

*Taking Care of People*



AMERICAN BAPTIST HOMES OF THE WEST

2001 ANNUAL REPORT



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## *Mission Statement*

“American Baptist Homes of the West,  
as an expression of Christian mission,  
seeks to enhance the independence,  
well-being and security of older people  
through the provision of housing,  
health care and supportive services.”



KAY UMBERGER AND PATRICIA RADA,  
CASA DE REDWOOD

## *Taking Care of People*

Taking care of people means more than just providing for physical needs — it means nurturing the mind, body, and spirit. It is not merely a way of working, or of running a company, but a way of living one's life. At American Baptist Homes of the West, taking care of people is our mission, and we measure our success by the well-being of the people we serve.



## *President's Message*

As we face life's challenges, we often depend on the support of our communities, the guidance of our families, and the wisdom of our elders. This is especially true in the wake of the events of September 11th. Our struggles to respond to this tragedy have brought us together as individuals and as a nation. When I look back over this past year I am struck by the generosity with which people set aside the everyday concerns of their personal and business lives to help one another. Taking care of people is ABHOW's mission, and this report honors those whose acts of compassion, great and small, have brought us together through these difficult times.

Each of the residents featured here has shown great courage, love, and faith over the course of a lifetime. Whether serving as nurses, as missionaries, or in the military, these men and women dedicated themselves to the care of others, standing proud among a generation of heroes. Today, they continue to bring their communities together, through volunteer work, community organization, and simple kindness. More than ever, their actions are an inspiration to us all.

From the beginning of fiscal year 2001, both corporate ABHOW and our residents felt financial constrictions, as rising costs of vital services met continued erosion of investment income. At state and national meetings throughout the continuing care industry, other non-profit providers of senior housing and health care struggled with the same issues. A labor shortage increased staffing costs, while the demand for qualified care providers made recruitment difficult. Rising energy prices only added to the pressure.

Meanwhile, insurance industry fears of healthcare-related litigation made it difficult for many communities to obtain property, casualty, and liability insurance. Our legal department was able to secure coverage for ABHOW and all our communities, but at rates and deductibles double those in previous years.

Responding, ABHOW challenged our communities and administrative departments to reduce expenses, without compromising the quality of care we provide to our residents. With careful planning, hard work, and a great deal of cooperation, departments were able to significantly reduce operating expenses across the corporation. Human Resources met the staffing challenge with recruitment workshops and enhanced services, helping staff to make fuller use of existing benefits. Newly developed risk management initiatives are working to offset the rising insurance costs and limit the number of claims filed. In the Information Technology department, more cost-effective systems were integrated with existing technology to improve the caliber and speed of service, making better use of the tools at hand. Overall, administrative outlays were reduced by over one million dollars, doing a great deal to offset the new costs.

Unfortunately, these measures were not able to compensate completely, and it became necessary to raise monthly fees above historic levels for the second year in a row. While this was a painful decision for the Board to make, it was the responsible course of action, ensuring that the long-term needs of our residents will continue to be met. ABHOW and our residents have endured worse times than these in the fifty-two years since the first ABHOW community opened its doors, and the stoicism that brought us this far will bring us through to brighter times. By caring for each other through this hardship, we can keep our communities strong, whole, and ready for the future.

DAVID B. FERGUSON



President



## *Corporate Overview*

The Bible tells us that adversity is a lesson that will ultimately strengthen our character. As each American Baptist Homes of the West department and community met the challenges of fiscal year 2001, we realized how much we take for granted, and learned to value the things that matter most: our faith and each other. As we sought the lesson in this year's events, we saw the importance of caring for one another, no matter what.

