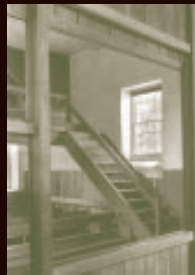


Thirty Years: The KENDAL® Idea



30



In our first 30 years, we faced many challenges that led to growth and learning. If we continue to be so fortunate, we will be asked to meet many more in the years ahead.

John Diffey, President and CEO, The Kendal Corporation



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The Kendal Corporation Mission

The mission of The Kendal Corporation, a not-for-profit organization, is to create, develop, support, and lead a system of communities and services for older persons, in accordance with the principles of the Religious Society of Friends.

Approved by The Kendal Corporation Board 4/21/01

The Kendal Corporation Vision

The Kendal Corporation aspires to continuing improvement in service to older people, in partnership with each of its communities and services, and in accord with its published *Values and Standards*, through:

- Promoting the well-being and quality of life of those served and the quality of work experience for those employed;
- Supporting the vitality of existing Kendal affiliates and assisting in broadening the array of services offered;
- Sponsoring research and innovation, sharing in the implementation of successful practices among Kendal communities and services, and disseminating research results broadly with other concerned organizations;
- Persisting in its quest for diversity in residents, staffs and boards, and developing new products and services that respond to a wider spectrum of human needs;
- Cultivating its effectiveness as a charitable organization through raising and expending funds for charitable purposes;
- Supporting the efforts of all Kendal organizations in taking active roles in community and regional services, and in professional associations, both local and national;
- Expanding partnerships with educational institutions and other not-for-profit organizations in mutually beneficial endeavors; and
- Nurturing the formation of new Kendal communities in partnership with selected local groups that are committed to similar values and goals, within a planning model that has local support and is cost-effective and self-sustaining.

Approved by The Kendal Corporation Board 7/25/01

a message from the Chair of The Kendal Corporation Board of Directors



"I don't know what your destiny will be, but one thing I do know, the only ones among you who will be really happy are those who have sought and found how to serve . . . Even if it's a little thing, do something for others—something for which you will get no pay but the privilege of doing it."

Albert Schweitzer

We ask ourselves, "What is our responsibility? To ourselves? To others? To those who want our help or assistance?"

The truly great satisfaction of the Kendal organization—its affiliated communities, its residents, staff, administration, and boards—is our joint willingness to take responsibility. And so I muse on our society wherein there is a tremendous sense of giving, an outpouring of volunteerism, of offering to others that which we have in perhaps greater abundance than we need. We may give of our means, but more likely it is of ourselves, our time, our experience, our willingness to work together with other people to accomplish a highly satisfying result.

Allow me to offer a personal reflection. Last year I traveled twice to Pakistan as chairman for the Afghanistan Refugee Relief Effort Committee for Rotary International. I had the chance to look into the eyes of some of the 48,000 Afghanis for whom we assumed responsibility in cooperation with the government of Pakistan and the United Nations High Commissioner for Refugees. It's not particularly safe to travel the Khyber Pass to a refugee camp. But to witness the tribal elders accepting, with eloquent dignity, responsibility for the thousands of persons dependent on their judgment and wisdom gives encouragement that we are not alone in caring. The reward in offering hope to those so far away, with exotic traditions and a culture so unlike our own, leads me to realize that people wherever they might be are not really so different.

Closer to home, The Kendal Corporation is a splendid example of a vision put into practice—accepting responsibility where it would be so easy to say, "I don't have the time." And yet the strength of the Kendal organization is so many good people doing so many good things for so many others. We are a diverse group giving of ourselves, time, and treasure to enhance the quality of life of our residents. It is also the Kendal vision to offer the benefit of our collective experiences to a broader society through outreach and education. We assume our responsibilities carefully and sensitively so that we can say, "Yes, we share of ourselves."

We of Kendal are committed to fulfilling our responsibilities—as we live in the present, remember with gratitude the past, and seek a vibrant and vital future. Together we meet our challenges and opportunities so that others will reflect, "They made a difference."

William Penn so cogently expressed what we ourselves strive to live out: "Any good therefore that I can do, or any kindness that I can show to any fellow creature, let me do it now. Let me not neglect it, for I shall not pass this way again."

Lynmar Brock

Chair, The Kendal Corporation Board of Directors

a message from the President and Chief Executive Officer of The Kendal Corporation

“You know, we are all here for a time. We each make our contributions and then we must give things over to the next generation to do the same.”

Jerry Risser, Kendal resident, former Kendal-Crosslands Communities Board member, and cochair of the Long Range Planning Committee, speaking at the ground breaking for Kendal at Longwood renovations, August 2003.

This year we celebrate the 30th anniversary of the Kendal idea and the opening of the first Kendal community. Jerry Risser’s understatedly wise and characteristically humble remark is a good thought to consider as we pause for a moment to reflect on the history, the challenges, and the accomplishments that we are privileged to share with you in this annual report.

Jerry made his comment on the occasion of the ground breaking, in August of 2003, for a program of renovation and expansion on the Kendal at Longwood campus. Jerry had helped lead a masterful collaboration of residents, board members, and staff in constructing a long-range plan for Kendal-Crosslands Communities. The plan led, in turn, to the ambitious renovation work which includes the addition of a fitness and aquatic center, the expansion of the health center, and revitalization of other core spaces—the most comprehensive program of modernization of Kendal’s first retirement community since its founding 30 years ago.

What is it about the work of Jerry’s group that exemplified the best in Kendal’s way of operating? Besides the surveys of residents, prospective residents, and staff; innumerable meetings to shape the goals of the effort; engagement of architects and exploration of design options; seeking approvals at various levels of government; obtaining funding; and finally, selecting a contractor, the long range planning group also recognized some important intangible aspects of the process. While major planning efforts in retirement community settings may elicit fears of unsettling change and may risk divisiveness, Jerry spoke to the reality that organizations which remain static take on the risk of becoming stale and progressively less attractive to future retirees. So, Jerry said, he and his colleagues in planning listened especially well, and really heard, resi-

dents, future residents, staff, and board members as the long range plan was prepared.

Their sensitive and careful building of a process reminds us that those who live and work in Kendal communities, and those involved in our development process, count on open communication and broad involvement when important decisions are contemplated. At Kendal the existence of a true sense of community is derived in large part from the trust in that very openness and involvement.

We might say that, over the years, what has been constructed before each ground breaking or launching of a program is just as significant as the physical buildings or outreach efforts to come. In Kendal’s way of working, our values are perceived and then utilized—whether we are contemplating our future, considering our options, raising necessary funding, or gathering to celebrate.

Talent, generosity, and genuine sense of community are found throughout the Kendal family. When we come together to answer a call to broaden and strengthen our work, we rise together to meet the challenge. We faced many challenges that led to growth and learning in our first thirty years, and, if we continue to be so fortunate, we will be asked to meet many more in the years ahead. In this year’s annual report, we share some of the highlights of the first thirty years of addressing those challenges. We hope that you enjoy it.

*John Diffey
President and CEO, The Kendal Corporation*



From the beginning...

Kendal's goal has been to shape its organization and direct its work—

- to integrate Quaker values with services for older adults;
- to develop an intergenerational approach to community life;
- to emphasize continued learning and growth for residents and staff alike;
- to fulfill its commitment to research in the field of aging; and
- to foster a culture of giving.

