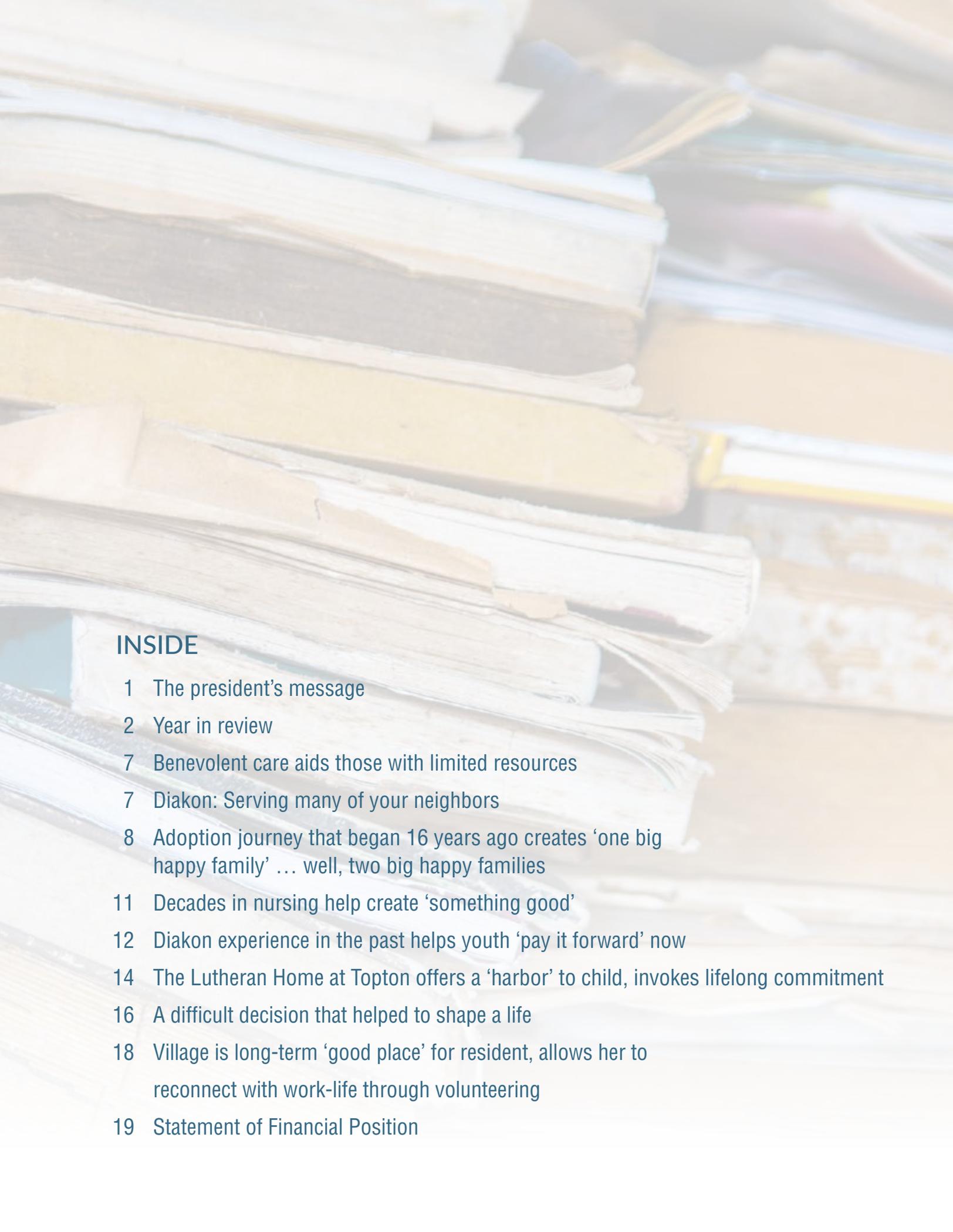


150 YEARS OF ANNUAL REPORTS

DIAKON
IN 2017

*Reflecting 150 Years of Caring
for Our Neighbors*



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Lots of reports ... but even more service

One hundred fifty annual reports.

If you stacked Diakon's reports one on top of another, you'd reach—well, you'd have a pretty tall stack.

But that's the number of annual reports this organization has issued the last century-and-a-half. Actually, we continue the histories of numerous other organizations, so that number truly is in the range of 500.

That's a lot!

(And, yes, this is technically our 149th report, but produced in our 150th year.)

While the sizes and shapes of those reports have varied greatly over the last 150 years, their focus has not—to inform you, our valued partners in ministry, about the progress of our programs and services and the thousands of lives we touch each year.

2017 was no exception.

The Diakon family of organizations served more than 70,000 people last year, principally through senior living services and programs for children, youths, families and communities. A brief report on the highlights of last year's service follows this column.

Yet while this report is just the latest in that tall stack of annual reports, it's also a special one because it serves as part of our anniversary celebration.

In recognition of that milestone—which we are celebrating throughout 2018—this report features stories not of service in 2017 but from years past.

Tales today that reflect service yesterday, accounts that demonstrate the impact of our ministry can last a lifetime.

And that's a fitting tribute to 150 years of caring for our neighbors.



Mark T. Pile, MSHA, MSW
President/CEO



CEO and board chairs: Left to right are Lawrence Delp, Diakon; Maurice H. Bobst, Jr., Diakon Lutheran Fund; Barbara Feege, Diakon Lutheran Social Ministries (senior living services); Mark Pile, Diakon president/CEO; and Emried D. Cole, Jr., Diakon Child, Family & Community Ministries.

Year in review

We called last year's annual report *On the Cusp of Tomorrow* because we were poised to celebrate our 150th anniversary in 2018.

“While any anniversary of such magnitude is truly a time to celebrate,” we wrote then, “it also should be a time of reflection and rededication. A time to position the organization for the future—for the next century-and-a-half of care and compassion for people in need.”

In fact, last year—2017—was an outstanding time, successfully positioning the Diakon family of organizations to celebrate a century-and-a-half of service in 2018, readying us for the next 150 years.