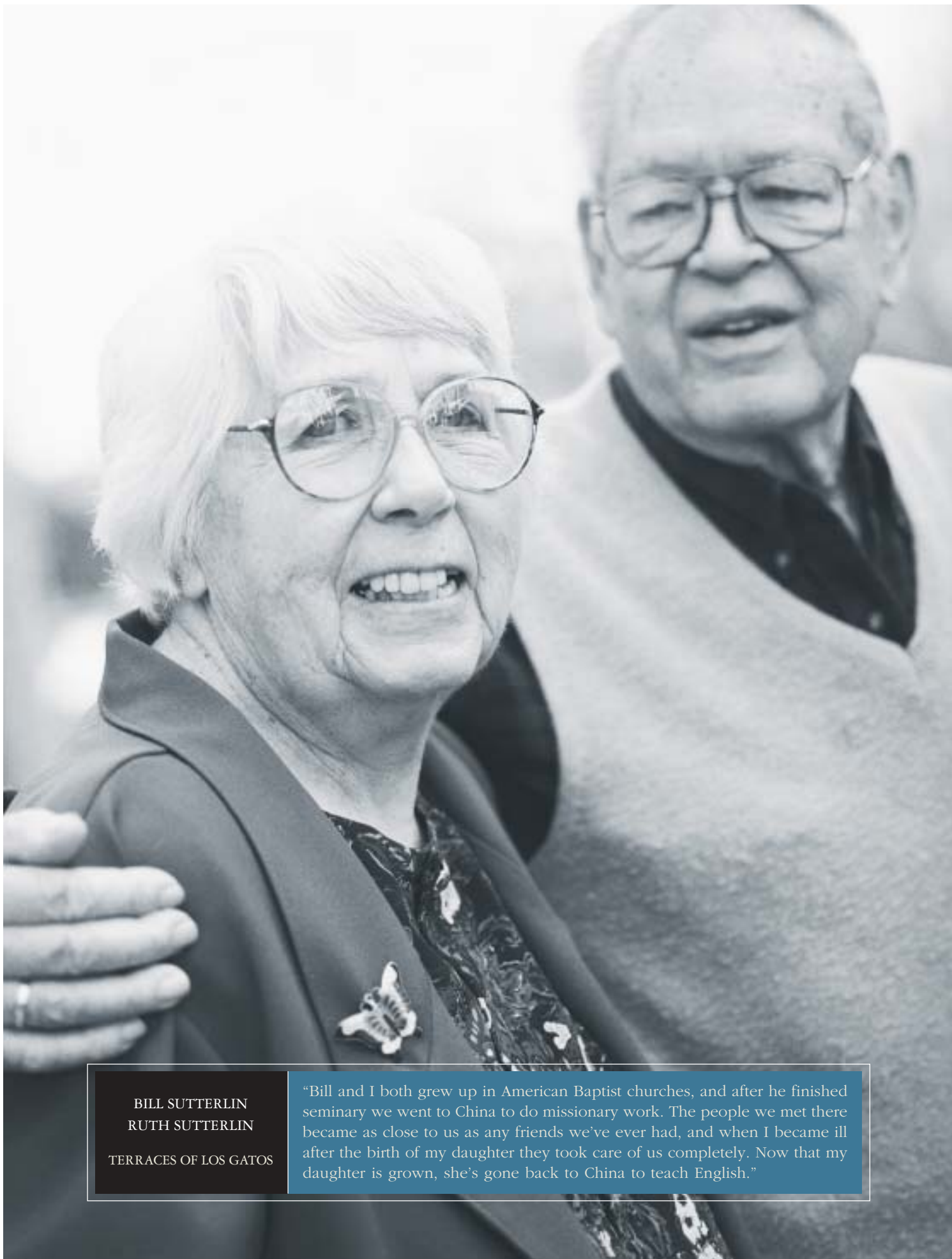
Our actions in 2001 strove to strengthen our communities and corporate structures. Renovations at Mount Rubidoux Manor, Casa de Redwood, and Harbor View Manor have created better, more comfortable environments for residents. Those affected by memory loss have new resources, as community-centered campaigns educate and provide assistance. In the corporate realm, many departments trained their staff members in new technology, systems, and skills, strengthening the departments' internal resources.

By holding fast to our mission, "...to enhance the independence, well-being and security of older people..." we made certain that this year saw joy, as well as sorrow, and we face the new year stronger, wiser, and with great hope for better things to come.



JOSIE BARROW  
ALLEN TEMPLE ARMS

“Serving in so many senior advocacy groups is about having the information and resources to give seniors better lives. We’ve been able to accomplish things that make a difference to people, such as having public transit bus drivers call out stops, or requiring traffic to slow down near senior facilities. When I moved to Allen Temple Arms, it was natural for me to serve on the Resident’s Council, of which I’m now President. It’s really about working with local community, similar organizations, and ABHOW to see that everyone’s needs are understood and taken care of.”



**BILL SUTTERLIN  
RUTH SUTTERLIN**

TERRACES OF LOS GATOS

“Bill and I both grew up in American Baptist churches, and after he finished seminary we went to China to do missionary work. The people we met there became as close to us as any friends we’ve ever had, and when I became ill after the birth of my daughter they took care of us completely. Now that my daughter is grown, she’s gone back to China to teach English.”



## *CCRC Operations*

This year's challenges brought new opportunities, marking a transitional year for CCRC Operations. Reorganizations in the Corporate Operations team inspired new ideas and a revived sense of excitement, invigorating response to local Continuing Care Retirement Communities. To adapt to changing labor markets, resident demographics, and a downturn in the national economy, Corporate Operations Care and Compliance and Hospitality Services worked creatively with CCRC staff, residents, and boards, providing necessary resources and closely monitoring both budgets and resident satisfaction. Coordinating our CCRCs, corporate resources, and regulatory agencies enabled our continued compliance with changing regulatory requirements. The highlight of the fiscal year was the addition of The Terraces Retirement Community in Chico, CA. This multi-level community is a managed affiliate that provides residential and assisted living apartments, dementia care and nursing care.

