2017 ANNUAL REPORT
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On behalf of the entire Board of Directors, we are pleased and honored to be a part of The Evangelical Lutheran Good Samaritan Society especially in this time of great possibility and opportunity. The Board meets several times throughout the year to develop strategic thinking and direction to best capitalize on our strengths as an organization and to be accountable for the Society’s future success in sharing God’s love. This year, I would like to take the opportunity, on behalf of the Board, to offer a few thoughts about the beliefs that underpin those strategies and work.

This past year, we have seen unprecedented changes in America’s senior healthcare system. The challenges of the past year are living proof that every organization involved in the well-being of America’s seniors is adapting to a new normal. One in which the only thing “normal” will be the growing degree to which all of us must continue to adapt to the “new.”

In 2017, President David J. Horazdovsky presented the Strategic Blueprint and that has become the centerpiece of the work of the Society. The Strategic Blueprint and its business plans define the areas in which the Society can lead the way forward, the strategies we use to do so and measurements of success, along with growth opportunities. All the while, it does so in context with the mission of the Society to which we are all so deeply committed.

Built at the center of the Society’s Blueprint is the Core Strategy:

To build regional partnerships and alliances to create a comprehensive, integrated, community-based approach to well-being.

With a directive from the Board of Directors, Society management was challenged to pursue the development of partnerships to create an opportunity for the mission of the Society to become stronger and continue to grow.

In fulfillment of this directive, in November 2017, it was announced that the Society was in the process of exploring ways Sanford, a Sioux Falls, South Dakota-based health system with world impact, and the Good Samaritan Society might come together in a transformational relationship.

The Board of Directors has thoughtfully and prayerfully journeyed through this potential relationship with Sanford for more than six months and now enthusiastically brings forward to the June 26, 2018, membership vote, a resolution to solidify this affiliation with Sanford. The combined Sanford/Society mission-driven focus offers both organizations an opportunity to build a more robust, integrated, community-based and dynamic health system, that focuses on serving all individuals. This means even better care for all we serve at every point of life.

Together, through hard work, strong faith and this partnership with Sanford, we can turn this period of transition into an opportunity for true transformation—for the seniors and families we serve, for the people with whom we serve, for the people who are making decisions about care and for the millions of American seniors who are impacted by those decisions.
I am honored to reflect on this past year and the unwavering dedication of our employees to care for those in need and demonstrate God’s love with their enduring compassion. It is a great time to take stock of our accomplishments and, more importantly, look ahead with anticipation to the opportunities in front of us.

We have entered an incredible period of transition in America’s healthcare system. The challenges of the past year—including government changes; regulatory uncertainty; and healthcare trends, including demographic shifts, staff recruitment challenges, and quality outcomes dictating reimbursement, the need to create an integrated network of care not only within our own campuses and communities served, but also with the Society’s affiliated entities and external acute care organizations—are living proof that every organization involved in the well-being of America’s seniors is adapting to a new normal. Acute and post-acute/long-term care providers, along with senior living and home care providers, have to continuously adapt to this new environment.

In 2017, we made significant progress in the execution of our Strategic Blueprint with business plans that position the Society as a leader in delivering innovated services. I believe that strong performance is about making improvements every day, regularly monitoring our progress and being fully committed to delivering in line with the targets outlined in the Blueprint. The Core Strategy is directing us to build partnerships to create a comprehensive, integrated, community-based approach to well-being. Our exploration of developing an affiliation with Sanford, a Sioux Falls, South Dakota-based health system with world impact, has been an evolution of that strategy and will allow us to quickly adapt to the market trends moving toward the continuum of care model.

In 2017, we made significant progress in the execution of our Strategic Blueprint with each of the service lines’ business plans.

Our essence remains entrenched in the hearts of our employees who live our mission daily as they provide God’s love through nurturing those we serve with kind words and a gentle touch. And that essence through collaboration is an important element of the Society’s overall success as part of the continuum of care model. We have demonstrated prosperous relationships in numerous locations including Mandan/Bismarck, North Dakota; and Olathe, Kansas; resulting in mutually-beneficial partnerships between acute-care providers with enhanced opportunities to increase referrals and expand our mission. Together, with the focus on transformational care and new opportunities for revenue growth, these initiatives make us a higher performing, more efficient organization to expand our reach in serving more people in more places.

I would like to thank you—our employees, partners, donors, those in our care and family members who have entrusted the care of their loved one to the Good Samaritan Society—for your continuous engagement and trust. Without you, our mission success today and tomorrow would not be possible.
There continues to be unprecedented change in senior and healthcare systems. While experiencing changes in market trends, demographics and payment models, the Society continues to strengthen care delivery and financial performance with improved outcomes by taking necessary strategic and operational action.

