M&M: Highlights

VILLAGE GREEN
• Ground breaking ceremony planned for August 9th at 10am.

FOUR KEY STAFF VACANT POSITIONS
1) HR Director
2) Garden Manager, RN
3) Referral Manager
4) Skilled Services Manager, RN

MMHS
• Overall census continues to be pretty good but payor mix needs more adjusting to get to our plan.
• We’ve announced internally that re-structuring plan for our Garden Unit will be made public in early Aug.
  The aim of re-structuring is to:
    1) reduce internal transitions for families
    2) provide more clarity for staff around responsibilities and accountability
    3) save an additional $120K+ annually

Bay Vista Commons
• Completed their surprise annual survey by DSHS – went OK
• Revising license to increase capacity

Enterprise Risk Assessment
• Pro-bono engagement with Clark Nuber began in July. We’ll report out to the Board before 12/31.

MMCS
• Tammi Palodichuk will be stepping in to Director of Operations in August (CCC and ELC).

Ebenezer
• 1 vacancy
<table>
<thead>
<tr>
<th>Month</th>
<th>Event Description</th>
<th>Date</th>
<th>MMLS</th>
<th>MMHS</th>
<th>MMCS</th>
<th>Ebenezer</th>
<th>MMHCS</th>
<th>Agenda</th>
</tr>
</thead>
<tbody>
<tr>
<td>January-12</td>
<td>Board Meeting</td>
<td>Thursday, January 26, 2012</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td>CEO Chat</td>
</tr>
<tr>
<td>February-12</td>
<td>Board Meeting</td>
<td>Thursday, February 23, 2012</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Policies 3 &amp; 4 Annual Review, Board Self-Appraisal</td>
</tr>
<tr>
<td>March-12</td>
<td>Board Meeting</td>
<td>Thursday, March 29, 2012</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td>Audit Presentation, Board Self-Appraisal Results, CEO Eval</td>
</tr>
<tr>
<td>April-12</td>
<td>Board Meeting</td>
<td>Thursday, April 26, 2012</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>Policy 2 Annual Review, Conflict of Interest, CEO Chat</td>
</tr>
<tr>
<td>May-12</td>
<td>Annual Meeting of Delegates</td>
<td>Thursday, May 31, 2012</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Elect/re-elect trustees</td>
</tr>
<tr>
<td></td>
<td>Board Meeting</td>
<td>Thursday, May 31, 2012</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Elect Board officers</td>
</tr>
<tr>
<td>June-12</td>
<td>Board Meeting</td>
<td>Thursday, June 28, 2012</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>July-12</td>
<td>Board Meeting</td>
<td>Thursday, July 26, 2012</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>August-12</td>
<td>Board Meeting</td>
<td>Thursday, August 30, 2012</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>CEO Chat</td>
</tr>
<tr>
<td>September-12</td>
<td>Generations Luncheon</td>
<td>Sunday, September 23, 2012</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Review DRAFT Strategic Vision and Goals from staff</td>
</tr>
<tr>
<td></td>
<td>Board Meeting</td>
<td>Thursday, September 27, 2012</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>October-12</td>
<td>Leading Age Conference</td>
<td>October 21-24 (Denver)</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td>Policy 1 Annual Review, Review draft Budgets</td>
</tr>
<tr>
<td></td>
<td>Board Retreat</td>
<td>TBD</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Board Meeting</td>
<td>Thursday, October 25, 2012</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>December-12</td>
<td>Board Meeting</td>
<td>Thursday, December 06, 2012</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td>Approve Budgets</td>
</tr>
</tbody>
</table>
Met with RFM and PPII leadership in July

Waiting for PPII to confirm they want to try to proceed to get to “break ground” stage by next summer

Waiting for PPII to give “green light” to M&M and RFM to begin working on program and proforma
## 2012 Operational Objectives

<table>
<thead>
<tr>
<th>Financial Focus</th>
<th>Customer Focus</th>
<th>Technology &amp; Process Improvement Focus</th>
<th>Employee Learning &amp; Growth Focus</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Begin ELC &amp; CCC accreditation for Navy relationship (MMCS)</strong></td>
<td><strong>Implement <em>Choice Menu</em> Options (MMHS)</strong></td>
<td><strong>AOD &amp; Orbits: bridging the systems to eliminate data-entry for staff (MMHS)</strong></td>
<td><strong>1163 Training Requirements Implemented</strong></td>
</tr>
<tr>
<td><strong>Homecare Transition &amp; Assimilation (HCS)</strong></td>
<td><strong>Summer Education Series for Community</strong></td>
<td><strong>Name Badge Upgrade (Point of Sale capability)</strong></td>
<td><strong>Supervisory Training and Leadership Academy</strong></td>
</tr>
<tr>
<td><strong>Marketing Work Plan 2012 – 2013 (ALL)</strong></td>
<td><strong>New (interior) Signage (MMHS &amp; ELC)</strong></td>
<td><strong>Paperless Workflow: E-Verify: Store in (DocSTAR or Kronos)</strong></td>
<td><strong>Brown Bag Trainings &amp; 2x/yr for New Employees</strong></td>
</tr>
<tr>
<td><strong>EZ Care Billing and Scheduling</strong></td>
<td><strong>Chapel Re-model (MMHS)</strong></td>
<td><strong>Paperless Workflow: Electronic EAF: Store in (DocSTAR or Kronos)</strong></td>
<td><strong>Introduce Director of Operations role into MMCS</strong></td>
</tr>
<tr>
<td><strong>Revised Financial Agreement (MMHS)</strong></td>
<td><strong>Bistro Plan Submission to DOH (MMHS)</strong></td>
<td><strong>Kronos: AT HOME automation</strong></td>
<td><strong>Employee Health Fair (ALL)</strong></td>
</tr>
<tr>
<td><strong>Charging Interest on Past Due Accounts (MMHS, MMCS, MMHCS)</strong></td>
<td><strong>Implement Customer Satisfaction Assessment System (MMCS)</strong></td>
<td><strong>Kronos: Attendance Tracking for Nursing</strong></td>
<td><strong>Answers on Demand (AOD) Training and Leveraging</strong></td>
</tr>
<tr>
<td><strong>Getting BVC operations in place under M&amp;M control</strong></td>
<td><strong>Complete EZ Care Security Implementation &amp; EZ Care System Enhancements (CCC &amp; ELC)</strong></td>
<td><strong>Kronos Applicant Tracking</strong></td>
<td><strong>Clinical Excellence: Ortho, Cardiac, Neuro, Stroke, Chronic Care, End of Life, Dementia</strong></td>
</tr>
</tbody>
</table>

