collaboration with Mayo clinic and began conversations for partnerships that will create a strong environment for our team members and those we serve.

Without a doubt, our future services will look different in a few years. Yet, despite those who question the value of Christian institutions or are blatant enough to attack them, we remain confident in our mission and about our future plans. Nothing is more relevant in our world than a place where the care of the soul is central in all we do.

Whether you have witnessed one of our programs for individuals with special needs or observed a tender hug and compassion from one of our caregivers, you know the joy and enthusiasm that we bring to others. We have a choice about this uncertain time. We can be complacent or we can confidently move forward with God's promises and directive with enthusiasm. We choose the latter and believe this enthusiasm will be part of our heart and soul of leadership and services for the future.

Caring for the soul,



Michael R. Klatt
President and Chief Executive Officer



Michael R. Klatt,
President and Chief Executive Officer

CHAIRMAN'S REPORT

If you have had the opportunity to look at the financial numbers of The Lutheran Home Association (TLHA) for the fiscal year 2012, it would be understandable if you found them to be challenging and potentially problematic. During the year, it seemed at times that we were facing nearly insurmountable problems. Whether it was finances, census or regulatory changes, we were challenged to be creative in dealing with the issues.

It was during those times we found ourselves listening to what God promised those who have the privilege of sharing his message of salvation. Listen to the words in 1 Peter, "after you have suffered a little while, (he) will himself restore you and make you strong, firm and steadfast."

And while we still have challenges ahead of us, we have overcome such things before in our blessed 114 years of service. We continually develop and strengthen our strategic plan to help address these obstacles. A great deal of uncertainty surrounds our new healthcare delivery system. Even more uncertain is how all of this will be paid for. The shortage in healthcare workers continues to be a day-to-day challenge. There are new federal and state requirements being issued each month. And yet, through all of this, we continually come back to God's promises. His directive to TLHA is the same as it is to all Christians – to go and share the good news.

So yes, while some might look at the numbers and say it has been a difficult year, we don't look at it that way. We look at the numbers and say what a wonderful and loving God we have! We have a God that gives us the privilege of sharing his life-changing and life-saving message with thousands of people throughout the year! 2012 was a year filled with both challenges and joy and 2013 will be even better!

To God be the Glory!



Arvid W. Schwartz
Chairman of the Board



Arvid W. Schwartz, Board Chair

"And the God of all grace, who called you to his eternal glory in Christ, after you have suffered a little while, will himself restore you and make you strong, firm and steadfast. To Him be the power for ever and ever. Amen."

- 1 Peter 5:10-11



**BEST
NURSING HOMES**

U.S. News & World Report

2012



THE LUTHERAN HOME:
BELLE PLAINE

ranked among the best by U.S. News and World Report

It was a first. When the "Best Nursing Homes: The 2012 U.S. News Honor Roll" was published by U.S. News and World Report, **The Lutheran Home: Belle Plaine, was named one of best nursing homes in the state of Minnesota.**

To determine those named to their list, the authors reviewed data from 15,500 nursing homes across the country and determined the best in each state.

According to the article, "To be named to this distinctive group, the homes received five stars, the highest overall rating, from the federal government's Centers for Medicare

and Medicaid Services (CMS). A facility's overall rating is geared to its performance in health inspections, nurse staffing and medical care. Homes are ranked in tiers according to their star ratings in the three individual areas. With each tier, the order is alphabetical."

The CMS "Five-Star Quality Rating System" is used for skilled nursing facilities throughout the United States. Only 10% of all nursing homes in the United States receive this ranking.

For more information about the U.S. News and World Report annual rankings, visit <http://health.usnews.com/senior-housing>.

"CAREGIVER OF THE YEAR"

Sarah Beckius

Sarah Beckius was named the 2012 Caregiver of the Year by Aging Services of Minnesota,

the first time that a social worker received this honor. This award is given to caregivers who dedicate their lives and careers to serving older adults. Beckius has spent her entire 31-year career at The Lutheran Home Campus in Belle Plaine. Currently, she serves older adults at The Lutheran Home: Belle Plaine, a nursing home. Her career at the campus started at The Lutheran Home: Hope Residence, an intermediate care facility for people with developmental disabilities.

Governor Mark Dayton presented Beckius her award at the Aging Services Institute, a gathering of more than 1,500 aging services professionals. The audience was moved by Beckius' commitment to older adults and their quality of life. As she shared in her acceptance speech, "When you move into a nursing home, the only thing you should have to change is your address."

"The Caregiver of the Year award is about honoring the very best of the best," said Gayle Kvenvold, president and CEO of Aging Services of Minnesota. "It's also an important opportunity to show Minnesotans the face of the people who care for our loved ones when we cannot. Sarah Beckius is the kind of caregiver we all hope will be there for us when we need help."

