

ELIM PARK BAPTIST HOME, INC.

a.k.a ELIM PARK PLACE

2014

ANNUAL FINANCIAL FILING

FISCAL YEAR ENDING

September 30, 2014

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## **CURRENT RATE SCHEDULE**

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**CURRENT RATE STRUCTURE - 50% REFUND EFFECTIVE JANUARY 2015**

<b>Building</b>	<b>Entrance Fee</b> Prices start at	<b>Monthly Service Fee</b> Prices start at
<b>Mallard Mill</b> One Bedroom Apartment	\$188,955	\$1,895      Single Person \$560      Second Person Fee
<b>Village Green</b> One Bedroom Apartment Two Bedroom Apartment	\$262,694 \$343,344	\$2,422      Single Person \$560      Second Person Fee \$3,183      Single Person \$560      Second Person Fee
<b>Brooksvale</b> One Bedroom Apartment Two Bedroom Apartment	\$313,996 \$387,747	\$2,490      Single Person \$560      Second Person Fee \$3,275      Single Person \$560      Second Person Fee
<b>Andrews Knoll</b> One Bedroom Apartment Two Bedroom Apartment	\$331,306 \$443,481	\$2,539      Single Person \$560      Second Person Fee \$3,335      Single Person \$560      Second Person Fee
<b>Mountain View</b> One Bedroom Apartment Two Bedroom Apartment	\$360,442 \$470,395	\$2,563      Single Person \$560      Second Person Fee \$3,342      Single Person \$560      Second Person Fee
<b>Spring Meadow</b> One Bedroom Apartment Two Bedroom Apartment	\$364,112 \$472,331	\$2,564      Single Person \$560      Second Person Fee \$3,348      Single Person \$560      Second Person Fee
<b>Riverbend</b> One Bedroom Apartment Two Bedroom Apartment	\$359,529 \$451,786	\$2,627      Single Person \$560      Second Person Fee \$3,408      Single Person \$560      Second Person Fee

The Entrance Fee is 50% refundable when resident(s) move(s) from the living apartment and the Entrance Fee for that apartment is received from the new resident(s) by Elim Park. (90% and Declining Refund Entrance Fees are available through the Marketing Department—See Exhibit D.)

**RESIDENTIAL TURNOVER RATES**

**EXHIBIT I**

## Residential Turnover Rates

The Independent Living Unit residential turnover rates for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
9.2%	12.7%	13.2%	13.4%	13.5%	13.6%

**AVERAGE AGE OF RESIDENTS**

**EXHIBIT II**

## Average Age of Residents

The projected average age for the next five years for independent living residents is as follows:

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
87	87	87	87	87



**EXHIBIT III**

**HEALTH CARE UTILIZATION RATES**

## Health Care Utilization Rates

Health care utilization rates, including admission rates and days per 100 residents by level of care for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>Year</u>	<u>Utilization Rate</u>		<u>Admission Rate</u>		<u>Days per 100 Residents</u>
	<u>Patients</u>	<u>%</u>	<u>Patients</u>	<u>%</u>	
	2014	23.3	6.3%	11.0	
2015	23.6	7.0%	8.3	2.6%	2,569
2016	23.6	7.5%	8.1	2.7%	2,740
2017	23.7	7.7%	8.1	2.8%	2,795
2018	23.9	7.8%	8.1	2.8%	2,848
2019	24.0	7.9%	8.0	2.8%	2,885

<u>Year</u>	<u>Utilization Rate</u>		<u>Admission Rate</u>		<u>Days per 100 Residents</u>
	<u>Patients</u>	<u>%</u>	<u>Patients</u>	<u>%</u>	
	2014	0.0	0.0%	0.0	
2015	0.0	0.0%	0.0	0.0%	0
2016	0.0	0.0%	0.0	0.0%	0
2017	0.0	0.0%	0.0	0.0%	0
2018	0.0	0.0%	0.0	0.0%	0
2019	0.0	0.0%	0.0	0.0%	0

**OCCUPANCY RATES**

**EXHIBIT IV**

### Occupancy Rates

Occupancy rates for independent living units for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
94%	94%	89%	89%	89%	89%