Just a few examples of that success:

- We directly served 77,646 people, the most important statistic of all. The figure represented a 14.9% increase over the number of people served in 2016.
- We had a community benefit—which we call “the good we do beyond the good we set out to do”—of slightly more than \$20 million, described in our 2017 community impact report, *Diakon: 150 Years of Community Benefit 1868 - 2018*, published and distributed earlier this year.
- We provided benevolent care, enabling service for people with limited financial resources, of more than \$18 million, or \$1.5 million a month—a key way we fulfill our mission statement and our 150-year heritage of service.
- We continued to emphasize improvement in overall levels of national “star” ratings for our senior living communities.
- We continued to achieve positive cash flow in the relatively new, separate organization, Diakon Child, Family & Community Ministries, while enhancing efforts to be a leader in establishing quality outcome measures for child and family programs. We strengthened our financial position within the organization by significantly reducing debt while also making \$800,000 in reinvestments. Many of those funds were directed toward the Diakon Wilderness Center near Boiling Springs, Pennsylvania, the adult day services center in Hagerstown, Maryland, and information technology. These steps resulted in a 2017 award from the Central Penn Business Journal for innovative nonprofit management operations.
- Overall, we invested more than \$21 million in capital projects, improvements and property maintenance across the organization, critical to remaining providers of choice in our various markets; these expenditures also benefited local economies.
- Senior living services growth occurred in a number of areas, one of which was the construction of 13 additional cottage-homes at Buffalo Valley Lutheran Village in 2017, with more being built in 2018.
- Breaking down the “silos” that tend to exist in most fields, leadership within Diakon Senior Living Services and Diakon Child, Family & Community Ministries found numerous ways to collaborate.
- We completed extensive refurbishment of the iconic Old Main building on the campus of The

Lutheran Home at Topton, creating the Helen N. Palmer Center for Permanency in the process. The center includes program offices, family-focused areas and training space for Diakon Adoption & Foster Care. The overall project also created space for some Diakon Ministry Support offices, allowing the eventual sale of the Medical Arts Building on the Luther Crest campus in Allentown. The Old Main project was dedicated in early 2018, the first major external event of Diakon's 150th anniversary celebration.



2018 BOARDS OF DIRECTORS

Diakon Child, Family & Community Ministries

From left to right are Katrina Klettke-Straker, Jonathan Andrews, Esq., Emried D. Cole, Jr., Maurice H. Bobst, Jr., and Rebecca Young, Esq. Not present for photograph: Ronald P. Dreese, Kenneth G. Mertz II, and Laurie Saltzgeber, Esq.

- We successfully maintained our Fitch Ratings credit rating of BBB+, outlook stable, an accomplishment as well in 2018.
- The Diakon Lutheran Fund organization provided slightly more than \$1 million in program subsidies to Diakon Child, Family & Community Ministries to support services for children, youths, families and adult individuals. The fund also distributed more than \$61,000 in educational scholarships to assist youths previously served by such Diakon programs as youth services, family counseling and adoption and foster care.
- We continued to develop the Diakon Medical Group to serve numerous Diakon senior living communities, with a goal of producing better overall quality outcomes; a corporate medical director and additional staff were hired in 2017.
- Our joint-venture IT organization, Prelude Services, has been generating growth in revenue, a benefit for Diakon.
- A growing service volume and increasing complexity of cases resulted in expansion of supportive programming within Pennsylvania's Statewide Adoption & Permanency Network—or SWAN—which Diakon, along with partner Family Design Resources, manages for the Commonwealth. Increased support to Pennsylvania counties arose through the addition of paralegals, increased training programs, enhancement of services focused on helping older youths achieve permanence and improved data and outcome measures.
- Significant growth occurred in various areas of Diakon Adoption & Foster Care. For example, the Lehigh Valley/Northeastern Pennsylvania office in Topton:
 - o Provided more than 39,000 foster-care days, compared to approximately 32,000 care days in 2016
 - o Logged an average care-day count of more than 106 compared with 87.5 the prior year
 - o Served 180 children in foster care compared with 164 in 2016

In all, the program's four offices—in Topton, York, Mechanicsburg and—expanding in 2017—Holland, Pennsylvania, served 3,368 children, youths and family members. The program also continued to emphasize the placement of older youths through the Older Child Matching Initiative and Wendy's Wonderful Kids, which focus on child-specific recruitment for older youths.

The program also grew its foster care initiative for children with medically fragile conditions and added additional recruitment staff, as well as public information sessions, to meet the growing need to serve waiting children.



2018 BOARDS OF DIRECTORS Diakon Lutheran Social Ministries

Left to right are Bishop Samuel Zeiser, Nels Hendrickson, Ph.D., Bishop Emeritus A. Donald Main, Barbara Feege, Michael Lehman, Barry W. Parks, D.Ed., Douglas Hough, The Rev. Chad Hebrink, and Jennifer Schlegel, Ph.D. Not present for photograph: Jennifer Goldstein, M.D., and Susan T. Schellenberg.

- Diakon Community Services received two significant grants in 2017. One, from the Highmark Foundation, funded a longer-term initiative to provide six-session chronic-condition and diabetes management educational programs at various Diakon senior living communities. The goal is to reduce re-hospitalizations and emergency-room visits. The second grant, from the Corporation for National and Community Service, underwrote implementation of RSVP programs in Berks, Pike and Wayne counties. Focus of the effort is on healthy aging.
- Meals on Wheels and senior community centers—two of numerous services in Schuylkill County, Pennsylvania, managed by Diakon Community Services—provided 9,500 noontime meals in congregational and home settings. In total, Diakon Community Services—inclusive of Diakon's adult day services centers in Hagerstown, Maryland, and Pottstown, Pennsylvania—served 13,231 people, a nearly 30% increase over the prior year's number. Included in that number were people served by the Diakon-overseen APPRISE program in Pike County, Pennsylvania, added several years ago. Since then, Diakon has assumed oversight of APPRISE services in Wyoming, Luzerne, Montour and Columbia counties as well.
- Nearly 120,000 hours of volunteer service were contributed by approximately 2,300 volunteers in 2017, either to benefit Diakon programs or by Diakon residents volunteering to serve their neighbors and communities. In addition, Diakon Youth Services students provide volunteer service to numerous community organizations and projects; in 2017, this volunteer effort logged more than 4,000 hours of service.

- Twining Village opened its new memory-care neighborhood within the Holland, Pennsylvania, village's personal care community.
- We continued efforts in senior living services to address the continuing changes of the field, including shorter lengths of stay in nursing care, evolving health-care networks, significant needs for capital and staffing recruitment and retention, particularly within the nursing field. These emphases continue to guide our work in 2018.
- We served 819 at-risk youths through Diakon Youth Services' array of wilderness- and community-based programs, accumulating numerous positive statistics in the process:



2018 BOARDS OF DIRECTORS Diakon

Left to right are Lawrence Delp, Emried D. Cole, Jr., and Bishop Emeritus A. Donald Main. Not present for photograph: Kenneth G. Mertz II, CFA, and Susan T. Schellenberg.

