

Meeting needs. Providing opportunities. Giving back.

Dear Greencroft Communities Friends:

Greencroft Communities and each of our affiliated communities have experienced another good year, provided through careful board direction, strong management leadership and excellent staff work at our communities. We provided significant training to our staff, improved our facilities and services, are treading through a difficult economic situation, and continue to work at meeting the needs of current and future seniors. This annual report will give you a snapshot of the past year.

Greencroft Communities and its affiliated communities are operated as non-profit corporations. These corporations are designated by the Internal Revenue Service as 501(c)3 organizations. With this designation they are expected to provide no private inurement, or insider benefit, to any individuals. A non-profit provides a "benefit to the community in which it serves." In this way a non-profit corporation is different from a for-profit corporation, whose main purpose is to provide a profit to its owners. Both types of businesses are key economic engines for a community. Each has a valuable purpose and role in the community.

At the national level there is a debate about the value of non-profit versus for-profit healthcare providers. We believe there is room for both and that each type of organization adds value to a community. For-profit healthcare providers are often, though not always, the early innovators. They are effective and efficient business owners. Non-profit healthcare providers push the quality of care for a community and strive to elevate the care to higher levels in a community. They look to enhance the quality of life for clients and employees.

Each year Greencroft Communities and its affiliates strive to be good neighbors in the communities where we serve. We have a long history of adding value to our residents, to seniors living outside of our communities and to the broader communities we serve. We strive to improve the quality of care by celebrating the lives of the seniors living in our communities, working with them to ensure they have opportunities to live life out to the fullest and to work together to address the challenges of aging. We do this without

regard to a person's economic means.

This year our boards have been intentional about defining "community benefit." These are among the components of what we call community benefit:

- **Charitable care** includes free or reduced cost services and care to indigent seniors not reimbursed by other sources.
- **Free or reduced-cost services** are when a resident/client is not able to pay for the full cost of the services provided. Areas include services offered in our affordable housing, assisted living, adult day programs, healthcare, independent living areas and Senior Centers.
- **Care to indigent not reimbursed by other sources** are services where our communities provide care when we do not receive full reimbursement from the impoverished resident/client because they do not have the financial means to pay for the services they receive.

Other community benefit areas identified by our boards include:

- **Unreimbursed services from third party payors**, for example Medicare and other private insurance.
- **Rent savings** residents experience from living in HUD housing provided by our affiliates. These residents would have to pay more out in the community to receive the quality of senior housing provided at our communities. This savings allows them the dignity to be able to pay for living expenses for the remainder of their life because of our partnership with them and the Federal housing program they are eligible to use.

The Center for Medicare and Medicaid Services (CMS) reports that there are significant differences between for-profit and non-profit long-term care providers. CMS notes that non-profits provide significantly more staffing and medical insurance coverage than their for-profit counterparts. CMS reports that:

- Non-profits provide **20 percent more CNAs, LPNs and RNs on staff** to provide services.

- Non-profits provide **medical insurance for twice as many employees.**
- Non-profits also typically **pay a higher portion of the cost of employee health insurance.**

In addition, Greencroft Communities provides community benefits in the form of:

- The cost of **chaplaincy and counseling services.**
- The value of **volunteer time that residents provide off our campuses** as they are involved in a wide range of activities in the wider community.
- **Events at our campuses that are open to the entire community**, such as health and wellness fairs, seminars, concerts, etc.
- **Donations made to other non-profit organizations** in our local communities.
- **Contributions made to governmental or other agencies.**

The values of these community benefit services are highlighted in the financial reports found in this annual report.

Together, these areas demonstrate the kinds, quantity and quality of benefits that Greencroft Communities and our affiliates provide to our residents, other seniors in our local communities and to the broader communities in which we are located. This is an inherent and important part of our mission as a non-profit organization.

Sincerely,

Mark T. King

Mark T. King
President/CEO
Greencroft Communities

Dale Weaver

Dale Weaver
Chair, Board of Directors
Greencroft Communities



New Courtyard - Hamilton Grove

Through the generous gifts from the community, residents, employees and friends of Hamilton Grove, a new courtyard was created to enhance the quality of life for everyone.



