

# Hebrew Health Care, Incorporated and Affiliates

Consolidated Financial Report  
and  
Supplementary Information

September 30, 2010 and 2009

# Hebrew Health Care, Incorporated and Affiliates

FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION  
September 30, 2010 and 2009

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Hebrew Health Care, Incorporated and Affiliates  
West Hartford, Connecticut

We have audited the accompanying consolidated balance sheets of Hebrew Health Care, Incorporated and Affiliates (the "Organization") as of September 30, 2010 and 2009, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based upon our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of September 30, 2010 and 2009, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*McGladrey & Pullen, LLP*

February 25, 2011  
Boston, Massachusetts

# Hebrew Health Care, Incorporated and Affiliates

Consolidated Balance Sheets  
September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 139,374	\$ 269,086
Assets limited as to use (Notes 3 and 7)	395,974	420,735
Patient accounts receivable, net of allowance for doubtful accounts (Notes 4 and 10)	6,172,216	8,134,563
Current portion of pledges receivable (Notes 2 and 8)	232,533	638,823
Other receivables	128,650	73,976
Inventory	167,991	168,119
Prepaid expenses	316,558	231,947
Total current assets	<u>7,553,296</u>	<u>9,937,249</u>
Assets Limited as to Use (Notes 3 and 7)	<u>2,429,573</u>	2,160,267
Property, Plant and Equipment, net (Notes 5, 11 and 12)	<u>21,902,983</u>	22,733,536
Other Assets:		
Pledges receivable (Notes 2 and 8)	369,081	382,629
Beneficial interest in charitable remainder trust (Note 7)	433,723	473,990
Cash surrender value of life insurance	53,503	34,267
Investments (Notes 6, 7 and 10)	9,311,767	9,376,259
Deposits	16,841	54,500
Mortgage acquisition costs, net	966,779	993,687
Due from affiliates (Note 2)	42,911	33,306
Total other assets	<u>11,194,605</u>	<u>11,348,638</u>
Total assets	<u>\$ 43,080,457</u>	<u>\$ 46,179,690</u>

	2010	2009
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Current installments of mortgage notes and bonds payable (Note 11)	\$ 689,574	\$ 270,757
Current portion of capital lease obligations (Note 12)	40,120	55,780
Accounts payable and accrued expenses (Notes 13, 14, 15 and 22)	5,514,777	6,745,288
Lines of credit (Note 10)	4,892,464	4,552,721
Funds held in trust (Note 3)	395,973	420,735
Deferred revenue	3,860	12,636
Total current liabilities	<u>11,536,768</u>	<u>12,057,917</u>
Long-term debt:		
Notes and bonds payable (Note 11)	36,563,197	37,051,633
Capital lease obligations (Note 12)	57,077	90,398
Total long-term debt	<u>36,620,274</u>	<u>37,142,031</u>
Other liabilities:		
Payable from charitable gift annuity (Note 9)	121,768	140,775
Accrued pension liability (Note 14)	2,475,309	2,054,108
Total other liabilities	<u>2,597,077</u>	<u>2,194,883</u>
Total liabilities	<u>50,754,119</u>	<u>51,394,831</u>
Commitments and contingencies (Note 16)		
Net assets:		
Unrestricted (Note 23)	(11,476,894)	(9,759,632)
Temporarily restricted (Notes 19 and 23)	1,521,328	2,270,349
Permanently restricted (Notes 20 and 23)	2,281,904	2,274,142
Total net assets (deficit)	<u>(7,673,662)</u>	<u>(5,215,141)</u>
Total liabilities and net assets	<u>\$ 43,080,457</u>	<u>\$ 46,179,690</u>

See notes to consolidated financial statements.

# Hebrew Health Care, Incorporated and Affiliates

Consolidated Statements of Operations  
Years Ended September 30, 2010 and 2009

	2010	2009
Unrestricted Revenues and Other Support:		
Net patient service revenue	\$ 39,607,885	\$ 39,293,604
Member services - SummerWood	3,453,599	3,169,544
Adult day health center services	860,696	957,667
Home health care revenue	4,644,359	3,978,632
Grants	417,142	480,337
Other income	820,478	771,698
Net assets released from restrictions (Note 18)	766,674	596,254
Total unrestricted revenues and other support	<u>50,570,833</u>	<u>49,247,736</u>
Expenses (Notes 2, 12, 14, 15, 16 and 22):		
Nursing services	18,816,019	19,882,838
Administration (Note 2)	12,831,507	11,890,020
Nutritional services	3,703,260	3,787,443
Environmental services	1,894,481	1,966,758
Building operations	2,147,657	2,023,991
Depreciation and amortization	1,903,830	2,172,281
Interest expense (Notes 10, 11 and 12)	1,377,958	1,493,881
Pharmacy services	2,078,381	2,185,227
Medical services	3,780,499	3,095,265
Rehabilitation services	1,495,134	1,279,065
Provider tax	1,082,902	1,194,841
Life enrichment services	585,890	605,620
Social services	326,843	326,364
Bad debt expense	911,148	392,180
Development (Note 17)	728,887	558,850
Health information management	164,762	225,200
Total expenses	<u>53,829,158</u>	<u>53,079,824</u>
Deficiency of revenues over expenses	<u>(3,258,325)</u>	<u>(3,832,088)</u>
Nonoperating gains (losses):		
Interest and dividend income and distributions	205,992	313,475
Net realized and unrealized gains (losses) on investments (Note 6)	557,024	(316,355)
Change in value of beneficial interest in charitable gift annuity - unrestricted (Note 9)	19,006	(87,023)
Change in cash surrender value of life insurance	19,236	16,550
Change in pension instrument (Note 14)	(289,017)	(1,169,852)
Gifts, bequests, and special events (Notes 2, 8 and 17)	1,097,624	873,428
Reclassification of endowment appreciation (Note 23)	-	(94,896)
Investment fees	(68,802)	(76,607)
Total nonoperating gains (losses)	<u>1,541,063</u>	<u>(541,280)</u>
Change in unrestricted net assets	<u>\$ (1,717,262)</u>	<u>\$ (4,373,368)</u>

See notes to consolidated financial statements.

# Hebrew Health Care, Incorporated and Affiliates

Consolidated Statements of Changes in Net Assets

Years Ended September 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Unrestricted net assets:		
Deficiency of revenues over expenses	\$ (3,258,325)	\$ (3,832,088)
Nonoperating gains (losses)	<u>1,541,063</u>	<u>(541,280)</u>
Change in unrestricted net assets	<u>(1,717,262)</u>	<u>(4,373,368)</u>
Temporarily restricted net assets:		
Change in value of beneficial interest in charitable remainder trust	(40,268)	(45,691)
Contributions	34,009	36,022
Bad debt expense	(49,537)	-
Interest and dividend income	41,654	-
Net realized and unrealized gains (losses)	31,795	(21,015)
Reclassification of endowment appreciation (Note 23)	-	94,896
Net assets released from restrictions (Note 18)	<u>(766,674)</u>	<u>(596,254)</u>
Change in temporarily restricted net assets	<u>(749,021)</u>	<u>(532,042)</u>
Permanently restricted net assets:		
Contributions	<u>7,762</u>	40,934
Change in permanently restricted net assets	<u>7,762</u>	40,934
Change in net assets	(2,458,521)	(4,864,476)
Net assets at beginning of year	<u>(5,215,141)</u>	<u>(350,665)</u>
Net assets at end of year	<u>\$ (7,673,662)</u>	<u>\$ (5,215,141)</u>

See notes to consolidated financial statements.