**NUMBER OF HEALTH CARE ADMISSIONS**

**EXHIBIT V**

### Number of Health Care Admissions

The number of health care admissions, by level of care, for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>Year</u>	<u>Skilled Nursing</u>	<u>Personal Care</u>
2014	11.0	0.0
2015	8.3	0.0
2016	8.1	0.0
2017	8.1	0.0
2018	8.1	0.0
2019	8.0	0.0

**DAYS OF CARE**

**EXHIBIT VI**

## Days of Care

The number of days of care, by level of care, for the most recently completed fiscal year, and anticipated for the next five years, are as follows:

<u>Year</u>	<u>Skilled Nursing</u>	<u>Personal Care</u>
2014	8,488	0
2015	8,624	0
2016	8,610	0
2017	8,654	0
2018	8,731	0
2019	8,769	0



**NUMBER OF PERMANENT TRANSFERS**

**EXHIBIT VII**

## Number of Permanent Transfers

The number of permanent transfers to the skilled nursing or personal care facility for the most recently completed fiscal year are:

<u>Facility transferred to:</u>	<u>Transferring from:</u>		<u>Total</u>
	<u>Independent Living</u>	<u>Personal Care</u>	
Skilled Nursing	7	0	7
Personal Care	0	N/A	0

**ACTURIAL FINANCIAL BASIS**

**iv v**



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**Elim Park Baptist Home, Inc.**

**Statement of Actuarial Opinion  
November 24, 2014**

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a Managing Partner in the firm of CCRC Actuarial, LLC, and meet the qualifications standards to render Statements of Actuarial Opinion for continuing care retirement communities. I have been retained by Elim Park Baptist Home, Inc. to render a Statement of Actuarial Opinion, in accordance with Section 17b-527 of the Regulations implementing the Connecticut Continuing Care Statutes, regarding the following actuarial projections included in Elim Park Baptist Home, Inc.'s 2013 Annual Financial Filing:

- Exhibit I Residential Turnover Rates
- Exhibit II Average Age of Residents
- Exhibit III Health Care Utilization Rates
- Exhibit IV Occupancy Rates
- Exhibit V Number of Health Care Admissions
- Exhibit VI Days of Care
- Exhibit VII Number of Permanent Transfers

I have examined the above items as shown in Elim Park Baptist Home, Inc.'s Annual Financial Filing. These items are attached to this Statement of Actuarial Opinion. In the course of my review, I relied upon the accuracy and completeness of data and supporting documentation prepared by Elim Park Baptist Home, Inc. However, in the course of my examination, nothing came to my attention which causes me to believe that the underlying data information is unreasonable or inappropriate. In other respects, my examination included such review, as I considered necessary, of the data, methods, and underlying assumptions used by and the resulting actuarial projections reported by Elim Park Baptist Home, Inc. with respect to the above items as shown in Elim Park Baptist Home, Inc.'s 2014 Annual Financial Filing.

In my opinion, the above items as shown in Elim Park Baptist Home, Inc.'s 2014 Annual Financial Filing:

- Are based upon methods which are consistent with sound actuarial principles and practices, and
- Are based upon methods and underlying assumptions that appear reasonable and appropriate in this instance.

Dave Bond, F.S.A., M.A.A.A.  
Managing Partner  
CCRC Actuaries, LLC  
415 Main Street  
Reisterstown, MD 21136  
410-833-4220

If you have any questions please contact Dave Bond at the above address and telephone number.

