Loretto
Transforming Elder Care in Central New York Through...

Companionship
Friendship
Laughter
Teamwork
Inspiration
Togetherness
Honor

2009 ANNUAL REPORT
The Transformation in Motion

Last year, Loretto embarked on a major initiative to truly transform the face of eldercare in Central New York by creating more intimate, homelike environments that promote more individualized, person-centered care relationships between our residents, program participants and staff.

While 2009 turned out to be another successful year fiscally for Loretto, we also realized several milestones toward our goal to transform eldercare by way of our corporate journey, “From Good to Great,” to become the area’s long-term care provider and employer of choice.

Along with those featured in this report, additional 2009 milestones include initiating a thoughtful review and methodical retouching of Loretto’s strategic plan, and improving corporate-wide retention rates for all full time employees.

Any measure of success in 2009 must include the awarding of a $12 million HEAL NY grant to Loretto for an innovative, multi-faceted project that will help us continue reshaping the way eldercare is provided in this community including:

- renovations to the 13th floor of the Loretto Health and Rehabilitation Center’s Cunningham Skilled Nursing building
- creating 100 Assisted Living Program (ALP) beds at three Loretto senior housing communities
- building 13 smaller Green House Project licensed residences in Cicero

With your partnership for a shared community vision, I am confident that we can continue to make significant progress in changing how eldercare is provided to our loved ones.

Very truly yours,

Michael J. Sullivan
President & CEO, Loretto

A Green House Project® residence

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2009 Loretto Annual Report

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New Horizons in Eldercare Feature Person-Centered Models

In September of 2009, Loretto was awarded a $12 million grant from New York State to support a $40 million project to transform living settings and services for elders by creating new small care homes, renovating some existing settings, and adopting a new model of delivering care called “person-centered” care.

Person-centered care is a holistic and comprehensive approach that meets each individual’s core needs, acknowledges and accepts each resident as a whole person, provides moral and ethical development of care staff, and evaluates the care being delivered through the eyes of the person receiving that care (from www.personcenteredcareadvocate.org/about-person-centered-care).

The following chart describes Loretto’s project components:

<table>
<thead>
<tr>
<th>PROJECT PART</th>
<th>WHAT</th>
<th>WHEN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation of 13 Small Care Homes</td>
<td>Loretto will build 13 “Green House” residences in Cicero, NY. Each home will provide skilled nursing care to 12 people using an approach called “person-centered” care.</td>
<td>Construction is expected to begin in spring 2011.</td>
</tr>
<tr>
<td>Renovations to Cunningham’s 13th Floor</td>
<td>The 13th floor of the Cunningham skilled nursing building, formerly used as office space, will be renovated for 30 elders who will be living in “Neighborhoods” and experiencing person-centered care. The long-term goal is to make similar changes on all Cunningham floors.</td>
<td>Remodeling will begin in fall of 2010 and take about six months to complete.</td>
</tr>
<tr>
<td>Assisted Living Beds</td>
<td>Loretto will create a total of 100 Assisted Living Program (ALP) beds to The Bernardine, Buckley Landing and Sedgwick Heights. The person-centered care model will be used at the housing sites.</td>
<td>ALP beds will be created in spring 2011.</td>
</tr>
</tbody>
</table>
First Phase of O’Brien Road Project Complete

In partnership with Christopher Community, Loretto completed the first phase of the O’Brien Road Apartments in the town of Van Buren in fall 2009 to provide affordable housing for the frail elderly in northwest Onondaga County.

The 40-unit apartment building was constructed with Section 202 funding from the U.S. Department of Housing and Urban Development (HUD) and Onondaga County Community Development funds.

A future phase is contemplated to build a second apartment building, and possibly a third PACE CNY day center. PACE CNY, Loretto’s Program of All-inclusive Care for the Elderly in cooperation with St. Joseph’s Hospital Health Center, provides an alternative to nursing home care that allows disabled adults over 55 and the frail elderly to live in the community.

More Improvements at The Bernardine

Loretto’s The Bernardine senior housing and care facility completed its seventh phase of renovations, successfully obtained a grant from the U.S. Department of Housing and Urban Development (HUD) for an eighth phase of renovations, and began implementation of the Neighborhood Concept with decentralized dining services.

A total of 95 units are now fully accessible to make them more user friendly for elders with physical challenges. These improvements have significantly improved the quality of life for Bernardine residents, and enhanced Loretto’s ability to more effectively and efficiently deliver care and other services to them.

Loretto Health & Rehab Murals Illustrate a “Good to Great” Community of Care

Loretto certified nursing assistant, Robert D’Agostino, was invited to put his artistic talents to work by painting inspirational wall murals throughout Loretto’s Health & Rehabilitation Center to acknowledge the work and diversity of Loretto’s dedicated workforce. His images of staff members and residents show Loretto’s core values in action and the priceless, person-centered relationships fostered throughout the facility and the entire Loretto family of care.
Celebrating Milestones

Two Loretto programs celebrated milestone anniversaries in 2009. Sedgwick Heights celebrated 10 years with the Loretto family of care, and Community Residences celebrated its 25th anniversary.

Sedgwick Heights

In 1999, Loretto assumed operation of Sedgwick Heights, which was struggling with management and quality of care issues as an independent adult care provider, and completely restructured its programs and services.

Sedgwick Heights now operates as a licensed Adult Care Facility and is able to serve individuals with limited incomes, providing affordable, subsidized services in a homelike setting.