At every step of the way, guided by a volunteer board of directors, the Kendal organization has responded to the call to broaden its work.



Volunteer Board Leadership

The Kendal idea relies on volunteer board leadership. The Kendal Corporation Board of Directors is composed of volunteers from Maine to Florida and Ohio. Meeting four times a year as a full board in addition to committee sessions, the group has presided over a continuum of productive organizational change for the Kendal System since the 1970s. When Kendal undertook the development of its first location outside Pennsylvania, it quickly became clear that a single legal board assisted by advisory boards was not the optimal structure. A system-wide organizational development and strategic planning process in the early 1990s led to today's federal-type system, which aims for the best of both worlds: autonomy for each Kendal location combined with the centralization of specific activities and programs for the advancement of the system as a whole.

From the outset, Kendal board members devoted significant volunteer hours because they endorsed and sought to perpetuate Kendal's mission. Today, they continue to offer their skills and experiences to provide a "balcony perspective" to the executive officers and other staff of Kendal affiliates. Kendal strives to recruit board members who will be constructively challenging to staff, and who take seriously the fiduciary responsibility of the organization for the long term. Kendal needs these outside points of view to support the culture of openness and truth-seeking we prize so highly.



Alan Hunt joined the Kendal Board of Directors in 1971, and will conclude his unbroken service in 2005. Alan volunteered in several leadership and education capacities including many years as board chair. In this 1985 photo, Alan addresses a seminar entitled "Whose Death Is It Anyway?" a joint presentation of the research consortium TirLawyn and Kendal-Crosslands.



As did so many others, founding board member Dick Worth brought dedication, skill, and experience to the Kendal task.



Board member Bob Metz, left, worked tirelessly to spread the Kendal idea to new areas of the country.



Founding board member Sally Worth, below left, visited numerous Kendal newcomers during her many years of service.

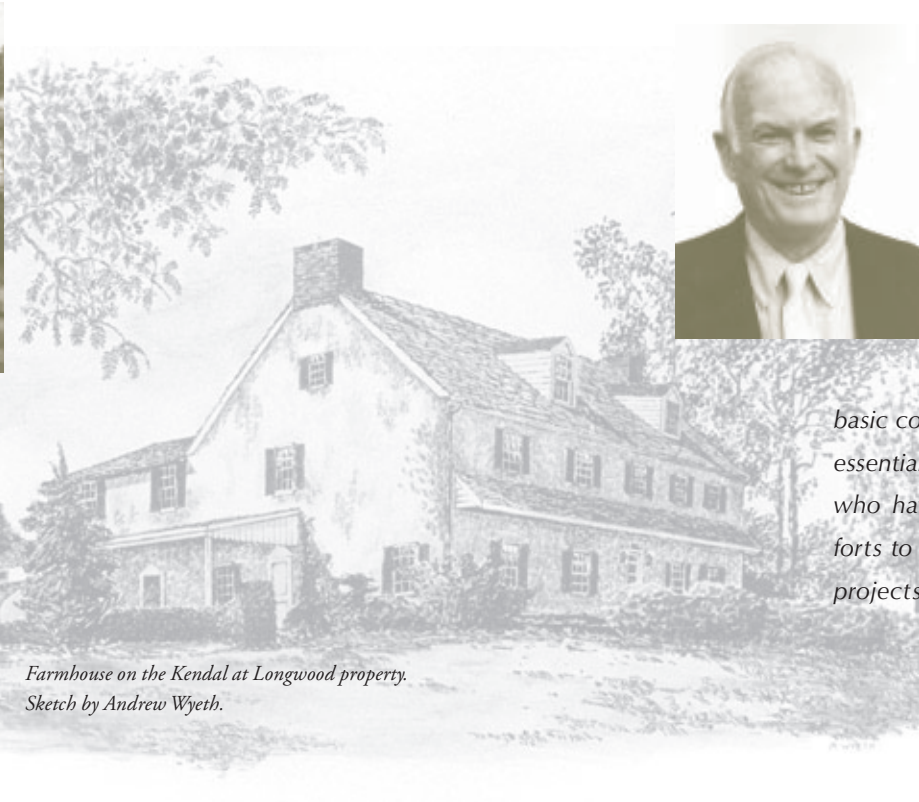
1970

The Seed—\$300,000 from the Margaret Thomas Fund of the Committee on Aging of Philadelphia Yearly Meeting of the Religious Society of Friends supports the work of a local committee studying the development of a retirement community in Chester County, Pa.





Construction on Kendal at Longwood community center (top). Bottom, the cottages take shape.



Farmhouse on the Kendal at Longwood property.
Sketch by Andrew Wyeth.



“A group of Quakers began Kendal-Crosslands to create communities and programs, not to make a financial profit, but rather to find the best ways to meet the needs of the elderly. With this as the prime motivation, it became clear to all of us that the non-profit mode would enable us to do the best possible job and free us from some of the basic conflicts that could easily divert us from the essential tasks... Indeed, with a board of directors who have contributed thousands of hours of efforts to insure the good order and success of our projects, this was the only possible choice.”

Lloyd W. Lewis
writing in the first issue of TOPICS,
the corporate newsletter, November 1984

1971

Ground is broken for **Kendal at Longwood**.
Lloyd Lewis is hired as Executive Director.

Sally Worth, founding board member, breaks ground for Kendal at Longwood.



Lloyd Lewis went on to receive the Award of Honor from the American Association of Homes and Services for the Aging in 1987.

1973

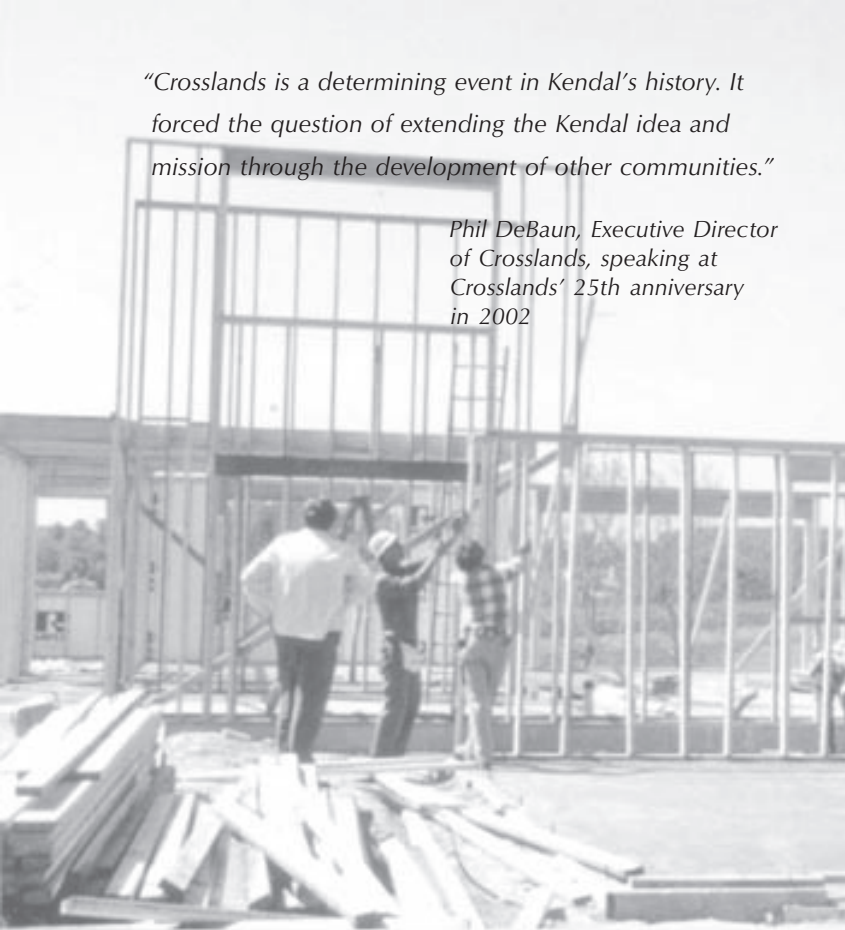
Kendal at Longwood's first residents move in.

