

*A Culture of Caring
for over 50 years*



CBA Annual Report 2018





*The Mission of Christian village
Communities is to guide older
adults to joyful and purposeful
life experiences in a faith-
filled community.*

Directors

BOARDS OF DIRECTORS

Christian Benevolent Association

(DBA: Christian Village Communities)

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R. Mick McLaughlin, CBA Chair



Dear Friends,

This 2018 Annual Report illustrates how God's family marches forward together in love and service. While there is no shortage of challenges facing long-term care providers, in 2018 Christian Village Communities (CVC) continued to execute the priorities of its Strategic Plan. We delivered positive outcomes, excellent Christian care and quality retirement living to our residents, patients and their families.

Both the Christian Village at Mason and the Christian Village at Mt. Healthy continued to be 5-Star rated by the Centers of Medicare and Medicaid Services. We are blessed with a talented and dedicated staff and their service and care are key in the ratings we have received and in the consistent positive results achieved. *Service from the Heart* is the name we reference our customer service program by, and our staff live it daily in their performance.

Once again positive financial results enabled CVC to reinvest back into the facilities on both of our campuses. Our financial performance in 2018 is positioning Christian Village Communities for further long-term growth and producing outcomes that complement our Strategic Plan. We have considerable optimism for what we can accomplish in 2019 and beyond. Our optimism is grounded in our conviction that we are operating from a position of strength (God enabled), and from the options we see for growing and expanding services on both of our campuses.

We want to express our love and gratitude to everyone who has prayed, served, given and supported Christian Village Communities through the years. You are very important to this special ministry and we pray that you will continue to join with us in this nearly 60-year journey.

On behalf of our Board, I thank you for your continued support.

Yours gratefully in Him,

A handwritten signature in black ink that reads "R. Mick McLaughlin". The signature is written in a cursive, flowing style.

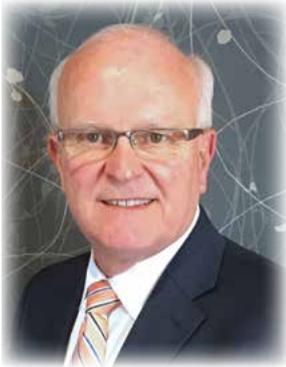
Chair of the Board



A smiling woman with blonde hair is shown from the chest up on the left side of the frame. She is wearing a black top and is sitting on a blue cushion. The background is a bright window with a view of a green landscape, possibly a park or garden, with trees and a path. The text is overlaid on the right side of the image.

*Caring for our residents
and patients like they are
members of our own family.*

Larry Monroe, President, CEO



I never grow tired of sharing the story of Christian Village Communities. It's an amazing testament of God-lead ministry growth. What began in 1960 as The Christian Benevolent Association, today serves over 600 residents, patients and their families with extraordinary, high-quality Christian healthcare and retirement living services for the aging.

Many things have changed since 1960. The healthcare industry has become complex and challenging. Increased competition is on the rise as developers anticipate the tsunami of the baby boomer generation retiring at the rate of 10,000 per day. In-home healthcare continues to gain popularity, providing consumers with another option for nursing and healthcare following a hospital stay. With all this change it would be easy to be distracted and pulled into the vortex of the mainstream of competition. We chart our course with an eye on what's happening around us, attending to good business and financial management, immersed with a steadfast commitment to what has set us apart for over 50 years; a culture of caring with Christlike compassion infused with a commitment to excellence in everything we do.

We are very optimistic about the future and are planning significant capital enhancements at both of our communities. Our campaign to raise money to build the Stone Worship Center and Auditorium at The Christian Village at Mason continues to gain momentum. We hope to raise enough money to break ground within the next year on this larger venue for worship and special resident events.

In 2019 we will make a significant financial investment in The Christian Village at Mt. Healthy by constructing The Guardian Center for Memory Support. There is a growing need for specialized memory support. Alzheimer's and dementia continue to be leading causes of death in the United States. The Guardian Center will be constructed in an area previously used for independent apartment living. This beautifully modern unit will help position this campus for future success.

At The Christian Village at Mason we continue our strategy of creating Manor Homes by retrofitting two adjacent independent living Garden Homes into a larger home with a two car garage. Only a select few of our 190 Garden Homes have two car garages, something very much in demand among today's retirees. Building the Manor Homes is allowing us to serve a customer we were previously losing and is good stewardship of God's resources. Retrofitting existing inventory does not require the acquisition of more land and the more costly process of "ground up" construction .

It's an exciting time for Christian Village Communities. We are thankful to God for His continued blessing and look forward to the expansion of our ministry in the future. I'm grateful for everyone who partners with our ministry through prayer and the sharing of their financial resources.

Vickie Brashear, CFO



Through our continued hard work in 2018 we produced a positive increase in net assets. We were able to grow our cash on hand while investing over \$3 million in capital improvements. We were also able to transfer \$285,000 into the CBA Foundation endowment fund account. Because of the additional contributions, our endowment fund continued to grow despite the downturn in the market at the end of 2018.

Starting in 2018, the focus was on two primary challenges - staff turnover and financial reimbursement changes. This is something we see continuing into 2019. The job situation in nearly every industry is extremely competitive, and in ours this is particularly true. Our staffing challenges caused increased expense for overtime, pick-up bonuses and the use of agency temporary employment services to fill vacancies. We have had to implement new bonus and salary structures in order to attract new team members. This has caused an overall increase in our expenses. Our entire industry has been hit very hard with many staffing challenges as well as with changes in our reimbursement structure. Medicare implemented a new value-based reimbursement program in 2018 that puts increased emphasis on shorter resident lengths of stay and fewer hospital readmissions. The hospital reimbursement changes are putting more emphasis on them sending patients home with home care services. This has resulted in fewer hospital skilled referrals and the referrals that we do receive are more complex, needing a higher level of care. At both The Christian Village at Mason and The Christian Village at Mt. Healthy we have been able to maintain high quality indicators and have maintained a CMS 5-star rating. There are additional Medicare reimbursement changes coming in October of 2019. We are preparing for these changes now and are very optimistic about the future.