**CAPITAL COST AMORITIZATION**

**EXHIBIT VIII**

## **EXHIBIT VIII**

### **CAPITAL COST AMORTIZATION ASSUMPTIONS**

**Amortization assumption for facility capital costs: Property, plant and equipment are recorded at cost. Maintenance and repairs are charged at expense as incurred: major renewals and betterments are capitalized. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, as presented in the AHA Depreciable Hospital Assets 2003 Edition.**

**EXHIBIT IX**  
**PRO FORMA STATEMENTS**  
**SOURCE AND APPLICATION OF FUND**



**Consolidated Proforma Statement of Financial Position**  
**Fiscal Years Ended September 30th**

	<b>2014</b> <b>Audited</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>ASSETS</b>						
Current Assets:						
Cash and cash equivalents	9,320,276	7,013,960	6,801,027	8,056,764	9,440,614	10,848,386
Short-term investments	2,928,646	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Patient trust fund	48,999	48,509	48,024	47,544	47,068	46,598
Escrow deposits	99,541	102,527	105,603	108,771	112,034	115,395
Operating reserve		0	0	0	0	0
Accounts receivable, net of allowance	1,959,122	2,271,075	2,251,665	2,232,205	2,217,906	2,252,888
Entrance Fees Receivable	1,796,186	2,296,186	2,296,186	2,296,186	2,296,186	2,296,186
Interest receivable		0	0	0	0	0
Prepaid expenses	430,826	473,909	521,299	573,429	630,772	693,850
Current portion of assets whose use is limited	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total current assets	<u>16,583,596</u>	15,206,165	15,023,805	16,314,899	17,744,580	19,253,303
Contract Receivable		0	0	0	0	0
Assets whose use is Limited, less current portion	0	0	0	0	0	0
Investments/SWAP	4,685,278	4,864,264	5,043,250	5,222,236	5,401,222	5,580,208
Property, Plant and Equipment:						
Property, Plant and Equipment, gross	92,991,483	96,691,483	99,291,483	100,791,483	102,291,483	103,791,483
Less: accumulated depreciation	<u>(41,004,326)</u>	<u>(44,259,850)</u>	<u>(47,730,619)</u>	<u>(51,290,531)</u>	<u>(54,937,942)</u>	<u>(58,672,853)</u>
Property, Plant and Equipment, net	51,987,157	52,431,633	51,560,864	49,500,952	47,353,541	45,118,630
ALSA	0	0	-	-	-	-
Charitable Gift Annuity & LT Pledges Receivable	834,724	859,724	884,724	909,724	934,724	959,724
Other Assets:						
Deferred marketing costs, gross	3,529,401	3,437,600	3,451,761	3,451,761	3,451,761	3,451,761
Less: accumulated amortization	<u>(3,159,835)</u>	<u>(3,128,604)</u>	<u>(3,162,961)</u>	<u>(3,183,157)</u>	<u>(3,203,353)</u>	<u>(3,223,549)</u>
Deferred marketing costs, net	369,566	308,995	288,799	268,603	248,407	228,211
Deposit	38,195	38,195	38,195	38,195	38,195	38,195
Bond issuance costs, gross	712,272	712,272	712,272	712,272	712,272	712,272
Less: accumulated amortization	<u>(372,700)</u>	<u>(409,828)</u>	<u>(409,828)</u>	<u>(409,828)</u>	<u>(409,828)</u>	<u>(409,828)</u>
Bond issuance costs, net	339,572	302,444	302,444	302,444	302,444	302,444
<b>TOTAL ASSETS</b>	<b>74,838,088</b>	<b>74,011,421</b>	<b>73,142,081</b>	<b>72,557,054</b>	<b>72,023,114</b>	<b>71,480,715</b>
<b>LIABILITIES AND NET ASSETS</b>						
Current Liabilities:						
Accounts payable	1,246,541	841,760	852,216	871,922	892,737	914,544
Patient trust fund payable	48,999	48,509	48,024	47,544	47,068	46,598
Accrued salaries, payroll taxes & other	1,508,065	1,545,767	1,561,224	1,576,837	1,600,489	1,624,496
Accrued bond interest	50,077	0	0	0	0	0
Entrance Fee Deposits	0	0	0	0	0	0
Due to third-part reimbursement	502,909	502,909	507,938	513,017	520,713	520,713
Current portion of long-term debt	2,210,904	954,738	954,738	954,738	954,738	954,738
Current portion of capital lease obligations		<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	5,567,495	3,893,683	3,924,140	3,964,058	4,015,746	4,061,089
Accrued Health Care Benefit		0	0	0	0	0
Long-Term Cap Lease, less - current portion			-	-	-	-
LT Debt, less curr portion & unamort bd disc	17,675,874	17,753,006	16,798,267	15,843,529	14,888,790	13,531,362
Charitable Gift Annuities Payable	342,378	352,632	362,886	373,141	383,395	393,649
Other Long Term Liabilities	266,629	266,629	266,629	266,629	266,629	266,629
Deferred Revenue From Entrance Fees	41,183,204	54,058,566	61,977,312	61,711,527	61,461,597	61,227,919
Adjust Deferred Revenue From Entrance Fees						
Net Assets	9,802,508	999,737	1,625,678	2,211,003	2,819,789	3,410,209
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<b>74,838,088</b>	<b>74,011,421</b>	<b>73,142,081</b>	<b>72,557,054</b>	<b>72,023,114</b>	<b>71,480,715</b>