# Hebrew Health Care, Incorporated and Affiliates

Consolidated Statements of Cash Flows

Years Ended September 30, 2010 and 2009

	2010	2009
Cash flows from operating activities and nonoperating gains:		
Change in net assets	<b>\$ (2,458,521)</b>	<b>\$ (4,864,476)</b>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities and nonoperating gains (losses):		
Depreciation and amortization	1,903,830	2,172,281
Change in value of split interest agreement	40,267	45,692
Change in charitable gift annuity	(19,006)	87,024
Change in cash surrender value of life insurance policy	(19,236)	(16,292)
Net (gain) loss on investments	(588,819)	337,370
Increase (decrease) in:		
Patient accounts receivable	1,962,347	(654,279)
Other receivables	(54,674)	(29,505)
Pledges receivables	419,838	620,752
Prepaid expenses	(84,611)	(27,743)
Due from affiliate	(9,605)	1,272
Inventory	128	30,456
Pension liability	421,201	1,189,527
Accounts payable and accrued expenses	(1,230,511)	(1,033,106)
Deferred revenue	(8,776)	(38,157)
Deposits	37,659	(27,083)
Total adjustments	<b>2,770,032</b>	<b>2,658,209</b>
Net cash provided by (used in) operating activities and nonoperating (losses) gains	<b>311,511</b>	<b>(2,206,267)</b>
Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,046,368)	(5,762,787)
Purchases of investments and assets limited as to use	(920,279)	(2,369,598)
Proceeds from investments and assets limited as to use	1,304,281	11,569,580
Net cash (used in) provided by investing activities	<b>(662,366)</b>	<b>3,437,195</b>
Cash flows from financing activities:		
Bond acquisition cost incurred	-	(366,713)
Proceeds from notes payable	260,000	20,242,000
Repayments of notes and bonds payable	(329,619)	(15,989,095)
Repayments on capital lease obligation	(48,981)	(47,902)
Net change in lines of credit	339,743	(5,062,207)
Net cash provided (used in) by financing activities	<b>221,143</b>	<b>(1,223,917)</b>
Net (decrease) increase in cash and cash equivalents	<b>(129,712)</b>	<b>7,011</b>
Cash and Cash Equivalents:		
Beginning of Year	<b>269,086</b>	<b>262,075</b>
End of Year	<b>\$ 139,374</b>	<b>\$ 269,086</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<b>\$ 1,377,958</b>	<b>\$ 1,493,881</b>

See notes to consolidated financial statements.



# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

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## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

### Nature of activities

Hebrew Health Care, Incorporated and Affiliates (the "Organization") consists of the following entities: Hebrew Home and Hospital, Incorporated (the "Home"), Hebrew Community Services, Inc. ("HCS"), Hebrew Life Choices, Inc. ("SummerWood"), Hebrew Health Care Foundation, Inc. (the Foundation), Connecticut Geriatric Specialty Group, PC (CGSG) and Hebrew Health Care, Inc. (HHC). The entities, which are located in West Hartford, Connecticut, are incorporated as non-sectarian not-for-profit organizations under the Non-Stock Corporation Act of the State of Connecticut and provide services to aged residents of the greater Hartford community.

Hebrew Health Care, Incorporated is the sole corporate member of each of the Home, HCS, SummerWood, the Foundation, and HHC while three of its staff members serve as Board members of CGSG's five member Board. It provides administrative support services for the related exempt organizations, as well as soliciting and receiving gifts, grants, and contributions, and making gifts, grants, and contributions to the related exempt organizations.

The Home operates a 332-bed skilled nursing and chronic disease hospital facility. HCS provides in-home health care services, hospice services, and operates two adult day health centers. SummerWood operates a 108-unit assisted living facility.

The Foundation holds board-designated funds, temporarily restricted funds, and permanently restricted endowment funds on behalf of its Affiliates.

CGSG began operations in fiscal year 2008, and is a for-profit medical practice, owned by two physician shareholders, whose purpose is to render professional medical services.

All significant intercompany accounts and transactions have been eliminated in the accompanying consolidated financial statements.

### Method of Accounting

The financial statements of the Organization have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

### Accounting Standards Codification

The Organization follows Financial Accounting Standards Board ("FASB") ASC 105 which established the FASB Accounting Standards Codification as the source of authoritative U.S. generally accepted accounting principles ("GAAP") recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with GAAP.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

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## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Classification and reporting of net assets

The Organization's financial statement presentation follows The Organization's financial statement presentation follows the recommendations of FASB ASC 958 – *Financial Statements of Not-for-Profit Organizations*, which requires the Organization to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets; temporarily restricted net assets; and permanently restricted net assets. A description of the three net asset classes follows:

- Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations.
- Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.
- Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization has adopted the Financial Accounting Standard Board's ("FASB") accounting standard regarding classification of donor-restricted endowment funds subject to UPMIFA. This pronouncement provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA").

UPMIFA is a model act approved by the Uniform Law Commission ("ULC"; formerly known as the National Conference of Commissioners on Uniform State Laws) that serves as a guideline for states to use in enacting legislation. This accounting standard also improves disclosures about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds), whether or not the organization is subject to UPMIFA.

The Organization adopted the provisions of UPMIFA during the year ended September 30, 2009, which apply to funds existing on or established after that date.

### Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Cash and cash equivalents

The Organization defines cash equivalents to include investments in liquid securities with maturities of three months or less when purchased, excluding certain money market funds included in investment portfolios.

The Organization maintains its cash in bank deposit accounts and the balances generally exceed federally insured limits. Management believes the Organization is not exposed to any significant credit risks on cash and cash equivalents and has not experienced any losses in such accounts.

### Accounts Receivable

Patient accounts receivable where a third party payor is responsible for paying the amount are carried at a net amount determined by the original charge for the service provided, less an estimate made for contractual adjustments or discounts provided to third party payors.

Patient accounts receivable due directly from the residents are carried at the original charge for the service provided less amounts covered by third party payors and less an estimated allowance for doubtful receivables. Management determines the allowance for doubtful accounts by identifying troubled accounts and by historical experience applied to an aging of accounts. Patient receivables are written off as bad debt expense when deemed uncollectible. Recoveries of receivables previously written off are recorded as a reduction of bad debt expense when received.

### Assets limited as to use

Assets limited as to use include assets held by trustees under indenture agreements, funds held in trust, and security deposits. Assets limited as to use that are required to meet current liabilities are reported as current assets.

### Property, plant and equipment

Property, plant and equipment acquisitions are recorded at cost. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated life of the equipment. Depreciation and amortization are provided over the estimated useful life of each class of depreciable assets and are computed using the straight-line method, as follows:

	<u>Years</u>
Buildings	40
Building improvements	10-25
Furnishings and equipment	3-10
Motor vehicles	5

Expenditures for major renewals and improvements are capitalized, while expenditures for maintenance and repairs are expensed as incurred.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

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## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Property, plant and equipment...continued

The Organization follows FASB ASC 410, *Asset Retirement and Environmental Obligations*, which requires that a liability be recorded for the fair value of an asset retirement obligation specific to certain legal environmental obligations. The recording of a liability is required if such conditions exist and the obligation can be reasonably estimated. As of September 30, 2010, the Organization is unaware of any such obligations. The Organization will recognize a liability in the period in which they become aware of such liability and sufficient information is available to reasonably estimate the fair value.

### Deficiency of revenues over expenses

The consolidated statements of operations present a deficiency of revenues over expenses. Changes in unrestricted net assets which are excluded from deficiency of revenues over expenses, consistent with industry practice, include net realized and unrealized gains and losses on investments, investment fees, interest and dividend income, other revenue, and contributions of long-lived assets, including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets. Such items are classified as non-operating activities.

### Mortgage acquisition costs

Mortgage acquisition costs represent financing costs related to mortgage and bond financing. These costs are being amortized over the life of the bonds.

### Revenue recognition

Patient service revenue is reported at the estimated net realizable amounts from residents, third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Approximately 76% of the Organization's gross revenues are received from Medicare and Medicaid during the year ended September 30, 2010 (74% during the year ended September 30, 2009).

Revenue received under third-party payor agreements is subject to audit and retroactive adjustments. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of the settlement.