- o 90% of youths in the Turning Point program, located on the border of Lancaster and York counties, successfully acquired career preparation and work-based experience
- o 94% of Turning Point participants who successfully returned to their home school district returned at or above grade level or obtained their GED
- o 81% of youths participating in the Weekend Alternative Program received no new charges or violations while in the program
- o 85% of youths and their families in the Center Point Day Treatment Program successfully achieved at least one family goal
- o 93% of Center Point youths successfully completed the program in 2017, either obtaining a high-school diploma or GED or finishing the 2016-17 school year at or above grade level
- o 95% of participants in the voluntary FLIGHT program, which offers mentoring and similar supportive services to older youths, continued their education and/or gained employment; moreover, 89% of FLIGHT members made contributions to their court fines and costs while in the program

In addition, we opened a new service the beginning of 2017, Diakon PREP in the City of York, Pennsylvania. The program provides a supervised setting from 2 to 9:30 p.m. Monday through Friday for referred youths, emphasizing motivation to change and strengthen commitment to reach goals. Program staff members use a treatment approach to recognize and respond to the effects of trauma. The program served 56 youths in 2017, with 93% of those discharged avoiding new legal charges.

- Diakon remains the Lutheran Disaster Response partner in three synods: Upper and Lower Susquehanna and Delaware-Maryland.
- The Diakon-sponsored Girls on the Run – Lehigh Valley program continued to grow, serving 900 girls at 55 host sites in Lehigh and Northampton counties in 2017, expansion of 29.3% and 25%, respectively. The Diakon-sponsored local council of the international organization recruited, trained and managed more than 250 volunteer coaches, who contributed 8,000 hours of service. In addition, GOTR participants completed 55 community service projects.
- Beyond direct service, Diakon’s senior living communities continued to provide numerous free educational events for the public, ranging from how to manage illnesses to making the transition to senior living accommodations. In addition, several Diakon senior living communities continued to serve as training sites for health-care professionals, helping to address the field’s continuing need for staff.
- Through the federal Housing & Urban Development program, we invested nearly \$2 million in renovations at our rental-assistance apartment complex in western Maryland, Frostburg Heights.
- We received nearly \$700,000 in grants in 2017. They supported such efforts as adoptive and foster family support groups, paid work opportunities for at-risk youths to gain life and social skills, instructional and vocational-training materials for the Diakon Wilderness Center, scholarships for girls from lower-income families to participate in Girls on the Run – Lehigh Valley and provision of Flight mentoring services to older at-risk youths.

Mark Pile, Diakon president/CEO, with Charlotte Haberaecker, president/CEO of Lutheran Services in America, who assisted the Diakon boards of directors in their annual strategic planning review in early 2018. LSA is one of the largest health-care and human services networks in the country, representing 300 Lutheran nonprofit organizations—including Diakon—that serve six million people annually, touching the lives of one in every 50 people in the U.S. each year.



2018 BOARDS OF DIRECTORS Diakon Lutheran Fund

Left to right are Maurice H. Bobst, Jr., Jeff Boland, CPA, Ted J. Herold, CPA, and Richard Barger, CPA. Not present for photograph: Barbara Brobst, Robert Herr, Christopher Markley, John Rhodes, Katie Smarilli, and Todd Spahr.

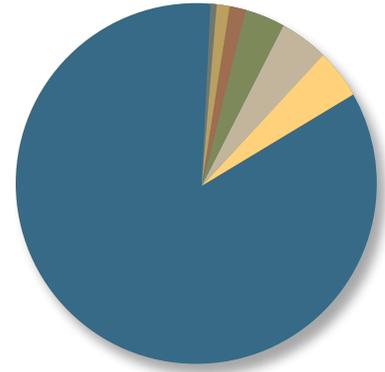


Benevolent care

A shared commitment to serve those with limited resources

Diakon maintains a nearly 150-year tradition of care for people of all ages, especially those with limited financial resources. In 2017, Diakon provided more than \$1.5 million a month in uncompensated care. Those funds underwrote services in the following ways:

Community-Based Senior Services	\$ 3,443
Diakon Youth Scholarships	\$ 61,095
Disaster Response	\$ 87,823
Diakon Youth Services	\$ 244,359
Foster Care, Adoption & Related Services	\$ 248,356
Diakon Family Life Services	\$ 373,469
Diakon Senior Living Services*	\$17,428,115
Total	\$18,446,660



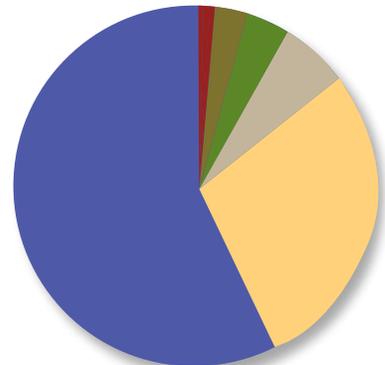
*Consists of actual costs to operate in excess of Medical Assistance reimbursement for skilled nursing care, and benevolent care provided to those primarily in personal care (assisted living in Maryland) who have exhausted their financial resources but for whom Diakon continues to care

Diakon: Serving many of your neighbors

Our mission at Diakon Lutheran Social Ministries and Diakon Child, Family & Community Ministries is to help our neighbors, whoever and wherever they may be. To treat them as God calls us to do, regarding our neighbors as ourselves.

Our Many Hands, guided by the compassion of One Heart, directly served 77,646 children, youths, families and adults of all ages in 2017.

Girls on the Run® - Lehigh Valley	900
Diakon Youth Services	2,319
Diakon Family Life Services	4,249
Community-Based Senior Services	13,231
Diakon Senior Living and Housing Services*	10,520
Foster Care, Adoption & Related Services**	46,427
Total	77,646



* In most cases, the number served includes one family member per personal-care or nursing-care resident.

** Number includes those served by Pennsylvania's Statewide Adoption & Permanency Network (SWAN), which Diakon administers.

Adoption journey that began 16 years ago creates 'one big happy family' ...

well, two big happy families



Barry and Cyndi Leatherman and their five adopted children at the White House.



“Our family tree doesn’t look like other family trees,” jokes Robyn Endress.

That’s because, in describing that tree, she has to add more than the usual number of branches: Two for her adopted daughters, plus branches for their birth parents and their foster families, and for her daughters’ brother/half-brother, his adopted parents and his siblings and, oh, herself.

She considers all of them part of her family because ever since she adopted her first daughter, Belle, in 2002, she has maintained a cordial relationship with the other adults in Belle’s life and in the lives of Belle’s siblings, Ana and Matthew.

After all, family connections mean a lot, Endress says.

“At one point, Belle’s birth mother wanted her back,” she explains. “Her caseworker wanted her mother to have a relationship with me to see the bond between Belle and me. And I felt that it would be good for me to hear some of the history of Belle’s birth family. We set a schedule of regular visits and at the end, Belle’s birth mother gave me a ring with two hearts and asked me to give it to her. I realized that she had to give

up so much in order for me to have the family I wanted.”

When Belle’s birth mother had another daughter for whom she could not care, Endress opened her heart and home again.