**Generate for CCC** | **On-line Cash Controls & Security** | **New Handbook Roll-out** | **AOD Optimization** |
| **IT Training for all management and clinical staff** | **Clinical Team Workflow Process Review (Physician, Pharmacy)** | **Credit Card Processing Re-analysis** |
## Compare Skilled Nursing Facility (SNF) with Assisted Living (AL)

**“Staff Profile”**

<table>
<thead>
<tr>
<th>Skilled Nursing Facility</th>
<th>Assisted Living</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caregivers / NAC (1 – 3 months of education)</td>
<td>Caregivers / NAC (2wks – 3 months of education)</td>
</tr>
<tr>
<td>LPNs (9 – 18 months of education)</td>
<td>Med Tech I (NAC required plus 2 - 4 hours with DNS) <em>assisting only</em></td>
</tr>
<tr>
<td>RNs (24 – 48 months of education)</td>
<td>Med Tech II (Delegated) (8 hours in formal class) <em>administering</em></td>
</tr>
<tr>
<td></td>
<td>Med Tech II (Delegated / insulin) 12 hours in formal class <em>administering, checking blood sugar and giving insulin</em></td>
</tr>
</tbody>
</table>

26 July 2012
## Clinical Staff in Skilled Nursing Facility (SNF)

<table>
<thead>
<tr>
<th>Role</th>
<th>Education Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caregivers / NACS</td>
<td>1 – 3 months</td>
</tr>
<tr>
<td>LPN</td>
<td>9 – 18 months</td>
</tr>
<tr>
<td>RN</td>
<td>24 – 48 months</td>
</tr>
</tbody>
</table>

## Clinical Staff in Assisted Living Facility (AL)

<table>
<thead>
<tr>
<th>Role</th>
<th>Education Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Caregivers / NACS</td>
<td>2wks – 3 months</td>
</tr>
<tr>
<td>Med Tech Level 1</td>
<td>(set-up) NAC PLUS 2 – 4 hours of informal education</td>
</tr>
<tr>
<td>Med Tech Level 2</td>
<td>(Delegated: administer orals) NAC PLUS 8 hours of formal education</td>
</tr>
<tr>
<td>Med Tech Level 3</td>
<td>(Delegated: administer insulin) Med Tech Level 2 PLUS 4 hours of formal education</td>
</tr>
</tbody>
</table>
## Compare Skilled Nursing Facility (SNF) with Assisted Living (AL) 
*“Type of Care Provided”*

<table>
<thead>
<tr>
<th>Skilled Nursing Facility (SNF) Typical Care Profile</th>
<th><em>Assisted Living (AL) Potential Care Profile</em></th>
<th>Bay Vista Commons Current Care Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>High Acuity with Activities of Daily Living (ADLs)</td>
<td>High Acuity with ADLs</td>
<td>Low Acuity with ADL’s (no 2-person transfers, no lifts)</td>
</tr>
<tr>
<td>Advanced Dementia</td>
<td>Advanced Dementia (with secure unit)</td>
<td>Advanced Dementia (12-bed secure unit)</td>
</tr>
<tr>
<td>Many Types of Diets</td>
<td>Many Types of Diets</td>
<td>Few Types of Diets (mechanical soft, diabetic)</td>
</tr>
<tr>
<td>Many Types of Medications (orals, shots, patches, IVs)</td>
<td>Several Medications Types (orals, some shots, patches)</td>
<td>Several Medications Types (orals, some shots, patches)</td>
</tr>
<tr>
<td>Therapy can be provided directly by SNF</td>
<td>Therapy can be provided only by outside provider</td>
<td>Therapy can be provided by outside provider</td>
</tr>
<tr>
<td>Hospice services with a contracted provider</td>
<td>Hospice services with a contracted provider</td>
<td>Hospice services with a contracted provider</td>
</tr>
</tbody>
</table>

*Each Assisted Living facility in the State of Washington can declare and update their own Care Profile. (As a result, lots of variety within AL campuses.)*
Bay Vista Commons (BVC): 72-bed Assisted Living in Bremerton

BACKGROUND

• This is a unique AL campus that focuses on Medicaid and low-income seniors. Special financing and payment mechanisms were put together to build this campus. Campus is owned by Bremerton Housing Authority.
• BHA has been historically supplementing operations $8K - $10K per month.
• M&M has been awarded the contract and is expecting to receive $130K - $144K in annual management fees. (None of these revenues were built into our 2012 budget.)
• Written announcements have been made to staff and residents at Bay Vista Commons (BVC).
• M&M transition team is meeting monthly with BHA transition team. M&M will take over management operations from Senior Services of America (SSA) on 6/1.
Village Green Apartments (view from back)