Kendal at Longwood is incorporated under Pennsylvania Non-Profit Corporation Law of 1972 for these purposes:

- to build, own, operate and maintain residential, medical and protective care facilities specifically designed, planned and equipped to meet the physical, emotional, recreational, social and religious needs of elderly persons;
- to provide lifetime medical and nursing care for such persons; and to furnish, to the limits of its ability to do so, financial security for persons who have been admitted to such facilities by maintaining at less than the regular charges any resident who becomes unable to pay such charges and by operating such facilities at the lowest feasible cost.

“Crosslands is a determining event in Kendal’s history. It forced the question of extending the Kendal idea and mission through the development of other communities.”

Phil DeBaun, Executive Director of Crosslands, speaking at Crosslands’ 25th anniversary in 2002



1997 edition directory by the American Association of Homes and Services for the Aging.



The first directory, 1978.

The Continuing Care Accreditation Commission is the body that sets and maintains standards for the continuing care field nationwide. Its review process includes peer assessment in these key areas:

1. Governance and Administration
2. Finance and Strategy
3. Health and Wellness

In 2003, the Continuing Care Accreditation Commission merged with The Commission on Accreditation of Rehabilitation Facilities (CARF), a not-for-profit organization founded in 1966 to accredit a wide range of human service organizations. This new entity helps consumers identify high-quality care providers ranging from children’s services to those for older adults.

1975-77

Crosslands is incorporated and breaks ground in 1975. The first residents move into Crosslands in **1977**.



Crosslands residents design and build their Perimeter Path for walking and bird watching.

1978

First publication of **Directory of Life Care Communities** by Kendal-Crosslands with a grant from the William Penn Foundation. A second edition was published in 1980, and in 1981 a hardbound edition was published by The H.W. Wilson Company of New York, NY. Subsequently, the project continued under the aegis of The American Association of Homes and Services for the Aging in collaboration with AARP.

1979

Kendal at Longwood and Crosslands, together with nine other Delaware Valley continuing care retirement communities, form the **Continuing Care Accreditation Association**, designed to establish and maintain standards in the continuing care field by means of a peer review process.

In **1985** the thriving organization is incorporated as **The Continuing Care Accreditation Commission** under the umbrella of the American Association of Homes for the Aging.

Values and Standards iterates Kendal's "commitment to a better way."

Here are the *Values and Goals* from the little book with a big impact, first published in 1987:



- To enhance the quality of life and independence of our residents, and nurture a sense of community, treating each resident as a valued individual and fostering an atmosphere of mutual respect and caring;
- To provide a high quality health care program which offers a continuum of care, fostering wellness and treating each resident with dignity, regardless of age or condition;
- To create a homelike physical environment which is as noninstitutional as possible and which promotes quality of life, security, and wellness;
- To employ a financial design which fosters security and serves our social objectives to make our communities affordable to the largest possible number of people;
- To encourage and invite people of diverse backgrounds to live in our communities and to serve on our staffs;
- To foster a high quality work experience for employees, recognizing that our communities must be good places to work if they are to be good places to live;
- To strive for excellence in management and governance, seeking board staff dedicated to our mission and goals;
- To engage in continuing education and evaluation to develop staff, improve services, and live up to our mission;
- To take responsibility in the larger community, maintaining high ethical relationships and sharing our resources and experience;
- To provide leadership in the field of care for the aging and take an active role in aging issues, thus contributing to improved services for all older people in our society.

1980-82

Coniston, a sister community for Kendal-Crosslands, breaks ground. The first residents arrive in **1981**, and the project is completed in **1982**.



1983

Kendal is instrumental in forming a consortium to develop **TirLawyn: An Academic Geriatric Center**. The members are Kendal-Crosslands, Bryn Mawr College Graduate School of Social Work and Social Research, Crozer-Chester Medical Center, Thomas Jefferson University, and Widener University. Funded by a 3-year, \$500,000 grant from Glenmede Trust, the project worked to further research and knowledge in the field of aging.

1985

Kendal reaches out to share experience and administrative skills with other non-profit providers of care and housing for older people, by undertaking **management agreements** with The Barclay and Friends Hall, in West Chester, Pa., and Ralston House, a skilled nursing and boarding home in Philadelphia.

1987

Values and Standards is published. Ground is broken for **Cartmel**, newest member of the Kendal-Crosslands family.



Cartmel ground breaking, Alan Hunt does the honors.



Residents celebrate Kendal at Hanover's first anniversary.

The development of Kendal at Hanover was key to defining and sharpening the emerging Kendal ethos of integrated service, learning, and research. Kendal at Hanover was the first Kendal community to develop close ties with a local institution of higher learning. Together, Kendal at Hanover residents and Dartmouth College created The Institute for Lifelong Learning at Dartmouth (ILEAD). From the beginning, Kendal at Hanover also collaborated with Dartmouth-Hitchcock Medical Center.



Bus brings Kendal at Hanover residents to the Dartmouth campus.

1988

Kendal at Hanover, in Hanover, New Hampshire, is incorporated. Ground is broken for the project in **1989**, and the community opens in **1991**.



Kendal at Hanover, 1991.

1989

In conjunction with the inception of The Kendal Corporation, **The Kendal Fund** is incorporated "to raise, receive, manage, invest, and expend funds in support of The Kendal Corporation... and its charitable purposes, which are the operation and maintenance of residential, medical, and intermediate care facilities specifically designed and equipped to meet the special needs of elderly persons at the lowest feasible cost."



Philanthropy

The Kendal idea promotes a culture of giving. Today, **Kendal Charitable Funds**, so-named with amendments to the articles of incorporation in 1994, is the successor to **The Kendal Fund**. Philanthropy has played a key role in the development of the Kendal organization. The original articles of incorporation stated that Kendal would "furnish, to the limits of its ability to do so, financial security for persons who have been admitted to such facilities by maintaining at less than the regular charges any resident who becomes unable to pay such charges and by operating such facilities at the lowest feasible cost." Since that time, additional projects such as those listed below have come to fruition through the philanthropic efforts and generosity of residents, family members, and persons in the wider community. In every instance, the acts of philanthropy furthered the stated values and goals of the entire Kendal organization—

- expansion and renovation of health centers in six Kendal communities;
- construction of fitness centers, pools, and tennis courts;
- on-site child day care programs, facilities, and scholarships;
- resident assistance funds and entry fee assistance funds;
- internship programs serving students from high school through graduate school at both the corporation and the individual communities;
- outstanding service by uncompensated boards of directors for the corporation and the communities;
- ongoing education and outreach programs of The Kendal Corporation and its affiliates.