Ana became part of her family at the age of six months, in the fall of 2003. Then, Matthew entered the picture in mid-2004; he was Ana’s full brother and Belle’s half-brother. A single mother, Endress believed the boy should be raised in a family with a father. Barry and Cyndi Leatherman became that family.

Barry Leatherman describes how Matthew’s arrival added to their growing family.

“We have one biological son and I wasn’t sure about more children,” he says. “Cyndi wanted more and I eventually got on board with the idea ... [and] we decided to consider adoption, which Cyndi always had an interest in doing.”

The Leathermans’ second child arrived through traditional adoption, with Matthew joining the family next through Diakon’s foster-to-adopt program. Three more adoptions followed.

“We just kept going,” Leatherman says.

Endress shares credit with Diakon Adoption

& Foster Care for helping to create the big happy Endress-Leatherman family. She had worked with a different agency when she began her adoption journey with Belle, but came to know Diakon through church friends who were fostering. Diakon then facilitated Ana’s adoption and when Ana and Matthew were still young, Endress and Cyndi Leatherman connected through a meeting arranged by Diakon.

“I like the way Diakon fosters relationships,” Endress says. “Cyndi and I immediately created a bond.”

In fact, Endress says, the families have been part of one another’s lives since that first meeting. The two families have spent summer vacations together, waged friendly competitions such as a reading contest and attended important events in each other’s lives. They live about an hour apart in eastern Pennsylvania.



The Endress and Leatherman families attend the late-2016 groundbreaking for refurbishment of Old Main on The Lutheran Home at Topton campus. The project included creation of the Helen N. Palmer Center for Permanency for Diakon Adoption & Foster Care. In rear are Matthew and Cindy Leatherman and Belle and Robyn Endress. In front are Gianna and Elizabeth Leatherman and Ana Endress.



“In some ways, we couldn’t be more different,” Endress says. “I’m a single working mother. They are a more traditional family unit. They always make me feel welcomed and respected. I am always respectful of them and their values. We all wanted to create opportunities for the kids to be together. It’s so wonderful for the girls to know their brother.”

Barry Leatherman echoes her sentiments.

“We are hard-working people who put all of our energy into doing what we feel is important in our lives,” he says. “Just being together and learning about each other is fun. We don’t need a big event to bring us together. Getting together is the event.”

As the youths aged and became involved in more activities, finding time for get-togethers

became challenging for both families. But all say they believe they are connected for life—even after the kids are grown and out of the house.

“The relationship is there with us and Robyn,” Barry Leatherman says. “We want the same things for our children—to be kind, compassionate, gentle and diligent.”

Endress believes the families’ relationship with each other helps the children beyond having time together as siblings.

“That they are adopted and that they see ‘other families like ours’ is important,” she says. “Cyndi, Barry and I share the same goals and values for our families. This experience has been and continues to be really rewarding.”



Decades in nursing help create ‘something good’

When Cathy Ward was 21, she began working at Buffalo Valley Lutheran Village as a nursing assistant. That was 40 years ago.

Along the way, she earned her nursing degree and continues to provide care for residents and support for their families.

“I’ve worked on all the shifts at one time or another and in different areas such as nursing care and personal care,” Ward says. “I’ve always had an interest in nursing. I don’t know what else I would do.”

But Ward isn’t the only one in her family with a passion for nursing. Two sisters, Kellie Reilly and Kimberly Grove, are long-time nursing assistants at Buffalo Valley Lutheran Village, Lewisburg, Pennsylvania, as is her daughter, Tara Miller.

In addition, her mother was a nursing assistant for 30 years and one of her grandsons serves in that role as well, though at different senior living communities.

Ward credits a Diakon program for helping her to obtain her LPN degree, which she did proudly at the age of 45.

“People don’t really know how much work goes into the degree,” she says. “We jammed a lot into one year. But until you actually do some of these things, you don’t understand. You really learn from experience. I was a nursing assistant for 24 years before getting my degree and that helped me a lot.”

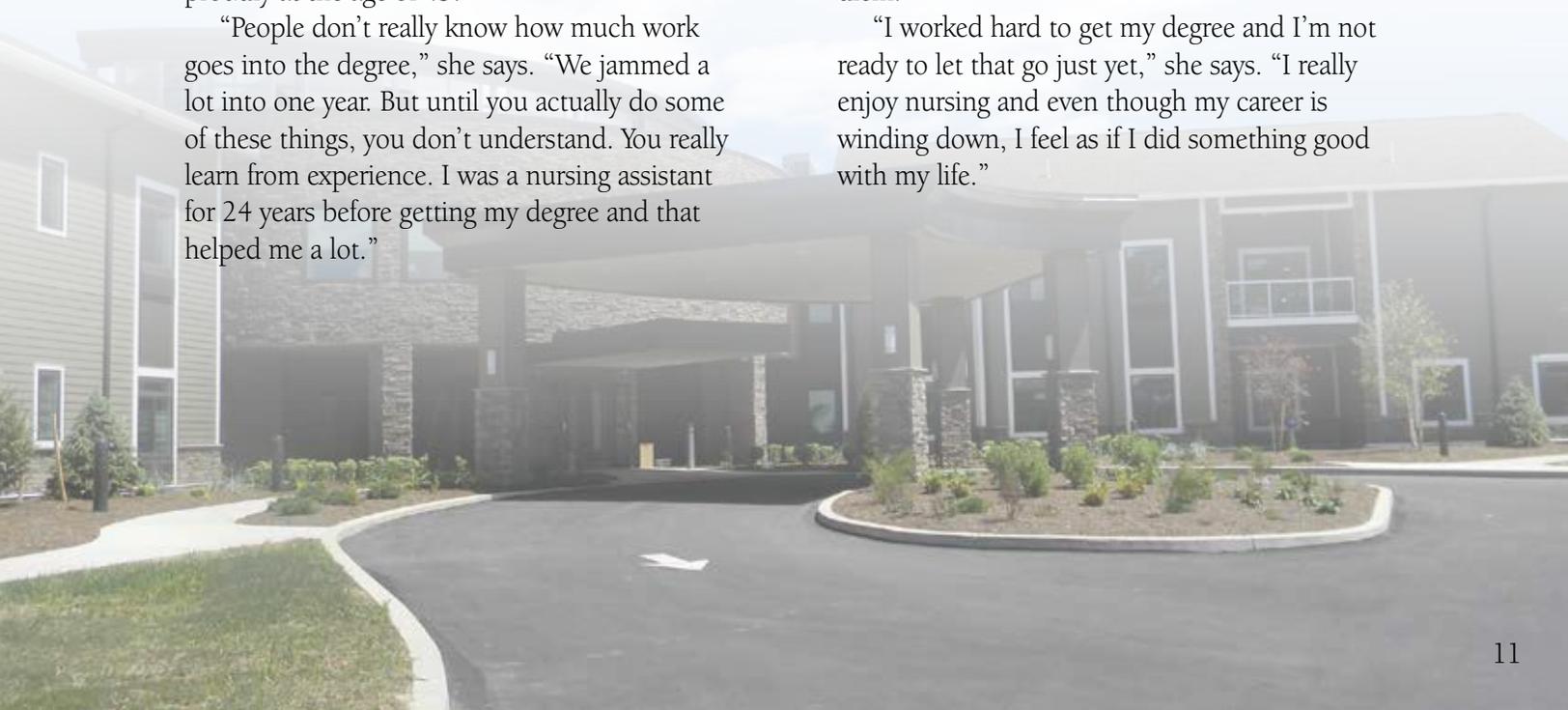
So much has changed in the nursing field and the long-term care industry over her years in the field, Ward says. Procedures are more streamlined and staffing arrangements are different, but the goal of providing care with dignity and respect remains the same.