26 July 2012
## Strategic Plan Straw Man DRAFT

| MMHCS | For each of the items below  
|       | [Which person(s) is on point for M&M]  
|       | • Assimilation of HCS  
|       | • Growth in GCM  
|       | • Growth in home care  

| MMCS | For each of the items below  
|      | [Which person(s) is on point for M&M]  
|      | • Financial Sustainability  
|      | • Succession Planning  
|      | • Measuring Quality  

| Development | For each of the items below  
|            | [Which person(s) is on point for M&M]  
|            | • 2012 Work Plan  

| MMHS | For each of the items below  
|      | [Which person(s) is on point for M&M]  
|      | • “Moving the Dial” on becoming a Value Based Provider (Edeburn Presentation)  
|      | • Electronic Health Record implementation (Technology Plan)  
|      | • Facility Capital Improvement Plan  
|      | • Benchmarking our Costs (Matching Labor to Revenue, Overall Benchmark Comparisons)  

26 July 2012
### Bay Vista Commons

<table>
<thead>
<tr>
<th>Which person(s) is on point for M&amp;M</th>
</tr>
</thead>
</table>

- Management Start-up

### Village Green

<table>
<thead>
<tr>
<th>Which person(s) is on point for M&amp;M</th>
</tr>
</thead>
</table>

- Secure 100% financing and break ground
- Construction Phase Oversight

### New Business Development (Near Term – possibly within next 12 months)

<table>
<thead>
<tr>
<th>Which person(s) is on point for M&amp;M</th>
</tr>
</thead>
</table>

- HKC

### Opportunities for the Radar Screen (Not Near Term – not likely within next 12 months but awareness needed)

No Detail Being Provided

- PPII Poulso Development
- Pharmacy
- DME
- BI Rehab Cottage
Strategic Plan Discussion Questions

• Is the timeline horizon correct? (Most of the documented items focus on the next 12 – 36 months.)

• What are the gaps between now and where we want to be?

• Are we focused on the right things?
  – What type of things are not shown that you believe should be?
  – If you had to take 2 items off the list, what would you remove?

• Do you believe this a plan of action that will strengthen and improve Martha & Mary?

• What questions are we not asking ourselves that we should be? Is there an Elephant in the Living Room?

• What is the Board expectation for staff in terms of status reports on these items?

26 July 2012
PREVIOUS

• Manage operations to sustain and grow our mission with positive cash flow and strong financial results.

• Reposition senior services to provide a continuum of care and continuity of community -- from independent living and home care services to skilled nursing – which allow individuals and their families to have choices and seamless transitions when needed.

• Continue to improve children’s services’ community visibility, intergenerational opportunities and financial performance.

• Significantly increase financial support from the community through a sustainable fundraising program.

PROPOSED

• Manage operations to sustain and grow our mission with positive cash flow and strong financial results.

• Reposition senior services to provide a continuum of care and continuity of community -- from independent living and home care services to rehabilitation and long-term care – which allow individuals and their families to have options and seamless transitions when needed.

• Continue to improve children’s services’ community visibility, intergenerational opportunities and financial performance.

• Significantly increase financial support from the community through a sustainable development program.

• Ensure our employees find our organization a fulfilling place to work by cultivating a workplace culture that promotes personal and professional growth.

26 July 2012
# 2012 Strategic Goals

## Senior Services Market Segment

**Poulsbo: SNF**

- **2011 – 2015**
  - Begin & complete modernization (remodel) of existing SNF facility
- **2011 – 2016**
  - Reach SNF net margin >4.5% (before management fee)

**Poulsbo: IL/AL**

- **2013**
  - Break ground on IL/AL on Division 8; (assuming PPII owns the building)

**Bremerton: AL**

- **2012**
  - Manage Bay Vista Commons

**Kingston: Affordable Housing**

- **2012**
  - Break ground on Village Green housing project
- **2018**
  - Assume management of Village Green housing project

**Bainbridge Island: Rehab Cottage (Phase I)**

- **2016**
  - Break ground on Rehab Cottage
- **2024**
  - Break ground on IL/AL component on contiguous property for Phase II

* High Priority Items that Management is engaged on in 2012

26 July 2012
2012 Strategic Goals

Senior Services Market Segment

• Community Health Care Services:

  2012          * Acquire or develop Pharmacy & DME agencies (if financially feasible)
  2012          * Explore partnership opportunities with Hospice of Kitsap County
  2012 – 2016   * Reach Home Care net margin >8.5% (before management fee)
  2012 / 2013   Proceed with Home Health CON and/or acquisition (if financially viable)
  2014          Establish the structure of a Tele-Caregiver program (all free) and implement
  2016          Establish a Village Program for Poulsbo Place (i.e., M&M Connects)

* High Priority Items that Management is engaged on in 2012

DRAFT: Some proposed changes from management for Board consideration in October

26 July 2012
2012 Strategic Goals

• **Children’s Services**

  2012-2013  *Complete ELC & CCC accreditation for relationship with NAVY*
  2012      *Incorporate Port Gamble into M&M Summer program in a meaningful way*
  2012      Explore consolidation of CLC onto CCC site
  2012      *Explore corporate alliance with Harrison Medical Center*
  2011 – 2016  *Reach MMCS net margin >4% (before management fee)*

• **Development**

  2012      *Hire and organize program for sustainable fund growth & capital campaigns*
  2013      Make recommendation on Foundation
  2012 – 2015  Sustainable annual fund of $400K - $500K
  2015      Raise ~$3M for Rehab Cottage (starting process)

• **PARKING LOT** (POTENTIAL OPPORTUNITIES WITH NO DATES OR PLANS)
  – Gig Harbor opportunities
  – ABHOW Care Coordination (Bremerton)
  – Portions of Innovative Care Campus (except for MMCS portion)
  – Suquamish Shores (Senior Housing with Tribe)
  – Ross Property for Senior Housing
  – Port Gamble Childcare & Port Gamble Senior Housing
  – Additional Housing with SRI