Kendal at Oberlin's "Kendal Care for Kids" visits the health center.

"The resident has the right to be free from any restraints imposed; or psychoactive drug administered for purposes of discipline or convenience, and not required to treat the resident's medical symptoms."

*Health Care Financing Administration (HCFA)
Conditions of Participation, February 2, 1989*



Jill Blakeslee testifies at the U.S. Senate Symposium.

1989

Untie the Elderly®, a program to eliminate restraint use in long term care settings, becomes a registered trademark of The Kendal Corporation. The corporate board decides to actively seek opportunities to give further presentations on restraint reduction. **1990** Federal regulations require nursing facilities to consider the effects of restraint use on the well-being of residents.

The Kendal Corporation and the Senate Committee on Aging cosponsor a U.S. Senate Symposium on the elimination of physical restraints in the care of older persons. Subsequent federal legislation furthers the process of eliminating restraint use.

Outreach



The Kendal idea embraces nationwide outreach, and Kendal's efforts in this important area have grown steadily over the years. Since its first program, presented at the annual meeting of the American Association of Homes for the Aging in 1986, *Untie the Elderly* today records 215 programs presented in 35 states and Canada. The contact list includes 50 states, Puerto Rico, Italy, Australia, Israel, and three Provinces of Canada. Media recognition for the restraint elimination program has come from Diane Sawyer on ABC News, NBC News' *American Agenda*, and an April 1994 article by Michael Romano, "Unshackling the Elderly," in the journal *Contemporary Long Term Care*. The 20th anniversary issue of the same publication profiled *Untie the Elderly* founder Jill Blakeslee as one of 20 people who made a difference in long term care.



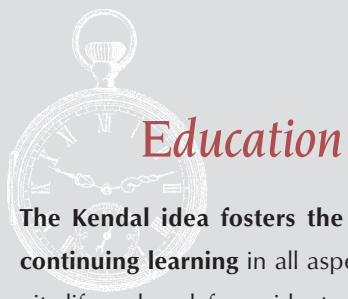
*Jill Blakeslee, founder
of Untie the Elderly.*

PARRI, The Pennsylvania Restraint Reduction Initiative, is now in its eighth year of operation. The original contract in 1996 with the County Commissioners Association of Pennsylvania called for the establishment of a "train the trainers" program in the eight Department of Health Regions in the Commonwealth of Pennsylvania. When the PARRI team began its work, restraint usage in Pennsylvania stood at 29%. Today's restraint usage is 6% statewide.

The Pennsylvania Department of Health awarded Kendal a grant to collaborate in a **study of best practices in long-term care** from 2001-2003. Kendal worked with Morrison Informatics, Inc.; Clifton Gunderson, LLC, health care reimbursement consultants; John Morris and Katharine Murphy of Boston's Hebrew Rehabilitation Center for the Aged; Brant Fries of The University of Michigan; and Sacunas and Saline, public relations.

In 2002, Kendal received a grant for a one-year program in Ohio to study best practices, **The Models of Care Project**.

Kendal Outreach, LLC, and **InterRAI**, a multinational research and practice consortium, are collaborating to develop a screening tool for well elderly living in residential settings to supplement tools already in use in long term care. In addition to Kendal and InterRAI, the project includes Hebrew Rehabilitation Center for aged in Boston and the University of Michigan.



Education

The Kendal idea fosters the integration of continuing learning in all aspects of community life and work for residents, staff, and board members. Kendal's relationship with colleges and universities has grown steadily over the past 30 years. Following Kendal at Hanover's opening in 1991, Kendal at Oberlin, Kendal at Ithaca, Kendal at Lexington, and Kendal at Granville all benefited from significant participation with institutions of higher learning in their individual locations. College alumni and faculty became Founders, board members, or both; in several instances, interaction with the institutions themselves led to the generous contribution of venture capital, land, and the numerous areas of expertise so important to the developing communities. In addition, Kendal communities pursue a number of internship programs with local schools and colleges.

For staff, the *Values and Standards* of the Kendal system ensure that encouragement is readily given to those who wish to pursue their educational goals, commence training in new areas, or rise in their profession. In all these areas, people-to-people collaboration is key in the enrichment of life for all those connected to Kendal.

1999 Kendal All Communities Gathering in West Chester, Pa.



1991

First **All Communities Gathering** for all Kendal-related entities is held in Kennett Square, Pa.

First meeting of the board of **Friends Services for the Aging**. Kendal staff assist with forming this membership association of Quaker entities serving older people.



Kendal All Communities Gatherings serve as tools for education, idea sharing, and focusing strategic thinking about the future of the Kendal system. Gatherings are held yearly in different Kendal communities on a rotating basis and are attended by board, leadership staff, and heads of the residents' associations from all Kendal entities.

1991 • Multi-facility Organizations. Speaker: Jim Emerson, CEO, Presbyterian Retirement Communities, Winter Park, Fl.

1995 • Residents of the Future. Speaker: Sharon Brooks, Sharon Brooks and Associates, Richmond, Va.

1996 • The Changing Shape of Health Care. Speaker: Jerry Katz, Katz Associates, Plymouth Meeting, Pa.

1997 • Managed Care and Other Models of Service. Speaker: Maria Dwight, Gerontological Planning Associates, Santa Monica, Ca.

1998 • The New Work of the Nonprofit Board. Speaker: Thomas Holland, University of Georgia, Athens, Ga.

1999 • Fulfilling our Charitable Mission Through Financial Assistance, Service, and Outreach. Speakers: Gene Yoder, Greencroft, Goshen, Ind.; Henry Freeman, Henry Freeman Associates, Ind.; Troy Chapman, Housing Authority of the County of Chester, West Chester, Pa.

2000 • Redefining Long-Term Care: What Do Older People Want? Speakers: Rosalie Kane, DSW, and Robert Kane, M.D., from the University of Minnesota.

2001 • Visions for the Future: Creative Retirement, Collaborations, and the Kendal System. Speaker: Ron Mannheimer, Executive Director, North Carolina Center for Creative Retirement, Asheville, N.C.

2002 • Kendal in the 21st Century: Building Cultures of Innovation and Excellence. Speaker: Paul Light, Vice President and Director of Governmental Studies, The Brookings Institution, Washington, D.C.

2003 • The Kendal System: Sharing Values and Vision. Kendal Corporation board member Bill Rogers, and small group conversations to generate input for revision to corporate strategic plan.

“We enjoy having Kendal residents in our college classrooms. You bring a wealth of life experience to our students and faculty. When students work side by side with former diplomats, scientists, teachers, engineers, and many others, they find wonderful role models and friends. When I see Kendal residents volunteering in our archives, art museum, library, schools, and town, I know we have a rare treasure in our midst.”

Nancy S. Dye
President, Oberlin College



Kendal at Oberlin residents bike to the Oberlin College campus.



