

LASATA CARE CENTER ANNUAL REPORT, 2010

Lasata's census and occupancy levels are definitely trending the same as state and national levels. Our total occupancy for the year was the lowest in 20 years as we averaged 179 residents per day. This trend will continue into the future as more options and services become available for the frail elderly to stay in the community as long as possible. In fact 6 of our residents left the Care Center and moved into the Crossings assisted living facility in July.

Lasata is now caring for more short-term rehabilitation residents and residents with chronic or end-of-life conditions. Our short-term rehabilitation census was 25% higher than past years and Hospice care was 7% of our total census. Even though we had a record low census our admissions were 35% higher than past years and discharges were 37% higher than past years. This is due to the turnover of short-term rehabilitation residents.

We continue to work with various state organizations such as Wisconsin Counties Association (WCA) and Wisconsin Association of Homes & Services for the Aging (WAHSA) to advocate for fair and equitable reimbursement rates as well a relief from duplicative, burdensome and expensive regulations.

During our annual state/federal licensure certification survey we were awarded deficiency-free status. Of the 400 nursing homes in Wisconsin less than 30 % achieve this status each year. This is a direct reflection of dedication to quality care by our staff.

Our Operating Revenues were \$15,124,385 and Operating Expenses were \$15,169,630 for a Net Operating Deficit of \$45,425. Our original budget Operating Deficit was \$134,370.

Medicaid(T19) reimbursement rates was \$71.52 per day below our operating costs creating a deficit of \$3,100,000 from caring for 137 Medicaid resident per day. Fortunately we received \$30.31 per day, (a total of \$1,453,500) in Supplemental Payment Program funds to help offset some of these losses.

The most notable revenue budget shortage is from the State reducing Medicaid (T19) funds by \$663,000. However due to an increase in private pay and Medicare(T18) funded residents our overall revenue shortage was only \$154,300.

Notable expense account differences included wages of \$46,825 over budget but fringe benefits being \$115,350 below budget. Utilities were \$83,800 under budget and overall expenses were \$243,446 under budget.

Wages were over budget mainly due to an increase in staff out on medical leaves so we had to cover with overtime and temporary staffing. As our professional nurses continue to grow older and retire we are finding it difficult to recruit younger nurses willing to work on our industry.

We continued to renovate and update our 44 year-old physical plant. We spent \$232,000 on renovating our kitchen which will allow us to serve the extra capacity of the Crossings assisted living tenants and replaced many older pieces of equipment with newer energy efficient models.

Our original 1966 water and sewer lines were failing so we spent \$122,000 to install new and larger service lines and spent \$47,000 to repave our deteriorating main parking lot. In addition we spent \$150,000 to repair, remodel or update various other parts of the building and purchased new equipment to meet the needs of residents and staff at a cost of \$115,000.

Goals for 2011 will include negotiating a fair and equitable labor contract, recruiting and retaining quality employees, dealing with whatever funding obstacles will be rolled our way from Madison and working to promote and market all levels of service from all three facilities as the Lasata Senior Living Campus.

Ralph G. Luedtke, Lasata Campus Administrator

LASATA HEIGHTS SENIOR APARTMENTS ANNUAL REPORT, 2010

2010 was filled with construction projects such as remodeling the kitchen, dining room and public bathrooms, replacing a failed elevator, re-siding the entire building, replacing half of the roof, replacing the emergency call/daily check in systems. Throughout the entire process the tenants as well as staff were flexible and excited to see the finished product. Prospective tenants have commented on how nice the updated areas look.

Lasata Heights experienced a 20% turnover in 2010. This is a decrease from 30% last year. Those tenants who terminated their residency did so for the following reasons: 1 moved to a condo, 3 moved to Lasata Care Center, 3 moved to a CBRF, 3 moved to Lasata Crossings and 2 died.

The economy continues to have an impact on our ability to rent apartments. We averaged 96% occupancy (up from 95% in 2009), having averaged 2 open apartments per month which is what we budgeted. Similar challenges/concerns that the seniors faced last year remain; they can't sell their homes or get the price they need to be able to afford the rental rates of the Heights. We continue to have a wait list for our larger one bedroom and two bedroom apartments as those are consistently rented. The apartments that were open throughout the year are our smaller one bedroom. In order to stay competitive and ensure consistent revenue for the campus, we need to consider remodeling the apartments with new cabinets/countertops, walk in showers and washer/dryer in the larger units.