“I can remember all the people I have taken care of, even from the 1970s and 80s, like they were sitting right here with me,” she says. “I seem to have a knack for getting along with people, even those who might be considered difficult. I can’t say there has been one favorite—they’ve all been favorites.”

“And I feel the same way about staff,” she adds. “I’ve worked with some really great people.”

With retirement on the horizon, Ward has plans to travel and complete projects around her home. She also plans to continue to work per diem.

“I worked hard to get my degree and I’m not ready to let that go just yet,” she says. “I really enjoy nursing and even though my career is winding down, I feel as if I did something good with my life.”







Diakon experience in the past helps youth 'pay it forward' now

Duncan Mullin lives by that ancient Epictetus quotation: It's not what happens to you, but how you react to it that matters.

Mullin believes his life will be shaped more by his response to a youthful mistake than by the act itself.

"I played football all four years of high school," Mullin says today, "and I applied and was accepted to three colleges where I could continue my education. In the spring of my senior year of high school, with football over, I didn't have the same structure in my life that I'd always had. I started going to parties with the wrong crowd and got into trouble."

Mullin, now 23, was fortunate to be a resident of Bucks County, where Diakon's Youthful Offenders Program provides a unique opportunity for young adults, ages 18 through 25, who are first-time offenders.

Participants must be assessed by their home jurisdiction as potentially able to benefit from a second chance and the added advantage of avoiding a felony charge on their record.

As a result, Mullin spent 30 days on a personal journey to change the direction of his life—"a character-building journey," he calls it.

With other offenders and counselors, he lived in the wilderness, completed challenging hikes and learned to survive in the outdoors. At the same time, he gained a new approach to life designed to help him be productive and law-abiding.

"I came out a changed person," he says. "I know I messed up and I am dealing with that. I am moving past that."

Believing that he could now move forward, Mullin mapped out a plan. In fact, he received additional assistance from Diakon's Youth Scholarship Fund, which assisted with certain college



Duncan Mullin with his parents at the Diakon Youth Scholarship recipient luncheon.

costs. He also received help from several of his high school teachers who wrote letters on his behalf. Those acts of support from former teachers made a lasting impression.

"They didn't have to do that for me, but they did," he says. "And I want to pay that forward."

His teachers' kindness led Mullin to his career choice—to become a teacher. He had always liked math, he explains, and decided to major in secondary education in college. He graduated this spring and has been interviewing for teaching positions while he works in a local warehouse.

"If I can change a few students' lives, that's what I want to do," he says. "During student teaching, there was one girl who kept trying and I just kept working with her and she really made progress. That feeling you are helping someone succeed—I can't describe it."

Mullin also appreciates the support he received from his parents throughout the challenging period he faced, as well as the journey that followed.

"I've learned important lessons from what happened" when he was 18. He's smarter now and very thankful, he adds. "I won't let what happened limit me."

The Lutheran Home at Topton offers a ‘harbor’ to child, invokes lifelong commitment

Life at The Lutheran Home at Topton wasn’t always easy, but for Laurennette Brewer it was a safe harbor in a sometimes-terrifying storm.

An only child, Laurennette was born in 1937 and spent the first eight years of her life with her mother and stepfather.

Life was anything but good.

The family moved a lot and even spent time on the streets of Philadelphia. Brewer missed a lot of school and often went without food so that her stepfather had money to drink.

“I was beaten for waking up, and I was beaten for coming home,” she says.

Occasionally, her maternal grandmother would take her in when things got too bad, so she wasn’t surprised when she woke up one morning and was taken to her grandmother’s house. But when she saw a stranger standing in the living room, she realized it was no ordinary visit.

Soon, the stranger transported her to The Lutheran Home at Topton.

Later, the girl would learn that her grandmother had contacted her biological father (whom Brewer had never met) and told him, “If you don’t do something, he’ll kill her,” referring to Laurennette’s stepfather.

Although he was not willing to enter his daughter’s life, her father went to the Rev. J.O. Henry, superintendent of the children’s home at the time—whom he knew of through a friend—and arranged for an emergency admission.

“For me, it was a haven,” Brewer says today. Suddenly, she had food and clothing, plus shelter



and a bed to sleep in every night. It was enough for her.

Laurennette Brewer loved the stability and structure the home provided her and the 150 to 175 other children in residence. “We worked hard, but I knew what I was going to do from morning to night.”

She recalls getting up at 6:30 a.m. to get dressed and washed, going to morning worship at 7 and then breakfast at 7:15. After breakfast, she and other children would do a few light chores before starting school. After school, they did heavier tasks such as scrubbing the floors. Then after dinner, they had study hall and enjoyed 30 minutes of free time before going to bed.

On Saturdays, however, the children would clean everything—walls, ceilings, mattresses and so on—even though the surroundings were immaculate from the daily cleaning. Brewer says she became a perfectionist because she didn’t want to get in trouble for doing something wrong.



Sundays were filled with worship, Bible study and Sunday school, though the children also enjoyed several hours of free time.

While not all children thrived in the somewhat-regimented routine, she did. “The home gave me a faith that mostly sustains me,” she says today.

The Lutheran Home at Topton also gave her an education and a love for learning.

When she arrived at Topton, the 8-year-old couldn’t read or write because she had missed so much school. A teacher stayed after classes to help her learn to read and write.

In fact, Brewer still remembers standing in front of a blackboard staring at a word she didn’t recognize. Her teacher told her to take it in syllables. The word was “interesting.”

“Suddenly it clicked,” she says, “and I was off and running and haven’t stopped since.”

She also gained an appreciation for the land. “I was the only kid that read the farm reports every year,” she chuckles today.

In fact, shortly after her arrival, the Rev. Dr. Webster K. Reinert, who loved farming, became superintendent.