Sedgwick Heights is one of three Loretto senior housing facilities that together will provide 100 ALP beds for elders in Onondaga County within the next two years.

Community Residences

Loretto has three Community Residences that provide adults with mental health needs a safe, homelike setting and treatment services. Residents have either private or semi-private bedrooms and share common areas including the kitchen, sitting area, dining room and laundry area. Each of the homes has outdoor porches or patios.

Loretto’s successful Community Residences care model perfectly reflects Loretto’s recent initiatives focusing on the delivery of more individualized, person-centered or relationship-centered care in small homes for 10 to 12 individuals.
The Loretto Foundation increased revenues in 2009 to support not-for-profit Loretto programs and services for elders through several successful, high-visibility community events and initiatives.

The 4th annual Loretto Legends Series benefit presentation of An Evening with Bob Newhart nearly tripled net proceeds raised in 2008. Revenues from the 5th Older Americans Month Celebration Luncheon and 2009 Loretto Legacy Awards in May, which featured the first-ever A Forum for the Future: Pursuing a New Community Vision that Celebrates the Elderly, increased nearly 50%.

Contributions to the Loretto Foundation’s Endowment, established in 2008 to ensure compassionate care for future generations, continued to grow.

Other popular fundraising initiatives included Holiday and Older Americans Month Community Appeals, the A Wonderful Life Honor/Memorial Tribute Tree Giving Program, and Caregivers: Faces of Loretto 2009 benefit calendar.

A Workforce Dedicated to Helping Others

Loretto employees raised $68,000 for the United Way in 2009. This exceeded our goal by $3,000, thanks to a 10% increase in employee participation from 2008.

At the campaign’s conclusion, Loretto ranked 22nd for giving in Central New York and earned a Silver Award from the United Way of Central New York, which represents raising $100+ per capita.

W.A.V.E., Loretto’s “Working to Appreciate & Value Employees” committee, helped fellow employees to also generously support the 2009 American Heart Association's Heart Walk/Run, the Alzheimer's Association's Memory Walk, and the 2009 Chase Corporate Challenge race benefiting Syracuse’s Hillside Work-Scholarship Connection.
2009 Service Statistics for Loretto Programs & Services

The total number of individuals served by Loretto in 2009 was 6,083.

<table>
<thead>
<tr>
<th>Program</th>
<th>Number of Individuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loretto Lifeline</td>
<td>1,936</td>
</tr>
<tr>
<td>Loretto Health &amp; Rehabilitation Center</td>
<td>1,736</td>
</tr>
<tr>
<td>PACE CNY</td>
<td>471</td>
</tr>
<tr>
<td>Loretto Utica</td>
<td>399</td>
</tr>
<tr>
<td>The Nottingham</td>
<td>264</td>
</tr>
<tr>
<td>Daybreak</td>
<td>221</td>
</tr>
<tr>
<td>The Bernardine</td>
<td>219</td>
</tr>
<tr>
<td>Sedgwick Heights</td>
<td>218</td>
</tr>
<tr>
<td>Loretto Oswego</td>
<td>202</td>
</tr>
<tr>
<td>Buckley Landing</td>
<td>117</td>
</tr>
<tr>
<td>The Heritage</td>
<td>109</td>
</tr>
<tr>
<td>Malta House/Malta Manor</td>
<td>89</td>
</tr>
<tr>
<td>Community Residences</td>
<td>37</td>
</tr>
<tr>
<td>O’Brien Road Apartments</td>
<td>36</td>
</tr>
<tr>
<td>Forest View at Fayette</td>
<td>15</td>
</tr>
<tr>
<td>Highland House</td>
<td>14</td>
</tr>
</tbody>
</table>

Total: 6,083

Loretto’s McAuliffe Health Center, which offers a variety of outpatient services to the community including dental, optometry and podiatry services, provided 5,835 health care visits in 2009.

- Dental Visits: 3,439
- Podiatry Visits: 2,111
- Optometry Visits: 285

Total Visits: 5,835

2009 REVENUE SOURCES

- Medicaid: $66,917,601
- Private & Commercial: $27,894,412
- Medicare: $24,996,605
- Grants/Fundraising: $3,052,338

TOTAL: $122,860,956

2009 EXPENSES BY SERVICE AREA

- Skilled Nursing: $67,787,679
- Housing: $28,459,196
- Clinic/PACE/Day Care: $25,114,080

TOTAL: $121,360,955
Loretto Care Programs & Services

Home and Community-Based Care Services
  - Daybreak Adult Medical Day Centers
  - Loretto Lifeline
  - PACE CNY (Program of All-inclusive Care for the Elderly)

Food Services
  - AdvancedMeal

Senior Housing
  - The Bernardine
  - Buckley Landing
  - Community Residences
  - Forest View at Fayette
  - The Heritage
  - Highland House
  - The House at 807
  - Loretto Utica Adult Home
  - Malta House
  - Malta Manor
  - The Nottingham
  - O’Brien Road Apartments
  - Sedgwick Heights

Skilled Nursing
  - Loretto Health & Rehabilitation Center
    - Cunningham Skilled Nursing
    - Fahey Rehabilitation
  - Loretto Oswego Health & Rehabilitation Center
  - Loretto Utica Residential Health Care Facility
  - The Nottingham Residential Health Care Facility

Specialized Health Care Services
  - McAuliffe Health Center

For more information about the programs and services featured, please contact Loretto by calling our main phone number at (315) 469-1991, e-mail hdubnoff@lorettosystem.org, or visit Loretto online at www.loretto-cny.org.