"I feel I can make a positive difference every day for our residents and families."

better serve the growing number of residents living with these diseases. Beckius also attends to families with as much dedication and skill as she does residents. She hosts a community Alzheimer's Support Group to help people understand the challenges their loved ones are facing and give them tools to manage difficult, emotional situations.

"My work has become a part of me and I truly receive more than I give," said Beckius.



Governor Mark Dayton presenting Sarah Beckius with her award.

Beckius is a leader at The Lutheran Home: Belle Plaine, mentoring and training fellow caregivers and selflessly taking on a wide range of duties to improve the quality of life for her residents. She has developed special expertise in dementia and Alzheimer's care, training staff to

E-NEIGHBOR® SENSOR SYSTEM GAINS REGIONAL ATTENTION

Paul Marrs, a resident of Kingsway Retirement Living in Belle Plaine, was featured in a StarTribune article "**Families of frail seniors call sensors a godsend**". The story focused on how Paul's health and independence benefitted from the use of the eNeighbor system.

The Wisconsin State Journal ran a story featuring Janet Branish, a resident at Heritage Homes in Watertown, WI. Branish, who has dementia and Type 1 diabetes, is still able to live independently with the aide of sensor technology. As her daughter said, "She just isn't nursing home material . . . We were thrilled when we heard there was this technology".

The system uses nine high-tech sensors, placed discretely throughout his apartment, as a non-invasive way to monitor movement and patterns of behavior. The goal is to discover the warning signs of health changes sooner than later, which allows seniors stay well, active and help lower their care costs.

Seeing the long-term benefits of the system, many like Paul have experienced its true value. The sensors have enabled him to remain in his independent living apartment instead of moving into assisted living, which would cost approximately \$22,000 more per year.

The service also helps families stay well informed about their loved ones health and needs through daily e-mails.

As Paul shared in the article, "I hardly ever think about it, but when I do, I like it. I've been in the hospital three times, I've fallen a few times and frankly, I feel safer knowing somebody's paying attention."

To read the **StarTribune** article online, please visit <http://bit.ly/TvWmMj>

To read the **WISCONSIN STATE JOURNAL** article online, please visit <http://bit.ly/YctZGJ>

HERITAGE HOMES WINS INTERNATIONAL MOMBA AWARD

At the second annual MOMBA awards ceremony sponsored by RetirementHomes.com, the award for “Best Resident Event and Trip” went to our Heritage Homes in Watertown, Wisconsin. The award recognizes the most creative and original programs used by senior living communities. The competition, which includes 10 categories, is open to senior living communities worldwide. RetirementHomes.com is a comprehensive directory of retirement homes and communities as well as housing and health care options for seniors.

Nearly 200 entries were received from providers in North America, Asia and South America. A panel of four judges selected the top five entries in each category. From there, online voting over a four-week period by the general public determined the winners.

Heritage Homes was honored for an outing to the Concord Zoo, an animal farm located a few miles from Watertown. Virginia Fletcher describes the trip, with a big smile, “Freedom! Getting out makes me feel like I’m part of the world. I like being out in the country.” Virginia appreciates living the assisted living community at Heritage Homes. She shares, “My daughters are very busy with their work and families. I don’t want them to have to be responsible for my care. I like living here and getting the assistance I need. I wouldn’t be able to go out like today if I were still living at home.”

The zoo outing is one example of the many different type of activities, social times, trips and special events offered at Heritage Homes during the year.

To read about the zoo trip, see the story later in this report.

The award recognizes the most creative and original programs used by senior living communities.



SHARING HOPE

When 52-year-old Lance Campbell was baptized this spring there wasn't a dry eye in the church.



“Lance was pretty excited about doing this. It was very touching,” says Dan Schoeffel, who baptized Lance. Dan is a staff minister for St. Paul’s Lutheran Church, Onalaska, Wis., and frequently helps with the Coulee Region Jesus Cares Ministries program where Lance attends.

Lance is developmentally disabled. He lives in his own apartment and has an exuberance for life that brightens everyone around him. Yet for many years he wasn’t receiving regular spiritual instruction.

“I had tried to take Lance to our church but part way through he started crying. It was just too overwhelming for him,” says his sister Lillie Zoeller. “Then in 2005 we started going to Jesus Cares classes. He felt more comfortable because he was with people who also have special needs. He felt a sense of belonging and it was to his level.”

The Coulee Region Jesus Cares Ministries assists La Crosse area WELS congregations in reaching out to people with intellectual and developmental

disabilities. Started in 1990, it serves an average of 20-21 students each week and is part of the national Jesus Cares Ministries (JCM) operated by The Lutheran Home Association.