Consolidated Proforma Statement of Cash Flow  
Fiscal Years Ended September 30th

<b>Activity</b>	<b>Audited 2014</b>	<b>Budget 2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Cash Flow from Operating Activities</b>						
Change In Net Assets after Realized/ Unrealized Investment Gains	830,974	1,197,229	625,941	585,325	608,787	590,420
<i>Adjustments:</i>						
Proceeds from Entrance Fees,net	7,784,588	6,375,366	3,006,250	3,411,407	3,519,192	3,629,671
Amort of def'd rev from entrance fees	(4,778,661)	(3,500,004)	(3,587,504)	(3,677,192)	(3,769,121)	(3,863,350)
Depreciation & Amortization	3,331,410	3,224,293	3,505,126	3,580,107	3,667,607	3,755,107
Amortization of Bond Discount	-	-	-	-	-	-
Change in Unrealized Gain/Loss	(17,838)	92,004	92,004	92,004	92,004	-
Loss on Disposal of Equipment	-	-	-	-	-	-
<i>(Increase) decrease in operating assets:</i>						
Escrow Deposits	82,481	(2,986)	(3,076)	(3,168)	(3,263)	(3,361)
Operating Reserve	-	-	-	-	-	-
Accounts Receivable	160,436	(311,953)	19,410	19,460	14,299	(34,982)
Interest Receivable	-	-	-	-	-	-
Prepaid Expenses	(58,697)	(43,083)	(47,391)	(52,130)	(57,343)	(63,077)
Contract Receivable	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
<i>Increase (decrease) in operating liabilities:</i>						
Accounts Payable	380,837	(404,781)	10,455	19,706	20,815	21,807
Accrued Salaries and Wages	-	37,702	15,458	15,612	23,653	24,007
Accrued Bond Interest	(1,363)	(50,077)	-	-	-	-
Due to Third Party Reimb Agency	359,648	-	5,029	5,079	7,695	-
Accrued Construction	-	-	-	-	-	-
Accrued Health Care Benefit	-	-	-	-	-	-
Capital Lease Obligations	-	-	-	-	-	-
Other long-term liabilities	(70,000)	-	-	-	-	-
Charitable Gift Annuities Payable,net	<u>41,782</u>	<u>(14,746)</u>	<u>(14,746)</u>	<u>(14,746)</u>	<u>(14,746)</u>	<u>(14,746)</u>
Net cash provided by operating activities	8,045,597	6,598,965	3,626,957	3,981,465	4,109,578	4,041,497
<b>Cash Flows from Investing Activities</b>						
(Purchase) of Property, Plant, Equipment	(2,593,364)	(3,700,000)	(2,600,000)	(1,500,000)	(1,500,000)	(1,500,000)
(Purchase)/Sales of Investments	(6,049,206)	(342,344)	(270,990)	(270,990)	(270,990)	(178,986)
AWUL/Pledges Recble/ Sale of Fixed Asset	(67,995)	-	-	-	-	-
Deferred Marketing	-	91,801	(14,161)	-	-	-
Bond Issue	-	-	-	-	-	-
Net cash used in investing activities	(8,710,565)	(3,950,543)	(2,885,151)	(1,770,990)	(1,770,990)	(1,678,986)
<b>Cash Flows from Financing Activities</b>						
Debt Issuance Costs	-	-	-	-	-	-
Proceeds from Refinancing	-	-	-	-	-	-
Principal Payments on Bonds/LT Debt	(990,592)	(954,738)	(954,738)	(954,738)	(954,738)	(954,738)
Proceeds from construction loan	-	-	-	-	-	-
Payments on construction loan/Oasis	(2,065,332)	(4,000,000)	-	-	-	-
Accounts Payable Related To Construction	-	-	-	-	-	-
Principal Payments on Capital Lease/SWAF	<u>144,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by financing activities	(2,910,998)	(4,954,738)	(954,738)	(954,738)	(954,738)	(954,738)
<b>Net Incr(Decr) in Cash &amp; Equivalents</b>	<b>(3,575,966)</b>	<b>(2,306,316)</b>	<b>(212,932)</b>	<b>1,255,736</b>	<b>1,383,850</b>	<b>1,407,773</b>
<b>Cash &amp; Equivalents, beg of year</b>	<b>12,896,242</b>	<b>9,320,276</b>	<b>7,013,960</b>	<b>6,801,027</b>	<b>8,056,764</b>	<b>9,440,614</b>
<b>Cash &amp; Equivalents, end of year</b>	<b>9,320,276</b>	<b>7,013,960</b>	<b>6,801,027</b>	<b>8,056,764</b>	<b>9,440,614</b>	<b>10,848,386</b>