* High Priority Items that Management is engaged on in 2012

26 July 2012
Strategic Initiatives

• Update on Poulsbo II
  – M&M staff met twice in January with PPII principals.
  – PPII leaning towards selecting Rice Fergus Miller (but Innova is still a possibility) for AIA services.
  – PPII will likely start working with John Taylor from CBRE to help them with the financing application and submission to HUD
    • HUD financing is attractive to PPII because 1) non-recourse 2) long-term fixed rates
  – *Ground breaking* target has been moved to summer of 2013. This project and its design will be subject to reviews by:
    • Poulsbo Design Review Board (this site if part of Poulsbo’s re-development zone
    • HUD (HUD to provide loan financing for the project)
    • Department of Health (regulates building of healthcare facilities in WA)

**NEXT STEPS:**

→ PPII to select an architect
→ CBRE to advise PPII on whether their current ownership group (not experienced in assisted living) would be allowed by HUD and also help appropriately frame M&M’s experience to HUD
→ PPII to commission a current market study on demand for such a project

26 July 2012
Strategic Initiatives

Pharmacy & Durable Medical Equipment

BACKGROUND:
- M&M spends ~$500K annually on pharmaceuticals
- M&M (SNF) has a current captive market that is generating over $1M in sales for our pharmacy vendors
- M&M’s current pharmacy provider is Consonus and prescriptions arrive to M&M out of Redmond everyday.
- A small number of SNF providers around the country either have their own pharmacy or have created a regional consortium to support vertically integrated pharmacy operations (that are scalable).

STEPS TAKEN:
- M&M explored going through the accreditation process (DME) with a business model to grow the business organically
  - Total cost of getting and maintaining accreditation for first three years: ~$10,500
  - There are 10 companies in the US that have the authority to take a provider through the accreditation process
  - Likely take at least 6 months to get accredited (be up & running for at least 10 customers)

NEXT STEPS:
- M&M is trying to schedule sometime in November and December to meet with individuals that would potentially be interested in helping start and/or run a DME business if we had one.
- M&M staff are looking to take a road trip to the Tri-Cities and Spokane to tour pharmacies and DME companies that have been mentioned as worth seeing.

26 July 2012
**Martha & Mary Lutheran Services**

**DEVELOPMENT REPORT**

December 2011 Campaign Appeal Results

<table>
<thead>
<tr>
<th>YEAR END GIVING: FY 10 TO FY 11 COMPARISONS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NUMBER OF APPEAL LETTERS MAILED:</strong> 10/31/11—11/30/2011</td>
</tr>
<tr>
<td><strong>MAILING COST:</strong> (POSTAGE ONLY; PRINTING IN-HOUSE; ENVELOPES FROM 2010)</td>
</tr>
<tr>
<td>1,290</td>
</tr>
<tr>
<td>223.33</td>
</tr>
</tbody>
</table>

**DOLLARS RECEIVED FROM MAILING AT 12/31/2011**

(NOTE: Trustees, Staff, Sponsoring Congregations, Combined Federal Campaign, M&M Auxiliary **NOT** included in the 114 donors)

$24,434 from 114 donors

**DOLLARS RECEIVED DURING SAME TIMEFRAME IN 2010:**

11/1/2010—12/31/2010

(NOTE: Trustees, Staff, Sponsoring Congregations, Combined Federal Campaign, M&M Auxiliary **NOT** included in the 120 donors)

$25,685 from 120 donors

Response Rate for 2011 Mailing: 8.6% response
Average Gift: $214
Cost Per Piece: $.181

**2011 Mailing Gift Chart**

<table>
<thead>
<tr>
<th>Gift Range</th>
<th>Number of Gifts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to $25</td>
<td>9</td>
</tr>
<tr>
<td>$25--$49</td>
<td>12</td>
</tr>
<tr>
<td>$50--$99</td>
<td>24</td>
</tr>
<tr>
<td>$100--$249</td>
<td>46</td>
</tr>
<tr>
<td>$250--$499</td>
<td>13</td>
</tr>
<tr>
<td>$500--$999</td>
<td>5</td>
</tr>
<tr>
<td>$1,000--$4,999</td>
<td>4</td>
</tr>
<tr>
<td>$5,000+</td>
<td>1</td>
</tr>
</tbody>
</table>

26 July 2012
**Donor Contributions: FY 10 to FY 11 Comparisons**

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total 2011 Giving from All Donors (not related to events)</td>
<td>$105,462</td>
</tr>
<tr>
<td>Total 2010 Giving from All Donors (not related to events)</td>
<td>$155,109</td>
</tr>
<tr>
<td>Total 2011 Giving from (~98) Donors who made Year End Gifts: 11/1—12/31/2011</td>
<td>$44,096.16</td>
</tr>
</tbody>
</table>

**Staff Summary on Data:**
M&M has a current donor base that is used to giving multiple times per year and through an annual gift and through support of events.
## 2012 Budget Assumptions

<table>
<thead>
<tr>
<th>Metric</th>
<th>2012 Assumption</th>
<th>2011 Assumption</th>
<th>Risk Level</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>MMHS Census</td>
<td>154</td>
<td>166</td>
<td>trend is lower</td>
<td>Avg YTD in 2011: 152</td>
</tr>
<tr>
<td>MMHS Med A/HMO</td>
<td>25</td>
<td>28</td>
<td></td>
<td>Recent trend is lower</td>
</tr>
<tr>
<td>MMHS Case Mix Index (CMI)</td>
<td>2.203</td>
<td>2.203</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMHS Med A RUGS</td>
<td>$490/day</td>
<td>$505/day</td>
<td>Concern about Oct ’11 cuts</td>
<td>Avg YTD Med A: $504</td>
</tr>
<tr>
<td>MMHS HMO RUGS</td>
<td>$415/day</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MMCS Enrollment</td>
<td>CCC=94, CLC=30, ELC=105 by March M&amp;M Kids: 176</td>
<td>CCC=98, CLC=35, ELC=112 M&amp;M Kids: 180</td>
<td>CCC=safe, CLC=trendline, ELC=trendline M&amp;M Kids=safe</td>
<td>All sites assume drop in summer enrollment “Go/No Go” Decision on Kindergarten (P) by June</td>
</tr>
<tr>
<td>MMHCS Revenue</td>
<td>$2.4M</td>
<td>$2.2M</td>
<td></td>
<td>$437K in 2010 $1.8M projected in 2011 ~10% organic growth + HCS assumed in 2012</td>
</tr>
<tr>
<td>Group Retro Payment</td>
<td>$0</td>
<td>$0</td>
<td>Opportunity</td>
<td></td>
</tr>
</tbody>
</table>