## *Affordable Housing Operations*

Joining the ABHOW family this year is Allen Temple Gardens, a newly constructed community of fifty apartments for low-income seniors managed by ABHOW. Nearby, twenty-four Oakland, CA residents with symptomatic HIV/AIDS found new homes at Allen Temple Manor. With funding help from the City of Riverside, CA, Mount Rubidoux Manor was able to convert twenty-two studios into eleven desirable one-bedroom apartments. Other major renovations are ongoing at Casa de Redwood in Redwood City, CA and Harbor View Manor in Tacoma, WA, funded in part by the City of Redwood City and Tacoma Power and Energy, respectively. At the 40th Annual Meeting of the California Association of Homes and Services for the Aging (CAHSA), the Affordable Housing Operations department presented a detailed plan of action to face the year's utility crisis. Several department members successfully completed specialized training in areas of expertise including affordable housing software, tax credit compliance, and fair housing.



## *Strategic Planning*

In drafting the 2002-2004 Strategic Plan, ABHOW's Strategic Planning department went first to those most affected — the communities themselves. This innovative “upside-down” philosophy received one of only six national CCAC Best Practices Awards for 2001. With additional input from the Board of Directors, the department completed plans centered around five overarching goals for adoption at the 2002 annual meeting. Linkage to the Continuing Care Commission's Standards of Excellence as well as ABHOW's own Words of Wisdom insures a truly integrated strategic plan.

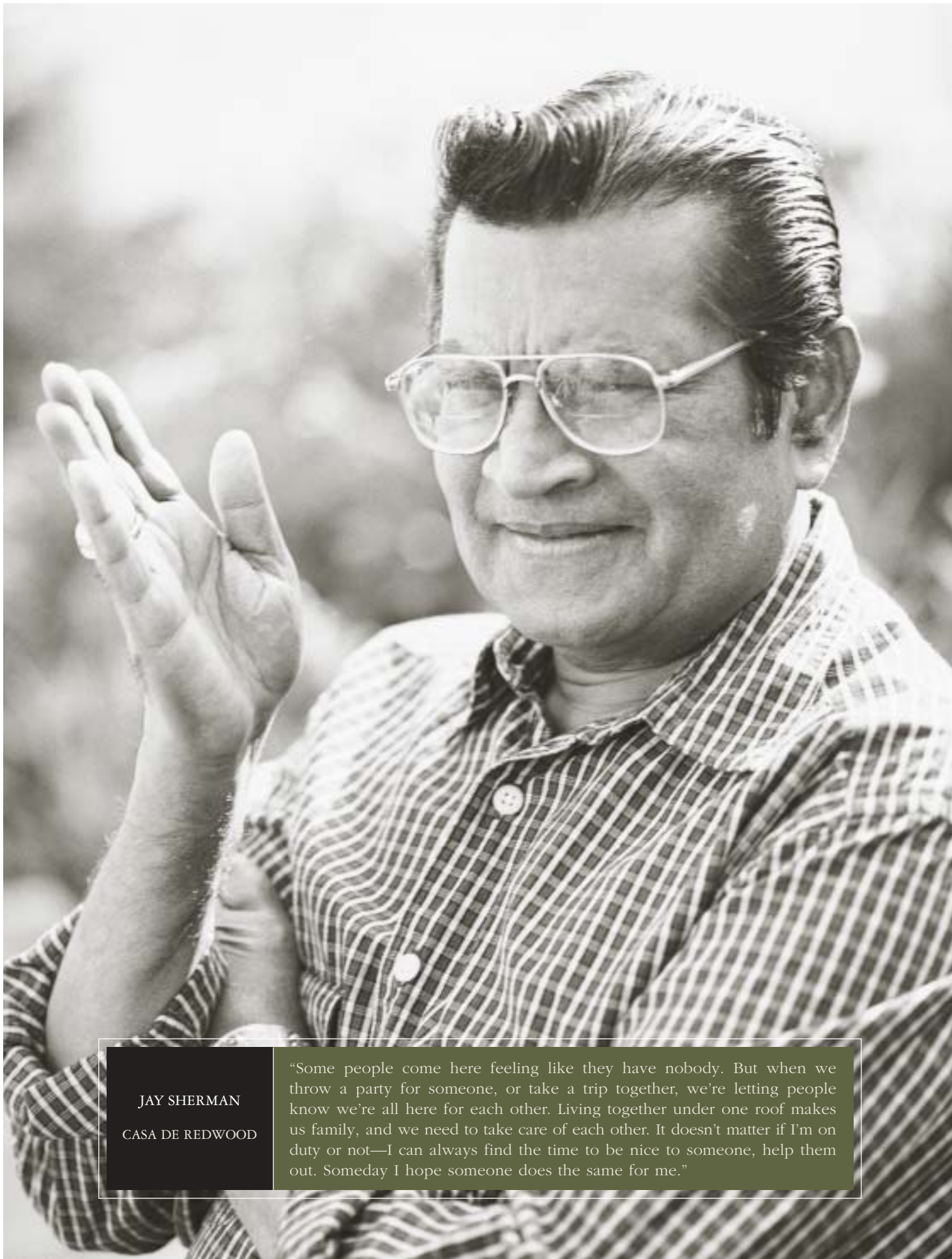
Residents, employees, board members and friends of ABHOW can keep up-to-date through the new ABHOW Communications newsletter. An enhanced website will open additional channels of communication, supplementing quarterly meetings with the Presidents of the Residents' Councils, Board Chairs, and local leaders.