**ELIM PARK BAPTIST HOME, INC.**  
**Proforma Statement of Activities and Changes in Net Assets**  
**Fiscal Years Ended September 30th**  
**CONSOLIDATED**

<b>Account Description</b>	<b>2014 Audited</b>	<b>Budget 2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Consolidated Revenues</b>						
Room & Board / MSF	20,169,532	20,496,449	20,882,285	21,280,903	21,767,636	22,195,076
Ancillary	278,586	419,015	427,395	435,943	444,662	453,555
ALSA	1,083,982	997,380	1,037,328	1,058,074	1,079,236	1,100,820
EPP Amort of Non Refundable EF	4,149,237	3,500,004	3,587,504	3,677,192	3,769,121	3,863,350
EPP Amort of Refundable EF	629,424	-	-	-	-	-
Other Services	635,346	441,192	456,492	470,187	484,292	538,821
<b>Total Combined Revenues</b>	<b>26,946,108</b>	<b>25,854,040</b>	<b>26,391,004</b>	<b>26,922,299</b>	<b>27,544,948</b>	<b>28,151,622</b>
Year to Year Change - Revenues	3,839,081	(1,092,068)	536,964	531,295	622,649	606,675
<b>General Fund Expenses</b>						
Nursing	4,927,341	4,895,256	4,948,140	5,025,870	5,104,867	5,209,176
ALSA & Patient Care Other	1,517,178	1,269,084	1,287,460	1,311,258	1,336,282	1,364,715
Therapy	1,147,396	1,050,228	1,053,108	1,070,450	1,088,088	1,110,369
Recreation/Wellness	300,149	295,716	299,248	304,129	309,094	315,482
Christian Ministries	28,674	34,068	34,470	35,029	35,598	36,332
Volunteer Services	51,379	47,468	48,170	49,048	49,944	51,024
Social Services	187,131	170,989	172,699	175,289	177,919	181,477
Admissions	151,919	144,348	146,404	149,019	151,683	154,937
Development	254,799	162,228	164,662	167,666	170,728	174,391
Marketing	1,175,142	910,046	757,693	760,768	778,423	796,943
Bad Debt	85,236	50,004	100,000	150,000	200,000	200,000
Administration	6,036,170	6,338,159	6,474,809	6,629,915	6,790,519	6,970,647
Dietary	3,390,670	3,088,748	3,142,833	3,205,027	3,268,512	3,339,821
Laundry	297,745	273,340	276,783	281,367	286,030	291,784
Housekeeping	737,772	711,328	720,313	732,400	744,698	760,043
Maintenance	1,350,569	1,116,464	1,136,324	1,159,171	1,182,494	1,208,102
Utilities	1,069,386	1,062,497	1,104,997	1,149,197	1,195,165	1,242,971
Insurance	304,450	325,920	350,364	376,641	404,889	435,256
<b>Total Expense</b>	<b>23,013,104</b>	<b>21,945,891</b>	<b>22,218,476</b>	<b>22,732,245</b>	<b>23,274,931</b>	<b>23,843,472</b>
Year to Year Change - Expenses	3,664,319	(1,067,213)	272,585	513,769	542,686	568,541
<b>Change in Operating Net Assets</b>	<b>3,933,004</b>	<b>3,908,149</b>	<b>4,172,528</b>	<b>4,190,054</b>	<b>4,270,016</b>	<b>4,308,150</b>
Depreciation	3,198,038	3,280,152	3,471,619	3,560,761	3,648,261	3,735,761
Interest Expense Bonds/LTD	653,728	619,500	541,971	510,972	479,972	448,973
	26,864,870	25,845,543	26,232,067	26,803,979	27,403,165	28,028,207
<b>Change in Net Assets after Debt Service</b>	<b>81,238</b>	<b>8,497</b>	<b>158,937</b>	<b>118,321</b>	<b>141,783</b>	<b>123,416</b>
Investment Income	145,715	150,732	175,000	175,000	175,000	175,000
Contributions	673,269	945,996	200,000	200,000	200,000	200,000
Real/Unrealized Gains - Losses	(69,247)	92,004	92,004	92,004	92,004	92,004
<b>Change in Net Assets</b>	<b>830,974</b>	<b>1,197,229</b>	<b>625,941</b>	<b>585,325</b>	<b>608,787</b>	<b>590,420</b>