26 July 2012
### 2012 Fund Development Budget Assumptions

<table>
<thead>
<tr>
<th>Metric</th>
<th>2012 Assumption</th>
<th>2011 Assumption</th>
<th>Risk Level</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grants</td>
<td>$80,000</td>
<td>$125,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(Capital)</td>
<td>(Operating)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$140,000</td>
<td>$147,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Event Revenue</td>
<td>$20,000</td>
<td>$26,700</td>
<td>1 Event in 2012</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$240K</td>
<td>$318,700</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

M&M Development Plan is aimed at $445K. Budgeting $240K just to be conservative.
<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>$30,000</td>
</tr>
<tr>
<td>Common Area/ Resident Room Improvements</td>
<td>$47,600</td>
</tr>
<tr>
<td>Garden Unit Renovation</td>
<td>$317,500</td>
</tr>
<tr>
<td>Chapel</td>
<td>$50,000</td>
</tr>
<tr>
<td>Call light System</td>
<td>$120,000</td>
</tr>
<tr>
<td>Parking Lot</td>
<td>$10,000</td>
</tr>
<tr>
<td>HVAC</td>
<td>$29,000</td>
</tr>
<tr>
<td>Vehicle</td>
<td>$9,000</td>
</tr>
<tr>
<td>Software</td>
<td>$74,000</td>
</tr>
</tbody>
</table>

**TOTAL:** $687,100

**NOTE:** $22,500 Dedicated in Donor Restrictions
2012 Budget Highlights

Staff Impacts Planned Currently
• Likely Wage Freezes for MMHS, MMCS, MMHCS (?) & MMLS employees
• 2 Holidays (8 Previous until 2010)
• Modest Changes to Benefits
  o Medical Benefits Flat Increase ~1.7%
  o Dental Benefits Flat Increase ~0%
• 10+ FTE Reductions

Other Considerations in the Budget Projections
• Intentionally trying to move more money into MMLS (for flexibility on new projects) via maximum management fee with MMHS (4.5%).

• There is ~$120K of extra (one-time) wage expense associated with the HCS acquisition built into the MMHCS budget. (Without this one-time expense, MMHCS would be projected to be in the black in 2012.)

• Investments ($100K+) being considered in additional HR, IT/Process Improvement, and AT HOME Mgt reflected in the 2012 budget.
2012 Budget: NEXT STEP

#1 MMCS: Analysis of Administrative Roles and Duties
   (Chad, Scott, Joanna, Weigee)
   Goal: What Can We Stop Doing?

#2 MMCS: Silverdale census (long-term accreditation; short-term:?)

#1 MMHS: Get the right people on the bus

#2 MMHS: Get labor adjusted to revenue in more areas

#3 MMHS: Opportunities for enhancing census
<table>
<thead>
<tr>
<th><strong>Financial Focus</strong></th>
<th><strong>Customer Focus</strong></th>
<th><strong>Technology &amp; Process Improvement Focus</strong></th>
<th><strong>Employee Learning &amp; Growth Focus</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Begin ELC &amp; CCC accreditation for Navy relationship (MMCS)</td>
<td>Implement <em>Choice Menu Options</em> (MMHS)</td>
<td>AOD &amp; Orbits: bridging the systems to eliminate data-entry for staff (MMHS)</td>
<td>Mentor Program <em>(LN's, NAC, Dietary, Housekeeping)</em></td>
</tr>
<tr>
<td>Homecare Transition &amp; Assimilation (AHC &amp; HCS)</td>
<td>Resident Life Focus <em>(Chart Re-structuring: ✔)</em></td>
<td>Paperless Workflow ✔ cSTAR: Admissions (MMHS)</td>
<td>Supervisory Training and Leadership Academy</td>
</tr>
<tr>
<td>Marketing Workplan 2011 – 2012 <em>(✔)</em></td>
<td>Main Entrance Re-model (MMHS)</td>
<td>Paperless Workflow: E-Verify: Store in (DocSTAR or Kronos)</td>
<td>Brown Bag Trainings &amp; 2x/yr for New Employees</td>
</tr>
<tr>
<td>M<em>A</em>D: HUD Re-finance</td>
<td>Chapel Re-model (MMHS)</td>
<td>Paperless Workflow: Electronic EAF: Store in (DocSTAR or Kronos)</td>
<td>Implement *(Electronic) Staff Climate Survey</td>
</tr>
<tr>
<td>Revised Financial Agreement (MMHS)</td>
<td>Bistro Plan Submission to DOH (MMHS)</td>
<td>Kronos Upgrade to 6.2</td>
<td>Employee Health Fair (ALL)</td>
</tr>
<tr>
<td>Charging Interest on Past Due Accounts (MMHS, MMCS, MMHCS)</td>
<td>Implement Customer Satisfaction System (MMHS &amp; MMCS)</td>
<td>Complete Remote Timekeeping at all 9 sites (MMCS)</td>
<td>Answers on Demand (AOD) Training and Leveraging</td>
</tr>
<tr>
<td>Build on-site Facilities Shop (MMHS)</td>
<td>Complete EZ Care Security Implementation &amp; EZ Care System Enhancements (CCC, CLC, ELC)</td>
<td>Wide Area Network (WAN) Overhaul and PUD Fiber</td>
<td></td>
</tr>
<tr>
<td><strong>Generator for CCC &amp; CLC</strong></td>
<td>Server Upgrades: ✔ Active Directory</td>
<td>AOD Optimization</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Clinical Team Workflow Process Review (Physician, Pharmacy)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Credit Card Processing Re-analysis</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>On-line Cash Controls &amp; Security</td>
<td></td>
</tr>
</tbody>
</table>

26 July 2012
Our Mission:
Martha & Mary provides quality, compassionate care and intergenerational experiences for children, adults, and seniors regardless of faith, ethnicity or economic status. We do this in a Christian manner by offering those we serve caring rehabilitation, a safe place to grow and learn, and an opportunity to live with dignity, honor, and individuality.

