Fulfilling Lives

WesternHome communities
Annual Report 2016
It’s human nature to want a little recognition for a job well done. So it did feel good in 2016 for Western Home Communities to receive several honors, a reflection of the hard work by all our employees and the trust of those we serve:

- Des Moines Register – Iowa’s Top Workplaces
- Courier Communications – Employer of Choice
- LeadingAge Iowa – Excellence in the Workplace for Prepare to Care class
- Cedar Valley Best of the Best – 1st place Retirement Community, Assisted Living, Nursing Home
- Cedar Valley Best of the Best – Honorable Mention Home Health
- National Mature Media Awards – Gold Award for WHC-TV: Season Two calendar

It’s also good to know we don’t show up, day in and day out, to win awards. It’s nice recognition, but what really makes us feel good are heartfelt comments like these:

…Every day we were able to watch caregivers treat our mom with respect, kindness and compassion. We are truly grateful for the exemplary care that she received.

…Thank you for treating my mom so special and for letting me feel that she had a safe and loving home. She loved you all and I truly can’t thank you enough.

…The trip to Kansas City was my first bus trip with WHC and it sure will not be my last! It was just fantastic in every way.

Affirmations like these are the ones that count...not judged by “experts” or presented on a big stage, but spoken from the heart, through smiles and even tears. These relationships endure, long after the glow of an award begins to fade.

The words of residents, their families and our co-workers testify to how we’re living our values and mission: to assertively create fulfilling lifestyles for those we serve, their families and our employees. Peruse this annual report to see how we put those words into practice in 2016.

Moving forward,

Kris W. Hansen, CPA
Chief Executive Officer
Servant Spirit

Charitable Care: $879,000

Donations: 1,300 gifts $3 million

Volunteer hours: 7,325

Internships: 7
- UNI - 5
- Northern Illinois - 1
- Appalachian State - 1

Students-in-Residence: 3
- Willowwood: 2
- Stanard Family Assisted Living: 1

STORIE Time partners:
Seniors Teach Others Real Intergenerational Experiences

Launched for fall semester 2016 with resident matched with UNI students to spend a minimum of ten hours learning about and from each other.

Bud Fosse and Jeremy Christian, both born October 5, a fact they realized after being matched as STORIE Time partners.

Core value

Generous hearts support this work. Their empathy leads them to give time and money to meet others’ needs. In this way, the greater community helps Western Home Communities keep its century-old promise: that no resident loses a home here simply for running out of money.

Do not look out only for yourselves. Look out for the good of others also. 1 Corinthians 10:24 (NCV)
Harold Brewster has created a carving studio in one of his bedrooms at Willowwood, where he makes a happy mess of it every day. Carving is a solitary hobby for Harold and he enjoys a playlist of his favorite music as the hours pass and the pile of carving chips grows.

Harold has a talent for visualizing the end sculpture in a block of wood. He begins by sketching an outline directly on the wood. He then removes the extra wood with gouges, skews and a wood mallet until the project he imagined emerges in three dimensions.

He doesn’t remember developing this talent, it just became useful when he picked up a piece of campfire wood in the 1970s and began carving. He’s self-taught; years of practice lead to teaching carving when he and his late wife, Elnora, were snowbirds.

Harold assesses his carvings as realistic – an understatement when you see the miniature harp with working foot pedals, carved boxes encasing moving carved spheres, and carved chains. Harold has even immortalized family Christmas trees by carving the tree stems into very big chains. Garlands of carved chains decorate shelves containing carved miniatures on display in his carving studio.

“There isn’t anything I cannot carve – nothing,” Harold said. His son-in-law has helped him configure some jigs to hold and turn his projects so he remains seated in a comfortable position as his carving progresses on a carved cane, for example. “I’ve carved everything I could imagine and I’m still having fun!”
Cooperative effort supports evacuation during flood

With predictions of another near-record flood, the possibility of water getting in the basement and shutting down power forced a preemptive move of Martin Center second floor residents on September 23.

Moving 54 residents, many with mobility and/or memory issues, couldn’t have gone more smoothly.

• Buses and vans from MET Transit, EPI and Dolly’s Wheelchair Taxi showed up immediately. Including our own fleet, there were 16 vehicles at the front door ready to transport residents.

• UnityPoint Health - Allen Hospital not only offered housing but also had a full contingent of staff on hand. Reassuring handshakes and warm blankets greeted each resident.

• Martin Health Services packaged medications for each resident, as Covenant Rehab, Grundy County Memorial Hospital and Pinnacle Specialty Care prepared to welcome residents if more evacuations were needed.

• The city and Cedar Falls Utilities worked tirelessly and filled a bladder dam as an additional defense, so everyone returned home to Martin Center 24 hours later - another smooth process, because of teamwork.

• Many of our own employees arrived early and stayed late, changed personal plans and went the extra mile to take care of residents. This sacrificial effort is one display of how they live our mission – to assertively create fulfilling lifestyles – each day.
## ASSETS

**Current Assets:**
- Cash and Cash Equivalents: $5,528,105, $6,418,164
- Resident Receivables, Net of Allowance for Doubtful Accounts: $1,859,149, $1,372,335
- Investments: 4,751,219, 4,672,308
- Assets Limited as to Use: 355,000, 345,000
- Prepaid Expenses and Other Current Assets: 814,649, 708,041
  - Total Current Assets: 13,308,122, 13,515,848

**Assets Limited as to Use, Less Current Portion:**
- 4,891,219, 1,295,411

**Property and Equipment:**
- Land and Land Improvements: 11,633,255, 11,570,462
- Buildings: 106,266,027, 102,443,326
- Equipment: 8,044,363, 7,745,388
- Construction in Progress: 22,354,626, 5,221,980
  - Total Property and Equipment: 148,298,271, 126,981,156
  - LESS - Accumulated Depreciation: 37,096,437, 33,493,609
  - Net Property and Equipment: 111,201,834, 93,487,547

