

MARTHASM & MARY

To: Martha & Mary Board of Trustees
From: Lynette L. Ladenburg, CEO
Re: CEO Report
Date: June 28, 2018

Financial Overview

Consolidated Change in Net Assets for the month of May was a gain of \$33,058 and an overall gain for the year of \$93,339. (Note: there is a slight change on the consolidated financials due to a missing account in the report.) Cash flow continues to grow and remain strong at 72 days. Lutheran Services net income for May was \$5,405 and \$52,153 year-to-date. Health Services census averaged 165 for the month and 164 year-to-date, representing a net profit for May of \$9,708 and overall for the year \$15,616. Children Services, after management fee has a net loss of \$2,467 and a year-to-date loss of \$32,915. At Home, after management fee, has a monthly net income of \$10,546 and for the year \$24,492. Ebenezer ended the month with a net gain of \$9,867 and year to date, Ebenezer is currently at a \$33,992 gain. Overall, the corporation continues to stabilize operational and financially.

At Home

Last week At Home had their annual survey. BIG Congratulations to Diane and her team for a deficiency free survey.

Children's - Early Learning Center Flood

By now most of you know about the sewer flood at the Early Learning Center in Silverdale on June 1, 2018 at 5:00 p.m. The flood caused significant damage to the floor, walls, furniture and various other items. The cost of replacement is estimated at \$200,000 plus the operating costs up to the average net income. Everything will be covered by insurance less a \$10,000 deductible.

A special thank you and acknowledgement to the team who have gone beyond the call of duty to mitigate these damages especially Tammi, Chris and Era. They have worked with the needed outside agencies and vendors to renovate the facility and most of all they have been able to provide temporary care during this time to the families who rely on us for this service. All families who needed care with the exception to those who have infants in our program are now being served either at the upstairs of the ELC or at Silverdale Lutheran. In addition, special thanks to Tom Hawks for helping us reach out to Silverdale Lutheran for the temporary location. A big thank you to staff, board members and families who assisted during this time. We could not have managed this emergency without everyone's teamwork.

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Ebenezer

On Monday the parking lot replacement at Ebenezer started. The project is on time and going well. However, an issue discovered when removing the pavement has increased the cost of a few thousand dollars and a sinkhole started a few weeks ago on the lower drive that we have added to the project.

Health Services

Survey training was completed and prep continues at the Heath Center as we wait patiently for the State to arrive. Everyone has been preparing for survey and working hard with the full census. Last week we hit an all-time high of being 100% full. Congratulations to the Health Center staff for this accomplishment, something we rarely see in long-term care and with a facility this large. Way to go!

The Rules of Participation (ROPs) have now required all facilities to do a Facility Assessment along with an Emergency Preparedness Plan. Both of these have been completed and implemented throughout the house. If you are interested in reviewing either of the plans please let me know and we can make them available.

2017 Planning Retreat - 2018 Directions, Goals, Vision

Operational efficiencies, recruitment and retention are the focus for 2018, along with opportunities of growth, development, partnerships and expansion. We are setting priorities by thinking differently. Our message needs to be simple, engaging and results driven. As we work on workforce investment and using our talent and resources wisely, we will focus on the "right person, right job", regular communication to staff, outreach to the community, and in restructuring employee relations - separating day-to-day human resource management from employee recruitment strategies and activities. Senior Leadership maintained, in order to thrive and continue to grow, Martha & Mary needs to focus on accountability, continuous improvement and stability.

Statement of Revenues and Expenditures (Consolidated)
From 5/1/2018 Through 5/31/2018