“He had a plan to make the working farm work, and he worked on the farm all day. Food became more plentiful, but it also meant the children had more work.”

Boys did the heavy farm work, while the girls prepared food. During the height of the growing season, Brewer and the other girls would husk corn and shell beans every day, sometimes 150 bushels or more.

Brewer was happy. “I ate it all up: faith, education, a love for learning and a love of the land. That’s what it did for me.”

In the 1950s, however, the child-welfare system began to change and because Brewer’s biological father had married, he was required to make a home for his daughter. She left Topton in 1953 at the age of 14.

“I had to leave,” she says. “That was the last thing on earth I wanted.”

Three years later, she graduated from high school

and then put herself through nursing school to become an RN.

Today, she and her husband, Wayne, live in Tuckerton, New Jersey. They met in 1962 when she was working in a doctor’s office. Because he missed injections in specifically timed polio vaccinations, he had to return to the office multiple times. Finally, he got up the nerve to ask Laurenette out. Six weeks later, they were married.

The couple raised two children and managed Wayne’s family’s printing business together for nearly 50 years, retiring in 2013.

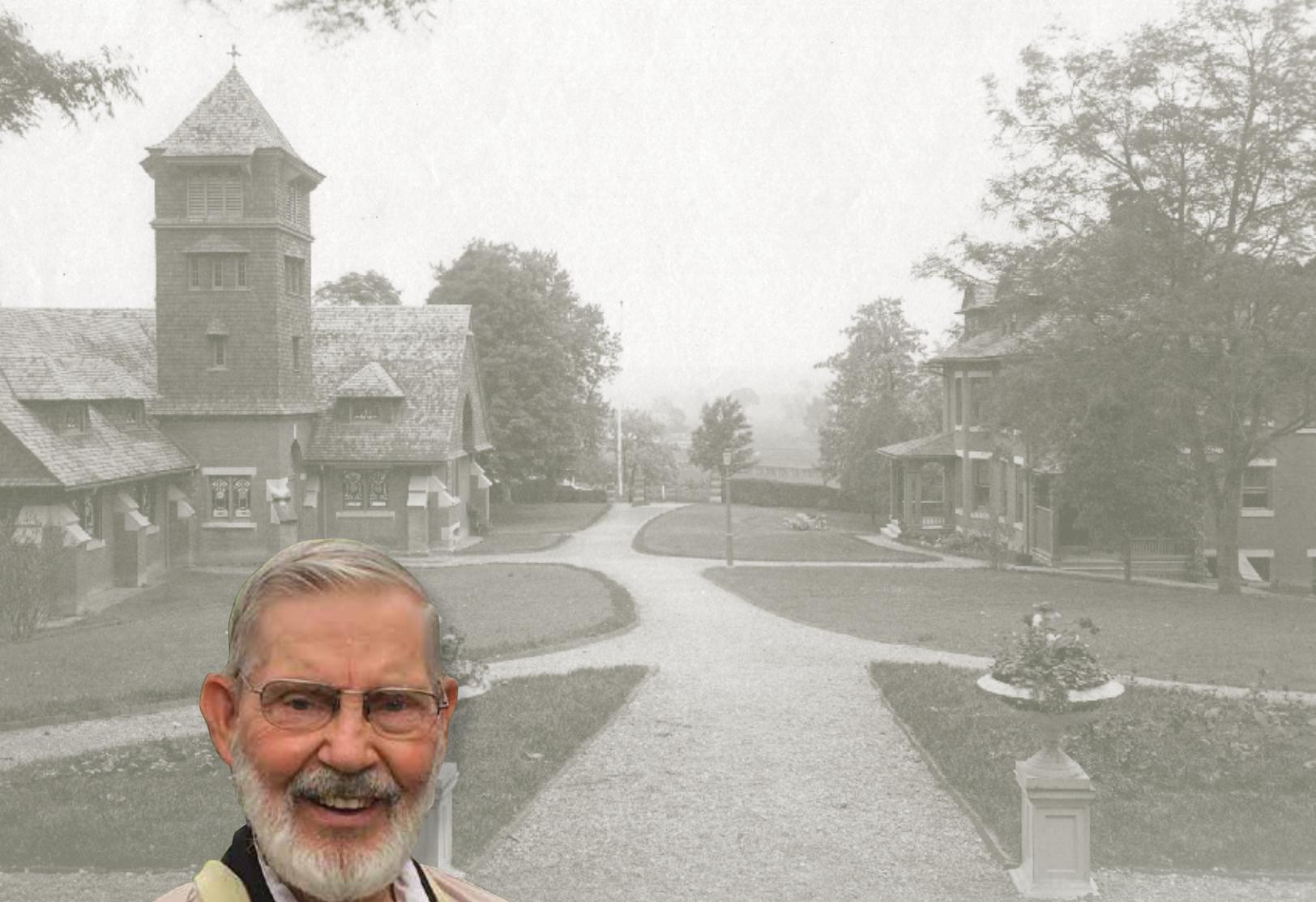
Laurenette Brewer has remained a supporter of The Lutheran Home at Topton over the years. She has collected memorabilia from the home and in the early 1990s revived the alumni association and became president. She missed only two of the home’s anniversary days, always serving in the alumni booth raising money for the home.

While children and youths still lived on campus at Topton, she worked to help them. One time she sewed a dress for a girl who had no family to wear during a piano recital. She and her husband would take in a child who had nowhere else to go during the two-week “vacation” the children and youths received following Anniversary Day.

More recently, as programs transitioned to adoption, foster care and group homes, she volunteered to do clerical duties, sponsored children’s events and paid for children to attend dance lessons or camp or other things they would not otherwise have been able to do.

She also has volunteered at the senior living community that is now a major part of the Topton campus, taking on tasks from filling water pitchers to driving residents to appointments. She interviewed residents and wrote profiles of their lives to share with family members. Further, she served on the eastern Pennsylvania Dining for Diakon committee for many years.

“I’ve devoted a portion of my life to the home,” she says today. “Everyone needs something outside themselves and the home is near and dear to my heart.”



**A difficult decision
that helped to
shape a life**



1950

When Linwood Hoover was 7 years old, his mother was forced to make a decision about his future.

The year was 1950. A young widow, his mother needed to find a job and could not afford a babysitter for her four small boys. The pastor of her congregation told her about the Tressler Orphans Home in Loysville, Pennsylvania, one of the two children's homes in which Diakon's 150-year history began.

Linwood and two of his brothers went to live at the home; his third brother would arrive later.

"She did the hardest thing, but it was also the best thing," says Hoover, now 75, and a Cumberland County resident.

"She had three brothers and four sisters who said they would take care of us, but we would have been split up. My mother said she wanted us to grow up together, knowing each other as brothers."

