

# Immanuel Lutheran

— COMMUNITIES —

## **Fiscal Year 2018 Annual Budget Summary**

---

*Prepared and Submitted  
August 11, 2017*

## Narrative

The consolidated statement of revenues and expenses was reformatted comparing the budget projections to the projections used for the feasibility study and bond financing [differences from the feasibility study are indicated in brackets below]:

### ASSUMPTIONS

---

#### Buffalo Hill Terrace (including The Lodge memory care unit)

- Average apartments rented are projected to be 119 out of 130, with 45 assisted living and 17 [10] assisted living memory care. A gradual fill-up is anticipated for the opening of the memory care with the unit achieving a stabilized census of 22 by June 2018.
- FTEs are budgeted to be 73.49. With the opening of the assisted living memory care, 11.61 FTEs of resident care staff will be added, 1.00 FTE for life enrichment, .50 FTE for maintenance, 2.80 FTEs for dining/food service and 1.00 FTE for housekeeping.
- 3.0% increase was budgeted for apartment and assisted living rates. A flat rate of \$6,100 a month was used to project assisted living memory care revenue.

#### Immanuel Skilled Care Center

- Average census is projected to be 95 with 25 private pay, 20 Medicare, and 50 Medicaid [90 with 26 private pay, 22 Medicare and 42 Medicaid].
- Resident day mix by financial class:
  - Private pay days—26.32% of the total resident days.
  - Medicare days—21.05% of the total resident days.
  - Medicaid days—52.63% of the total resident days.
- FTEs are budgeted to increase to 132.86. The additions will come from nursing (3.00 FTEs), therapy staff (3.00 FTEs), admissions (1.00 FTE) and nutrition services (1.00 FTE).
- Room rates are budgeted to increase 2.0%.

### FINANCIAL HIGHLIGHTS

---

#### Net Operating Revenue

- Budgeted to be \$16,592,955, an increase of 19.57% over this year's projection.
- BHT is budgeted to generate \$6,414,640, an increase of 27.61% over this year's projection.
- ISCC is budgeted to generate \$10,178,315, an increase of 15.01% over this year's projection. [This includes a \$5 increase to the Medicaid daily rate.]

Contractual Allowances are expected to be \$3,914,737 at the projected payer mix.

Other Operating Revenue is budgeted to be \$77,370.

Expenses are projected to be \$17,588,478, an increase of 18.83%. The following assumptions were used to project expenses:

- Salaries = 2% increase with additional market increases for:
  - RNs = \$1.50/hr.
  - LPNs = \$0.17/hr, which brings the base wage to \$17.75/hr.
  - CNAs and PCAs = \$0.25/hr.
  - Wait staff, dishwashers, dietary aides = \$1.00/hr.
  - Laundry, housekeepers = \$0.50/hr, which brings ILC's lowest base wage up to \$10.00/hr.
  - No increases for cooks, bakers, receptionists, drivers, or recreation/activities.
- Bed Tax = increasing from \$8.30 to \$10.60.
- FTEs = increasing from 180.37 to 208.35.
- All other expenses = 2% increase.
- Bond interest expense of 5.09% and depreciation/amortization expense were modeled to the feasibility study.

#### Ratio Calculations

- Debt Service Coverage Ratio—With the increase in revenue and thus a better bottom line, the budget shows a DSC ratio of 3.61x. [The feasibility study shows a ratio of 1.56x.] The bond covenant is 1.20x.
- Days Cash on Hand—With the projected performance, the calculation shows a ratio of 228 [212 in the feasibility study]. The bond covenant is 150.