1997—Kendal at Ithaca community members from the left: Roy Unger, Elizabeth Klaer Miles, Knight Biggerstaff (seated center), Alice Rivoire, and Director of Admissions and Marketing Karen Smith. Knight Biggerstaff was a well known professor of Chinese history, and these residents and staff were his students at Cornell at various times.

Kendal at Ithaca residents join forces with local school children on an intergenerational history project.



Barclay Friends hosts interns from West Chester University and also has an active intergenerational program which reaches out to local public and private school students.



Kendal-Crosslands have a busy exchange of interns, nursing,

and social work students from West Chester University and from several other local institutions including Bryn Mawr College, Widener University, Jefferson Medical College of Philadelphia, and the University of Pennsylvania.

1992

Kendal at Oberlin breaks ground. Construction is completed in **1993**, and the first residents move in.

Kendal at Oberlin continues the association of Kendal communities with institutions of higher learning, nurturing relationships with Oberlin College, Akron University, Case Western Reserve University, Cleveland University, and Lorain Community College. The community also collaborates with local educational institutions on student field placements, research projects, and staff recruitment.

1994

Kendal at Ithaca breaks ground. The project welcomes its first residents in **1995**.

Today, Kendal at Ithaca enjoys productive, informal relationships with both Cornell University and Ithaca College. Residents take classes, teach classes, and participate in activities, and the community hosts students and interns from Ithaca College in health administration and social work.

1996

Barclay-Friends Hall is renamed **Barclay Friends**, and ground is broken for a new consolidated facility in West Chester, Pa. When the new building opens in **1997**, the celebration includes a brass quintet and tours of the new skilled care and assisted living facilities, and the garden areas.

The Pennsylvania Restraint Reduction Initiative, PARRI, receives its first grant.



Governance

The Kendal idea means a system of affiliates working cooperatively. Governance restructuring for the Kendal system took place in the years 1995-98. The new Kendal organization calls for a designated seat on The Kendal Corporation Board for each affiliate, and one member of the corporate board to serve on each community board. The corporation remains a supporting organization for all communities, and is responsible for corporate services and the development of new projects. In 1998 the *Agreement Between The Kendal Corporation and its Affiliates: Mutual Expectations, System Services, and Financial Understandings* is approved by The Kendal Corporation Board and signed by all Kendal affiliates. The affiliation agreement assures support and experience as individual communities continue to grow and expand their services.

The Kendal Corporation Board of Directors meets in January, in April in conjunction with All Communities Gathering, and also in July and October.

Furthering the spirit of collaboration and mutual learning, the Leadership Team, comprised of key corporate staff and the executive directors of all Kendal affiliates, meets quarterly to strategize, learn, and share progress and challenges.



Kendal at Lexington.



The first Residents' Association gathering at Kendal at Lexington.



Construction of Kendal at Hanover's new health center, above, and completed and furnished library and sitting room, below.



1999

Kendal at Lexington breaks ground in April. At the time of ground breaking, the community had already raised in excess of \$3 million, including donation of land, house, and renovation funds, and monies for financial assistance. The first residents move in during **2000**.



Kendal at Lexington benefactor Arthur Bartenstein, left, talks with board member George Bent, right, on dedication day in 2001, with the Blue Ridge Mountains as a backdrop.

2000

Ground breaking for **Kendal at Hanover's** renovation and expansion of its health center. The project moves forward with significant philanthropic support from residents.





Warm water therapy pool under construction—one of the amenities in Kendal at Lexington's new health center.



Bright and attractive surroundings for residents.

2002

The Benjamin Borden Health Center opens at Kendal at Lexington, welcoming residents and many staff from the former Extended Care Facility of Stonewall Jackson Hospital in Lexington. The new facility is Medicaid/Medicare certified and will serve residents of the wider Lexington and Rockbridge County areas.



2003

Kendal on Hudson breaks ground. The original development and marketing agreement was signed in **1997**, and final zoning approvals and development agreement with Village of Sleepy Hollow are achieved in **2003**.

The Kendal on Hudson project represents the successful collaboration of The Kendal Corporation, Phelps Memorial Hospital Center, and the Study Group on Retirement Alternatives from Purchase Monthly Meeting of the Religious Society of Friends.



Kendal on Hudson ground breaking, from left: Keith Safian, President and CEO of Phelps Memorial Hospital Center; David Jones, Project Director, The Kendal Corporation; Maarten van Hengel, Kendal on Hudson Board of Directors; Andy Spano, Westchester County Executive; John Diffey, President and CEO, The Kendal Corporation; Gay Berger, Chair of the Kendal on Hudson Board of Directors; Philip Zegarelli, Mayor of the Village of Sleepy Hollow; and C. Edward Midgley, Chair of the Board of Phelps Memorial Hospital Center.



Kendal on Hudson commons building takes shape.



Reprising a role she first played 32 years ago, founding board member and Kendal at Longwood resident Sally Worth breaks ground—this time for a new fitness and wellness center, and renovations for the health center.



Kendal at Granville Founders pose with their ground breaking shovels in front of the barn on the site of the newest Kendal community.



At right, artist's rendering of the community's "main street."



Full circle, for now.

With the breaking of ground for Kendal on Hudson, Kendal at Granville, and the Kendal-Crosslands building projects, Kendal continues to respond to the call to broaden its service.

Bill Rogers, Kendal Corporation board member, said at this year's All Communities Gathering: "Excellence is a habit. We choose and prize and act upon our beliefs. Over time they achieve consistency through repetition. We at Kendal have deep roots that sustain us, fundamental values and relationships that animate and drive our work."

Kendal will continue to integrate service, learning, and research. We will continue to evolve to meet the expectations and needs of the wider society. And in all our efforts, we will continue to draw strength and wisdom from our Quaker values to help us meet the needs of each individual we serve and each individual with whom we work.

2003

Ground is broken for **Kendal at Longwood renovations and additions.**

Residents move into **42 new apartments at Crosslands.**



KC, the Kendal canine, helped dig, dig, dig on ground breaking day.

2003

Kendal at Granville breaks ground.

Kendal at Oberlin celebrates its **10th anniversary** in October.



Left, Kendal at Oberlin Executive Director Barbara Thomas and Calvin Waite, former Oberlin city council member, at the 10th anniversary celebration. Residents enjoy memorabilia, right.



Following a successful self-study and site visit, **Kendal at Ithaca** is accredited by the Continuing Care Accreditation Commission.



The Kendal System Financial Report

It is our pleasure to share with you this summary of financial information and we welcome you to contact any of the communities or The Kendal Corporation for a copy of the audited financial statements.

Summaries for the Year

The year 2002 was a year of facing challenges and developing approaches to deal with those issues. Financial performance for all Kendal communities once again was affected by investment losses due to market conditions. The investment portfolios performed in accordance with their benchmarks. We continue to experience challenges similar to our peer organizations in various areas. Although procurement and retention of health care staff is very difficult nationwide, our communities remain well staffed. Kendal's continued commitment to controlling costs this year included proactively addressing staffing and benefits, and exploring alternative solutions to insurance programs for both employee health and general liability. In addition, sharing of comparative data among the Kendal communities has resulted in positive dialogue and exchange of ideas between various departments throughout our system. We are pleased to have had a strong year in which our communities experienced increased census. Also several communities demonstrated their growth with the addition of both health care and residential units. We anticipate further growth throughout the Kendal system in the coming year.