Finally, residents struggling with memory loss will receive new support, as the Strategic Planning department coordinates community-centered campaigns focusing on their needs. Resources from both the home office and the local communities have been committed to this important effort, as staff and residents work to ensure that those with this special need will continue to be well cared for in our communities.

## *Legal Affairs*

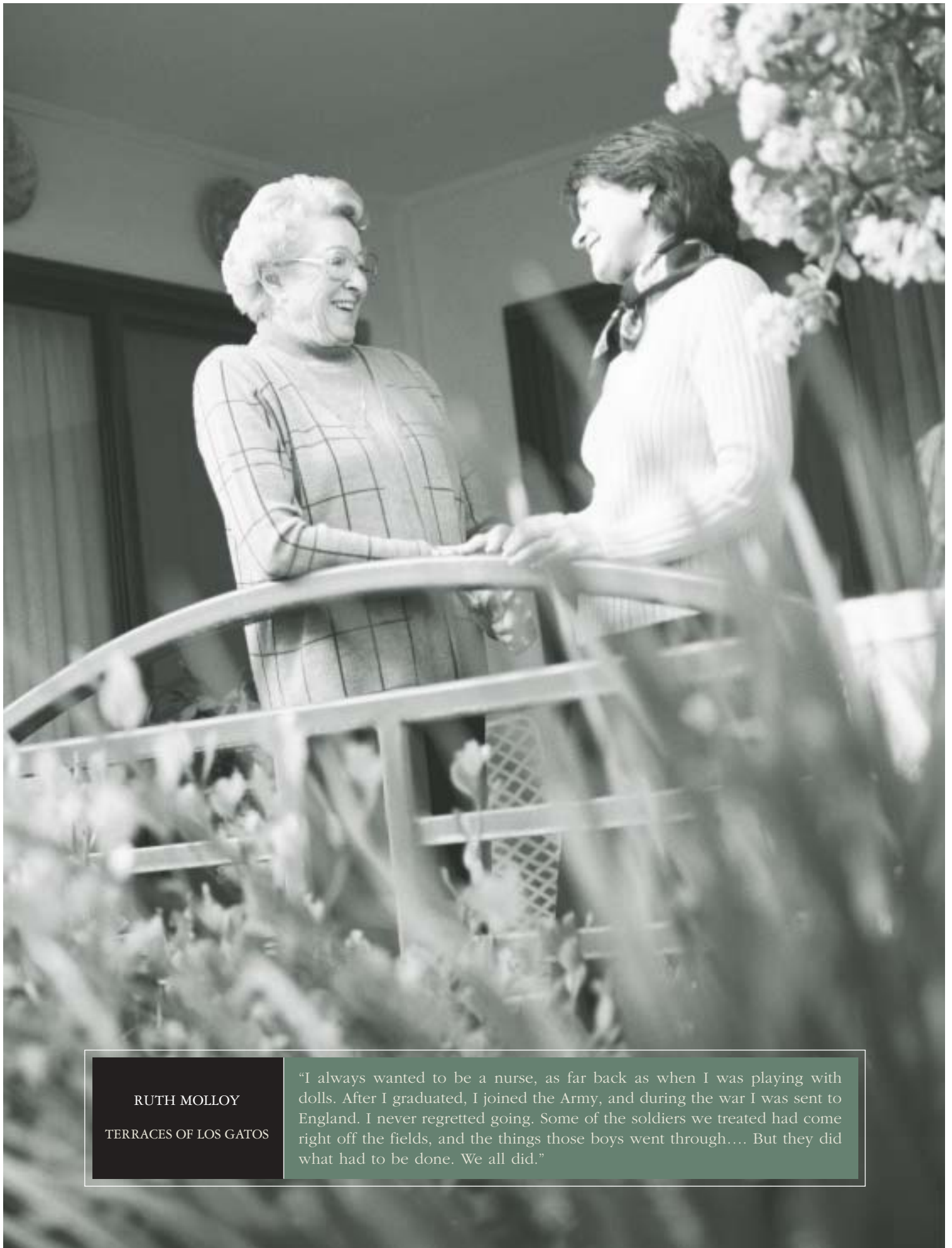
In attempting to secure insurance coverage for ABHOW this year, the Legal department found itself faced with industry-wide increases in insurance rates and deductibles. In response, the department is working harder than ever to anticipate, reduce, and prevent risk throughout the corporation. Among the risk management initiatives are a new corporate compliance program in English and Spanish, an ABHOW hotline, regularly issued compliance alerts, the establishment of a full time ethics officer and a new occurrence tracking system.

The Legal department continues to provide legal support and advice to all ABHOW operations, overseeing acquisitions and mergers, drafting, reviewing, and approving contracts and ensuring compliance with all state and federal laws.