With a strong balance sheet of assets along with the guidance of its Strategic Blueprint and business plans, the Society has created an opportunity to work with partners to create a more comprehensive approach to every dimension of well-being, equipping the Society to deliver its mission to more people in more ways.

### 2017 total revenues breakdown by percentage
(Presented by level of care)

<table>
<thead>
<tr>
<th>Level of Care</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rehabilitation/skilled care</td>
<td>76.00%</td>
<td>72.80%</td>
<td>73.40%</td>
</tr>
<tr>
<td>Senior housing with services</td>
<td>10.00%</td>
<td>9.40%</td>
<td>9.60%</td>
</tr>
<tr>
<td>Assisted living</td>
<td>7.00%</td>
<td>6.90%</td>
<td>6.80%</td>
</tr>
<tr>
<td>Home- and community-based services</td>
<td>6.00%</td>
<td>9.80%</td>
<td>9.10%</td>
</tr>
<tr>
<td>Affordable housing</td>
<td>1.00%</td>
<td>1.10%</td>
<td>1.10%</td>
</tr>
</tbody>
</table>

### Total revenues and assets for 2015-2017

<table>
<thead>
<tr>
<th>Year</th>
<th>Total revenue</th>
<th>Total assets</th>
<th>Rehabilitation/skilled care</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1,002,979,000</td>
<td>$1,679,830,000</td>
<td>73.4%</td>
</tr>
<tr>
<td>2016</td>
<td>$1,063,275,000</td>
<td>$1,716,932,000</td>
<td>72.80%</td>
</tr>
<tr>
<td>2017</td>
<td>$1,047,174,000</td>
<td>$1,685,765,000</td>
<td>73.40%</td>
</tr>
</tbody>
</table>
The more things change, the more I am reassured that simple and powerful universal truths, captured in the Eight Traits of the Good Samaritan Society Way, remain constant through the ages. These truths help us live faithfully and also guide us as we strive for excellence.

The Society knows that while “what” we do is important, the “why” and “how” is what distinguishes our senior care services. The journey to achieve excellence is a sustainable commitment to challenging ourselves with three deceptively simple questions:

1. Are we doing as well as we should?
2. How do we know?
3. How can we improve?

In the era of outcome-based reimbursement in nearly all of our service lines, using our data intelligently to prioritize work and help us answer those three questions in all of our work efforts is crucial. Our Quality Assurance Performance Improvement (QAPI) program has processes and tools deeply embedded within the Society’s culture. The results are powerful—and reflected in our quality measures and performance.

In 2009, the Centers for Medicare and Medicaid Services (CMS) conducted the first survey period for all rehab/skilled care locations. Each was rated according to a five-star system in the categories of health surveys, staffing and quality measures, as well as an overall rating. From 2009 to 2017, the number of Society locations achieving an overall five-star rating increased by more than 20 percent. Additionally, Society locations receiving one star in the quality measure decreased nearly 80 percent from 2009 to 2017. Through steadfast focus and collaboration, we can continue to courageously approach these important performance measures, knowing every effort makes a big impact.

A new approach to improvement resulted in creating a dedicated Performance Excellence-Value Based Payment project team in 2017. They conducted a comprehensive investigation into our data, using tools from Lean and Six Sigma to focus improvement efforts around perennially challenging issues, including:

• Supporting clinical staff as they work to meet the complex clinical and social needs of our customers.
• Achieving census targets.
• Managing expenses.

Our journey to achieve excellence is one consumers can easily comprehend and apply when choosing a post-acute rehab or skilled nursing location.
The National Quality Strategy, summarized as the Triple Aim—better experiences of care for the people we serve, improved health outcomes and smarter healthcare spending—continues to serve as a framework that aligns the Society with our partners across the healthcare continuum. The Society continues to recognize the importance of employee engagement toward achieving the Triple Aim. This concept is being informally incorporated into the National Quality Strategy as the Quadruple Aim.

This approach had a powerful impact, and led to organizational learning that is guiding a redesign of how we operate in a healthcare environment where payment is driven by outcomes.

In 2017, our commitment to excellence was experienced in many ways across the Society. Innovative and collaborative approaches to antibiotic stewardship, improved balance and fall prevention, fostering deep and meaningful connections with residents who live with dementia and care planning that starts and ends with what is most important to the person receiving services are just a few examples of how we are making sure that the “what” and “how” of our efforts are always consistent with the “why.”