We continue to look strategically for better ways to serve our residents, prepare for future changes in the healthcare industry and maintain the excellent quality of care that has been foundational for CVC for over 50 years. We are focusing on the areas where we see demand growing, and we are looking at investing in our ability to provide specialized services for our residents.

Higher acuity assisted living continues its trend of replacing long term care beds in our industry. As our industry continues to evolve and the needs and desires of our residents continue to change, it is of utmost importance that we also continue to change. We are sure that 2019 will bring a new set of challenges with results that are necessary to meet the needs of our residents. With God's help and guidance, we will continue to grow and flourish becoming an even greater ministry. We are very excited about the possibilities and thank God for His continued blessings upon The Christian Village Communities.

*Leading an Industry
in Excellence in
Christian Services
for Seniors and
5-star Healthcare.*



CHRISTIAN
VILLAGE
at MT. HEALTHY



CHRISTIAN
VILLAGE
at MT. HEALTHY

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>12/31/2018</u>	<u>12/31/2017</u>
<u>Assets</u>		
Cash and cash equivalents	10,228,926	9,681,967
Investments	1,170,851	950,091
Resident accounts receivable	2,015,655	1,993,366
Life endowment receivable	1,083,406	1,366,058
Prepaid and other assets	755,296	654,427
Deposits	3,508,394	3,584,334
Property and equipment - Net	32,310,603	31,706,455
Operating rights	330,000	330,000
Land held for development	987,923	987,923
Total assets	<u>52,391,054</u>	<u>51,254,621</u>

Liabilities and Net Assets (Deficiency In Net Assets)

<u>Liabilities</u>		
Accounts payable	2,009,920	1,407,506
Accrued expenses	1,469,841	1,287,881
Refundable deposits	581,865	627,556
Gift annuities	1,915	22,944
Refundable life endowment deposits	14,318,990	13,239,214
Deferred revenue from life endowment deposits	11,062,112	11,355,609
Notes payable	<u>23,419,728</u>	<u>24,330,422</u>
Total liabilities	52,864,371	52,271,132

Net Assets (Deficiency in Net Assets)

Unrestricted	(815,369)	(1,217,599)
Temporarily restricted	<u>342,052</u>	<u>201,088</u>
Total deficiency in net assets	<u>(473,317)</u>	<u>(1,016,511)</u>
Total liabilities and deficiency in net assets	<u>52,391,054</u>	<u>51,254,621</u>

CONSOLIDATED STATEMENT OF ACTIVITIES

	<u>12/31/2018</u>	<u>12/31/2017</u>
<u>Unrestricted Revenue and Gains</u>		
Independent living	4,520,895	4,417,993
Health center	16,042,261	16,737,004
Assisted living	4,604,931	4,910,084
Maintenance fees	2,667,568	2,573,859
Amortization of life endowment deposits	1,305,771	1,412,975
Contributions	346,639	651,278
Investment income	134,618	192,807
Other fees and income	416,729	416,342
Net assets released from restrictions used in operations	<u>157,987</u>	<u>165,339</u>
Total unrestricted revenue and gains	30,197,399	31,477,681
<u>Expenses</u>		
Resident services	777,253	760,594
Health center & assisted living	13,598,240	13,189,804
Food and beverage services	3,099,619	3,008,027
Environmental services	844,497	836,335
Plant	3,308,249	3,121,881
General and administrative	4,255,326	4,059,367
Depreciation and amortization	2,797,693	2,634,771
Interest	<u>1,114,292</u>	<u>1,155,365</u>
Total expenses	<u>29,795,169</u>	<u>28,766,144</u>
Operating Income	402,230	2,711,537
Excess of Revenue Over Expenses	402,230	2,711,537
Net Change in Temporarily Restricted Activities	<u>140,964</u>	<u>6,301</u>
Total Activities	<u>\$543,194</u>	<u>\$2,717,838</u>

The preceding financial information was summarized from the consolidated financial statements of The Christian Benevolent Association of Greater Cincinnati, Inc. and Related Entities for the years ended December 31, 2018 and 2017.



*Vibrant and Caring
Life Plan Communities*

Christian Village at Mt. Healthy

Mark Oaks, Executive Director, LNHA
Kristyna Goins, Director of Marketing
8097 Hamilton Avenue
Cincinnati, Ohio 45231
(513) 931-5000
www.christianvillages.org

Christian Village at Mason

Bob Slade, V.P. Operations, LNHA
Lynn Kitchen, Director of Sales & Marketing
411 Western Row Road
Mason, Ohio 45040
(513) 398-1486
www.christianvillages.org

President & Chief Executive Officer, Larry D. Monroe
Chief Financial Officer, Vickie Brashear
Vice President, Business Development, Lizz Stephens
Vice President, Health Services, Lisa Cecil
Vice President, Human Resources, Dave Melton
Executive Assistant, Terri Burkhardt

513-701-3448
513-800-1674
513-701-3408
513-468-1252
513-701-3401
513-701-3448

larry.monroe@christianvillages.org
vickie.brashear@christianvillages.org
lizz.stephens@christianvillages.org
lisa.cecil@christianvillages.org
dave.melton@christianvillages.org
terri.burkhardt@christianvillages.org