HCS's adult day health centers are funded by various state programs at agreed upon rates and from individuals or their responsible party at HCS published rates.

The payments received under the Medicaid and Medicare programs are less than the cost of providing the services. The differences between the costs incurred to provide services and reimbursements of these programs were approximately \$7,595,400 in 2010 and \$4,423,900 in 2009.

SummerWood is funded through private member service fees.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

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## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Revenue recognition...continued

CGSG is funded through third-party payor agreements and a contract with the Home for the provision of medical direction and services.

HHC's revenue consists of administrative fees from the Home, SummerWood, HCS and CGSG and is eliminated in consolidation. Gifts received from donors by HHC are donated to Affiliates and the intercompany donations are eliminated in consolidation.

### Contributions

The Organization follows the requirements of GAAP for accounting for contributions received and contributions made. Contributions, including unconditional promises to give, are recognized as revenue in the period when the donor makes the promise to give. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met.

Contributions to be received after one year are discounted at fair value using an appropriate rate commensurate with the risk involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's consideration of such factors as prior collection history, type of contribution and nature of the fundraising activity.

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net asset class. Contributions received with donor-imposed restrictions that are met subsequent to the year in which they are received are reported as revenues of the temporarily restricted net asset class when they are received. A reclassification to unrestricted net assets is made to reflect the expiration of such restrictions in the year the restriction is met.

Contributions of property, plant and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property, plant and equipment with donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

### Donated services

The Home benefits from significant volunteer services provided by professionals and individuals in the community. The Home estimates that they received the approximate value of \$260,000 and \$207,000 of volunteer services from the community during each of the years ended September 30, 2010 and 2009. The majority of these services do not qualify for recording in the statement of activities under GAAP and are therefore not reported in the consolidated statements of operations.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

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## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Charitable remainder trusts

The Home is named as the final trust beneficiary under two irrevocable charitable remainder trusts. Both trusts are currently making specified distributions to the current income beneficiaries. Upon the deaths of all current beneficiaries, the remaining assets will be distributed to the Home. The Home has recorded an asset for contributions receivable from the trusts calculated at the present value of the remainder interest. Adjustments to the asset accounts are reflected as changes in the value of beneficial interest in charitable remainder trust in the schedule of changes in net assets.

### Charitable gift annuity

The Home is named as the final trust beneficiary under an irrevocable charitable gift annuity. The assets held in trust are recorded as investments at fair value, and the liability to the donors is recorded at the present value of the estimated future payments to be distributed over the life of the donor. Adjustments to the asset and liability accounts are reflected as changes in the value of beneficial interest in charitable remainder gift annuity in the statements of operations.

### Investments

The Organization is invested in a pooled fund held and managed by Jewish Community Foundation which includes investments in non-marketable securities. These investments are recorded at fair value as reported by the Jewish Community Foundation.

Non-marketable alternatives, in general, are exposed to various risks such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of alternative investment securities will occur in the near term and those changes could materially affect the amounts reported in the statements of financial position and statements of operations. Management has reviewed the risk associated with these investments and has determined it is not material to the Organization as of September 30, 2010 and 2009.

Marketable securities with readily determinable fair values are measured at fair value in the balance sheet. Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

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## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Investments...continued

The Board of Trustees of the Organization has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original fair value of gifts donated to the permanent endowment, (b) the original fair value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization.

At the discretion of the Board, 5% of the average market value of the portfolio at September 30 of each of the preceding twenty quarters is applied to operations. As a result of that calculation, a portion of cumulative interest and dividends, cumulative net realized gains and net appreciation is allocated to operations in accordance with the Organization's investment policies and procedures. During the years ended September 30, 2010 and September 30, 2009, the Board of Trustees approved an appropriation in the amount of \$95,393 and \$132,317, respectively.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified periods as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a diversified manner to reduce the adverse impact that any single security or class of securities may have on the portfolio.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation to maintain sufficient liquidity to satisfy near term cash flow needs and achieve its long-term return objectives within prudent risk constraints to keep pace with inflation over a full market cycle (3-5 years or longer). This is consistent with the organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Board of Trustees has approved spending of \$400,000 for the year ending September 2011.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

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## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Other than temporary impairment of investments

The Organization reviews its investments to identify those for which market value is below cost. The Organization then makes a determination as to whether the investment should be considered other than temporarily impaired based on guidelines established in the GAAP. No such losses were recognized in 2010 or 2009.

### Fair value measurement

The Organization adopted the FASB accounting standard regarding fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principle market for such transactions. It clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, the guidance establishes a fair value hierarchy that prioritizes the information used to develop those assumptions.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. The type of investments included in Level I are marketable equity securities classified as available for sale securities.
- Level 2 - Pricing inputs other than quoted prices in active markets, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Instruments included in this category are certificates of deposit, institutional money funds, and debt obligations with inputs that are observable in the market or can be derived principally from or corroborated by observable market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level III includes assets and liabilities whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation and split interest agreements.

### Estimated malpractice costs

The provision for estimated malpractice claims includes estimates of the ultimate costs for both reported claims and claims incurred but not reported.

### Advertising

The Organization's policy is to expense advertising costs as incurred.



# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

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## 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES...continued

### Income tax status

Each entity, with the exception of CGSG is qualified under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. CGSG is a Qualified Personal Service Corporation and as such is subject to a 35% federal income tax rate.

The Organization follows FASB accounting standard codification ("ASC") 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes by prescribing the recognition threshold a tax position is required to meet before being recognized in the financial statements. It also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. Management believes that the Organization has no material uncertainties in income taxes.

The Organization is no longer subject to income taxes examinations by the U.S. federal, state or local tax authorities for years before 2007.

### Recently Issued Accounting Pronouncements

In April 2009, FASB issued ASC Topics 820-10-35, 50 and 55 (formerly FAS 157-4), *Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased*. This provides additional guidance on estimating the fair value of an asset where the level of activity has decreased significantly, and affirms that the objective fair value is the price that would be received to sell the asset in an orderly transaction, even when the market for the asset is not active. The Organization adopted ASC Topics 820-10-35, 50 and 55 effective October 1, 2009.

In September 2009, the FASB issued FASB Accounting Standards Update No. 2009-12, *Investment in Certain Entities That Calculate Net Asset Value per Share* (ASU 2009-12). ASU 2009-12 (formerly FAS157-g) amends FASB Statement No. 157, *Fair Value Measurements*, adds disclosures, and provides guidance for estimating the fair value of investments in investment companies that calculate net asset value per share, allowing the Net Asset Value per Share (NAV) to be used as a practical expedient for fair value where investment companies follow the American Institute of Certified Public Accountants (AICPA) Guide in arriving at their reported NAV. The Organization adopted ASU 2009-12 effective October 1, 2009.

In January 2010, the FASB issued ASU No. 2010-06, *Improving Disclosures about Fair Value Measurements*. This amends ASC 820 (formerly FAS 157-4) to require additional disclosures. The guidance requires entities to disclose transfers of assets in and out of Levels I and II of the fair value hierarchy, and the reasons for those transfers. In addition, the guidance requires separate presentation of purchase and sales in the Level III asset reconciliation. ASU 2010-06 is effective October 1, 2010. The adoption of this guidance is not expected to have a material impact on the Organization's financial statements.

### Reclassifications

Certain reclassifications have been made to the 2009 financial statements to conform to the 2010 presentation.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 2. RELATED PARTY TRANSACTIONS

The Organization is related to The Auxiliary of the Hebrew Home and Hospital, Incorporated (the Auxiliary), a not-for-profit corporation, through common board members. The Auxiliary was established to promote the religious, physical, and financial well being of the Home by providing services, entertainment and additional physical comfort to the individuals it serves and by contributions to the Home. Included in unrestricted gifts and bequests in the accompanying consolidated statements of operations are \$25,000 received from the Auxiliary during each of the years ended September 30, 2010 and 2009. Non-interest bearing advances totaling \$42,911 and \$33,306 were due from the Auxiliary at September 30, 2010 and 2009, respectively. Included in pledges receivable and temporarily restricted contributions, net of discount at September 30, 2010 and 2009 is \$56,315 and \$64,542, respectively.