I remain deeply grateful for the demonstrable progress the Society is making on our journey to help each person feel loved, valued and at peace.
When I look across the Good Samaritan Society, I see much to celebrate. You—the generous donors—are a big part of that inspiration. Thank you for trusting us with your philanthropic gifts and making an impact in the lives of those served by the Society.

More than 15,000 of you offered approximately $9 million in charitable support to the Society in 2017. Your gifts ensure that more seniors and their loved ones will be served in the years to come.

I am thankful, too, for the donors who have joined the Heritage Club this past year. The Good Samaritan Heritage Club recognizes and honors people who have included the Society in their estate plans or who have funded a charitable gift annuity. It is because of estate planning that a quarter million dollar bequest gift was received by Good Samaritan Society—Hastings Village in Hastings, Nebraska, to help build a wellness center and more than $600,000 was given to an endowment at Good Samaritan Society—Prescott Hospice in Prescott, Arizona, to support patients in their last days. Contact the Good Samaritan Foundation for information about how to join the Heritage Club. We’d love to tell you more.

**These are transformational gifts that will forever change the lives of our communities.**

As we look to the future, we are focusing on our donors, ensuring that you have a great giving experience and recognizing the full impact of your gifts. We will implement a new online solution that will simplify giving. You can also look forward to more digital communication so you can stay connected in real-time. It’s quick, easy and mobile-friendly—something you’ve been asking for and we’re happy to deliver.

The connection with a local Good Samaritan Society campus is at the heart of our most generous donors’ giving. With more than 200 locations across America, the Society is keenly aware of the importance of the local community. It is our commitment to you that we will engage with you on gift-worthy initiatives that will have profound impact on peoples’ lives. We will work with your local Good Samaritan Society campus to identify areas of local need, fund new initiatives and celebrate the impact of philanthropy.
One area of local need that is common to every Society location is for benevolent care. It is our desire that people from all walks of life find a loving place to call home. Through philanthropic gifts, donors can provide more options for residents and clients who find themselves in a crisis or who have exhausted their financial means. One example where benevolent care addressed immediate needs in 2017 was in response to Hurricane Irma’s devastation on Good Samaritan Society–Kissimmee Village in Kissimmee, Florida (see story on page nine). Generous donors stepped up and gave more than $90,000 in a matter of months to help seniors who lost everything in the flooding.

None of this is possible without you, the donors of the Good Samaritan Society. Our work is to provide great donor experiences, bring exciting opportunities to you, and share God’s love through every choice we make, action we take and word we speak. I’m so glad you are with us on this journey.

Social Responsibility

Founder’s Day focuses on senior safety

“I’m really unsteady when I stand up in there,” said an elderly man in Sioux Falls, South Dakota, gesturing to his shower. Thanks to a grab bar installed by volunteers from the Good Samaritan Society, however, he won’t have to worry about falling anymore.

In 2017, employees and other volunteers served seniors across the country as part of the annual Founder’s Day Service Project.

Projects focused on fall prevention and safety to help seniors stay in their own homes longer. Many falls can be avoided with something as simple as better lighting, removal of trip hazards or the addition of a grab bar in a shower. And thanks to generous sponsors and individual donors, cost was not a barrier to the seniors served.

“What you are doing is a wonderful thing,” said one project recipient in Colorado. “I want to say thank you from the bottom of my heart.”

From Hawaii to Florida, crews of volunteers ventured into their communities to make a difference—one railing, bathtub grab bar or carbon monoxide detector at a time. Fire Rescue personnel worked alongside insurance professionals and high school students worked with certified nursing assistants. All shared a common purpose: conduct projects that contribute to fall prevention and safety for the seniors in our communities.

“The Founder’s Day Service Projects are part of our social accountability to contribute to the safety and well-being of seniors living outside the walls of a Good Samaritan Society campus,” says Melinda Larson, manager of engagement and stewardship. “And what a wonderful way to express the Good Samaritan Society Way.”
Four generations dedicated to the Society

At Good Samaritan Society—Canistota in Canistota, South Dakota, a four-generation family legacy is impacting both employees and residents.

Wanda Tieszen took her first job with the Society in 1970. Her daughter followed in her footsteps, then her granddaughters and great-granddaughters, all to serve residents each day in the kitchen, in the laundry department and at their bedsides.

“They make it feel like a family atmosphere here, and I think that’s kind of unique,” says Morgan Rustad, Canistota administrator. “And most of [the Tieszans] acknowledge they have two families here—one made up of moms and sisters and nieces, and a second made up of the residents.”