	Current Period Actual	Current Period Budget - Operating Budget	Current Period Variance - Operating Budget	Current Year Actual	YTD Budget - Operating Budget	YTD Budget Variance - Operating Budget	Prior Year Actual	Current Year Change	Current Year % Change
Operating and Support Revenue:									
Resident care, net	1,441,988.14	1,467,310.78	(25,322.64)	7,048,158.17	7,147,223.45	(99,065.28)	7,027,388.76	20,769.41	0.30
Home & Comm. Services	141,504.24	162,867.06	(21,362.82)	621,896.11	793,459.17	(171,563.06)	788,108.20	(166,212.09)	(21.09)
Children's services	297,773.55	297,618.40	155.15	1,398,334.63	1,415,184.18	(16,849.55)	1,327,719.31	70,615.32	5.32
Management Services	115,028.30	117,192.91	(2,164.61)	562,428.13	585,964.55	(23,536.42)	551,082.72	11,345.41	2.06
Other services and fees	42,227.39	86,136.34	(43,908.95)	109,936.85	132,037.70	(22,100.85)	97,949.26	11,987.59	12.24
Rental income	25,798.67	25,590.00	208.67	126,639.61	127,950.00	(1,310.39)	127,342.21	(702.60)	(0.55)
Beauty and gift shops	9,422.92	9,333.33	89.59	44,472.04	46,666.65	(2,194.61)	41,083.00	3,389.04	8.25
Contributions	1,863.47	8,333.33	(6,469.86)	24,947.26	41,666.65	(16,719.39)	24,240.22	707.04	2.92
Grants	2,280.86	2,083.33	197.53	6,787.33	10,416.65	(3,629.32)	13,983.75	(7,196.42)	(51.46)
Interest income	263.15	250.00	13.15	1,732.25	1,250.00	482.25	2,100.60	(368.35)	(17.54)
NAC training	0.00	0.00	0.00	5,926.93	6,250.00	(323.07)	10,561.33	(4,634.40)	(43.88)
Total Operating and Support Revenue:	2,078,150.69	2,176,715.48	(98,564.79)	9,951,259.31	10,308,069.00	(356,809.69)	10,011,559.36	(60,300.05)	(0.60)
Operating Expenses:									
Salaries and wages	1,134,289.37	1,130,094.50	(4,194.87)	5,534,795.75	5,637,890.16	(103,094.41)	5,519,341.09	15,454.66	0.28
Benefits and payroll taxes	317,937.24	328,832.50	(10,895.26)	1,431,882.71	1,644,162.50	(212,279.79)	1,415,859.86	16,022.85	1.13
Supplies and food	157,891.76	160,341.80	(2,450.04)	798,374.47	801,709.00	(3,334.53)	783,349.61	15,024.86	1.92
Depreciation and amortization	80,842.79	83,823.24	(2,980.45)	400,654.91	419,116.20	(18,461.29)	393,353.78	7,301.13	1.86
Interest expense	46,139.60	46,254.58	(114.98)	234,837.49	231,272.90	(3,564.59)	261,722.83	(26,885.34)	(10.27)
Purchased services	173,045.32	193,906.43	(20,861.11)	902,158.42	969,532.15	(67,373.73)	1,004,366.54	(102,208.12)	(10.18)
Utilities	36,647.71	41,386.47	(4,738.76)	194,597.05	206,932.35	(12,335.30)	209,117.63	(14,520.58)	(6.94)
Bad debt expense	8,241.65	8,595.83	(354.18)	40,866.60	42,979.15	(2,112.55)	29,208.91	11,657.69	39.91
Insurance	18,726.66	18,591.66	135.00	93,633.13	92,958.30	(674.83)	71,157.21	22,475.92	31.59
Repairs and maintenance	10,362.78	12,061.68	(1,698.90)	36,675.59	60,308.40	(23,632.81)	58,615.05	(21,939.46)	(37.43)
Licenses	6,845.96	8,025.60	(1,179.64)	36,324.53	40,128.00	(3,803.47)	39,382.49	(3,057.96)	(7.76)
Advertising	1,699.39	3,845.01	(2,145.62)	12,445.69	19,225.05	(6,779.36)	14,311.06	(1,865.37)	(13.03)
Business taxes (includes SNA)	8,835.92	9,508.15	(672.23)	43,873.85	47,540.75	(3,666.90)	44,941.24	(1,067.39)	(2.38)
Travel and education	5,313.64	3,744.18	(1,569.46)	18,156.69	18,720.90	(564.21)	16,558.13	1,598.56	9.65
Dues and subscriptions	2,534.81	2,223.76	(311.05)	14,477.62	11,118.80	(3,358.82)	9,474.01	5,003.61	52.81
Miscellaneous	39,499.76	13,395.50	(26,104.26)	54,988.70	26,977.50	(28,011.20)	39,721.84	15,266.86	38.43
Total Operating Expenses:	2,048,854.36	2,064,630.89	(15,776.53)	9,848,743.20	10,270,572.11	(421,828.91)	9,910,481.28	(61,738.08)	(0.62)
Inc (Loss) From Operations	29,296.33	112,084.59	(82,788.26)	102,516.11	37,496.89	65,019.22	101,078.08	1,438.03	1.42
Non-Operating Revenue (Expenses):									
Gain (Loss) on investments	3,749.52	0.00	3,749.52	(210.19)	0.00	(210.19)	0.00	(210.19)	(100.00)
Investment Earnings	12.69	0.00	12.69	(1,527.99)	0.00	(1,527.99)	66,303.99	(67,831.98)	(102.30)
Investment Fees	0.00	0.00	0.00	(7,439.01)	0.00	(7,439.01)	0.00	(7,439.01)	(100.00)
Gain (Loss) on disposal of assets	0.00	0.00	0.00	0.00	0.00	0.00	700.00	(700.00)	(100.00)

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Misc non-operating revenue (expense)	0.00	0.00	0.00	0.00	0.00	0.00	118.60	(118.60)	(100.00)
Change in Trust	0.00	0.00	0.00	0.00	0.00	0.00	49,667.90	(49,667.90)	(100.00)
Total Non-Operating Revenue (Expenses):	<u>3,762.21</u>	<u>0.00</u>	<u>3,762.21</u>	<u>(9,177.19)</u>	<u>0.00</u>	<u>(9,177.19)</u>	<u>116,790.49</u>	<u>(125,967.68)</u>	<u>(107.86)</u>
Inc (Loss) Before Mgmt Fee M&M Mgmt Fee Rev(Exp)	33,058.54	112,084.59	(79,026.05)	93,338.92	37,496.89	55,842.03	217,868.57	(124,529.65)	(57.16)
Management fee revenue	82,418.81	88,014.39	(5,595.58)	399,244.35	428,511.13	(29,266.78)	404,266.70	(5,022.35)	(1.24)
Management fee expense	<u>(82,418.81)</u>	<u>(88,014.39)</u>	<u>5,595.58</u>	<u>(399,244.35)</u>	<u>(428,511.13)</u>	<u>29,266.78</u>	<u>(404,266.70)</u>	<u>5,022.35</u>	<u>(1.24)</u>
Total M&M Mgmt Fee Rev(Exp)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Change in Net Assets	<u>33,058.54</u>	<u>112,084.59</u>	<u>(79,026.05)</u>	<u>93,338.92</u>	<u>37,496.89</u>	<u>55,842.03</u>	<u>217,868.57</u>	<u>(124,529.65)</u>	<u>(57.16)</u>