Focus was placed on marketing and increasing community involvement at the Heights. We were able to partner with Northshore Bank to provide banking services for our tenants as well as the Crossings. We also linked with Crossroads Church, University School, Cedarburg Mom's Club, Delta Kappa Gamma Book Club, Concordia Nursing and Therapy student programs to name a few that now regularly provide us with programming for the tenants. Logged volunteer hours for the Heights for the year were 477.

Operating revenues were budgeted at \$781,690 and year end un-audited amounts were \$792,078. This increase in revenues received was due to keeping larger higher priced apartments filled as well as an increase in meal tickets sold. Operating expenses were budgeted at \$532,696 and year end un-audited amounts were \$505,459. The reduction in expenses was due to savings in utilities, supplies and materials.

We had budgeted for an operating surplus of \$248,994 and ended the year with an operating surplus of \$286,619. After an inter-departmental transfer of \$248,994 to cover the Lasata Care Center budgeted losses the Heights still had an operating surplus of \$37,625.

Goals for 2011 are to start discussions for future renovation plans and to continue to search out marketing and community involvement opportunities.

Beth Carstens, Lasata Heights Manager

Ralph G. Luedtke, Lasata Campus Administrator

LASATA CROSSINGS ANNUAL REPORT, 2010

We began the year with a total of 182 people on our 'interested' list. Over the next several months everyone was removed from the list because of; not meeting admission criteria, no longer interested or dying before construction was completed. At the end of the year the 'interested but not committed' list was at 10. We will continue to send them the Crossings newsletter and calendar of events as well as invitations to any community events that we are hosting. The 'waiting' list (applications we have actually received) was at 15 private pay and 5 Family Care applicants at year-end.

During March and April we had five informational meetings that were attended by a total of 85 people, we also gave tours to 80 people during the construction phase. Interested individuals began turning in their 'waiting' list deposits during March.

In May all the Crossings staff was hired; 14 Personal Care Workers, a Maintenance Assistant and a Registered Nurse. 12 out of the 14 Personal Care Workers hired were employees of Lasata. 2 of the Personal Care Workers, the Maintenance Assistant and the Registered Nurse were external candidates. In June all 14 Personal Care Workers attended and passed a Medication Administration course facilitated by Roeschen's Omnicare Pharmacy.

In mid-June the State of Wisconsin Dept. of Health Services surveyed the facility and granted our RCAC license. Two open houses were held in June, one VIP open house and one for the general community. It is estimated that 600 people toured the building during these open houses.

On July 1st our first three tenants move in and by the end of the month a total of 17 people moved in. At the end of August the census was 27 and one person was discharged to Hospice due to a health decline. By the end of September the census was 30 and one person was discharged to Lasata Care Center. By October the census was 33 and in November it was 35 and at the end of December it was at 34 due to one tenant passing away.

Of the 38 admissions that we had in 2010:

- 6 people moved in from Lasata Heights
- 6 people moved in from Lasata Care Center (5 Family Care and 1 Private Pay)
- Of the 27 people that moved from off-Campus:
 - 11 people moved from other assisted living facilities (7 from Cedar Gardens) 5 people moved from outside of Ozaukee County to be close to a family member that lives in Cedarburg
 - 8 people moved from independent living in the community
 - 2 people moved from home after rehab at Lasata Care Center
 - As of December 31 there were 34 tenants living at Lasata Crossings, we had planned and budgeted to be at 40 but still feel we had a very successful first 6 months.

The construction bond was \$10 million and we generated \$200,000 in interest revenue during the construction phase. Estimated final construction costs are \$9.75 million and \$447,000 was used to pay the 2010 interest on debt.

2010 Operating Revenue was \$596,800 and Operating Expense without interest on debt was \$824,900 for a net Operating Deficit of \$228,100. We had budgeted for an Operating Deficit without debt of \$25,150.

In the next year we will continue marketing efforts by developing a more noticeable identity as we become an integral part of the Lasata Senior Living Campus. We expect to have a census of 50 by the end of 2011 and project to be budget neutral by the end of 2012.