Members of the Organization's Board of Trustees are members of law firms that the Organization used for legal services during 2010 and 2009. Total legal expenses paid to these firms during the years ended September 30, 2010 and 2009 were approximately \$73,900 and \$72,500, respectively. At September 30, 2009 there was \$13,354 owed to these firms. There was no amount owed at September 30, 2010. The Organization also purchases services from companies owned by or employing individual board members. Total amounts expended for such services during the years ended September 30, 2010 and 2009 totaled approximately \$667,000 and \$411,000, respectively. As of September 30, 2010 and 2009, there was \$5,805 and \$22,300 owed to these companies, respectively.

## 3. ASSETS LIMITED AS TO USE

The following is a summary of the current portion of assets limited as to use at September 30:

	<u>2010</u>	<u>2009</u>
Security deposits – cash	\$ 284,354	\$ 290,358
Patient funds held in trust – cash	<u>111,620</u>	<u>130,377</u>
Total assets limited as to use – current	<u>\$ 395,974</u>	<u>\$ 420,735</u>

The following is a summary of the long-term portion of assets limited as to use at September 30:

	<u>2010</u>	<u>2009</u>
Mortgage reserve funds (Note 10)	\$ 399,264	\$ 507,207
Liquidity reserve fund (Note 10)	1,296,064	933,942
Other reserves – Farmington Bank (Note 10)	130,588	-
Replacement reserve funds (Note 10)	<u>603,657</u>	<u>719,118</u>
Total assets limited as to use – long-term	<u>2,429,573</u>	<u>2,160,267</u>
Total assets limited as to use	<u>\$ 2,825,547</u>	<u>\$ 2,581,002</u>

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

### 3. ASSETS LIMITED AS TO USE ...continued

The following is a summary of the asset allocation at September 30:

	2010		2009	
	Amount	%	Amount	%
Cash and equivalents	\$ 1,418,663	48%	\$ 1,315,335	51%
U.S. obligations	161,370	6	197,574	8
Fixed income	543,150	20	522,526	20
Time deposits	250,000	9	500,000	19
Marketable securities	452,364	17	45,567	2
	<u>\$ 2,825,547</u>	<u>100%</u>	<u>\$ 2,581,002</u>	<u>100%</u>

### 4. CONCENTRATIONS OF CREDIT RISK

The Organization grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. Gross receivables from patients and third-party payors at September 30, 2010 and 2009 are distributed as follows:

	2010	2009
Medicaid	40 %	42 %
Medicaid Pending	1	5
Medicare	30	24
Private patients and other third-party payors	<u>29</u>	<u>29</u>
	<u>100 %</u>	<u>100 %</u>

Patient accounts receivable balances are net of an allowance for doubtful accounts of \$785,983 and \$789,009 at September 30, 2010 and 2009, respectively. Advances from third party payors are included in net patient accounts receivable.

### 5. PROPERTY, PLANT AND EQUIPMENT

The following is a summary of the Organization's property, plant and equipment at September 30:

	2010	2009
Land	\$ 2,612,381	\$ 2,612,381
Building and building improvements	43,396,894	42,592,260
Furnishings and equipment	4,301,715	4,101,651
Motor vehicles	369,627	286,394
Construction in progress	<u>50,000</u>	<u>113,424</u>
Total	<u>50,730,617</u>	<u>49,706,110</u>
Less - accumulated depreciation and amortization	<u>(28,827,634)</u>	<u>(26,972,574)</u>
Net property, plant and equipment	<u>\$ 21,902,983</u>	<u>\$ 22,733,536</u>

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 5. PROPERTY, PLANT AND EQUIPMENT...continued

The Organization is in the midst of developing a long range plan for renovation and refurbishing of existing facility areas. It is anticipated that these renovations will be accomplished over a number of years and that development costs associated with this program will be amortized as components of the program are completed. As of the date the financial statements are being issued, management is unable to estimate the total expected cost of the renovations.

## 6. INVESTMENTS

Investments, at fair value consisted of the following at September 30:

	<u>2010</u>	<u>2009</u>
Pooled funds held in custody	\$ 3,711,128	\$ 3,594,766
Domestic equity securities	3,774,724	3,639,690
International equity securities	77,109	407,333
Bonds	32,900	5,000
Money market funds	129,114	22,313
Domestic fixed income	1,480,706	1,601,385
International fixed income	<u>106,086</u>	<u>105,772</u>
	<u>\$ 9,311,767</u>	<u>\$ 9,376,259</u>

The pooled funds represent approximately 13.3% and 10.5% of the units in a portfolio of investments managed by The Jewish Community Foundation of Greater Hartford, Inc., formerly known as the Endowment Foundation of The Jewish Federation of Greater Hartford, Inc. (the Endowment Foundation), as of September 30, 2010 and 2009, respectively.

The following is a summary of the asset allocation at the Endowment Foundation at September 30:

	<u>2010</u>	<u>2009</u>
Equities	59 %	61 %
U.S. obligations and bonds	25	24
Alternative investments	14	9
Cash and equivalents	<u>2</u>	<u>6</u>
	<u>100 %</u>	<u>100 %</u>

As of September 30, 2010 and 2009, net realized and unrealized gains (losses) on investments and assets limited as to use totaled \$588,819 and (\$337,370), respectively.

The Endowment Foundation holds several funds and split-interest agreements of which the Organization is the designated charitable beneficiary. Because the Endowment Foundation retains variance powers, these funds do not qualify for recording as unconditional promises to give or net assets under the provisions of FASB ASC Topic 958-605.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 6. INVESTMENTS...continued

At September 30, 2010 and 2009 the Endowment Foundation held \$1,197,284 and \$1,590,642 of certain designated and charitable gift annuities for the benefit of the Organization.

The following table shows the gross unrealized losses and fair value of the Organization's investments with unrealized losses as of September 30, 2010 and 2009. These losses are not deemed to be other than temporarily impaired.

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<u>2010</u>						
Consumer						
Discretionary	\$ 30,297	\$ 5,316	\$ -	\$ -	\$ 30,297	\$ 5,316
Consumer staples	-	-	29,385	3,366	29,385	3,366
Energy	38,790	7,201	77,489	10,063	116,279	17,264
Financial	19,018	3,151	82,717	7,666	101,735	10,817
Health care	49,516	498	70,988	1,883	120,504	2,381
Industrial	-	-	37,752	1,034	37,752	1,034
Information						
Technology	-	-	128,390	6,319	128,390	6,319
Materials	11,024	3,521	6,619	2,867	17,643	6,388
Utilities	28,954	4,406	-	-	28,954	4,406
Fixed income	127,545	2,873	101,365	3,174	228,910	6,047
Total	<u>\$ 305,144</u>	<u>\$ 26,966</u>	<u>\$ 534,705</u>	<u>\$ 36,372</u>	<u>\$ 839,849</u>	<u>\$ 63,338</u>

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<u>2009</u>						
Consumer						
Discretionary	\$ 86,844	\$ 10,506	\$ -	\$ -	\$ 86,844	\$ 10,506
Consumer staples	75,227	11,171	44,888	6,548	120,115	17,719
Energy	35,535	3,010	101,587	17,432	137,122	20,442
Financial	54,867	8,910	57,386	19,845	112,253	28,755
Health care	46,581	1,798	126,998	31,735	173,579	33,533
Industrial	88,057	13,622	137,476	15,412	225,533	29,034
Information						
Technology	48,617	988	198,439	20,920	247,056	21,908
Telecommunication						
Services	27,394	1,584	43,216	2,609	70,610	4,193
Materials	6,192	2,007	-	-	6,192	2,007
Utilities	25,969	1,615	-	-	25,969	1,615
Mutual funds	112,798	37,074	-	-	112,798	37,074
Fixed income	209,260	1,831	-	-	209,260	1,831
Total	<u>\$ 817,341</u>	<u>\$ 94,116</u>	<u>\$ 709,990</u>	<u>\$ 114,501</u>	<u>\$ 1,527,331</u>	<u>\$ 208,617</u>

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 6. INVESTMENTS...continued

Consumer discretionary, consumer staples, energy, healthcare, financial service, industrials, information technology, telecommunication services, materials and utilities represent the Organization's stock holdings. All of these stocks are analyzed regularly by investment advisors, and are showing signs of improvement in the near term. There is no specific reason to believe these stock values will not rebound in a reasonable period of time and therefore are being held within the portfolio. Based on the state of the overall stock market, as of September 30, 2010 and the ability of the Organization to hold these stocks, they are not considered to be other than temporarily impaired.