Art Is Ageless - Southfield Village

Greencroft Communities held its fifth annual Art Is Ageless event in May, with Elkhart County and St. Joseph County contests and exhibits. The contest is open to amateur senior artists, embracing and celebrating their many creative talents.



Craft Hobby Shop - Greencroft Middlebury

Greencroft Middlebury residents celebrated the dedication of the new Craft/Hobby Shop built this spring. It was made possible through a two-year fundraising effort.



Adopt-A-Highway Program - Walnut Hills

A group of residents from Walnut Hills actively participates in the Adopt-A-Highway program, picking up roadside litter several times a year along both the State Route and County Road near the campus.



Pancake Breakfast - Greencroft Goshen

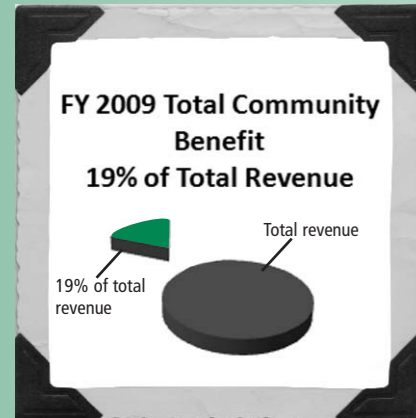
Greencroft Goshen and the Exchange Club of Elkhart County held the 13th annual Pancake Breakfast in April. Church Community Services (CCS) in Elkhart received \$2,500 in proceeds. The Pancake Breakfast benefit has raised about \$30,000 for a variety of agencies in Elkhart County.

Highlights of 2008-2009

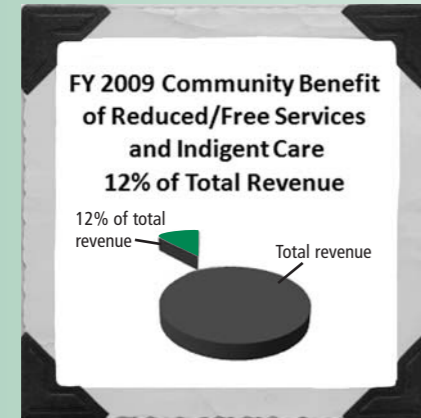
Community Benefit Values Fiscal Year 2009

	GG*	GM*	HG*	SV*	WH*	GC*	Totals
Reduced/Free Adult Day Care	\$39,386						\$39,386
Indigent Care	\$2,780,533		\$1,299,155	\$476,016	\$701,614		\$5,257,318
Medicare Write-Offs	\$331,038		\$819,812	\$306,576	\$244,134		\$1,701,560
Reduced/Free Senior Center	\$316,548	\$150,000					\$466,548
Rent Savings from Living in HUD	\$760,950		\$290,700				\$1,051,650
Extra Staffing Costs for CNAs/RNs	\$737,330		\$231,562	\$177,501	\$284,335		\$1,430,728
Extra Medical Insurance above For-profits	\$980,117	\$9,007	\$173,240	\$177,885	\$83,839	\$129,913	\$1,554,000
Costs of Chaplaincy/Counseling	\$109,763		\$18,058	\$17,296			\$145,117
Cost of Resident Service Coordinators	\$75,116						\$75,116
Social Workers Compensation in HC	\$62,461		\$26,072	\$28,724	\$17,394		\$134,651
Social Workers Compensation in AL	\$37,533						\$37,533
Volunteer Time by Residents to Charitable Organizations	\$433,461			\$18,876	\$26,985		\$479,322
Donations to other Non-Profits		\$1,865	\$7,300	\$5,371	\$15,711	\$35,534	\$65,781
Contributions to Government	\$24,000				\$10,000	\$26,000	\$60,000
Totals	\$6,688,236	\$160,872	\$2,865,898	\$1,208,244	\$1,384,012	\$191,447	\$12,498,709

* GG= Greencroft Goshen, GM-Greencroft Middlebury, HG-Hamilton Grove, SV-Southfield Village, WH-Walnut Hills, GC-Greencroft Communities



Total Community Benefit (above left) as percent of total net revenue represents items listed at top of page excluding Rent Savings from HUD and Volunteer Time by Residents to Charitable Organizations.



