

2003 Annual Report

SCPH

Southern California
Presbyterian Homes

Celebrating 49 Years of Service to Older Adults

Mission Statement

Southern California Presbyterian Homes is dedicated to providing quality housing, health and support services, primarily for older adults of all faiths, that enrich the physical, social and spiritual dimensions of their lives.

Southern California Presbyterian Homes also is committed to acting as a resource for the communities in which we operate.

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Chair SCPH Board of Trustees

So, what exactly is a trustee? ... Well, when you're part of a 501(c)(3), which is a non-profit corporation, trustees are elected by previously seated trustees to serve on the Board. The Board's primary responsibility is the realization of SCPH's mission. To efficiently execute the dimensions of this mission, trustees are divided into committees. These committees cover the entire scope of SCPH's mission and operations. They are the Facilities and Capital Use, Finance and Audit, Committee for the Future, and Board Affairs committees. Trustees are carefully selected according to their backgrounds and bring a variety of expertise and experience to SCPH. Our trustees include three attorneys, two CPAs, one professor, one minister, two builders, one retired state senator, three with strong social and health care experience, one active politician and several other professionals. Each trustee is elected to a three-year term and re-elected to two additional terms.

Gerald W. Dingivan
President & CEO

Southern California Presbyterian Homes (SCPH) was established in 1955 by Presbyterian Church members of the former Los Angeles Presbytery. It is hard to believe that I began my tenure at SCPH 27 years ago. How time flies!

SCPH had a successful year in 2003. Our positive operating margin, coupled with positive cash flow, reflects our belief in "no margin no mission". We emphasized operating cost efficiencies during the year while continuing to improve quality.

Mission expansion and facility improvement are both strategic initiatives at SCPH.

During 2003, we were awarded two new affordable housing facilities. This gives SCPH seven new projects under development. A strategic alliance was completed with Westminster Gardens in Duarte to provide housing and services to retired missionaries, ministers and workers of the Presbyterian Church. Twelve Oaks Foundation, a facility for the elderly in Glendale, also came under the SCPH umbrella.

We are excited about breaking ground on the \$30 million dollar expansion and improvement at our first Continuing Care Retirement Community, The White Sands of La Jolla. Long range planning continues at all SCPH facilities in order to stay ahead of an ever-changing world.

Twenty seven years after beginning with SCPH the challenge continues!

Gregory D. Bearce
Executive Vice President & COO

It is interesting to look back over the year and see what actually happened to the goals and projections set at the beginning of the year. 2003 was a year wrought with challenges, many of which were unanticipated.

Public Policy issues such as the Nursing Home bed tax and tort reform remain topics with no significant movement toward resolution in 2004.

In the first half of 2003, entrance fees were at an all time low (compared to budget), leading management to take corrective actions. As seen in the audited financials, the second half of 2003 enabled SCPH to improve, performing better than expected per the established budget for 2003.

The sale of SCPH's nursing facilities (Buena Vista and Casa Verdugo) and the closing of our adult day care program in Oceanside (Community Care for Adults) illustrates what is happening to similar programs that are heavily dependent upon government funding and oversight. I trust that this was a bold move that will assist in repositioning SCPH for future growth.

Marc Herrera, Sally Little and I assumed Marilyn Kennedy's, VP Assisted Living, former duties upon her resignation. Additionally, I am also now responsible for corporate Marketing functions.

While 2003 was a year full of challenges, SCPH staff worked together and was able to perform better than anticipated.

DeWayne McMullin
Vice President, Finance & CFO

As a not-for-profit organization, SCPH is continuously challenged to operate in an efficient manner. This requires a constant effort to control costs while continuing to provide quality service. For the year ended December 31, 2003, I am pleased to report SCPH's audited financial statements reflect a surplus from on-going operations of \$627,000. During a year of transition with master plans initiated at White Sands and Regents Point, this was no small accomplishment. Each operating unit showed financial improvement over previous years.

Also during 2003, SCPH was able to increase its unrestricted financial reserves by \$1.4 million to total more than \$23 million. Reserves restricted predominately for benevolence increased by almost \$1 million for a total of more than \$7 million. In support of the continued improvement in the financial stability of the organization, Standard & Poor's reaffirmed SCPH's BBB credit rating with a stable outlook. During a time of predominate credit rating downgrades, this is a significant accomplishment.

Despite the many challenges faced in 2003, SCPH was able to perform with results that exceeded budgeted expectations.

William Schlarb
Chair, SCPH Foundation Board of Directors

During 2003, the Foundation, its staff and Board of Directors examined issues concerning purpose, philosophy, and philanthropy to liaison with the management of SCPH and meet the needs identified by them. With a consultant, we surveyed other nonprofits that also rely on philanthropic programs. We sought critique and comment about our organization and practices from members of the SCPH Board of Trustees, Board of Directors, and SCPH management. On January 21, 2004, a new strategic plan with restatement of our Mission and Vision was approved. Now begins the real task to back-and-fill what is mere words.

Due to the dedication of our staff, cash, in-kind, and deferred gifts this year amounted to nearly \$3.3 million. At year's end 2003, total invested gift funds were near \$10,000,000. Our staff proudly reports that, since 1988, with support of residents, SCPH management, members of our Boards, and many other benefactors, gifts in excess of \$25 million have come to the Foundation.

Again, on behalf of the Directors, Trustees and the Foundation's staff, I wish to express my gratitude to everyone who in the year 2003 generously supported our efforts to enhance the lives of our customers and residents.

**Southern California Presbyterian Homes
Communities and Services**

Continuing Care Retirement Communities:

Redwood Terrace
Regents Point
Royal Oaks Manor
Westminster Gardens
White Sands of La Jolla
Windsor Manor

Residential Care Facilities for the Elderly

Kirkwood Glendale
Kirkwood Orange
Kirkwood Redding
Redwood Town Court
Twelve Oaks Lodge

Home and Community Based Services

SCPH Home Care
Redwood Elderlink

Affordable Housing Communities

Adda and Paul Safran Senior Housing
Canterbury Village
Casa de la Paloma
Castle Argyle
Clark Terrace
Clark Terrace II
Covenant Manor
George McDonald Court
Guadalupe Manor
Mabel Meshack White Manor
Otto Gruber House
Palmer House
Park Paseo
Rosewood Court
Royal Vista Terrace
Sycamore Terrace
The Gardens
Westminster Court

**Affordable Housing Communities
Under Development**

Mountain Vistas- Summer 2004
Hadley Villas- Summer 2004
L.C. Hotchkiss Terrace- Spring 2005
Andres Duarte Terrace- Summer 2005
Corona Senior Housing- Summer 2005
Sierra Gateway Senior Residence-
Summer 2006
Mountain Vistas II- Summer 2006

	CCRC's	RCFE's	AHC's	H&CBS
Residents Served	1,296	376	1,385	1,032
Number of Units/Beds	1,121	398	1,319	0
Number of Employees	832	228	122	63
Gross Revenues (in thousands)	\$56,511	\$11,656	\$9,899	\$2,544

	Gross Revenues	Number of Employees	Number of Residents
Totals*	\$80,610,000	1,308	4,089

*Includes Home Office

Core Values

Adaptability

Compassion

Customer Focus

People Emphasis

Stewardship