**EXHIBIT X**  
**CERTIFIED AUDITED**  
**FINANCIAL STATEMENTS**

# BlumShapiro

Accounting | Tax | Business Consulting

## **Independent Auditors' Report**

To the Board of Directors  
The Elim Park Baptist Home, Inc.

We have audited the accompanying consolidated financial statements of The Elim Park Baptist Home, Inc., which comprise the consolidated statement of financial position as of September 30, 2014 and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Elim Park Baptist Home, Inc., as of September 30, 2014 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Summarized Comparative Information

We have previously audited The Elim Park Baptist Home, Inc.'s 2013 consolidated financial statements, and we expressed an unmodified opinion on those consolidated financial statements in our report dated January 13, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
December 4, 2014

**THE ELIM PARK BAPTIST HOME, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2014 AND 2013**

	2014	2013		2014	2013
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 9,320,276	\$ 12,896,242		\$ 2,210,904	\$ 4,234,957
Patient trust funds	48,999	36,481		1,246,541	995,047
Escrow deposits	99,541	182,022		48,999	36,481
Accounts receivable, net of allowance for doubtful accounts of \$246,157 in 2014 and \$397,840 in 2013	1,635,864	1,796,300		1,508,065	1,378,722
Entrance fees receivable	1,796,186	1,109,073		50,077	51,440
Current portion of pledges receivable, net	323,258	9,379		-	112,811
Short term investments	2,928,646			220,919	-
Prepaid expenses	430,826	372,129		281,990	143,261
<b>Total current assets</b>	<u>16,583,596</u>	<u>16,401,626</u>		<u>5,567,495</u>	<u>6,952,719</u>
<b>Charitable Gift Annuities</b>	834,724	727,202		17,675,874	18,707,745
<b>Investments</b>	4,432,581	1,401,705		342,378	300,596
<b>Property and Equipment, Net of Accumulated Depreciation of \$41,004,326 in 2014 and \$37,883,673 in 2013</b>	51,987,157	52,514,445		41,183,204	37,377,353
<b>Other Assets</b>				266,629	336,629
Deferred marketing costs, net of accumulated amortization of \$3,159,835 in 2014 and \$3,026,463 in 2013	369,566	502,938		65,035,580	63,675,042
Debt issuance costs, net of accumulated amortization of \$372,700 in 2014 and \$295,315 in 2013	339,572	416,958		7,620,065	7,005,727
Pledges receivable, net	-	245,884		2,128,440	1,911,804
Deposits and other assets, net	38,195	38,195		54,003	54,003
Interest rate swap valuation	252,697	397,623		9,802,508	8,971,534
<b>Total other assets</b>	<u>1,000,030</u>	<u>1,601,598</u>		<u>-</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 74,838,088</u>	<u>\$ 72,646,576</u>		<u>\$ 74,838,088</u>	<u>\$ 72,646,576</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Current portion of long-term debt					
Accounts payable					
Patient trust funds payable					
Accrued salaries, wages, payroll taxes and other					
Accrued bond interest					
Entrance fee deposits					
Advanced payments					
Due to third parties					
<b>Total current liabilities</b>					
<b>Long-Term Debt, Less Current Portion</b>					
<b>Charitable Gift Annuities</b>					
<b>Deferred Revenue from Entrance Fees</b>					
<b>Other Long-Term Liabilities</b>					
<b>Total liabilities</b>					
<b>Net Assets</b>					
Unrestricted					
Temporarily restricted					
Permanently restricted					
<b>Total net assets</b>					
<b>Total Liabilities and Net Assets</b>					