JAY SHERMAN  
CASA DE REDWOOD

“Some people come here feeling like they have nobody. But when we throw a party for someone, or take a trip together, we’re letting people know we’re all here for each other. Living together under one roof makes us family, and we need to take care of each other. It doesn’t matter if I’m on duty or not—I can always find the time to be nice to someone, help them out. Someday I hope someone does the same for me.”



RUTH MOLLOY  
TERRACES OF LOS GATOS

“I always wanted to be a nurse, as far back as when I was playing with dolls. After I graduated, I joined the Army, and during the war I was sent to England. I never regretted going. Some of the soldiers we treated had come right off the fields, and the things those boys went through.... But they did what had to be done. We all did.”



## *Human Resources*

Taking care of ABHOW employees has never been more important than now. The Human Resources department spent the year improving its expertise and services corporate-wide, and communities rated its service substantially higher than in past years. Responding to stresses in the labor market, Human Resources conducted a salary survey and financial analysis of all CCRC positions throughout the organization. To help meet staffing challenges, the Department held a recruiting workshop for human resource directors, while a new quarterly employee newsletter, Benefit Bits, helps all employees to better understand and utilize their benefits. Throughout the year, the department stayed up-to-date on changes in staffing and employment law and retirement planning, strategically positioning ABHOW to meet important challenges in the new year.

## *Information Technology*

ABHOW continues to build a strong technology infrastructure for the future, while supporting operational needs that maximize the use of well-established systems.

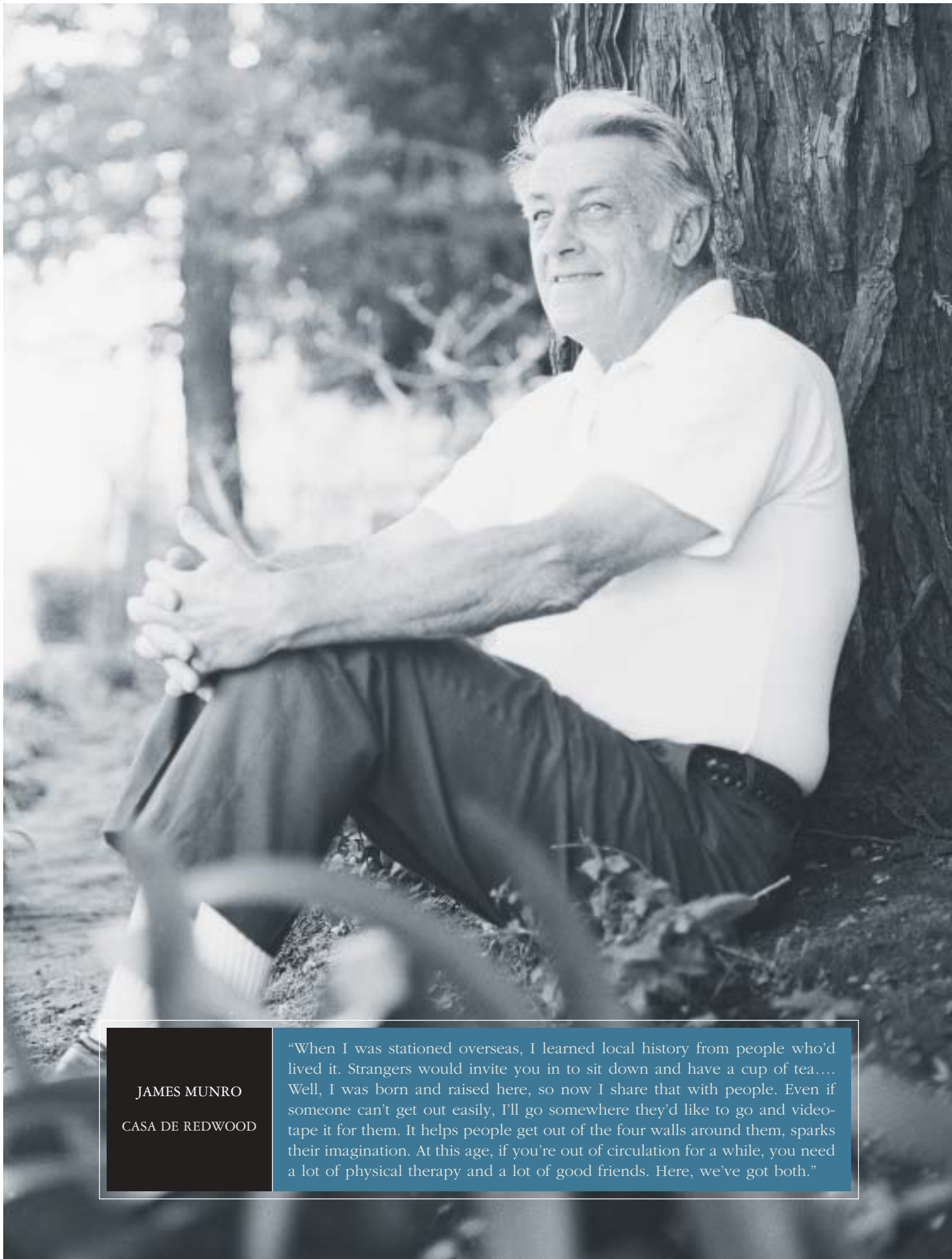
The Information Technology department has undergone organizational changes to focus the team on programs and services that meet the mission of ABHOW and improve operational performance and efficiency. The team heavily supports several ABHOW initiatives, including continued development of an integrated billing and clinical system, organization-wide upgrades to time and attendance systems, and the completion of an overall technology assessment.