The Tieszan family has a combined 150 years of service over five decades between nine family members at Good Samaritan Society—Canistota. The common work experience has strengthened the Teiszen’s family bond and led to hundreds of residents relying on these family members throughout the years for everyday needs.

Ties that bind

At Good Samaritan Society—Hastings Village in Hastings, Nebraska, a group of Society residents has created a tight-knit community at a local diner.

The Village Diner is an old-fashioned cafe that sits near the Hasting Village campus. Uniquely, the majority of the diner staff is made up of Society residents who volunteer. Texas transplant, Willa Wininger, was new to Hastings Village and wanted to find a way to stay active. Volunteering at the diner has helped her meet new people and experience more joy in her life.

“I’m a person all my life that’s been working, doing things. I just couldn’t sit at home and do nothing,” says Willa. Diner manager Tammy Krontz can keep her prices low with the volunteer help she gets from residents, and can continue to serve the community through food and fellowship. “It’s a lot of fun,” says volunteer Eunice Tumquist. “We’re like a family here because a lot of the customers come every day.”

Stories like these and countless others demonstrate the impact of Society employees, residents and communities coming together to bring hope, healing and joy to those in their midst—just like a family can do for its loved ones.
Society helps Kissimmee residents recover from Hurricane Irma

When Hurricane Irma hit Florida on Sept. 10, 2017, the survival of Good Samaritan Society–Kissimmee Village depended on family. Before landfall, approximately 400 Kissimmee Village residents received evacuation orders.

“We stick together,” says Stephen LeBaw, environmental services director at Good Samaritan Society–Florida Lutheran in DeLand, Florida. “If Daytona needs something we help Daytona, if Kissimmee needs it this time, we’re helping Kissimmee; if we need something, Daytona and Kissimmee are doing it for us.”

During the storm, a nearby creek flooded and severely damaged or destroyed many homes, displacing residents and requiring the rehabilitation of homes campus-wide. Despite their own homes needing attention, Society employees worked 13-hour days for two weeks to clean up. Some residents couldn’t return home for several months, but were welcomed like family members by other Kissimmee Village residents to share homes that were undamaged.

Many residents lost a lifetime of possessions. Through the Good Samaritan Foundation, volunteers and donors across 37 states raised more than $90,000 to support Society residents impacted by Hurricane Irma.

“The Good Samaritan Society was above and beyond anything you could possibly dream,” says Ellen Edmeades, Kissimmee Village resident. “They were perfect. They hugged us and listened to us. I want them to know how very much I appreciate them.”
H. THEODORE GRINDAL
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Attorney and Partner, Lockridge, Grindal and Nauen, LLP. Minneapolis, MN. Elected in 2012

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FIRST VICE CHAIRPERSON
Medical Director, Blue Cross Blue Shield of North Dakota. West Fargo, ND. Elected in 2013

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EXECUTIVE COMMITTEE MEMBER
Executive Director, Aetna. Omaha, NE. Elected in 2014

DALE M. THOMPSON
EXECUTIVE COMMITTEE MEMBER
President and Chief Executive Officer, Benedictine Health System. (Retired) Edina, MN. Elected in 2016

DAVID J. HORAZDOVSKY
PRESIDENT AND CHIEF EXECUTIVE OFFICER
The Evangelical Lutheran Good Samaritan Society. Sioux Falls, SD. Appointed in 2003

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BOARD MEMBER
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BOARD MEMBER
Professor, (Retired) South Dakota State University, College of Nursing. Clark, SD. Elected in 2015
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Eagle, ID. Elected in 2017

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The mission of The Evangelical Lutheran Good Samaritan Society is to share God’s love in word and deed by providing shelter and supportive services to older persons and others in need, believing that “In Christ’s Love, Everyone Is Someone.”

The GSS Way, through the Three Os—obligation, opportunity and outcome—and The Eight Traits—love, acceptance, courage, compassion, joy, humility, honesty and perseverance—provides a framework for describing not only how we seek to operate as an organization, but also what our expectations are for every employee’s commitment in modeling behavior and action.

**OBLIGATION**
To share God’s love through every choice we make, action we take and word we speak.

**OPPORTUNITY**
To transform the aging experience by creating a better way to care for peoples’ physical, mental and spiritual well-being.

**OUTCOME**
To ensure the people we serve, and the people with whom we serve, feel loved, valued and at peace.
To learn more and see a complete list of services available in each location, go to good-sam.com.
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