## 7. FAIR VALUE MEASUREMENTS

The following table summarizes the value of the Organization's assets measured at fair value on a recurring basis by the fair value hierarchy levels as of September 30, 2010 and 2009.

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>2010</u>				
Investments (Note 6):				
Pooled funds held in custody	\$ -	\$ -	\$ 3,711,128	\$ 3,711,128
Domestic equities	3,774,724	-	-	3,774,724
International equities	77,109	-	-	77,109
Bonds	-	32,900	-	32,900
Money markets	-	129,114	-	129,114
Domestic fixed income	2,677	1,478,029	-	1,480,706
International fixed income	-	106,086	-	106,086
Total Investments	<u>3,854,510</u>	<u>1,746,129</u>	<u>3,711,128</u>	<u>9,311,767</u>
Assets limited to use (Note 3):				
US Obligations	-	161,370	-	161,370
Cash & equivalents	1,418,663	-	-	1,418,663
Fixed income	-	543,150	-	543,150
Time deposits	-	250,000	-	250,000
Marketable securities	452,364	-	-	452,364
Total assets limited to use	<u>1,871,027</u>	<u>954,520</u>	<u>-</u>	<u>2,825,547</u>
Pension plan assets (Note 14):				
Money markets	-	95,816	-	95,816
Corporate & foreign bonds	-	664,957	-	664,957
Common equity funds	1,978,188	-	-	1,978,188
Preferred equity securities	217,019	-	-	217,019
Equity and fixed income mutual funds	1,001,694	1,134,934	-	2,136,628
Cash & equivalents	14,712	-	-	14,712
Total pension plan assets	<u>3,211,613</u>	<u>1,895,707</u>	<u>-</u>	<u>5,107,320</u>
Beneficial interest in charitable remainder trust				
	<u>-</u>	<u>-</u>	<u>433,723</u>	<u>433,723</u>
Total	<u>\$ 8,937,150</u>	<u>\$ 4,596,356</u>	<u>\$ 4,144,851</u>	<u>\$17,678,357</u>

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 7. FAIR VALUE MEASUREMENTS... continued

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
<u>2009</u>				
Investments (Note 6):				
Pooled funds held in custody	\$ -	\$ -	\$ 3,594,766	\$ 3,594,766
Domestic equities	3,639,690	-	-	3,639,690
International equities	407,333	-	-	407,333
Bonds	-	5,000	-	5,000
Money markets	-	22,313	-	22,313
Domestic fixed income	-	1,601,385	-	1,601,385
International fixed income	-	105,772	-	105,772
Total Investments	<u>4,047,023</u>	<u>1,734,470</u>	<u>3,594,766</u>	<u>9,376,259</u>
Assets limited to use (Note 3):				
US Obligations	197,574	-	-	197,574
Cash & equivalents	1,315,335	-	-	1,315,335
Fixed income	-	522,526	-	522,526
Time deposits	-	500,000	-	500,000
Marketable securities	45,567	-	-	45,567
Total assets limited to use	<u>1,558,476</u>	<u>1,022,526</u>	<u>-</u>	<u>2,581,002</u>
Pension plan assets (Note 14):				
Money markets	-	114,883	-	114,883
U.S. Government agencies	-	15,154	-	15,154
Corporate & foreign bonds	-	799,997	-	799,997
Common equity funds	1,951,343	-	-	1,951,343
Preferred equity securities	159,683	-	-	159,683
Equity and fixed income mutual funds	903,396	992,384	-	1,895,780
Cash & equivalents	3,054	-	-	3,054
Total pension plan assets	<u>3,017,476</u>	<u>1,922,418</u>	<u>-</u>	<u>4,939,894</u>
Beneficial interest in charitable remainder trust				
	<u>-</u>	<u>-</u>	<u>473,990</u>	<u>473,990</u>
Total	<u>\$ 8,622,975</u>	<u>\$ 4,679,414</u>	<u>\$ 4,068,756</u>	<u>\$17,371,145</u>

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 7. FAIR VALUE MEASUREMENTS... continued

The changes in investments measured at fair value for which the Organization has used Level III inputs to determine fair value are as follows:

	Pooled Funds	Beneficial Interest	Total
Balance September 30, 2008	\$ 3,490,306	\$ 519,681	\$ 4,009,987
Change in beneficial interest	-	(45,691)	(45,691)
Investment Income:			
Net realized/unrealized gains on investments	90,863	-	90,863
Interest and dividends	75,507	-	75,507
Investment fees	(38,348)	-	(38,348)
Distributions	(273,922)	-	(273,922)
Purchase of investments	<u>250,360</u>	<u>-</u>	<u>250,360</u>
Balance September 30, 2009	3,594,766	473,990	4,068,756
Change in beneficial interest	-	(40,267)	(40,267)
Investment Income:			
Net realized/unrealized gains on investments	290,955	-	290,955
Interest and dividends	79,124	-	79,124
Investment fees	(40,092)	-	(40,092)
Distributions	(378,435)	-	(378,435)
Purchase of investments	<u>164,810</u>	<u>-</u>	<u>164,810</u>
Balance September 30, 2010	<u>\$ 3,711,128</u>	<u>\$ 433,723</u>	<u>\$ 4,144,851</u>

	Fair Value	# of Funds	Unfunded Commitments	Timing to Draw Down	Redemption Period	Redemption Notice Period	Remaining Life
Pooled funds held in custody (a)	\$ 3,711,128	1	\$ -	N/A	Monthly	60 days or 6 months if 100% redemption	N/A

The Organization uses the net asset value (NAV) to determine the fair value of all the underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The following table lists the investment in the pooled fund held by the Endowment Foundation which is disclosed in Level III above.

- (a) The pooled funds follow a total return approach to investing. This investment approach strives to balance income and potential for capital appreciation so that both components can contribute to the long-term total return of the pooled investment portfolio. The pooled funds investment policy and guidelines and spending guidelines are designed to operate in concert in order to provide a significant and stable flow of funds over the short-term to provide resources to meet current community needs and, at the same time, maintain the purchasing power of the funds over the long-term, so that the fund will be able to provide adequate resources to future generations to meet new and emerging needs.



# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
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## 8. PLEDGES RECEIVABLE

Unconditional promises to give to the Organization are included in the financial statements as pledges receivable and revenue in the appropriate net asset category. The pledges are expected to be received equally over a five-year period. The pledges were recorded at their present value, discounted using a 5% rate.

The Organization began another fundraising initiative, entitled the Second Century Campaign during the year ended September 30, 2005. The pledges are due in various payment streams and have been recorded at their net present value using discount rates from approximately 4% to approximately 5%.