**Other Assets:**
- Notes Receivable - Individuals: 90,114, 139,386
- Other Assets: 404,699, 345,402
- Assets Restricted for Purchase of Property and Equipment: - , 2,087,788
- Assets Restricted for Scholarships: 30,545, 29,750
- Assets Restricted for Operations Endowment: 253,941, 253,941
  - Total Other Assets: 779,299, 2,856,267

**Total Assets:**
- $130,180,474, $111,155,073

## LIABILITIES AND NET ASSETS

**Current Liabilities:**
- Notes Payable: 4,130,164, 4,062,246
- Current Maturities of Long-Term Debt: 4,184,060, 1,273,801
- Accounts Payable: 2,712,015, 1,808,577
- Accrued Salaries and Benefits: 1,125,563, 885,509
- Other Current Liabilities: 1,193,803, 579,093
  - Total Current Liabilities: 13,345,605, 8,609,226

**Long-Term Liabilities:**
- Long-Term Debt, Less Current Maturities: 34,291,632, 24,566,396
- Charitable Gift Annuities: 1,927,199, 1,820,211
- Deferred Revenue from Advance Fees: 2,479,870, 2,548,684
- Refundable Advance Fees: 62,973,072, 59,138,883
  - Total Long-Term Liabilities: 101,671,773, 88,074,174
  - Total Liabilities: 115,017,378, 96,683,400

**Net Assets:**
- Unrestricted: 14,762,128, 11,938,920
- Temporarily Restricted: 116,482, 2,249,062
- Permanently Restricted: 284,486, 283,691
  - Total Net Assets: 15,163,096, 14,471,673

**Total Liabilities and Net Assets:**
- $130,180,474, $111,155,073
# Balance Sheet

Balance sheet as of December 31, 2016

## Unrestricted Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues, Gains, and Other Support:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Resident Service Revenue, Including Amortization of Advance Fees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$1,952,072 for 2015 and $1,334,040 for 2014</td>
<td>$31,936,749</td>
<td>$28,754,008</td>
</tr>
<tr>
<td>Contributions</td>
<td>1,661,055</td>
<td>847,513</td>
</tr>
<tr>
<td>Investment Income</td>
<td>339,624</td>
<td>375,947</td>
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<tr>
<td>Other Operating Income</td>
<td>993,497</td>
<td>943,509</td>
</tr>
<tr>
<td>Gain on Involuntary Conversion</td>
<td>-</td>
<td>2,520,843</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions Used for Operations</td>
<td>2,237,981</td>
<td>1,307,376</td>
</tr>
<tr>
<td><strong>Total Revenues, Gains, and Other Support</strong></td>
<td>37,168,906</td>
<td>34,749,196</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and Benefits</td>
<td>18,694,421</td>
<td>16,636,809</td>
</tr>
<tr>
<td>Medical Supplies, Drugs, and Therapies</td>
<td>2,088,471</td>
<td>1,877,625</td>
</tr>
<tr>
<td>Food</td>
<td>2,634,627</td>
<td>2,378,710</td>
</tr>
<tr>
<td>Utilities</td>
<td>1,359,828</td>
<td>1,399,337</td>
</tr>
<tr>
<td>Insurance and Other</td>
<td>4,782,680</td>
<td>4,154,696</td>
</tr>
<tr>
<td>Depreciation and Amortization</td>
<td>3,821,657</td>
<td>3,388,944</td>
</tr>
<tr>
<td>Interest</td>
<td>1,204,388</td>
<td>1,063,123</td>
</tr>
<tr>
<td>Loss on Bond Refinance</td>
<td>-</td>
<td>399,825</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td>34,586,072</td>
<td>31,299,069</td>
</tr>
<tr>
<td><strong>Operating Income (Loss)</strong></td>
<td>2,582,834</td>
<td>3,450,127</td>
</tr>
<tr>
<td>Change In Net Unrealized Gains (Losses) on Investments</td>
<td>240,374</td>
<td>(345,180)</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions Used for Purchase of Property and Equipment</td>
<td>-</td>
<td>7,500</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Unrestricted Net Assets</strong></td>
<td>2,823,208</td>
<td>3,112,447</td>
</tr>
</tbody>
</table>

## Temporarily Restricted Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>105,401</td>
<td>756,534</td>
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<tr>
<td>Net Assets Released from Restrictions</td>
<td>(2,237,981)</td>
<td>(1,314,876)</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Temporarily Restricted Net Assets</strong></td>
<td>(2,132,580)</td>
<td>(558,342)</td>
</tr>
</tbody>
</table>

## Permanently Restricted Net Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>795</td>
<td>1,835</td>
</tr>
<tr>
<td><strong>Increase (Decrease) in Permanently Restricted Net Assets</strong></td>
<td>795</td>
<td>1,835</td>
</tr>
<tr>
<td>Increase (Decrease) in Net Assets</td>
<td>691,423</td>
<td>2,555,940</td>
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<tr>
<td>Net Assets at Beginning of Year</td>
<td>14,471,673</td>
<td>11,924,739</td>
</tr>
<tr>
<td>Transfer of Net Assets (Deficit)</td>
<td>-</td>
<td>(9,006)</td>
</tr>
<tr>
<td>Net Assets at End of Year</td>
<td><strong>$15,163,096</strong></td>
<td><strong>$14,471,673</strong></td>
</tr>
</tbody>
</table>

The annual audit of Western Home Communities was conducted by Ryun, Givens & Company, P.L.C. who issued an unqualified opinion. If you would like a copy of the audit, please contact Kelly Meier, Chief Financial Officer of Western Home Communities, and one will be provided.