Proposed changes for each of the mission statements on the next page.
• **Current MMLS**

*Martha & Mary provides quality, compassionate care and intergenerational experiences for children, adults, and seniors regardless of faith, ethnicity or economic status.*

*We do this in a Christian manner by offering those we serve caring rehabilitation, a safe place to grow and learn, and an opportunity to live with dignity, honor, and individuality.*

• **Proposed by Mgt:**

*Martha & Mary provides quality, compassionate care for children, and older adults in need. We care for those with limited funds to the best of our ability.*

*We do this in a Christian manner by offering those we serve **exceptional care and services**, intergenerational experiences, a safe place to grow and learn, and an opportunity to live with dignity, honor and individuality.*
• **Current MMHS**

*Martha & Mary Health Services provides quality, compassionate care for adults and seniors regardless of faith, ethnicity or economic status.*

*We do this in a Christian manner by offering those we serve intergenerational experiences, a caring place for rehabilitation, and an opportunity to live with dignity, honor, and individuality.*

• **Proposed by Mgt:**

*Martha & Mary Health Services provides quality, compassionate care to older adults in need.*

*We care for those with limited funds to the best of our ability.*

*We do this in a Christian manner by offering those we serve intergenerational experiences, an inspiring place for rehabilitation, a peaceful place for hospice, and an opportunity to live with dignity, honor and individuality at all times.*

26 July 2012
• Current MMCS

*Martha & Mary Children’s Services provides quality, compassionate care, early learning and intergenerational experiences for children regardless of faith, ethnicity, or economic status.*

*We do this in a Christian manner by offering those we serve a safe place to grow and learn with dignity, honor, and individuality.*

• Proposed by Mgt:

*Martha & Mary Children’s Services provides quality, compassionate care, and early learning and experiences for children and families in need. We care for those with limited funds to the best of our ability.*

*We do this in a Christian manner by offering those we serve intergenerational experiences as well as a safe place to grow and learn with dignity, honor and individuality.*
Ebenezer Mission Statement
Proposed Changes

• **Current: Ebenezer**

*Martha & Mary Ebenezer Services provides quality housing and intergenerational experiences for seniors regardless of faith, ethnicity or economic status.*

*We do this in a Christian manner by offering those we serve a safe, affordable, caring place to live with dignity, honor, and individuality.*

• **Proposed by Mgt:**

*Martha & Mary Ebenezer Services provides quality housing *older adults in need*. *We care for those with limited funds to the best of our ability.*

*We do this in a Christian manner by offering those we serve intergenerational experiences as well as a safe, affordable, and caring place to live with dignity, honor and individuality.*
MMHCS Mission Statement
Proposed Changes

• Current: MMHCS

Martha & Mary Home and Community Services provides quality, compassionate in-home care and community-based services for seniors and families regardless of faith, ethnicity or economic status.

We do this in a Christian manner by offering those we serve an opportunity to live their lives with dignity, honor, and individuality.

• Proposed by Mgt:

Martha & Mary Home and Community Services provides quality, compassionate home and community-based services for older adults and families in need. We care for those with limited funds to the best of our ability.

We do this in a Christian manner by offering those we serve an opportunity to live their lives with dignity, honor and individuality.
Martha & Mary Vision Statement

Martha & Mary will be the region's leading provider for child care, senior housing and related services — all of which are intended to offer choices to individuals and families.

Martha & Mary will be a fulfilling place to work, learn and grow, both personally and professionally.

Martha & Mary will be a financially strong organization, trusted and generously supported through contributions from donors and the community.

Proposed changes for vision statement on the next page.
Proposed Changes to Vision Statement

• Current

Martha & Mary will be the region’s leading provider for child care, senior housing and related services – all of which are intended to offer choices to individuals and families.

Martha & Mary will be a fulfilling place to work, learn, and grow, both personally and professionally.

Martha & Mary will be a financially strong organization, trusted and generously supported through contributions from donors and the community.

• Proposed By Mgt

Martha & Mary will be the region’s provider of choice for integrated care and exceptional services as they relate to the lifelong needs of children, seniors and families.

Martha & Mary will be a fulfilling place to work, learn and grow, both personally and professionally.

Martha & Mary will be a financially strong organization, trusted and generously supported through donor and volunteer contributions.

26 July 2012
Martha & Mary Values

TRUST
We value the confidence placed in us to care for those we serve.

COMPASSION
We care for each person with dignity and respect.

EXCELLENCE
We are continually improving and strive to be the best.

STEWARDSHIP
We use our talents and resources wisely.

SERVICE
We are sensitive to the needs of those we serve.

Proposed changes for values on the next page.
Proposed Changes to Values

TRUST
We value the confidence placed in us to care for those we serve.

COMPASSION
We care for each person with dignity and respect.
We care for each person entrusted to us by respecting their unique needs and individuality.

EXCELLENCE
We are continually improving and strive to be the best.

STEWARDSHIP
We use our talents and resources wisely.

SERVICE
We are sensitive to the needs of those we serve.
We provide solutions to community needs – that was our origin and remains our purpose.