Hit by a bout of rheumatic fever right after arriving at Tressler, Hoover spent time in the hospital and then returned to the home, entering second grade at the elementary school in Loysville.

His life then settled into a routine that was, in many ways, like that of any young boy in a family of that era. There were classes during the school year, plus school sports and other activities; chapel services and Sunday school; and leisure time for ball games and swimming. Birthdays and holidays were celebrated as special occasions.

Tressler was like a little city during the time he lived there, Hoover explains, with a print shop, a bakery, laundry, gardens, swimming pool and much more—all on campus. The children and youths had age-appropriate chores such as helping in the dining room and kitchen, working in the garden and cleaning their living areas. Their days were kept on schedule with the help of a bell.

"When I had the responsibility of bell-ringer, I took the job seriously," he recalls, smiling.

Hoover lived in a cottage with other boys his age, and always with at least one of his brothers. At meals, siblings from the same family were

seated together, so he and his brothers were able to share meals. House-parents lived with the children and many of them had children of their own.

"We grew up with their kids, along with the other kids at the home with us," Hoover says. "There were lots of chances to make friends."

And he and his brothers had frequent chances to be with their mother. Hoover says she learned to drive especially to visit them. They spent the month of August at home with family.

In May of 1962, Hoover graduated from high school and left what was by then called the Tressler Lutheran Home for Children. In fact, his was the last group to graduate before the home closed, the result of societal changes that favored community-based programs over orphanages.

Hoover enlisted in the Army and served in Vietnam until his discharge in 1965.

He had met DonnaLee, the young woman who would become his wife, at a Carlisle roller skating rink on New Year's Eve when they were 16. They married in 1964 and have one son and a grandson.

Hoover worked at the former AMP Corp. for 33 years as an electroplater. Following retirement, he worked for several years as a groundskeeper at Allenberry Resort.

He remains connected to Tressler through annual reunions that he has helped to organize for many years. "Anyone who graduated from Tressler in any year, anyone who lived at Tressler, is welcome to attend, even staff," he says. "Our numbers are getting smaller, but we still meet every year."

Today, Hoover acknowledges that being at Tressler was difficult for some kids, his younger brother among them. But he understands the position his mother was in.

"It was hard at first, but I was able to accept my situation and adjust," Hoover says. "It was harder for my mother—four times as hard. But I have good memories of my time at Tressler. Being there helped to shape my life."



1999

Village is long-term ‘good place’ for resident, allows her to reconnect with work-life through volunteering

Betty Hopper has called Twining Village home for 19 years—nearly one-fifth of her life.

But that’s of no concern because she believes the village has been a great place to live, develop new friendships and stay engaged in the volunteer activities she enjoys.

Betty, now 92, and her husband, Orion, moved to Twining Village in Holland, Bucks County, Pennsylvania, in 1999, after visiting various senior living communities in the Northeast.

He had been a pastor. Beyond assisting with various church responsibilities, she had worked for 30 years at a local library after their son and daughter were in school.

The Hoppers lived in New Jersey for many years, where they cared for Orion’s mother. However, when Orion learned he had Parkinson’s disease, Betty knew they needed to move.

“I realized that he would get worse and that we should look for some place where I could have help to care for him,” she explains. “We had a friend who lived at Twining Village and we scheduled a visit.”

Actually, three visits.

“As we came each time, we saw that the people here were very nice,” says Betty today. “We liked the gardens and the attractive layout. The price was good for us. It seemed like a good fit.”

While the Hoppers moved into independent living accommodations, Orion eventually needed nursing care, available at the village.

And Betty was grateful he was close by. “I could spend time with him,” she says, “and be involved with his care.”

Orion passed away in 2004 but Betty remains in independent living.

She also remains busy with volunteer efforts at Twining Village.

One of her favorite activities is overseeing the village’s library, a setting in which she feels right at home.

“I’ve been quite happy here,” she says. “Twining Village has been a good place for me!”



STATEMENT OF FINANCIAL POSITION

Consolidated Balance Sheets

December 31	2017	2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,520,783	\$ 4,043,657
Assets limited as to use	9,608,001	9,472,075
Accounts receivable (net of allowance for doubtful accounts of \$3,041,000 and \$3,098,000 in 2017 and 2016, respectively):		
Patients and residents	13,199,921	13,960,937
Statewide Adoption & Permanency Network	4,419,590	4,343,065
Other client services	2,565,094	2,938,956
Estimated third-party payor settlements	2,085,005	2,023,628
Prepaid expenses and other assets	2,452,991	3,831,416
Total current assets	38,851,385	40,613,734
Investments	133,066,932	58,005,785
Assets limited as to use, net of current portion:		
Statutory minimum liquid reserves	7,122,163	7,205,935
Other	27,789,706	86,178,931
Investment in joint venture	958,537	596,409
Land, buildings and equipment, net	230,192,579	228,535,656
Other assets:		
Receivables from charitable gift annuities	1,233,426	1,233,426
Funds held in trust by others and beneficial interest in trust	37,685,817	34,556,795
Other assets	4,773,238	5,191,850
Total assets	\$ 481,673,783	\$ 462,118,521

Consolidated Balance Sheets *continued*

December 31	2017	2016
Liabilities and Net Assets		
Current liabilities:		
Line of credit	\$ 1,529,382	\$ 987,238
Accounts payable and accrued expenses	19,392,465	20,654,712
Deposits – patients and residents	661,963	625,281
Estimated third-party payor settlements	1,016,430	993,609
Current maturities of long-term debt	6,668,715	6,632,277
Total current liabilities	<u>29,268,955</u>	<u>29,893,117</u>
Pension liability	34,582,892	33,650,712
Deferred revenue – entrance agreements	64,785,819	62,515,189
Refundable entrance fee liability	33,223,116	33,938,813
Other long-term liabilities	1,380,915	2,383,733
Long-term debt, less current maturities and debt-issuance costs	240,315,098	247,291,528
Total liabilities	<u>403,556,795</u>	<u>409,673,092</u>
Net assets:		
Unrestricted	15,175,566	(10,569,367)
Temporarily restricted	14,155,465	12,632,857
Permanently restricted	48,785,957	50,381,939
Total net assets	<u>78,116,988</u>	<u>52,445,429</u>
Total liabilities and net assets	<u>\$ 481,673,783</u>	<u>\$ 462,118,521</u>