Kristen Sonnenberg, Lasata Crossings Manager

Ralph G. Luedtke, Lasata Campus Administrator

LASATA CARE CENTER FINANCIAL STATEMENT-2010

accrued through month-end: Dec

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	<u>2010</u> <u>Budget</u>	<u>Budget</u> <u>To Date</u>	<u>Actual</u> <u>To date</u>	<u>Difference</u> <u>From Budget</u>
REVENUES:				
Private Pay R&B	\$ 3,068,008	\$ 3,068,008	\$ 3,239,291	\$ 171,283
Managed Care R&B	\$ 55,663	\$ 55,663	\$ 264,077	\$ 208,414
Medicare R&B (T18)	\$ 1,992,900	\$ 1,992,900	\$ 2,048,877	\$ 55,977
Medicaid R&B (T19)	\$ 7,673,760	\$ 7,673,760	\$ 7,010,482	\$ (663,278)
Family Care R&B	\$ 326,675	\$ 326,675	\$ 478,904	\$ 152,229
Other Revenues	\$ 351,700	\$ 351,700	\$ 622,336	\$ 270,636
Donations	\$ 10,000	\$ 10,000	\$ 6,895	\$ (3,105)
SP Award	\$ 1,800,000	\$ 1,800,000	\$ 1,453,523	\$ (346,477)
TOTAL REVENUES	\$ 15,278,706	\$ 15,278,706	\$ 15,124,385	\$ (154,321)
EXPENSES:				
Salaries & Wages	\$ (7,769,119)	\$ (7,769,119)	\$ (7,815,946)	\$ 46,827
Fringe Benefits	\$ (2,924,936)	\$ (2,924,936)	\$ (2,809,567)	\$ (115,369)
Travel & Training	\$ (8,000)	\$ (8,000)	\$ (7,678)	\$ (322)
Supplies	\$ (789,000)	\$ (789,000)	\$ (584,501)	\$ (204,499)
Purchased Services	\$ (1,691,132)	\$ (1,691,132)	\$ (1,862,046)	\$ 170,914
Utilities	\$ (430,000)	\$ (430,000)	\$ (346,189)	\$ (83,811)
Interdept. Charges	\$ (343,548)	\$ (343,548)	\$ (333,431)	\$ (10,117)
Depreciation	\$ (345,749)	\$ (345,749)	\$ (388,598)	\$ 42,849
Debt Expenses	\$ (26,230)	\$ (26,230)	\$ (22,234)	\$ (3,996)
Donation Expenses	\$ (15,000)	\$ (15,000)	\$ (12,802)	\$ (2,198)
Other Expenses	\$ (1,070,362)	\$ (1,070,362)	\$ (986,638)	\$ (83,724)
TOTAL EXPENSES	\$ (15,413,076)	\$ (15,413,076)	\$ (15,169,630)	\$ (243,446)
OPERATING ADJ.	\$ (134,370)	\$ (134,370)	\$ (45,245)	\$ 89,125
EST. OPERATING ADJ	\$ (134,370)	\$ (134,370)	\$ (45,245)	\$ 89,125
Transfer from HEIGHTS	\$ 248,994	\$ 248,994	\$ 248,994	\$ -
NET CLOSING	\$ 114,624	\$ 114,624	\$ 203,749	\$ 89,125