26 July 2012
Strategic Initiatives

- Bainbridge Island – Rehab Cottage
  - Study Feasibility Task Force (Alford Group) study complete

  **NEXT STEPS:**
  - M&M Trustees receive report findings on 1/27/11
  - Staff recommend next steps as we plan for Strategic Goals 2011
  - Get additional preliminary cost estimates for development and building from the above developer groups before end of August.
  - Begin dialogue with HUD and DOH about moving beds out of our Poulsbo

**Nothing New:**
**Not Actively Working on Right Now**
Strategic Initiatives

- **Update on Innovative Care Campus (ICC)**
  - Study Feasibility Task Force (Alford Group) complete

**NEXT STEPS:**
- M&M Trustees receive report findings on 1/27/11
- Staff recommend next steps as we plan for Strategic Goals 2011

*Nothing New: Not Actively Working on Right Now*
Strategic Initiatives

Geriatric Care Management (GCM) Services

- Carrie Mulcahy is getting this program organized
- Have spoken with other providers within Senior Choice network that have started GCM operations
- Exploring conversations with other potential social workers and/or nurses that could become part of our GCM staff – compensation and hours worked will be on-call and prn (as needed) until clientele portfolio is established
- We have signed a Memorandum of Understanding (MOU) with American Baptist Homes of the West, (ABHOW) for their project in conjunction with the Bremerton Housing Authority to offer GCM services to their senior clientele.

NEXT STEPS:

- Complete internal Policies & Procedures for GCM services
- Identify name, logo, compensation structure, and accounting structure for GCM services
- We believe we could have our first customer as early as August if we can be ready to go by then.
- FUTURE: Hire staff that could become certified and work on getting them trained on our systems.

26 July 2012
PART I: Campaign Readiness Phase (*now longer than 6-9 months with vacancy*)

- Six to nine month Project and Campaign Readiness Phase
  - Solidify the business case for the Rehabilitation Cottage
  - Establish relationships with key Bainbridge Island constituents to rally support
  - Continue strategic outreach efforts to increase visibility and credibility on Bainbridge Island and throughout Kitsap County
  - Strengthen the Board of Trustees (and/or equivalent with another body)
  - Develop relationships with potential major donors
  - Create a comprehensive written case for support
  - Strengthen internal infrastructure & staffing resources as needed
Part II: Capital Campaign: 30 months, $3M

- Philanthropic goal of $3.0 million; 30 months
  - Lead Gifts Phase
    - 12 months
    - Focus: $100,000 and up
  - Major Gifts Phase
    - 12 months
    - Focus: $5,000 – $99,000
  - Public Phase
    - 6 months
    - Focus: Gifts up to $4,999
Fund Development
History (Cash & In-Kind)

<table>
<thead>
<tr>
<th>Year</th>
<th>Contributions</th>
<th>Event Revenues</th>
<th>Grants</th>
<th>Inkind</th>
<th>$ Raised</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>$ 97,796</td>
<td>$ 7,640</td>
<td>$ 13,500</td>
<td>-</td>
<td>$ 118,336</td>
</tr>
<tr>
<td>2005</td>
<td>$ 166,600</td>
<td>$ 18,973</td>
<td>$ 26,750</td>
<td>$ 10,941</td>
<td>$ 223,264</td>
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<tr>
<td>2006</td>
<td>$ 151,270</td>
<td>$ 26,800</td>
<td>$ 4,500</td>
<td>$ 13,971</td>
<td>$ 198,341</td>
</tr>
<tr>
<td>2007</td>
<td>$ 153,242</td>
<td>$ 79,592</td>
<td>$ 61,500</td>
<td>$ 33,336</td>
<td>$ 327,670</td>
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<tr>
<td>2008</td>
<td>$ 130,026</td>
<td>$ 57,346</td>
<td>$ 148,265</td>
<td>$ 20,962</td>
<td>$ 356,619</td>
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<tr>
<td>2009</td>
<td>$ 116,452</td>
<td>$ 49,122</td>
<td>$ 123,409</td>
<td>$ 17,506</td>
<td>$ 308,489</td>
</tr>
<tr>
<td>2010</td>
<td>$ 155,109</td>
<td>$ 39,991</td>
<td>$ 32,399</td>
<td>$ 16,048</td>
<td>$ 243,547</td>
</tr>
</tbody>
</table>

**Grants 2011**
- Grant Requests Pending: 1, $1,800
- Grants Monies Awarded: 1, $375,000
- Grants Monies Received: 1, $1,200
- Grants in Development: 0

**Grants 2010**
- Grants Monies Received: $32,399

**Events 2010**

<table>
<thead>
<tr>
<th>Event Type</th>
<th>Luncheon</th>
<th>Heritage Gala</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$18,405</td>
<td>$17,797</td>
</tr>
<tr>
<td>Event Revenues</td>
<td>$16,952</td>
<td>$23,419</td>
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<tr>
<td>Gross Revenues</td>
<td>$36,357</td>
<td>$41,216</td>
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<tr>
<td>Expenses</td>
<td>$10,533</td>
<td>$10,372</td>
</tr>
<tr>
<td>Net Raised</td>
<td>$24,824</td>
<td>$30,844</td>
</tr>
</tbody>
</table>
Strategic Initiatives: Village Green Overview

• Update on Village Green (35 Units of Affordable Senior Housing)
  – Purchase & Sale agreement with Kitsap County signed ($570K = 1.19 acres) but contingent upon a number of conditions before we proceed to closing.
  – Continue to negotiate with Village Green Foundation (VGF) on site plan and mechanics of how pre-development costs will be shared.
  – Have started planning sessions with Kitsap County planners regarding building permit, etc. (SRI on point)
  – We’ve been notified that our $375K in HOME funding may be at risk as Feds haven’t released it yet.
  – We’ve submitted language to Commissioners for Deed of Conveyance.
  – We’ve been awarded our full allocation of tax credits from the Washington State Housing Finance Commission (WSHFC).