The accompanying notes are an integral part of the consolidated financial statements

**THE ELIM PARK BAPTIST HOME, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**  
**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	2014												Total	Total	Total		
	Unrestricted			Temporarily Restricted				Permanently Restricted		Total	Total	Total					
	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Elim Park Campaign Fund	Resident Benevolent Fund	Mary Melby Fund							Elim Park Foundation	Elim Park Foundation
<b>Revenues, Gains and Other Support</b>																	
Net resident service revenue	\$ 12,551,999	\$ 1,094,130	\$ -	\$ 13,646,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,646,129	\$ 13,772,890	\$ -
Monthly service fees	-	7,327,841	-	7,327,841	-	-	-	-	-	-	-	-	-	-	7,327,841	7,002,486	-
Amortization of deferred entrance fees	-	4,778,661	-	4,778,661	-	-	-	-	-	-	-	-	-	-	4,778,661	4,212,043	-
Investment income	14,676	88,644	58,325	161,645	40,738	-	-	1,449	(124)	-	-	-	-	203,508	114,554	-	
Ancillary revenue	594,406	-	-	594,406	-	-	-	-	-	-	-	-	-	594,406	792,961	-	
Contributions and bequests	-	307,622	26,090	333,712	16,639	14,704	-	194,921	21,615	-	-	-	-	632,971	572,616	-	
Change in charitable gift annuities	119,777	36,323	-	156,100	(39,654)	-	-	79,940	-	-	-	-	-	40,286	142,544	-	
Net assets released from restrictions	120,403	477,699	12	598,114	(7,367)	(2,834)	-	-	(112,410)	-	-	-	-	-	-	-	-
Other revenue	13,401,261	14,110,920	84,427	27,596,608	10,356	11,870	79,940	194,921	(91,119)	19,340	(91,119)	-	-	598,114	27,821,916	702,367	-
<b>Total revenues, gains and other support</b>																	
<b>Expenses</b>																	
Nursing services	4,928,064	-	-	4,928,064	-	-	-	-	-	-	-	-	-	-	4,928,064	5,162,273	-
ALSA services	-	1,020,927	-	1,020,927	-	-	-	-	-	-	-	-	-	-	1,020,927	845,850	-
Ancillary services	1,627,211	-	-	1,627,211	-	-	-	-	-	-	-	-	-	-	1,627,211	1,603,462	-
Resident services	463,021	185,254	-	648,275	-	-	-	-	-	-	-	-	-	-	648,275	665,647	-
Dietary services	1,051,530	2,335,265	-	3,386,795	-	-	-	-	-	-	-	-	-	-	3,386,795	3,219,593	-
Housekeeping services	366,523	370,940	-	737,463	-	-	-	-	-	-	-	-	-	-	737,463	670,510	-
Laundry and linen services	297,659	-	-	297,659	-	-	-	-	-	-	-	-	-	-	297,659	352,698	-
Administrative and general	4,043,552	3,579,354	184,586	7,807,472	-	-	-	-	-	-	-	-	-	-	7,807,472	7,906,814	-
Plant operation and maintenance	637,530	1,787,319	-	2,424,849	-	-	-	-	-	-	-	-	-	-	2,424,849	2,207,659	-
Depreciation and amortization	623,384	2,708,026	-	3,331,410	-	-	-	-	-	-	-	-	-	-	3,331,410	3,571,556	-
Interest	169,942	483,787	-	653,729	-	-	-	-	-	-	-	-	-	-	653,729	895,741	-
<b>Total expenses</b>																	
<b>Income (Loss) from Operations</b>	(807,135)	1,640,048	(100,159)	732,754	10,356	11,870	79,940	194,921	(91,119)	19,340	(91,119)	-	-	958,062	260,678	(1,158,431)	-
<b>Loss on Debt Refinancing</b>																	
<b>Change in Net Unrealized Gain (Loss) Swaps</b>																	
<b>Change in Net Unrealized Gain on Investments</b>																	
<b>Change in Net Assets</b>	(829,788)	1,479,392	(35,266)	614,338	3,862	11,870	79,940	194,921	(91,265)	17,308	(91,265)	-	-	216,636	830,974	(411,717)	-
<b>Net Assets - Beginning of Year</b>	(8,420,016)	14,944,186	481,557	7,005,727	344,003	184,065	224,257	469,314	293,237	396,928	293,237	54,003	-	8,971,534	9,383,251	-	-
<b>Net Assets - End of Year</b>	(9,249,804)	16,423,578	446,291	7,620,065	347,865	195,935	304,197	664,235	202,072	414,236	202,072	54,003	-	9,802,508	8,971,534	-	-