Barclay Friends • Barclay Friends celebrated the 5th anniversary in its new facility in December 2002. Despite strong occupancy of 91% in assisted living and 97% in skilled nursing during the year, Barclay Friends had a small operating loss which can be attributed to the following factors: labor shortage for qualified health care workers; escalating insurance costs for workers' compensation, health insurance, property and liability; provision for uncollectible fees; and pension costs. Interest income and donations brought the loss to a gain of \$438,000. The board of directors was pleased to provide \$71,000 in financial assistance to residents from board-designated funds, and additionally through continued participation in the Medicaid program.

Kendal at Oberlin • 2002 was a year of evaluation and planning for the future. Changes made to the investment policy resulted in significant realized losses during 2002, but the change also strengthened the investment portfolio for the future through greater diversification of investment holdings.

Over the past five years, operating income and fund raising provided cash flow for debt service and funding of various capital projects in accordance with Kendal at Oberlin's strategic plan. Investments increased from \$13.4 million in 1998 to \$15.5 million in 2002. Long-term debt has decreased from \$23.0 million in 1998 to \$20.6 million in 2002, further strengthening Kendal at Oberlin's financial position.



Worth Center, headquarters of The Kendal Corporation.

Kendal at Oberlin's financial performance resulted in a \$491,000 gain from operations, or about a 4.2% operating surplus. Revenues from per diem health center residents declined significantly from the previous year since more health care beds were filled by Kendal at Oberlin residents. Operating expenses were well controlled, reflecting a 4% increase over the previous year, despite significant increases in health care and employee benefit costs. Investment activity resulted in a \$2.2 million loss, and, when combined with operations, yielded a \$1.7 million deficit of revenues over expenses.

Kendal at Lexington • The opening of the Benjamin Borden Health Center in late September 2002 enabled Kendal at Lexington to provide a full continuum of health care on site. The health center serves not only Kendal residents, but, because it is Medicare and Medicaid certified, it is also able to serve residents of the surrounding Lexington community and Rockbridge County.

Operating results in 2002 showed a higher-than-budgeted loss. Investment income and amortization of deferred entry fees were both below our expectations. Health center revenues outperformed budget due to higher occupancy and a favorable payor mix. Health center expenses outpaced the higher revenues because the facility was open for only three months in 2002. The health center is expected to achieve certain efficiencies during 2003. Kendal at Lexington is exploring the construction of additional cottages in 2003 with occupancy expected in early 2004.

Kendal at Ithaca • Kendal at Ithaca ended 2002 with a gain from operations of \$1,726,318, a significant increase over the previous year. The primary increase resulted from amortization of entrance fees, due to high turnover of units.

Despite the high number of apartment turnovers, residential occupancy averaged 96%, the adult home (assisted living) occupancy averaged 85%, and skilled nursing 95%. There were several per diem admissions in both sections of the health center, and these added to overall cash revenue.

Overall expenses were 2%, or \$257,000, under budget. The biggest savings occurred in workers' compensation insurance, long-term interest expense, and utilities.

As 2003 proceeds, Ithaca's staff continues to work to contain expenses. A settlement with the local municipality will result in savings on real estate taxes, and the September 2003 refinancing will produce significant savings, due in large part to achieving a BBB rating on tax-exempt bonds.

Kendal-Crosslands Communities • The communities ended fiscal year 2003 in the same strong financial position as in prior years despite the continued negative investment performance which is also being experienced by other Kendal communities. Expenses exceeded revenue by approximately \$430,000. Health center revenue continued to outperform the budget for both Medicare and per diem residents, while occupancy in all levels of care remained strong. Expenses were over budget based on higher-than-expected increases in employee benefit costs, property insurance premiums, and prescription drug costs.

Residential occupancy again was very strong. Kendal at Longwood, Crosslands, Coniston, and Cartmel remain fully occupied. An additional 44 residences were completed at Crosslands in September, 2003, and construction is underway on the Kendal at Longwood fitness center addition and health center renovation.

Unrestricted net assets declined largely due to realized and unrealized losses in the stock market. The effect of this loss continues to be buffered by several years in which the communities had large realized and unrealized gains on investments. The communities' cash-to-debt position remained extremely strong.

Kendal at Hanover • During Fiscal Year 2003, the nearly \$10 million health center renovation project moved forward into its third and final year of construction. This final phase of renovations included updating the existing skilled and assisted living units, relocating the resident clinic to the Cooper unit, developing an adult day care



In the library at Kendal at Longwood.

center, and expanding the child care program from 20 to 32 children.

The loss from operations was \$70,600 and the community ended the fiscal year with a decrease in unrestricted net assets of \$2,127,886. Nearly all of the loss during the year was related to investment losses and the start-up of the new health center. As in prior years, the residential apartment occupancy in the community continued at levels close to 99% while the waiting list for available units continued to grow.

The Kendal Corporation • The unrestricted net assets for affiliate and development services (The Kendal Corporation) increased \$583,765. Affiliate services experienced a loss of \$1,422,303 due to the recording of a pension liability for the entire Kendal system in the amount of \$2,089,458. The pension liability results from the decline in investment value and the decrease in long term interest rates. Development activity produced a gain of \$2,006,068, a result of the completion of the Kendal on Hudson financing and ground breaking process.

The Kendal Corporation supported development activities at several existing communities this year for additions of residential units, health center expansion, and a pool and fitness center. Affiliate services staff are involved with the communities on an ongoing basis in various areas of operations. The corporation shares with the communities the goals of continued excellence in care for the elderly and identification of new opportunities to serve as the vision for the future.

The Kendal Corporation

CONDENSED FINANCIAL INFORMATION ENDING 3/31/03

The audited financial statements
are available by contacting
The Kendal Corporation.



Cartmel garden.

BALANCE SHEET	Affiliate Services	Development Services	Kendal Charitable Funds
Assets			
Cash and Investments	1,756,556	0	1,555,813
Receivable from Affiliates and Intercompany	4,173,837	3,292,184	0
Other Assets	<u>861,530</u>	<u>25,234</u>	<u>0</u>
Total Assets	<u>6,791,923</u>	<u>3,317,418</u>	<u>1,555,813</u>
Total Liabilities	2,383,210	4,241,318	450,452
Net Assets			
Unrestricted	4,290,413	(923,900)	0
Board Designated	0	0	1,098,511
Temporarily Restricted	118,300	0	0
Permanently Restricted	<u>0</u>	<u>0</u>	<u>6,850</u>
Total Net Assets	<u>4,408,713</u>	<u>(923,900)</u>	<u>1,105,361</u>
Total Liabilities and Net Assets	<u>6,791,923</u>	<u>3,317,418</u>	<u>1,555,813</u>
STATEMENT OF OPERATIONS			
Operating Revenue			
System fees from affiliates	1,888,092	677,090	0
Development fees	0	3,150,270	0
Outreach Programs	252,634	0	0
Investment & other income	<u>573,099</u>	<u>84,382</u>	<u>58,865</u>
Total Operating Revenue	2,713,825	3,911,742	58,865
Expenses	2,317,421	1,998,847	95,456
Operating Gain (Loss)	396,404	1,912,895	(36,591)
Nonoperating Revenue			
Reserve fee from affiliates	270,751	93,173	0
Distribution to affiliates	0	0	(102,709)
Loss on Sale of Investments	0	0	(212,830)
Provision for other than temporary decline in the market value of investments	0	0	(50,000)
Change in additional minimum pension liability	(2,089,458)	0	0
Unrealized Gain (Loss) on Investments	<u>0</u>	<u>0</u>	<u>(4,933)</u>
Increase (Decrease) in Unrestricted Net Assets	(1,422,303)	2,006,068	(407,063)