Consolidated Statements of Operations and Changes in Net Assets

For the years ended December 31	2017	2016
Operating revenues, gains and other support:		
Patient and resident service revenue, net		
of contractual allowances	\$142,818,176	\$141,393,245
Patient and resident service revenue –		
nursing home assessment	3,868,169	3,866,533
Amortization of entrance fees	9,935,291	11,104,452
Contract revenue	12,202,254	10,824,383
Other fees and services	11,207,774	12,174,687
Statewide Adoption & Permanency Network revenue	62,008,007	57,918,104
Investment income, net of expenses	7,315,778	5,240,982
Income from trusts	1,617,440	1,501,690
Contributions and bequests	824,986	2,941,467
Net assets released from restrictions – operations	1,638,403	1,451,531
Gain on disposal of assets	3,502,725	20,476
Total operating revenues, gains and other support	<u>256,939,003</u>	<u>248,437,550</u>
Expenses:		
Salaries and wages	67,728,628	66,829,858
Employee benefits	13,533,697	14,369,071
Other expenses	75,535,431	73,569,367
Other expenses – Statewide Adoption & Permanency Network	60,338,942	57,013,588
Nursing home assessment	2,060,071	2,029,793
Interest	9,815,765	10,540,290
Depreciation and amortization	<u>17,778,621</u>	<u>17,637,904</u>
Total expenses	<u>246,791,155</u>	<u>241,989,871</u>
Operating income	10,147,848	6,447,679

Consolidated Statements of Operations and Changes in Net Assets *continued*

For the years ended December 31	2017	2016
Decrease in fair value of swap agreement	—	(969,810)
Equity in gains of joint venture	362,128	415,502
Loss from early extinguishment of debt	—	(420,807)
Excess of operating revenues, gains and other support over expenses	<u>10,509,976</u>	<u>5,472,564</u>
Other changes:		
Pension-related changes other than net periodic pension costs	(971,950)	(52,497)
Unrealized gains on investments	8,910,261	1,087,336
Net assets released from restrictions – capital	9,072	104,277
Equity transfer	7,287,574	—
Total other changes	<u>15,234,957</u>	<u>1,139,116</u>
Increase in unrestricted net assets	<u>25,744,933</u>	<u>6,611,680</u>
Temporarily restricted net assets:		
Contributions and bequests	624,674	1,193,911
Investment gains, net of expenses	2,165,874	1,517,035
Unrealized gains on investments	2,704,800	83,071
Net assets released from restrictions – operations	(1,638,403)	(1,451,531)
Net assets released from restrictions – capital	(9,072)	(104,277)
Change in beneficial interest in trust	186,209	—
Equity transfer	(2,511,474)	—
Increase in temporarily restricted net assets	<u>1,522,608</u>	<u>1,238,209</u>
Permanently restricted net assets:		
Contributions and bequests	237,305	488,353
Increase in fair value of funds held in trust by others	2,942,813	354,086
Equity transfer	(4,776,100)	—
(Decrease) increase in permanently restricted net assets	<u>(1,595,982)</u>	<u>842,439</u>
Increase in net assets	<u>25,671,559</u>	<u>8,692,328</u>
Net assets, beginning of year	<u>52,445,429</u>	<u>43,753,101</u>
Net assets, end of year	<u>\$ 78,116,988</u>	<u>\$52,445,429</u>

Consolidated Statements of Cash Flows

For the years ended December 31	2017	2016
Cash flows from operating activities:		
Increase in net assets	\$ 25,671,559	\$ 8,692,328
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Net realized gains on investments	(2,726,884)	(1,121,597)
Net unrealized gains on investments	(11,615,061)	(1,170,407)
Depreciation and amortization	17,778,621	17,637,904
Amortization of debt issuance costs	169,914	175,341
Increase (decrease) in pension liability	932,180	(76,780)
Amortization of entrance fees	(9,935,291)	(11,104,452)
Proceeds from entrance fees	14,017,103	15,936,674
Change in funds held in trust by others and beneficial interest in trust	(3,129,022)	(354,086)
Decrease in fair value of swap agreement	—	969,810
Equity in gains of joint venture	(362,128)	(415,502)
Loss on early extinguishment of debt	—	420,807
Gain on disposal of assets	(3,502,725)	(20,476)
Provision for bad debts	2,426,987	2,043,177
Restricted contributions and investment income	(1,389,450)	(1,747,768)
Change in assets and liabilities:		
Accounts receivable	(1,407,190)	17,878,157
Prepaid expenses and other current assets	1,378,425	(1,918,365)
Other assets	418,612	—
Accounts payable, accrued expenses and other liabilities	(3,074,716)	(15,363,421)
Deposits – patients and residents	36,682	(23,825)
Net cash provided by operating activities	<u>25,687,616</u>	<u>30,437,519</u>

Consolidated Statements of Cash Flows *continued*

For the years ended December 31

	2017	2016
Cash flows from investing activities:		
Purchase of investments and assets limited as to use	\$(26,726,029)	\$(30,160,547)
Proceeds from sales of investments and assets limited as to use	24,343,898	18,229,024
Purchase of property and equipment	(21,323,167)	(13,277,776)
Proceeds from sale of property and equipment	6,200,000	—
Net cash used in investing activities	<u>(17,505,298)</u>	<u>(25,209,299)</u>
Cash flows from financing activities:		
Payment of long-term debt	(10,868,924)	(34,748,122)
Retirement of swap agreement	—	(9,748,000)
Proceeds from debt issuance	3,842,181	42,223,300
Net proceeds (payment) on lines of credit	542,144	(1,736,632)
Payment of debt issuance costs	(83,164)	(895,183)
Proceeds from restricted contributions and investment income	1,389,450	1,747,768
Proceeds from entrance fees	2,937,275	2,182,094
Refunds of entrance fees	(5,464,154)	(5,198,363)
Net cash used in financing activities	<u>(7,705,192)</u>	<u>(6,173,138)</u>
Net increase (decrease) in cash and cash equivalents	477,126	(944,918)
Cash and cash equivalents, beginning of year	<u>4,043,657</u>	<u>4,988,575</u>
Cash and cash equivalents, end of year	<u>\$ 4,520,783</u>	<u>\$ 4,043,657</u>
Supplemental schedule of noncash investing activity:		
Noncash purchases of property and equipment	<u>\$ 810,000</u>	<u>\$ 529,000</u>

DIAKON CHILD, FAMILY & COMMUNITY MINISTRIES

Diakon Adoption & Foster Care
Diakon Adult Day Services
Diakon Community Services
Diakon Family Life Services
Diakon Family Reunification & Preservation Services
Diakon Pregnancy Services
Diakon Youth Services
Girls on the Run® - Lehigh Valley
Lutheran Disaster Response

DIAKON LUTHERAN SOCIAL MINISTRIES (SENIOR LIVING & HOUSING SERVICES)

Buffalo Valley Lutheran Village
Cumberland Crossings
Diakon Senior Living - Hagerstown
Frey Village
Frostburg Heights
Luther Crest
The Lutheran Home at Topton
Luther Meadows & Heilman House
Lutherwood
Manatawny Manor
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