	<u>2010</u>	<u>2009</u>
Pledges receivable, gross	\$ 632,212	\$ 1,082,460
Less - Unamortized discount	<u>(30,598)</u>	<u>(61,008)</u>
Net unconditional promises to give	<u>\$ 601,614</u>	<u>\$ 1,021,452</u>
	<u>2010</u>	<u>2009</u>
Amounts due in:		
Less than one year	\$ 232,533	\$ 638,823
One to eight years	<u>399,679</u>	<u>443,637</u>
Total	<u>\$ 632,212</u>	<u>\$ 1,082,460</u>

## 9. CHARITABLE GIFT ANNUITY

The Foundation is the beneficiary in an irrevocable charitable gift annuity that is held at the Endowment Foundation. As of September 30, 2010 and 2009, the liability owed to the beneficiary exceeded the fair value of the assets, and a liability has been recorded in the amount of \$121,768 and \$140,775, respectively.

## 10. LINES OF CREDIT

At September 30, 2010 and 2009, the Organization had three line of credit agreements with TD Bank. The first line of credit agreement has a total availability of \$3,500,000 payable on demand, with interest at the Wall Street Journal's prime rate less one percent, with a minimum rate of 4% at September 30, 2010 and 2009. The first line of credit is secured by \$4,313,000 and \$4,117,000 of marketable securities maintained at TD Wealth Management and is subject to certain covenants at September 30, 2010 and 2009, respectively. The Organization was in violation of certain of these covenants for the year ended September 30, 2010 and is commencing negotiations with the bank for renewal. In addition, the Organization has a limited guarantee by the Hebrew Health Care Foundation, Inc. on the first line of credit not to exceed \$3,500,000. The second line of credit agreement has a total availability of \$1,500,000 payable on demand, with interest at the Wall Street Journal's prime rate less one percent, with a minimum rate of 4% at September 30, 2010 and 2009. The second line of credit is secured by investments of the Foundation. The balances outstanding on these lines of credit totaled \$4,892,464 and \$4,552,721 at September 30, 2010 and 2009, respectively and are subject to annual review expiring on May 31, 2011. The third line of credit agreement has a total availability of \$150,000 and is to be used for letters of credit, with a 2% fee for each letter of credit issued, with interest at the Wall Street Journal's prime rate if drawn upon. The third line of credit had no outstanding balance at September 30, 2010 and 2009.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 11. NOTES AND BONDS PAYABLE

	<u>2010</u>	<u>2009</u>
\$20,242,000 Government National Mortgage Association ("GNMA") mortgage-backed securities, the Mortgagee is Wells Fargo Bank, National Association.	\$ 19,938,565	\$ 20,199,726
\$17,055,000 CHEFA Variable Rate Demand Revenue Bond, Hoffman SummerWood Community Issue, Series B.	17,055,000	17,055,000
The Organization had a note payable to the Metropolitan District Commission in annual installments totaling \$13,611, including interest at 6%, maturing in June 2015.	53,534	67,664
The Organization has a note payable to the Farmington Bank in monthly installments totaling \$7,858, including interest at 5.6%, maturing in February, 2013. During the years ended September 30, 2010, the Organization paid \$6,653 in interest expense related to the note payable.	<u>205,672</u>	<u>-</u>
Total bonds payable	37,252,771	37,322,390
Less - current installments	<u>(689,574)</u>	<u>(270,757)</u>
Bonds payable, net of current installments	<u>\$ 36,563,197</u>	<u>\$ 37,051,633</u>

Anticipated future maturities of bonds payable for the next five years are as follows for the years ended September 30:

2011	\$ 689,574
2012	724,156
2013	695,742
2014	700,908
2015	729,259
Thereafter	<u>33,713,132</u>
	<u>\$ 37,252,771</u>

### Mortgage – Wells Fargo

The mortgage is payable to Wells Fargo Bank in monthly installments of \$105,435, including interest at 5.0% through October 2041 and is secured by land and buildings. The Federal Housing Administration under the Section 223(a)(7) Housing Program insures the note payable. During the years ended September 30, 2010 and 2009, the Organization paid \$1,006,177 and \$168,595, respectively, in interest expense related to the mortgage. The fair value of the debt is approximately equal to its carrying value at September 30, 2010 and 2009.

Under the terms of the mortgage agreement with Wells Fargo and the Regulatory Agreement with the Federal Housing Administration, the Organization is required to fund a replacement reserve for the replacement of assets. There are certain other restrictions and covenants, relating to transfer and disposal of mortgaged property, maintenance of insurance coverage, and methods of conducting the Organization's operations. The replacement reserve is held by the mortgagee and consists of cash. See Note 3.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 11. NOTES AND BONDS PAYABLE...continued

### Series B Bonds – CHEFA

Series B Bonds were issued in November 2007: (i) to refund the Series A Bonds; (ii) to finance and refinance the costs of the construction and equipping of a new wing at SummerWood's assisted living facility to house an additional 43 assisted living units and to expand certain portions of the existing facility. The CHEFA bond consists of Series B variable rate bond due July 1, 2037. Monthly interest payments are made. Principal payments commence on July 1, 2011. The bond is secured by land, building and a letter of credit. During the years ended September 30, 2010 and 2009, the Organization paid \$185,085 and \$504,593, respectively, in interest expense related to the bonds. The fair value of the debt is approximately equal to its carrying value at September 30, 2010 and 2009.

Principal payments to the bond principal account of \$26,666 per month will begin in July 2010, with the agent making its annual payments to bond holders beginning in July 2011.

The Organization is required to maintain a liquidity reserve under the terms of the CHEFA bond agreement. See Note 3.

The Organization is subject to certain covenants under the terms of the CHEFA bond agreement. The Organization was in violation of certain of these covenants for the year ended September 30, 2010 and received a waiver of the covenants from the trustee on February 14, 2011.

## 12. CAPITAL LEASE OBLIGATIONS

During 2006, the Organization entered into a lease arrangement, due in monthly payments of \$3,915 through January 2010. There was no outstanding balance as of September 30, 2010. At September 30, 2009 the lease was collateralized by financial software with a depreciated cost of \$43,819. There was an outstanding balance of \$15,515 at September 30, 2009.

During 2008, the Organization entered into a lease arrangement, due in monthly payments of \$2,700 through May 2013, collateralized by telemetry equipment with a depreciated cost of \$87,825 (\$117,100 at September 30, 2009). There was an outstanding balance of \$82,245 and \$110,328 at September 30, 2010 and 2009.

During 2009, the Organization entered into a lease arrangement, due in monthly payments of \$643 through January 2013, collateralized by the leased agreement with a depreciated cost of \$21,210 (\$23,705 at September 30, 2009). There was an outstanding balance of \$14,952 and \$20,335 at September 30, 2010 and 2009.

The value of minimum future lease payments under these capital lease obligations are as follows for the years ended September 30:

2011	\$	40,120
2012		40,120
2013		<u>24,595</u>
Total minimum lease payments		104,835
Less amount representing interest		<u>(7,638)</u>
	\$	<u>97,197</u>

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 13. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

The following is a summary of accounts payable and accrued expenses as of September 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Accounts payable	\$ 2,062,132	\$ 2,696,517
Accrued vacation	2,391,793	2,446,221
Accrued employee benefits	383,465	887,617
Accrued payroll	398,862	440,311
Provider tax	<u>278,525</u>	<u>274,622</u>
Total accounts payable and accrued expenses	<u>\$ 5,514,777</u>	<u>\$ 6,745,288</u>

## 14. PENSION PLANS

### Bargaining unit plan

Approximately 41% of the Organization's labor force is covered by a collective bargaining agreement. A new collective bargaining agreement was negotiated and approved by the Union membership effective October 1, 2008 through September 30, 2011. Bargaining unit employees are covered under a multi-employer defined benefit pension plan administered by the bargaining unit. The Organization contributes monthly to this plan based on a negotiated flat rate per employee hour worked. Contributions to the plan totaled \$262,079 and \$275,818 for the years ended September 30, 2010 and 2009, respectively. Information as to the amount of net assets available for benefits is not available.