Information Technology has reviewed current communications and purchasing agreements and has developed new programs to reduce operational expense while improving technology and service availability. Emphasis has been placed on strong communications with our customers by improving our direct communication with management, staff and residents at our communities and within the ABHOW Home Office.



## *Finance*

As financial pressures mounted this year, the Finance department focused on keeping ABHOW's money working harder than ever. Enhancements to budgeting and reporting systems enabled management decisions to be based on accurate information and timely in nature. Benchmarking information and payroll data were linked directly into monthly management reports. A Billing Task Force supported by Finance increased the efficiency of key billing and reporting processes. For the first time in at least ten years, financial statements were published before Christmas, thanks in part to an exceptionally smooth annual audit by Deloitte and Touche. As always, credit providers, bondholders, and other interested constituencies were able to receive extensive information from the department. Most exciting was the Finance department's involvement in redevelopment plans for Arizona's Orangewood community. Participation included varied assignments from evaluating proposals and insurance alternatives to establishing letters of credit.



JAMES MUNRO  
CASA DE REDWOOD

“When I was stationed overseas, I learned local history from people who’d lived it. Strangers would invite you in to sit down and have a cup of tea.... Well, I was born and raised here, so now I share that with people. Even if someone can’t get out easily, I’ll go somewhere they’d like to go and videotape it for them. It helps people get out of the four walls around them, sparks their imagination. At this age, if you’re out of circulation for a while, you need a lot of physical therapy and a lot of good friends. Here, we’ve got both.”

## Combined Balance Sheets

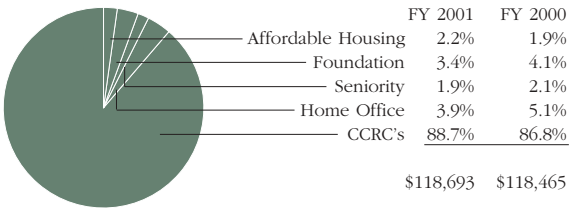
### AMERICAN BAPTIST HOMES OF THE WEST AND COMBINED AFFILIATES

ASSETS	SEPT. 30, 2001	SEPT. 30, 2000
<i>(in thousands)</i>		
Cash and marketable securities	\$ 72,165	\$ 81,913
Accounts and notes receivable	10,392	11,968
Prepaid expenses, deposits and other current assets	1,098	996
Land, buildings and equipment, net	176,173	181,296
Other assets	9,188	7,472
<b>Total</b>	<b>\$ 269,016</b>	<b>\$ 283,645</b>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	19,894	17,116
Notes and bonds payable	137,622	142,037
Deferred revenue from investment contract	5,547	5,759
Trust and annuities	6,258	7,642
Other liabilities	11,044	9,321
Deferred revenue from entrance fees	99,554	96,315
Net assets (deficit)	(10,903)	5,455
<b>Total</b>	<b>\$ 269,016</b>	<b>\$ 283,645</b>

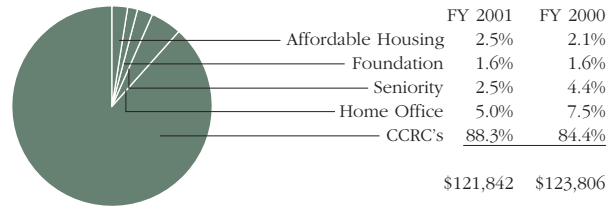


AMERICAN BAPTIST HOMES OF THE WEST AND COMBINED AFFILIATES

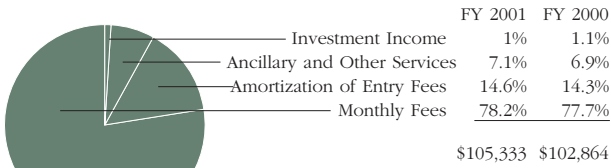
TOTAL REVENUE BY LINES OF BUSINESS



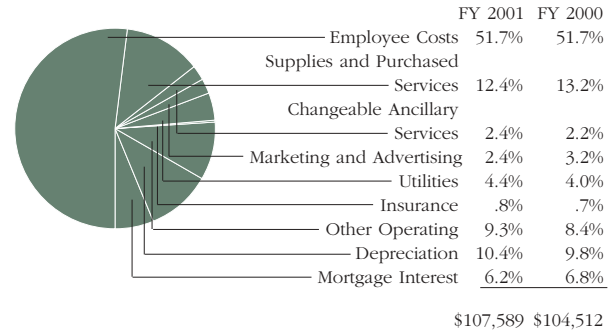
TOTAL EXPENSES BY LINES OF BUSINESS



TOTAL CCRC REVENUE



TOTAL CCRC EXPENSES



TOTAL CCRC OPERATING REVENUE AND REOCCUPANCY FEES BY YEAR

(in thousands)