NEXT STEPS:

→ Sign and get development cost sharing Memorandum of Understanding (MOU) in place with Kitsap Regional Library, VGF, and Parks District. (SRI on point)
→ Negotiate a price and partnership agreement with an investor for our tax credits (SRI on point)
→ Negotiate final language with Commissioners for Deed of Conveyance (M&M on point) & revise the Purchase & Sale as necessary with Kitsap County (SRI on point)

26 July 2012
Proposed $8.8M (Now $8.3M) in Sources for Village Green Senior Housing

<table>
<thead>
<tr>
<th>Source Description</th>
<th>Amount</th>
<th>Type of Money</th>
</tr>
</thead>
<tbody>
<tr>
<td>USDA</td>
<td>$1M</td>
<td>Hard loan</td>
</tr>
<tr>
<td>Kitsap County HOME Program</td>
<td>$775K (now $740K)</td>
<td>Recoverable Grant</td>
</tr>
<tr>
<td>Kitsap Regional Council 2060 Program</td>
<td>$75K</td>
<td>Recoverable Grant</td>
</tr>
<tr>
<td>Washington State Housing Finance Commission Tax Credits</td>
<td>$5.8M (now $6M)</td>
<td>Tax Credit Equity</td>
</tr>
<tr>
<td>Washington Community Reinvestment Association</td>
<td>$1.1M</td>
<td>Hard Loan</td>
</tr>
</tbody>
</table>
Strategic Initiatives: Village Green Overview

35 Units of Affordable Senior Housing (Total Project Square Footage 40,242 sf)
- 25 1 bedroom (~610 sf)
- 10 2 bedroom (~820 sf)

Total Estimated Development Cost: $8.8M (now $8.3M)
- Building / Site / Permits / AIA & Engineering: $7.4M
- Land: $600K
- Developer Fee to SRI: $553,000
- Developer Fee to MMLS: $237,000

Management Company of the Affordable Senior Housing Project:
- Legacy Management likely during Yrs 1 – 3 (i.e., fill-up to stability phase)
- MMLS would have an option to manage after Year 3

Ownership of the Affordable Senior Housing Project:
- Joint Venture (LLLP) will own the project for the first 15 years
- MMLS will have first option to buy and retain sole ownership of project after 15 years
  - Option will not be for $1
  - Option will likely equal outstanding debt & excise taxes (perhaps between $1M - $2.5M)

Primary Financial Benefits to MMLS During First 15 Years
- Potential Developer Fee
- Potential Management Fee
- Potential “foot-in-door” to market other services (i.e., home care)

26 July 2012
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990’s</td>
<td>Commissioner Andreasen leads the way &amp; Kitsap County purchases land from Navy for future Kingston Community Center campus</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td>Vision for campus involving five components is solidified: 1) Affordable Senior Housing 2) Community Center 3) Library 4) Boys &amp; Girls Club 5) Park</td>
<td></td>
</tr>
</tbody>
</table>
| 2009 Summer | Park Senior Housing | • Park is completed  
• Kitsap County Housing Authority has to pull out of joint venture with Shelter Resources Incorporated (SRI) for Affordable Senior Housing. M&M is asked to replace the Housing Authority. |
| 2009 Fall | Senior Housing | MMLS and SRI sign letter of intent and proceed to get another $400K secured for the project in addition to the $1M USDA loan that has already been secured for Affordable Senior Housing. |
| 2010 Spring | Senior Housing | Senior Housing project hits a snag as funding not available through Housing Trust Fund due to lack of funding in Olympia |
| 2010 Summer | Senior Housing Community Center | • SRI & MMLS reach agreement on revised corporate structure & development agrmnt  
• Kingston Voters approve a Metropolitan Parks District to help fund part of the ongoing maintenance of the community center |
| 2010 Fall | Senior Housing Library | • Receive unprecedented bi-annual recommendation for $375K in total from HOME program (not for sure yet but very likely); need to secure additional $1M loan  
• November ballot initiative did not pass – Library now on hold |
| 2011   | Senior Housing | Apply for $8M (now $7.1M) in tax credits in January, find out if successful by April. If so, negotiate to sell credits to investors for ~$5.8M (now $6M) and get ready to begin building in fall 2011 or spring 2012. |
| 26 July 2012 | |  |
## Village Green Responsibility Matrix

<table>
<thead>
<tr>
<th>Next Steps</th>
<th>Agency on Point</th>
</tr>
</thead>
<tbody>
<tr>
<td>Get Kitsap Housing Authority signatures to release them from all arrangements</td>
<td>MMLLS</td>
</tr>
<tr>
<td>Apply for $25K from 2060 program</td>
<td>MMLLS</td>
</tr>
<tr>
<td>Get Purchase &amp; Sale Agreement finalized with County</td>
<td>SRI (with MMLLS approval)</td>
</tr>
<tr>
<td>Get USDA to transfer $1M loan to new entity</td>
<td>SRI</td>
</tr>
<tr>
<td>Secure $1M conventional loan</td>
<td>SRI (with MMLLS approval)</td>
</tr>
<tr>
<td><strong>Apply for $8M (now $7M) in tax credits from Housing Finance Commission</strong></td>
<td>SRI (with MMLLS approval)</td>
</tr>
<tr>
<td>Negotiate and sell $8M (now $7M) in tax credits to investors for approximately $5.8M (now $6M)</td>
<td>SRI (with MMLLS approval)</td>
</tr>
<tr>
<td>Finalize construction documents &amp; secure construction financing</td>
<td>SRI (with MMLLS approval)</td>
</tr>
<tr>
<td>Manage bids and construction project</td>
<td>SRI (with MMLLS approval)</td>
</tr>
<tr>
<td>Financially responsible for any construction over-runs</td>
<td>SRI</td>
</tr>
</tbody>
</table>

26 July 2012
Village Green Corporate Structure

Village Green Kingston Associates
Limited Liability Limited Partnership LLP w/ For Profit (99.99% Ownership)
Martha & Mary Lutheran Services as General Partner (.01% Ownership)