Community Benefit of Reduced/Free Service and Indigent Care (above right) as percent of total net revenue represents Reduced/Free Adult Day Care, Indigent Care and Reduced/Free Senior Center. These percentages are based on net revenue.

Greencroft Communities Campuses and Services

as of June 30, 2009

Greencroft Communities – 1721 Greencroft Blvd., Goshen IN 46527-0819; 574-537-4000

Greencroft At Home – 1820 Greencroft Blvd., Goshen IN 46527-0819; 574-537-4054

Greencroft Communities Foundation – 1721 Greencroft Blvd., Goshen IN 46527-0819; 574-537-4708

Greencroft Goshen – 1721 Greencroft Blvd., Goshen IN 46527-0819; 574-537-4000

Greencroft Middlebury – 701 Windridge Dr., Middlebury IN 46540-0708; 574-825-6785

Hamilton Grove – 31869 Chicago Trail, New Carlisle, IN 46552; 574-654-2200

Southfield Village – 6450 Miami Circle, South Bend IN 46614; 574-231-1000

Walnut Hills – 4748 Olde Pump St., Walnut Creek OH 44687; 330-852-2457

Consolidated Financial Statements

Assets	6/30/09
Cash	\$8,029,940
Accounts Receivable	\$4,977,018
Investments	\$32,492,480
Property & Equipment	\$74,525,473
Other Assets	\$7,495,754
Total Assets	\$127,520,665

Liabilities	6/30/09
Current Liabilities	\$10,698,405
Long-Term Debt	\$79,708,040
Life Lease Notes Payable	\$19,452,813
Deferred Revenue	\$9,396,872
Other Liabilities	\$1,538,478
Total Liabilities	\$120,794,608

Net Assets	6/30/09
Unrestricted	\$3,668,376
Temporarily Restricted	\$420,323
Permanently Restricted	\$2,637,358
Total Net Assets	\$6,726,057
Total Liabilities and Net Assets	\$127,520,665

Source of Funds	
Resident Care	\$54,971,879
Investment Income	(\$4,853,837)
Other	\$3,840,067
Contributions and Grants	\$331,971
	\$54,290,080

Use of Funds	
Resident Care	\$47,709,966
Interest Expense	\$4,494,390
Depreciation	\$4,471,581
Increase/(Decrease) to Reserves	(\$2,385,857)
	\$54,290,080

At a Glance: Greencroft Communities Stats

Residents	1,763
Salaries and benefits	\$29,934,654
Staff employed	974
Meals on Wheels prepared for distribution by The Window, Salvation Army Mobile Meals, and at Greencroft Goshen	3,054
Volunteers	614
Volunteer hours	45,006
Proceeds of the annual Pancake Breakfast	\$2,500
Unreimbursed nursing services - Greencroft Goshen Healthcare	\$3,048,619
Unreimbursed nursing services - Southfield Village Healthcare	\$756,712
Unreimbursed nursing services - Hamilton Grove	\$1,605,106
Unreimbursed nursing services - Walnut Hills	\$591,742

At a Glance: Greencroft Communities Foundation Disbursements

To benefit participants and operation of the adult day services provided by the Thelma A. Schrock Homestead	\$76,892
To benefit Greencroft Goshen Senior Center	\$70,353
To benefit residents who have depleted their resources, provided through the Robert W. Hartzler Good Samaritan Fund	\$47,749
To benefit residents for 2009 - includes Homan woodshop and EP courtyard	\$150,436
To benefit employees	\$6,894
To benefit scholarship recipients from Legacy of Learning Fund	\$1,000
	\$353,324

Year in Review 2009 July 1, 2008 - June 30, 2009

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Greencroft Communities

Year In Review/Community Benefit Report
Fiscal Year 2009



GREENCROFT  COMMUNITIES