## Community Profiles

CONTINUING CARE AND LIFECARE RETIREMENT COMMUNITIES	RESIDENTS	EMPLOYEES
Grand Lake Gardens, Oakland, CA	67	18
Judson Park, Des Moines, WA	277	201
La Vida Llena, Albuquerque, NM	373	168
Orangewood, Phoenix, AZ	199	135
Piedmont Gardens, Oakland, CA	345	170
Pilgram Haven, Los Altos, CA	161	105
Plymouth Village, Redlands, CA	307	150
Rosewood, Bakersfield, CA	183	131
San Joaquin Gardens, Fresno, CA	357	198
The Terraces of Los Gatos, Los Gatos, CA	304	139
The Terraces Retirement Community, Chico, CA	248	115
Thomas House, Washington, DC	170	148
Valle Verde, Santa Barbara, CA	418	219

AFFORDABLE HOUSING COMMUNITIES	RESIDENTS	EMPLOYEES
Allen Temple Arms I, Oakland, CA	80	4
Allen Temple Arms II, Oakland, CA	51	3
Allen Temple Gardens III, Oakland, CA	49	2
Allen Temple Manor IV, Oakland, CA	31	1
Bellflower Friendship Manor, Bellflower, CA	160	9
Bellflower Oak Street Manor, Bellflower, CA	30	2
Casa de la Vista, Redlands, CA	82	3
Casa de Redwood, Redwood City, CA	136	4
Harbor View Manor, Tacoma, WA	136	12
Judson Terrace, San Luis Obispo, CA	110	7
Mount Rubidoux Manor, Riverside, CA	186	13
Oak Knolls Haven, Santa Maria, CA	39	2
Pacific Meadows, Carmel, CA	228	4
E.E. Cleveland Manor, Oakland, CA	54	1
Tahoe Senior Plaza, South Lake Tahoe, CA	49	2
Fern Lodge, Redlands, CA	62	3

TOTALS	RESIDENTS	EMPLOYEES
Continuing Care, Multi-Level and Lifecare	3,409	1,897
Affordable Housing	1,483	72
Corporate Office	-	60
Seniority, Inc.	-	31
Totals	4,892	2,060

2001 NUMBER OF COMMUNITY HOUSING UNITS	
Residential Living	2,093
Assisted Living	445
Health Center	809
Special Care	67
Affordable Housing	1,446
Total	4,860

*Board of Directors,  
American Baptist Homes of the West*



TOP ROW LEFT TO RIGHT:

Donald N. Jones, Dr. Donald Burgess,  
David B. Ferguson, Dr. Debra David.

MIDDLE ROW LEFT TO RIGHT:

Bruce Laycook, vice chair, Dr. Lela A. Llorens, vice  
chair, Arthur C. Christman, Jr., Dr. John C. Munson,  
Randall L. Stamper, chair elect.

FRONT ROW LEFT TO RIGHT:

Eldora H. Warkentin, Gloria Meads,  
Leon L. Gean, secretary.

NOT PICTURED:

Dr. Edgar G. LaVeque, chairman, Hector Gonzales,  
Rev. David Bennett.

Guiding American Baptist Homes of the West in our mission to seniors, the ABHOW Board of Directors maintains an active involvement in the overall direction of the corporation and its affiliates. Our focus this year lay in developing ABHOW's strategic plan for the coming years.

Pleasanton, CA hosted this year's annual meeting, as well as two of our four regular board meetings. Two additional board meetings were held in Oakland, CA. The ABHOW Board of Directors continues to include local boards and residents in all regular meetings. Both the Presidents of the Resident's Councils and local chairs of the Boards of Advisors meet with senior staff in conjunction with each board meeting, and make reports directly to the Board of Directors.

*Board of Directors,  
Seniority, Inc.*



TOP ROW LEFT TO RIGHT:

Pamela L. Scott, Leon L. Gean,  
David B. Ferguson, chairman.

FRONT ROW LEFT TO RIGHT:

Joseph Anderson, Dr. Sue Schock Roderick.

Seniority, a subsidiary of American Baptist Homes of the West, provides contract sales, marketing, management, and consulting services to clients throughout the United States. In keeping with ABHOW's mission, Seniority's clients are primarily non-profit providers of senior housing and healthcare services. During fiscal 2001, sixty-two and one-half percent of Seniority's consulting revenues came from sources other than ABHOW.

New products and systems developed and marketed by Seniority this year include computerized lead tracking systems, advertising cost analysis and closing ratio programs, a sales office standard operating procedures manual, and MarginMagic, a prospect financial qualification software program.

In 2001 Seniority ended its limited liability corporation, Seniority Communications. Continuing market support will be provided by the Mature Market Group of J. Walter Thompson advertising agency.