LASATA HEIGHTS FINANCIAL STATEMENT-2010

accrued through month-end: Dec

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	<u>2010</u> <u>Budget</u>	<u>Budget</u> <u>To Date</u>	<u>Actual</u> <u>To date</u>	<u>Difference</u> <u>From Budget</u>
REVENUES:				
Apartment Rentals	\$ 696,120	\$ 696,120	\$ 694,584	\$ (1,536)
Meal Tickets	\$ 66,120	\$ 66,120	\$ 72,872	\$ 6,752
Parking	\$ 12,970	\$ 12,970	\$ 11,007	\$ (1,963)
Housekeeping	\$ 4,980	\$ 4,980	\$ 4,696	\$ (284)
Laundry Commission	\$ 500	\$ 500	\$ 1,026	\$ 526
Beauty Shop Rev	\$ -	\$ -	\$ 6,607	\$ 6,607
Donations	\$ 500	\$ 500	\$ 723	\$ 223
Other Revenues	\$ 500	\$ 500	\$ 563	\$ 63
TOTAL REVENUES	\$ 781,690	\$ 781,690	\$ 792,078	\$ 10,388
EXPENSES:				
Salaries & Wages	\$ (163,216)	\$ (163,216)	\$ (162,129)	\$ (1,087)
Fringe Benefits	\$ (55,749)	\$ (55,749)	\$ (52,565)	\$ (3,184)
Travel & Training	\$ (650)	\$ (650)	\$ (740)	\$ 90
Supplies	\$ (58,975)	\$ (58,975)	\$ (45,210)	\$ (13,765)
Purchased Services	\$ (64,972)	\$ (64,972)	\$ (48,462)	\$ (16,510)
Utilities	\$ (80,400)	\$ (80,400)	\$ (64,728)	\$ (15,672)
Interdept. Charges	\$ (6,241)	\$ (6,241)	\$ (6,056)	\$ (185)
Depreciation	\$ (93,001)	\$ (93,001)	\$ (113,196)	\$ 20,195
Donation Expenses	\$ (500)	\$ (500)	\$ (103)	\$ (397)
Other Expenses	\$ (8,992)	\$ (8,992)	\$ (12,270)	\$ 3,278
TOTAL EXPENSES	\$ (532,696)	\$ (532,696)	\$ (505,459)	\$ (27,237)
OPERATING ADJ.	\$ 248,994	\$ 248,994	\$ 286,619	\$ 37,625
NET OPERATING ADJ	\$ 248,994	\$ 248,994	\$ 286,619	\$ 37,625
Transfer to LASATA	\$ (248,994)	\$ (248,994)	\$ (248,994)	\$ -
NET CLOSING	\$ -	\$ -	\$ 37,625	\$ 37,625

LASATA CROSSINGS FINANCIAL STATEMENT-2010

accrued through month-end:

Dec

12

	<u>2010</u> <u>Budget</u>	<u>Budget</u> <u>To Date</u>	<u>Actual</u> <u>To date</u>	<u>Difference</u> <u>From Budget</u>
REVENUES:				
Private Pay RCAC	\$ 808,200	\$ 808,200	\$ 440,522	\$ (367,678)
Family Care RCAC	\$ 39,000	\$ 39,000	\$ 96,842	\$ 57,842
Private Pay Apt Rent	\$ 23,400	\$ 23,400	\$ -	\$ (23,400)
Meals	\$ 2,000	\$ 2,000	\$ 28	\$ (1,972)
Laundry	\$ 10,000	\$ 10,000	\$ 654	\$ (9,346)
Beauty Shop	\$ 6,000	\$ 6,000	\$ 4,875	\$ (1,125)
Donations	\$ -	\$ -	\$ 370	\$ 370
Other Revenues	\$ -	\$ -	\$ 7,173	\$ 7,173
Interest Revenue	\$ -	\$ -	\$ 46,337	\$ 46,337
TOTAL REVENUES	\$ 888,600	\$ 888,600	\$ 596,801	\$ (291,799)

EXPENSES:				
Salaries & Wages	\$ (391,422)	\$ (391,422)	\$ (321,218)	\$ (70,204)
Fringe Benefits	\$ (154,828)	\$ (154,828)	\$ (107,182)	\$ (47,646)
Travel & Training	\$ -	\$ -	\$ (1,163)	\$ 1,163
Supplies	\$ (60,500)	\$ (60,500)	\$ (55,355)	\$ (5,145)
Purchased Services	\$ -	\$ -	\$ (30,291)	\$ 30,291
Utilities	\$ (67,500)	\$ (67,500)	\$ (66,479)	\$ (1,021)
Interdept. Charges	\$ -	\$ -	\$ (743)	\$ 743
Depreciation	\$ (166,500)	\$ (166,500)	\$ (178,236)	\$ 11,736
Debt Expenses	\$ (446,920)	\$ (446,920)	\$ (446,920)	\$ -
Donation Expenses	\$ -	\$ -	\$ -	\$ -
Other Expenses	\$ (73,000)	\$ (73,000)	\$ (64,234)	\$ (8,766)
TOTAL EXPENSES	\$ (1,360,670)	\$ (1,360,670)	\$ (1,271,821)	\$ (88,849)

OPERATING ADJ.	\$ (472,070)	\$ (472,070)	\$ (675,020)	\$ (202,950)
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EST. OPERATING ADJ	\$ (472,070)	\$ (472,070)	\$ (675,020)	\$ (202,950)
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Adjusted deficit w/o Debt \$ (228,100)