The accompanying notes are an integral part of the consolidated financial statements



**THE ELIM PARK BAPTIST HOME, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	2014	2013
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ 830,974	\$ (411,717)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from entrance fees, net of refunds	8,066,432	6,192,472
Spend downs	(281,844)	(469,743)
Depreciation and amortization	3,331,410	3,521,556
Loss on debt refinancing	-	1,158,431
Amortization of bond discount	-	2,778
Change in net unrealized gain on investments	(17,838)	(88,413)
Amortization of deferred revenue from entrance fees	(4,778,661)	(4,212,043)
(Increase) decrease in operating assets:		
Accounts receivable, net	160,436	188,206
Prepaid expenses	(58,697)	(64,537)
Escrow deposits	82,481	(28,905)
Increase (decrease) in operating liabilities:		
Accounts payable, accrued expenses and patient trust fund payable	380,837	(2,559,993)
Accrued bond interest	(1,363)	(365,986)
Advanced payments	220,919	-
Charitable gift annuities	41,782	47,098
Other long-term liabilities	(70,000)	(70,000)
Due to third parties	138,729	51,517
Net cash provided by operating activities	8,045,597	2,890,721
<b>Cash Flows from Investing Activities</b>		
Purchase of property, plant and equipment, net	(2,593,364)	(1,269,984)
(Purchases) sale of investments, net	(6,049,206)	144,090
Decrease in assets whose use is limited, net	-	3,401,567
(Increase) decrease in pledges receivable, net	(67,995)	206,412
Net cash provided by (used in) investing activities	(8,710,565)	2,482,085
<b>Cash Flows from Financing Activities</b>		
Debt issue costs	-	(410,262)
Principal payment on bonds payable	(990,592)	(2,974,876)
Change in fair value of interest rate swap	144,926	(397,623)
Proceeds from construction loan	-	2,614,425
Payments on construction loan	(2,065,332)	(7,283,796)
Net cash provided by (used in) financing activities	(2,910,998)	(8,452,132)
<b>Net Decrease in Cash and Cash Equivalents</b>	(3,575,966)	(3,079,326)
<b>Cash and Cash Equivalents - Beginning of Year</b>	12,896,242	15,975,568
<b>Cash and Cash Equivalents - End of Year</b>	\$ 9,320,276	\$ 12,896,242
<b>Cash Paid During the Year for Interest</b>	\$ 655,092	\$ 1,261,727

The accompanying notes are an integral part of the consolidated financial statements