*Board of Directors, American Baptist Homes Foundation of the West*



TOP ROW LEFT TO RIGHT:

Dr. Barbara Chicks, president, Paul Krilich, Wes Bishop, David B. Ferguson.

FRONT ROW LEFT TO RIGHT:

Linda Loorz, Beverly Rouse, secretary.

NOT PICTURED:

Rolf Bondelie, Reginald Lyles, vice chair, Everett W. Curry, Jr., Ruth Lind.

Taking care of people means providing the security they need to live with dignity and in comfort. American Baptist Homes Foundation of the West, Inc. provides a financial safety net for ABHOW programs and for residents who have outlived their assets. By developing long-range fund-raising programs, the Foundation supports the provision of a Christian social and health ministry to all who need care in conjunction with American Baptist Homes of the West.

Endowments are funded through benevolent gifts, fund-raising events, year-end appeals, grants, bequests, and trusts and annuities taken out by residents, family, and friends who wish to provide a legacy to ABHOW and our residents.

The Foundation continues to concentrate on raising funds to provide quality care for those who are in need within our communities. We are very pleased with the success of our new and continuing programs. This year, Judson Terrace, in San Luis Obispo, CA, received a grant to assist with gap funding for projects at its Center for the Frail Elderly. Mobility-challenged residents at five rental-housing communities continue to benefit from our lease of four wheelchair-equipped vans. These and other grants have been made possible by the Affordable Housing Assistance Grant Fund. Meanwhile, our Social Responsibility Fund provided key start-up fees for fund-raising efforts benefiting the Special Care Units.

This year, the Foundation Board said good-bye to long-term and highly valued board members Edwin Epstein, C. Milton Jones, and Earl Fox. Joining us in their places are three new members, each with respected expertise and a commitment to continue the purpose of the Foundation. The ABHOW Foundation Board welcomes Ruth Lind, Everett Curry, and Paul Krilich, and gratefully acknowledges the contributions made by all Board members, past and present.



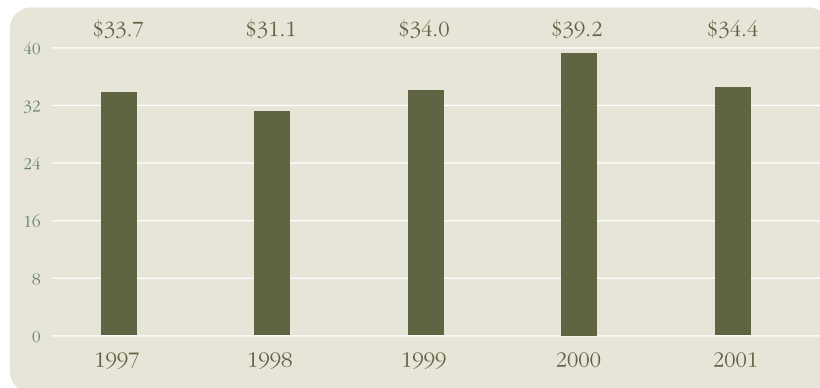
## Foundation Financial Statements

ASSETS	SEPT. 30, 2001	SEPT. 30, 2000
<i>(in thousands)</i>		
Cash and marketable securities	\$ 40,786	\$ 48,701
Other assets	47	1,311
<b>Total</b>	<b>\$ 40,833</b>	<b>\$ 50,012</b>

LIABILITIES AND NET ASSETS	SEPT. 30, 2001	SEPT. 30, 2000
<i>(in thousands)</i>		
LIABILITIES		
Managed funds and other liabilities	131	3,123
Due to trusts	6,258	7,642
<b>Total liabilities</b>	<b>6,389</b>	<b>10,765</b>
<b>Total net assets</b>	<b>34,444</b>	<b>39,247</b>
<b>Total liabilities and net assets</b>	<b>\$ 40,833</b>	<b>\$ 50,012</b>

### FOUNDATION NET ASSETS

*(in millions)*



### FOUNDATION DISTRIBUTIONS

Foundation Distributions were \$1.2 million for the benefit of residents of American Baptist Homes of the West and affiliates for the fiscal year ending Sept. 30, 2001.

## Management Committee

The ABHOW Management Committee ensures that key organizational directives are accomplished.

David B. Ferguson – *President and Chief Executive Officer*

Joseph Anderson – *Senior Vice President, Marketing*

David Grant – *Senior Vice President / Chief Administrative Officer*

Kay Kallander – *Senior Vice President, Strategic Planning*

Ken Lund – *Vice President, Hospitality Services*

Bella Mahoney – *Vice President, Compliance*

Pamela L. Scott – *Senior Vice President, Finance, Chief Financial Officer*

President Emeritus – Dr. Richard E. Ice

American Baptist Homes of the West is a member of the American Association of Homes and Services for the Aging and state associations of homes for the aging in California, Arizona, and Washington. Eight of ABHOW's continuing care retirement communities are accredited by the Continuing Care Accreditation Commission.

### AUDITORS

Deloitte and Touche, *San Francisco*



AMERICAN BAPTIST HOMES OF THE WEST

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