### Nonbargaining unit plan

The Organization had a noncontributory, defined benefit pension plan covering all nonbargaining unit employees who satisfied certain eligibility requirements. This plan was frozen on September 30, 2007 and replaced by a 401(k) Retirement Plan that provides for an employer match of up to 2% of the employees annual salary. In addition, the Organization has another defined contribution retirement plan covering substantially all employees. The Organization makes matching contributions to the plan at the discretion of the Board of Directors. There were no employer contributions made to this plan during the years ended September 30, 2010 or 2009.

Benefits under the defined benefit plan were based on years of service. The plan assets consist of cash and mutual funds, which are valued at fair value as determined by the trustee's agent.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 14. PENSION PLANS...continued

### Obligations and Funded Status

Information relative to the Organization's defined benefit pension plan is presented below:

	<u>2010</u>	<u>2009</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 7,009,261	\$ 5,785,123
Interest cost	390,892	379,547
Benefits paid to participants	(251,487)	(123,365)
Actuarial loss	517,295	831,770
Actuarial adjustment	<u>(83,332)</u>	<u>136,186</u>
Benefit obligation at end of year	<u>7,582,629</u>	<u>7,009,261</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	4,955,153	4,920,542
Actual return on plan assets	403,654	157,976
Employer contributions	-	-
Benefits paid to participants	<u>(251,487)</u>	<u>(123,365)</u>
Fair value of plan assets at end of year	<u>5,107,320</u>	<u>4,955,153</u>
Funded status at end of year	<u>\$ (2,475,309)</u>	<u>\$ (2,054,108)</u>
Amounts recognized in balance sheet:		
Other liabilities	<u>\$ (2,475,309)</u>	<u>\$ (2,054,108)</u>

Amounts recognized as changes in unrestricted net assets but not yet reclassified as components of net periodic benefit cost consist of:

	<u>2010</u>	<u>2009</u>
Net actuarial loss	<u>\$ 3,041,186</u>	<u>\$ 2,752,169</u>
Total	<u>\$ 3,041,186</u>	<u>\$ 2,752,169</u>

For pension plans with accumulated benefit obligations in excess of assets at September 30 of the respective years, aggregate amounts were:

	<u>2010</u>	<u>2009</u>
Projected benefit obligations	\$ 7,582,629	\$ 7,009,261
Accumulated benefit obligations	7,582,629	7,009,261
Plan assets	5,107,320	4,955,153

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 14. PENSION PLANS...continued

### Net Periodic Benefit Cost and Other Changes in Unrestricted Net Assets

	<u>2010</u>	<u>2009</u>
Net periodic benefit cost	\$ 132,184	\$ 19,675
Other changes in net assets not yet included in net periodic benefit cost and reclassifications to net periodic benefit cost, of amounts previously recognized as changes in unrestricted net assets but not included in net periodic benefit cost when they arose:		
Net actuarial loss	525,779	1,095,591
Amortization of loss	(154,430)	(61,925)
Actuarial adjustments	<u>(82,332)</u>	<u>136,186</u>
	<u>289,017</u>	<u>1,169,852</u>
Total amounts recognized as changes in unrestricted net assets arising from the defined benefit plan	<u>\$ 421,201</u>	<u>\$ 1,189,527</u>

### Assumptions

Weighted-average assumptions used in computing ending obligations:		
Discount rate	5.00%	5.75%
Weighted-average assumptions used in computing net cost:		
Discount rate	5.75%	6.50%
Expected return on plan assets	8.00%	8.00%

The expected long-term rate of return on plan assets reflects the plan sponsor's estimate of future investment returns (expressed as an annual percentage), taking into account the allocation of plan assets among different investment classes and long-term expectations of future returns on each class.

### Plan Assets

<u>Asset Category</u>	Percentage of Plan Assets at September 30,	
	<u>2010</u>	<u>2009</u>
Pension plans:		
Equity securities	63 %	61 %
Debt securities	35 %	36 %
Cash equivalents	<u>2 %</u>	<u>3 %</u>
Total	<u>100 %</u>	<u>100 %</u>

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 14. PENSION PLANS...continued

### Cash Flows

	<u>Amount</u>
Employer contributions:	
2009	\$ -
2010	-
Benefit payments:	
2009	\$ 251,487
2009	123,365

The following benefit amounts, which reflect expected future service, as appropriate, are expected to be paid as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 735,000
2012	310,000
2013	286,000
2014	300,000
2015	483,000
2016 – 2020	3,064,000

The estimated net periodic benefit cost amortization for the year ending September 30, 2011 is \$215,425.

The Organization has a sub-committee of Hebrew Health Care's board level Human Resources Committee that oversees the investment of pension assets for the Hebrew Home and Hospital Inc. Retirement Income Plan. Funds are currently invested and managed by Webster Financial Advisors, a division of Webster Bank. The investment approach taken by the Committee mirrors the investment philosophy of the Hebrew Health Care Foundation, Inc. The plan employs a total return on investment approach, whereby a mix of equity securities, debt securities and other assets is targeted to maximize the long-term return on assets. Investments are monitored through periodic portfolio reviews with Webster Financial Advisors and compared to annual actuarial liability measurements. The expected yield on plan assets is determined based on historical experience, market conditions, and recommendations from the Organization's actuary.

## 15. EMPLOYEE HEALTH INSURANCE

The Organization maintains a self-insured health insurance plan for its employees. Under the plan, the Organization pays an insurance company certain fixed and variable costs, including administration fees, actual claims incurred, and a premium for losses exceeding a negotiated amount. The Organization's cost for the plan totaled approximately \$4,359,791 and \$4,563,966 for the years ended September 30, 2010 and 2009, respectively. The Organization has also recorded a liability for potential future claims of \$236,776 and \$168,385 for the years ended September 30, 2010 and 2009, respectively.

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 16. COMMITMENTS AND CONTINGENCIES

### Operating leases

The Organization leases various office equipment under operating leases expiring through September 2015. Rental expense under these leases amounted to \$48,299 and \$38,828 for the years ended September 30, 2010 and 2009, respectively.

On August 10, 2010, the Organization entered into an operating lease beginning October 1, 2010 and through September 2015.

The value of future minimum lease payments under these lease agreements are as follows for the year ended September 30:

<u>Year</u>	<u>Amount</u>
2011	\$ 87,756
2012	83,913
2013	78,136
2014	53,064
2015	54,648

### Litigation

The Organization is involved in litigation and regulatory investigations arising in the course of business. After consultation with legal counsel, management anticipates that these matters will be resolved without material adverse effect on the Organization's future financial position or results from operations.

## 17. SPECIAL EVENTS

The following is a summary of special events income (included in gifts, bequests and special revenue) and expenses (included in development expenses) at September 30:

	<u>2010</u>	<u>2009</u>
Ticket sales and sponsorships	\$ 217,036	\$ 190,480
Less expenses	<u>(67,199)</u>	<u>(76,401)</u>
Net special events income	<u>\$ 149,837</u>	<u>\$ 114,079</u>

## 18. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from temporary donor-imposed restrictions by incurring program expenses, which satisfied the restricted purposes, by occurrence of events specified by the donors, or by passage of time.



# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 19. TEMPORARILY RESTRICTED NET ASSETS

The following is a summary of temporarily restricted net assets as of September 30:

	<u>2010</u>	<u>2009</u>
Second Century Campaign	\$ 513,260	\$ 752,807
Harry and Jeanette Weinberg Foundation Challenge	452,152	783,134
Interest in Thumim Charitable Trust	336,212	340,447
Interest in split interest agreement	95,099	131,132
Capital campaign	-	44,537
Other funds	37,170	50,903
The Rabbi Fund	-	40,237
The Music Fund	-	24,337
Annual Fund	23,500	28,934
Appreciation of permanently restricted net assets	<u>63,935</u>	<u>73,881</u>
	<u>\$ 1,521,328</u>	<u>\$ 2,270,349</u>

## 20. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets total \$2,281,904 and \$2,274,142 as of September 30, 2010 and 2009, respectively.