## FY 2018 Capital Budget

### IMMANUEL SKILLED CARE CENTER

Item Description	Vendor or Manufacturer	R/N	Quantity	Purchase Price Each	Purchase Price Total
<b>NURSING</b>					
2 Med Cart	Direct Supply		1	\$3,200.00	\$3,200.00
5 Wheelchairs	Direct Supply		2	\$1,000.00	\$2,000.00
9 Roho Cushion	Direct Supply		2	\$400.00	\$800.00
				<b>Subtotal</b>	<b>\$6,000.00</b>
<b>RELIGIOUS SERVICES</b>					
1 Altar	Pontillo	N	1	\$4,750.00	\$4,750.00
2 Baptismal Font	Pontillo	N	1	\$1,875.00	\$1,875.00
3 Cross	Pontillo	N	1	\$975.00	\$975.00
4 Bible Stand	Pontillo	N	1	\$425.00	\$425.00
				<b>Subtotal</b>	<b>\$8,025.00</b>
<b>NUTRITION SERVICES</b>					
6 Alto Sham	FSA		1	\$9,000.00	\$9,000.00
8 Alto Sham Shelves	Webstaurant		8	\$84.00	\$672.00
9 Hot Water Booster Heater	J2		1	\$2,800.00	\$2,800.00
13 Immersion Blender	Direct Supply		1	\$1,128.00	\$1,128.00
14 Stand-up Freezer	Arctic Air		1	\$1,500.00	\$1,500.00
15 Sandwich Cooler	Avantco		1	\$2,000.00	\$2,000.00
16 Stand-up Cooler	Avantco		1	\$2,200.00	\$2,200.00
				<b>Subtotal</b>	<b>\$19,300.00</b>
<b>INFORMATION TECHNOLOGY</b>					
2 Sans Fast Cash			1	\$7,700.00	\$7,700.00
3 Laptops, PCs and Monitors			17	\$1,200.00	\$20,400.00
4 New ups Server Room			1	\$3,500.00	\$3,500.00
6 ILC Core Routers			1	\$23,100.00	\$23,100.00
9 Timekeeping System			1	\$8,400.00	\$8,400.00
11 PSQL Upgrade			1	\$3,850.00	\$3,850.00
12 Magic Upgrade			1	\$3,850.00	\$3,850.00
				<b>Subtotal</b>	<b>\$70,800.00</b>

**IMMANUEL SKILLED CARE CENTER TOTAL      \$104,125.00**

**BUFFALO HILL TERRACE**

Item Description	Vendor or Manufacturer	R/N	Quantity	Purchase Price Each	Purchase Price Total
<b>ASSISTED LIVING</b>					
1 Wheelchair Scale	Medline	N	1	\$1,934.00	\$1,934.00
				<b>Subtotal</b>	<b>\$1,934.00</b>
<b>MAINTENANCE</b>					
1 Air Compressor	Grainger	N	1	\$1,000.00	\$1,000.00
2 General Wire JM 1450-Jetter	Global Industries	N	1	\$2,500.00	\$2,500.00
3 Roll-around Tool Boxes and Tools for Expansion	Lowe's	N	1	\$500.00	\$500.00
4 Snow Blower	Lowe's	N		\$0.00	\$0.00
5 Unknown				\$3,500.00	\$3,500.00
				<b>Subtotal</b>	<b>\$7,500.00</b>
<b>NUTRITION SERVICES</b>					
11 Dual-Temp Food Well, Drop-in	Vollrath		1	\$15,000.00	\$15,000.00
13 Hot Box Food Transport			4	\$175.00	\$700.00
				<b>Subtotal</b>	<b>\$15,700.00</b>
<b>INFORMATION TECHNOLOGY</b>					
2 Sans Fast Cash		N	1	\$3,300.00	\$3,300.00
3 Laptops, PCs and Monitors		N	8	\$1,200.00	\$9,600.00
5 ILC Core Routers		R	1	\$9,900.00	\$9,900.00
7 Timekeeping System		R	1	\$3,600.00	\$3,600.00
9 PSQL Upgrade		R	1	\$1,650.00	\$1,650.00
10 Magic Upgrade		R	1	\$1,650.00	\$1,650.00
15 Wall Mount Rack		N	1	\$750.00	\$750.00
				<b>Subtotal</b>	<b>\$30,450.00</b>
<b>FACILITIES</b>					
1 Apartment Renovations	Zom/In-House	R	20	\$2,500.00	\$50,000.00
9 VFDs for Chilled Water Pur Seimens/In-Hou		N	2	\$3,000.00	\$6,000.00
10 VFDs for Heater Water Pur Seimens/In-Hou		N	2	\$300.00	\$6,000.00
				<b>Subtotal</b>	<b>\$62,000.00</b>