Kendal Corporation Operating Affiliates

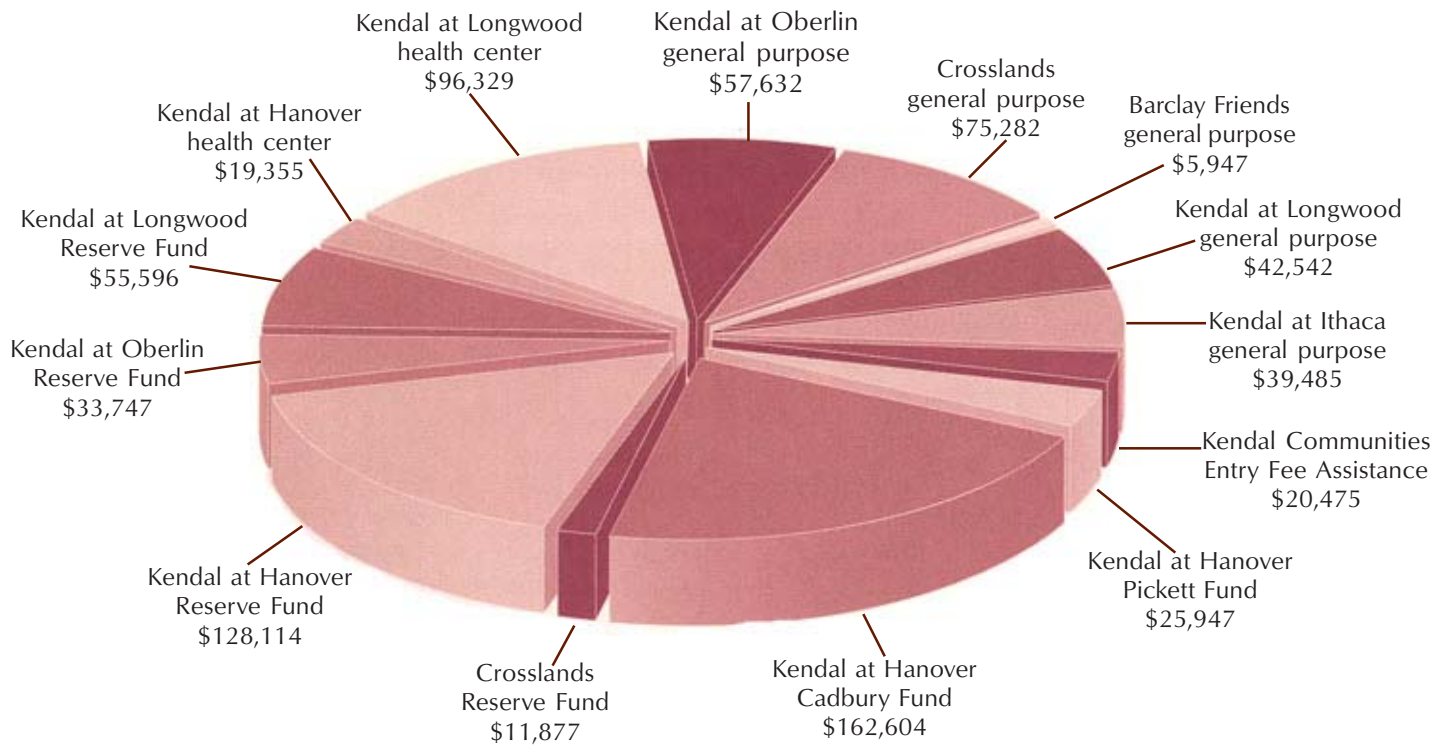
SELECTED FINANCIAL INFORMATION

Fiscal Year Ending	Barclay Friends 12/31/02	Kendal-Crosslands 3/31/03	Kendal at Hanover 3/31/03	Kendal at Ithaca 12/31/02	Kendal at Oberlin 12/31/02	Kendal at Lexington 12/31/02
BALANCE SHEET SUMMARY						
Total Assets	<u>17,956,499</u>	<u>83,910,440</u>	<u>72,314,758</u>	<u>56,124,695</u>	<u>41,396,236</u>	<u>35,361,499</u>
Total Liabilities	11,249,946	61,738,352	72,453,954	59,454,620	44,730,265	35,530,213
Net Assets						
Unrestricted	6,193,931	11,700,830	(2,175,531)	(3,603,395)	(4,199,218)	(527,066)
Temporarily Restricted	123,806	10,243,078	1,796,285	273,470	865,189	358,352
Permanently Restricted	<u>388,816</u>	<u>228,180</u>	<u>240,050</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Net Assets	6,706,553	22,172,088	(139,196)	(3,329,925)	(3,334,029)	(168,714)
Total Liabilities and Net Assets	<u>17,956,499</u>	<u>83,910,440</u>	<u>72,314,758</u>	<u>56,124,695</u>	<u>41,396,236</u>	<u>35,361,499</u>
OPERATING SUMMARY						
Total income	8,432,798	27,894,808	16,201,713	15,111,196	11,602,035	4,220,638
Total expense	<u>8,871,010</u>	<u>28,324,118</u>	<u>16,272,351</u>	<u>13,384,878</u>	<u>11,110,725</u>	<u>5,286,189</u>
Gain (Loss) from Operations	(438,212)	(429,310)	(70,638)	1,726,318	491,310	(1,065,551)
Realized Loss on sale of investments	(416,455)	(2,040,302)	(1,505,764)	(381,316)	(1,747,771)	0
Unrealized Gain (Loss) on investments	(299,791)	(315,794)	(1,197,533)	94,453	(733,532)	0
Other than temporary unrealized loss on investments	0	(1,449,000)	0	(219,557)	(423,779)	0
Assets released from restriction/ Other	362,848	20,533	646,049	91,179	17,645	(106,509)
Increase (Decr.) in Unrestricted Net Assets	<u>(791,610)</u>	<u>(4,213,873)</u>	<u>(2,127,886)</u>	<u>1,311,077</u>	<u>(2,396,127)</u>	<u>(1,172,060)</u>

Kendal Pooled Income Fund

Kendal Charitable Funds manages Kendal's Pooled Income Fund to which donors may make gifts designated for any corporate purpose or for any of the charitable purposes of one of the Kendal affiliates.

March 31, 2003 market value and destination of gifts
total fund \$774,932



Kendal at Lexington's "Kendal College" swing class.



Barclay Friends' fifth anniversary.



Kendal at Oberlin snow day.



Kendal at Granville.



Wheel painting at Kendal at Oberlin.