Like Lance, many people with developmental disabilities have their physical and social needs well cared for, however, their spiritual needs are often overlooked. Vicky Kunz, co-director for the Coulee Region JCM, says their mission is to meet these needs by sharing God’s Word, law and gospel with students at their own level of comprehension. The Lutheran Home Association assists their mission by providing lesson materials, training and encouragement.

“Each week an area WELS pastor comes to give a devotion and assist with teaching a Bible lesson,” she says. “We also have 13 volunteers who help with teaching, assisting with music and crafts, offering rides, planning curriculums or helping in whatever way is needed.”

It was a Bible lesson earlier this year that prompted Lance’s desire to be baptized.

“I had been covering the lesson of baptism and asked if everyone had been baptized,” says Staff Minister Schoeffel. “Lance had not. But he said he wanted to be baptized.”

And so, on April 30, 2012, Lance was baptized at First Lutheran Church in La Crosse, where the Coulee Region JCM classes are held.

Interestingly, Lance now attends traditional church services there as well.

“Lance has gotten to know the pastor through Jesus Cares classes and feels comfortable with him,” says Vicky. “He knows the building and sees familiar faces.”

Vicky generously praises her dedicated coworkers and volunteers. She’s proud of the students when they sing at community functions or learn the tone chimes for playing in church. And she is thankful to know people so special as Lance.

“Obviously, we give all the credit to God,” says Vicky. “The love of Jesus has completely taken over Lance’s heart.”



Caring for the mind and soul

About the time of their 50th wedding anniversary, Jim White noticed that something was different.

His wife, Dee, was an accountant. She was always skilled with numbers and highly organized. Now she was sending the condo fees to the wrong address. "She never made mistakes like that before."

Jim was familiar with dementia, so when the doctor diagnosed Alzheimer's disease, he wasn't surprised. For eight years, Jim took care of Dee himself. "I gave it my best shot at home, but each year it progressed. The early years weren't too bad, but when you have to dress her and do everything..." That was the challenge of being a 24-hour caregiver. It came to a point where he couldn't do the housework, make the meals, take care of business and safely care for Dee at the same time.

As difficult as it was for Jim, he knew it was time for Dee to move to a memory care community. Jim chose Heritage Homes because of its emphasis on spiritual care and WELS affiliation. Jim needed to know that Dee was being cared for, not just physically but also spiritually.



While it took Jim awhile to adjust to Dee's move, she seemed to accept it from the start. Jim notes, "I don't see her depressed...because there is always something going on. She has even taken up a new hobby." Dee has learned to paint by participating in an art therapy program offered in partnership with the Alzheimer's Association.

Their home pastor, Rev. Jim Wilsman of St. John's Lutheran in Waterloo, Wis., brings a DVD with a service on it every week. The Whites then get to enjoy watching it together. In addition, they are served by Heritage Homes' on-site chaplain, Rev. Ron Uhlhorn. The spiritual care and WELS affiliation are the number one reasons why Jim chose Heritage Homes. It's worth the 35 minute drive that Jim makes almost daily to visit with his wife.

This story exemplifies our mission and why it is our privilege to be able to serve the Whites and everyone entrusted to our care.



KINGSWAY OF BEVERLY HILLS

a blessed partnership

Synergy. It may be the best way to describe what is happening at Kingsway of Beverly Hills. The Lutheran Home Association, St. Paul's Ev. Lutheran Church, Builders for Christ and Catalyst Construction (WELS member owned) have teamed together to build a new senior living community.

Kingsway of Beverly Hills is an independent living community built on the campus of St. Paul's in Beverly Hills, Florida. Future plans include adding assisted living and memory care. Currently, St. Paul's serves the area with a church and school and will now add senior living to match a growing need. The Lutheran Home Association will provide management services.

It may come as a surprise, but the senior demographic has experienced a steady increase of those falling away from the faith. By offering settings such as Kingsway, we see it as an opportunity to share the Word of God.

Ground-breaking was in late February, the first open house in April and Dedication this past July. After years of planning and a name change (formerly known as Mighty Fortress), the Kingsway community is now a reality. The Lord has blessed this opportunity and it's exciting to see this long-awaited project come to fruition.

KEEPING THE MIND AND BODY ACTIVE

Getting out and about, even in the warm days of summer, is always exciting. That's why residents from Heritage Homes, Watertown, recently welcomed the opportunity to visit the Concord Zoo, a farm animal park located a few miles from town.

"We try to get out at least once a week, even if it's just getting on the bus and going for a drive," says Ashley Haines, social events coordinator for Heritage Homes. "This zoo is a great activity because it gets residents outdoors and gives them a chance to see the animals. Many of them used to be farmers or grew up on farms so they really enjoy it."

Taking a meandering bus ride to the zoo gave everyone a chance to see the landscape, note this year's dry weather and reminisce times gone by. Once there, they had fun feeding carrots to the animals and petting the variety of species.

What does it feel like to go on such activities?