**BUFFALO HILL TERRACE TOTAL \$117,584.00****GRAND TOTAL \$221,709.00**

## FY 2018 Operating Budget

REVENUE	FY2016 Actual	FY2017 Projected	Variance Act v. LY	FY2017 Budgeted	Variance Prj. v. Bgt.	FY2018 Budgeted	Variance Prj. v. PB	Feasibility Study	Variance
Resident Services	8,883,281	8,832,537	-0.57%	8,856,363	-0.27%	10,160,005	15.03%	9,962,000	-1.95%
Medicaid	3,552,352	3,441,221	-3.13%	3,237,588	6.29%	3,458,405	0.50%		
Private Pay/Insurance	2,726,493	2,766,529	1.47%	3,093,627	-10.57%	2,733,498	-1.19%		
Medicare A & B	2,604,436	2,624,787	0.78%	2,525,148	3.95%	3,968,101	51.18%		
Retirement Residence	4,885,262	4,967,684	1.69%	4,938,440	0.59%	6,355,580	27.94%	5,637,000	-11.31%
Apartment Rents	4,470,162	4,548,563	1.75%	4,525,530	0.51%	4,673,240	2.74%	4,534,000	
Assisted Living	415,100	419,121	0.97%	412,910	1.50%	436,960	4.26%	365,000	
Memory Care	0	0	0.00%	0	0.00%	1,245,380	0.00%	738,000	
Other Revenue	71,377	76,498	7.17%	64,650	18.33%	77,370	1.14%	0	-100.00%
<b>TOTAL REVENUE</b>	<b>\$13,839,920</b>	<b>\$13,876,719</b>	<b>0.27%</b>	<b>\$13,859,453</b>	<b>0.12%</b>	<b>\$16,592,955</b>	<b>19.57%</b>	<b>\$15,599,000</b>	<b>-5.99%</b>
EXPENSES	FY2016 Actual	FY2017 Projected	Variance Act v. LY	FY2017 Budgeted	Variance Prj. v. Bgt.	FY2018 Budgeted	Variance Prj. v. PB	Feasibility Study	Variance
Resident Care	6,025,773	6,103,400	1.29%	5,948,830	2.60%	7,325,985	20.03%	7,597,000	3.70%
Nursing	3,862,166	3,939,360	2.00%	3,820,121	3.12%	4,715,802	19.71%	4,979,000	
Therapy	908,593	992,836	9.27%	948,779	4.64%	1,336,893	34.65%	1,878,000	
Central Supply/Other	505,809	497,579	-1.63%	503,853	-1.25%	536,845	7.89%		
Transportation/Gift								740,000	
Shop/Activities	518,099	505,078	-2.51%	434,724	16.18%	556,263	10.13%		
Social Services	116,613	58,906	-49.49%	139,146	-57.67%	64,276	9.12%		
Chaplaincy	114,493	109,641	-4.24%	102,207	7.27%	115,907	5.72%		
General & Administrative	2,543,732	2,673,925	5.12%	2,501,570	6.89%	3,019,307	12.92%	3,001,000	-0.61%
Administration	2,148,910	2,267,340	5.51%	2,117,420	7.08%	2,489,799	9.81%	2,722,000	
Bed Tax	272,821	272,955	0.05%	272,671	0.10%	391,846	43.56%		
Property Tax	24,654	40,892	65.86%	24,974	63.74%	41,710	2.00%		
Marketing	97,347	92,738	-4.73%	86,505	7.21%	95,953	3.47%	279,000	
Dietary	1,868,105	1,920,519	2.81%	1,813,067	5.93%	2,218,570	15.52%	2,339,000	5.43%
Property and Household	1,517,675	1,479,242	-2.53%	1,514,417	-2.32%	1,621,616	9.62%	1,642,000	
Plant/Maintenance	990,020	991,803	0.18%	1,003,204	-1.14%	1,072,647	8.15%		
Housekeeping	443,299	395,959	-10.68%	433,278	-8.61%	451,011	13.90%		
Laundry	84,356	91,480	8.45%	77,935	17.38%	97,958	7.08%		
Depreciation/Amortization	1,817,792	1,982,558	9.06%	1,489,791	33.08%	1,860,000	-6.18%	1,860,000	0.00%
Depreciation	1,528,555	1,536,558	0.52%	1,482,000	3.68%	1,810,000	17.80%		
Amortization	289,237	446,000	54.20%	7,791	5624.55%	50,000	-88.79%		
Provision for Bad Debts	80,939	153,867	90.10%	15,500	892.69%	81,600	-46.97%		
Interest	632,323	488,424	-22.76%	525,772	-7.10%	1,461,400	199.21%	1,461,000	-0.03%
<b>TOTAL REVENUE</b>	<b>\$14,486,339</b>	<b>\$14,801,935</b>	<b>2.18%</b>	<b>\$13,808,947</b>	<b>7.19%</b>	<b>\$17,588,478</b>	<b>18.83%</b>	<b>\$17,900,000</b>	<b>1.77%</b>
<b>NET REVENUE FROM OPERATIONS</b>	<b>(\$646,419)</b>	<b>(\$925,216)</b>	<b>43.13%</b>	<b>\$50,506</b>	<b>-1931.89%</b>	<b>(\$995,523)</b>	<b>7.60%</b>	<b>(\$2,301,000)</b>	<b>131.13%</b>
Other Non-Operating Revenue/Expense	(\$381,754)	\$947,681	-348.24%	\$209,286	352.82%	\$270,350	-71.47%	\$100,000	-63.01%
<b>NET INCOME (LOSS)</b>	<b>(\$1,028,173)</b>	<b>\$22,465</b>	<b>-102.18%</b>	<b>\$259,792</b>	<b>-91.35%</b>	<b>(\$725,172)</b>	<b>-3328.04%</b>	<b>(\$2,201,000)</b>	<b>203.51%</b>