2003 Kendal All Communities Gathering.

Corporate and Development Services Staff

John A. Diffey

President and Chief Executive Officer

Nora E. Adelman

Director for Policy, Planning, and Administration

Judith V. Braun

Director for Affiliate Services

Loraine Doane Deisinger

Director for Human Resources

Kathleen L. Glendening

Director for Health Services

Beryl D. Goldman

Director for Outreach

David G. Jones

Project Director

Rhoda M. McNit

Project Coordinator

William A. Silbert

*Director for Marketing, Public Relations,
and Development*

Thomas H. Reed

Director for Property and Design

Joseph W. Savery

Director for Information Services

Katherine H. Yerkes

Dining Service Systems Coordinator

William T. Yost

Director for Finance and

Acting Director for New Project Development

Residents' Association Presidents

Gordon M. Browne, Jr., *Kendal at Hanover*

Lucian W. Burnett, *Kendal at Longwood*

Adah R. Davis, *Crosslands*

Henry A. Gass, *Coniston*

Frederick M. Holmquist, *Cartmel*

Lucinda A. Noble, *Kendal at Ithaca*

Leonard S. Singer, *Kendal at Oberlin*

Ruth M. Woodcock, *Kendal at Lexington*

Executive Directors of Affiliates

Philip G. DeBaun

Executive Director, Crosslands and Cartmel

Patricia A. Doyle

Executive Director, Kendal on Hudson

Daniel Governanti

Executive Director, Kendal at Ithaca

J. Carol Hanson

Executive Director, Barclay Friends

Steven H. Jewell

Executive Director, Kendal at Lexington

Richard D. Lysle

*Executive Director, Kendal at Longwood
and Coniston*

Barbara W. Thomas

Executive Director, Kendal at Oberlin

Robert J. Woolrich

Executive Director, Kendal at Hanover

Kendal Boards as of September 1, 2003

The Kendal Corporation/ Kendal Charitable Funds

Charlotte E. Bartlett
Lynmar Brock, Jr.
Martha B. Bryans
R. David Cox
Kay M. Edstene
Lawrence A. Frolik
Earl G. Harrison, Jr.
Charles M. Hebble, Jr.
Alan R. Hunt
Mark B. Myers
James H. Oltman
John J. Picken
William R. Rogers
Alfred N. Schiff
Michael D. Shay
R. Knight Steel
Wendell R. Whitlock

Kendal at Lexington

Richard G. Barnes
George R. Bent
R. David Cox
T. Jon Ellestad
Earl G. Harrison, Jr.
Edward O. Henneman
Farris P. Hotchkiss
William M. Klein
Linda L. Krantz
Matthew W. Paxton, Jr.
Henry Sharp, Jr.
Adelaide A. Simpson
Beth B. Thompson

Kendal-Crosslands Communities

Donald E. Barr
Curtis L. Clapham
Robert W. Connolly
Evan W. Frazer
Regina D. Horton
Elizabeth G. Mather
Mark B. Myers
Kathryn L. Pettus
William D. Ravdin
Susan M. Renz
Daniel W. Williams
Roland H. Woodward

Barclay Friends

Charlotte E. Bartlett
Carol E. Clapham
M. Robert Clarke
Anita K. Foeman
Susan H. Frens
Deborah F. Hadden
Robert B. Hall
John H. Hewlett III
Jennifer W. Levy-Tatum
Eric L. Metzker
James M. Powers
Thomas E. Sweeney
Richard W. Voss

Kendal at Hanover

Wynne W. Browne
Elizabeth L. Croy
Harte C. Crow
Nancy A. Formella
Robert Y. Fox
Charles M. Hebble, Jr.
Kathleen C. Hoyt
John W. Hunter
Mary H. Keeley
Judson T. Pierson, Jr.
Agnar Pytte
Elizabeth B. Sanderson
Kathleen K. Shepherd
Stuart V. Smith, Jr.

Kendal on Hudson

Gay S. Berger
R. David Cox
Bruce B. Davidow
Peter B. Dinkel
Ann M. Glass
Beryl D. Goldman
John M. Kinney
Raymond D. Mutter
James H. Oltman
Robert W. Spencer
Barbara W. Thomas
Maarten van Hengel

Kendal at Oberlin

Richard J. Dunn
Evelyn C. France
Annemarie Helm
Sydney L. Lancaster
Dayton E. Livingston
Joseph R. Luciano
Sara Jane Norton
Dennis M. O'Toole
John J. Picken
Marjorie S. Ramp
Diana W. Roose
Ruth G. Shaeffer
David S. Stilwell
Elizabeth W. Thomas
Paul S. Treuhaft

Kendal at Granville

Ann M. Albershardt
L. James Gordon
Jill H. Griesse
John F. Heller, Jr.
Barbara M. Martin
William T. McConnell
Betsy E. O'Neill
Ruth E. Owen
Seth H. Patton
James E. Pohlman
Craig Ramsey
David O. Richards
Alfred N. Schiff
Harriett F. Stone
Paul R. Treece

Kendal at Ithaca

Roger M. Battistella
Caroline B. Cope
Janet L. Corson-Rikert
Jocelyn R. Hart
David R. Hauser
Margaret J. Hill
Robert W. Kirk
Susan Landis
Michael S. Levy
Allyn B. Ley
Clark Moeller
Robert A. Nafis
Karl A. Pillemer
John B. Rudd
Thomas R. Salm
Michael D. Shay
Mack Travis

Kendal Founding Directors

Curtis L. Clapham
Nancy F. Darling
Anne W. Harrington
David L. Hewitt
Alan Reeve Hunt
Joanna B. Savery
Robert M. W. Taylor
Richard M. Worth
Sarah Edge Worth



*Kendal at Longwood
apartment.*



Kendal at Oberlin library.



Kendal at Longwood garden.

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KENDAL AT GRANVILLE
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Email: admissions@kag.kendal.org



Kendal Affiliates are members of the *American Association of Homes and Services for the Aging* and the respective affiliated state associations:

- PANPHA: An Association of Pennsylvania Nonprofit Senior Services
- Northern New England Association of Homes and Services for the Aging
- Association of Ohio Philanthropic Homes and Housing for the Aging
- New York Association of Homes and Services for the Aging
- Virginia Association of Non-Profit Homes for the Aging



Kendal at Longwood, Crosslands, Kendal at Hanover, Kendal at Oberlin, and Kendal at Ithaca are full-service continuing care retirement communities accredited by the Continuing Care Accreditation Commission, an independent accrediting body for aging services continuums.



The Kendal Corporation, Kendal-Crosslands Communities, and Barclay Friends are members of Friends Services for the Aging.



Barclay Friends is accredited by the Joint Commission on Accreditation of Healthcare Organizations, an independent not-for-profit organization dedicated to improving the quality of care in organized health care settings.



Kendal Affiliates consider and admit residents without regard to race, color, sex, sexual orientation, religion, or national origin.



The Kendal Corporation and Kendal Affiliates operate on the principle of equal opportunity for all qualified persons regardless of race, color, sex, sexual orientation, age, religion, national origin, or disability in evaluating any person for employment, training, compensation, promotion, or termination. We operate in accordance with the Americans with Disabilities Act.

We invite you to visit our web site at: **www.kendal.org**. All Kendal affiliates are accessible through this address.

Untie the Elderly also has a web site at: **www.ute.kendal.org**

The KENDAL Corporation
P.O. Box 100
Kennett Square, PA 19348