"Freedom!" says Virginia Fletcher, with a big smile. "Getting out makes me feel like I'm part of the world. I like being out in the country."

Virginia, who recently moved to Heritage Homes, appreciates the help she receives from the assisted living community. It enables her to do things she wasn't able to do before.



"My daughters are very busy with their work and families. I don't want them to have to be responsible for my care," says Virginia. "I like living here and getting the assistance I need. I wouldn't have been able to go out like I did today if I were still living at home."

The zoo outing is just one of many activities that fill the social calendar for Heritage Homes. There is something going on every day, whether it's a regularly planned event such as Movin' to Music, or a special event such as an evening bonfire.

"I try to do things different than other homes are doing," says Ashley. "A bonfire isn't something you'd normally think of but the residents just love it. It's something they remember doing in their younger days."

Ashley gets her ideas from the Life Stories she puts together after interviewing residents and their families.

"When residents join us here at Heritage Homes, I sit down and talk with them," says Ashley. "I learn all about their lives—what they did, where they lived, who their families are. This helps me plan activities that will interest them and motivate them to participate. One of the biggest concerns families have is that their loved one will be bored. I want to make sure that doesn't happen."



Gladys Draeger especially enjoys petting the cows. Originally from Waterloo, WI, she and her husband had a dairy farm where together they raised their family.



The Heritage Homes' accessibility-enhanced bus makes loading easy for Virginia Fletcher and Ashley Haines, social events coordinator.



Residents from Heritage Homes independent living, assisted living and memory care communities all enjoy getting out on a beautiful summer day.

ST. MICHAEL'S ASSISTED LIVING

MEETS THE NEEDS OF OLDER ADULTS

A new era of Christian service began at St. Michael's Lutheran Home in Fountain City, Wisconsin. In April, the home discontinued its skilled nursing care and started providing assisted living services. Staff members worked closely with residents, families, guardians, health providers as well as county and state officials to make the transition a smooth one. Many of the residents remained at St. Michael's as much of their care needs were able to be met in this new setting.

The focus at St. Michael's Assisted Living is on individual wellness, which promotes a healthy lifestyle that encourages continued independence. Each residence has a uniquely tailored plan of assistance.



An extensive group of services and amenities are offered. Months of improvement projects throughout the building created a more private and comfortable, home-like setting for those making their home at St. Michael's.

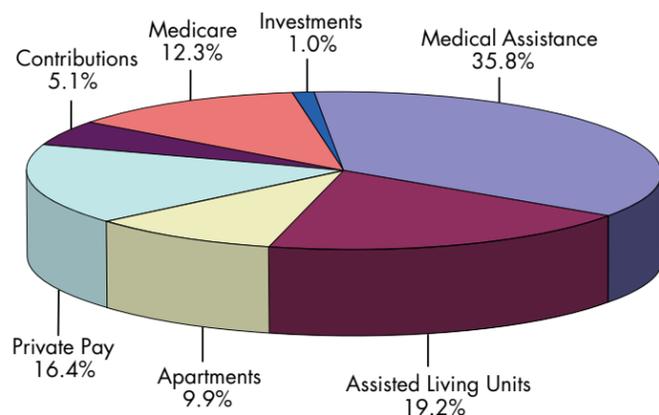
Along with high quality care is the commitment to provide spiritual support. St. Michael's provides a variety of spiritual care programs including devotions, Bible classes and worship services, as well as faith-based counseling. An on-site ordained chaplain is an integral part of the care giving team.

As Patti Stinson, Administrator, shares, "It's an honor to continue to serve the local community in this capacity and bring them high-quality, personalized care with exceptional service. Creating an inviting and supportive home is what we do on a daily basis to ensure their needs are met."

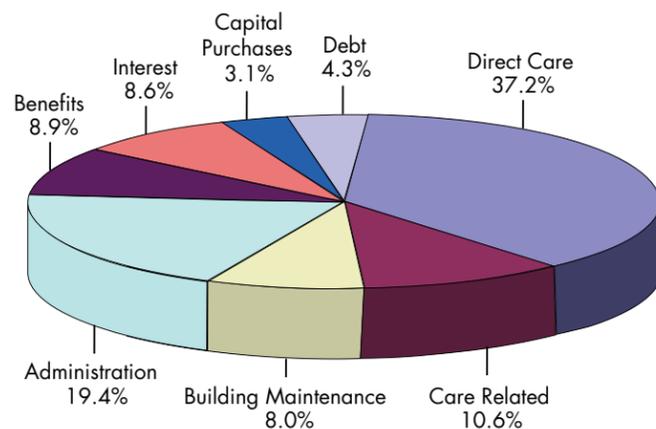
FINANCIAL REPORT

FINANCIAL YEAR ENDED 9-30-12

REVENUE SOURCES



EXPENDITURES



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