## 21. CONDITIONAL PROMISES TO CONTRIBUTE

At September 30, 2010 and 2009, the Organization had received \$2,120,000 and \$2,070,000 of conditional promises to contribute to the Organization's *Second Century Campaign*. These contributions will be recorded as to donor intention when received or when the condition has been met.

## 22. PROFESSIONAL LIABILITY INSURANCE

The Organization purchases professional and general liability insurance to cover medical malpractice claims. Through September 30, 2010, the Organization was covered by a claims-made policy. There are no known claims or incidents that may result in the assertion of additional claims. Based on historical evidence, the Organization believes that a reserve for claims from unknown incidents is not necessary, and as such, no reserve has been accrued in the financial statements as of September 30, 2010 and 2009.

## 23. ENDOWMENT NET ASSETS

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<u>2010</u>				
Donor Restricted				
Endowment Funds	\$ -	\$ 63,935	\$ 2,276,904	\$ 2,340,839
Board Designated				
Endowment Funds	<u>372,934</u>	<u>-</u>	<u>-</u>	<u>372,934</u>
Total Endowment Net Assets	<u>\$ 372,934</u>	<u>\$ 63,935</u>	<u>\$ 2,276,904</u>	<u>\$ 2,713,773</u>

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 23. ENDOWMENT NET ASSETS...continued

### Changes in Endowment Net Assets

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ 220,965	\$ 73,881	\$ 2,119,142	\$ 2,413,988
Investment return:				
Investment income	10,913	41,654	-	52,567
Net appreciation, realized and unrealized	<u>166,917</u>	<u>31,795</u>	<u>-</u>	<u>198,712</u>
Total investment return	<u>177,830</u>	<u>73,449</u>	<u>-</u>	<u>251,279</u>
Contributions	12,392	-	157,762	170,154
Distributions and fees	<u>(38,253)</u>	<u>(83,395)</u>	<u>-</u>	<u>(121,648)</u>
Net assets, end of year	<u>\$ 372,934</u>	<u>\$ 63,935</u>	<u>\$ 2,276,904</u>	<u>\$ 2,713,773</u>

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
<u>2009</u>				
Donor Restricted Endowment Funds	\$ -	\$ 73,881	\$ 2,119,142	\$ 2,193,023
Board Designated Endowment Funds	<u>220,965</u>	<u>-</u>	<u>-</u>	<u>220,965</u>
Total Endowment Net Assets	<u>\$ 220,965</u>	<u>\$ 73,881</u>	<u>\$ 2,119,142</u>	<u>\$ 2,413,988</u>

### Changes in Endowment Net Assets

	<u>Unrestricted</u>	<u>Temporary Restricted</u>	<u>Permanently Restricted</u>	<u>Totals</u>
Net assets, beginning of year	\$ 272,251	\$ -	\$ 1,946,022	\$ 2,218,273
Reclassification of appreciation of permanently restricted net assets due to the application of UPMIFA	(94,896)	94,896	-	-
Investment return:				
Investment income	14,832	33,499	-	48,331
Net appreciation (depreciation), realized and unrealized	<u>114,957</u>	<u>(21,015)</u>	<u>-</u>	<u>93,942</u>
Total investment return	<u>129,789</u>	<u>12,484</u>	<u>-</u>	<u>142,273</u>
Contributions	39,159	-	173,120	212,279
Distributions and fees	<u>(125,338)</u>	<u>(33,499)</u>	<u>-</u>	<u>(158,837)</u>
Net assets, end of year	<u>\$ 220,965</u>	<u>\$ 73,881</u>	<u>\$ 2,119,142</u>	<u>\$ 2,413,988</u>

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

## 23. ENDOWMENT NET ASSETS...continued

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or law requires the Organization to retain as a fund of perpetual duration. Deficiencies of this nature were approximately \$253,361 and \$305,500 for the years ended September 30, 2010 and 2009, respectively and have been accounted for in unrestricted realized and unrealized losses. During the year ended September 30, 2010 gains of approximately \$52,100 associated with donor restricted funds were recorded as unrestricted to restore deficiency losses recorded in unrestricted net assets at September 30, 2010.

## 24. FUNCTIONAL EXPENSES

Expenses of the Organization incurred during the years ended September 30, 2010 and 2009 by functional area were as follows:

	<u>2010</u>	<u>2009</u>
Health Care Services	\$ 39,986,976	\$ 36,964,792
General and Administrative	16,407,488	15,900,716
Fundraising	<u>434,694</u>	<u>214,316</u>
Totals	<u>\$ 53,829,158</u>	<u>\$ 53,079,824</u>

## 25. STRATEGIC PLAN

As of September 30, 2010, the Organization has an unrestricted net asset available for operations deficit totaling approximately \$8.5 million. In response to the deficit, the Organization is currently engaged in a Board directed Strategic Planning process. As part of this process the Board and Staff, with the assistance of ThirdAge, a division of LarsonAllen consultants who have provided a market analysis as part of their engagement, will be developing guidelines outlining the market for future opportunities as well as trends in aging services within Northern Connecticut and nationally.

The market analysis is intended to guide and inform HHC's strategic planning efforts. Those planning efforts are focused on the next five years – as well as a longer horizon of 10 to 15 years. The market analysis is expected to:

1. Assist in developing an overall understanding of the market for geriatric services both within the broader or general community market as well as the Jewish community needs.
2. Be based on a rigorous analysis of the market area dynamics, demographics, competition and the demand for services.
3. Be informed through consideration of both quantitative as well as qualitative research
4. Provide recommendations, that address (among other issues):
  - a. Target residents – including age, income and service needs
  - b. Income mix – specifically identifying the opportunity for private pay, income levels required, Medicaid and Medicare
  - c. Suggested programs and amenities
  - d. Marketing strategies/approaches to assist in achieving and maintaining occupancy for the recommended programs
5. Include a qualitative community study and recommendations

# Hebrew Health Care, Incorporated and Affiliates

Notes to Consolidated Financial Statements  
September 30, 2010 and 2009

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## 25. STRATEGIC PLAN...continued

Upon completion of this phase of the strategic planning process the Board, Staff and Consultants will concentrate their efforts on development of key strategies that will enable HHC to achieve financial stability while maintaining its vision; as well as achieving agreement on the initiatives or action items that support the key strategies. This is to include clarifying vision and strategies as well as developing a strategic capital plan.

## 26. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 25, 2011, the date the financial statements were issued.

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SUPPLEMENTARY INFORMATION

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INDEPENDENT AUDITOR'S REPORT  
ON THE SUPPLEMENTARY INFORMATION

Boards of Directors  
Hebrew Health Care, Incorporated and Affiliates  
West Hartford, Connecticut

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements, rather than to present the financial position, changes in net assets, and cash flows of the individual entities. The consolidating information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

*McGladrey & Pullen, LLP*

February 25, 2011  
Boston, Massachusetts

## Hebrew Health Care, Incorporated and Affiliates

Consolidating Balance Sheet  
September 30, 2010

	Hebrew Health Care, Inc.	Hebrew Home and Hospital, Incorporated	Hebrew Community Services, Inc.	Hebrew Life Choices, Inc.	Hebrew Health Care Foundation, Inc.	Connecticut Geriatric Specialty Group, P.C.	Consolidated Totals Prior to Eliminations	Eliminations	Consolidated Totals
<b>ASSETS</b>									
Current Assets:									
Cash and cash equivalents	\$ 109,129	\$ 23,043	\$ 1,106	\$ 2,774	\$ 3,322	\$ -	\$ 139,374	\$ -	\$ 139,374
Assets limited as to use	-	105,621	-	290,353	-	-	395,974	-	395,974
Patient accounts receivable, net of allowance for doubtful accounts	-	5,572,832	599,384	-	-	-	6,172,216	-	6,172,216
Current portion of pledges receivable	222,533	10,000	-	-	-	-	232,533	-	232,533
Other receivables	8,158	120,492	-	-	180,000	-	308,650	(180,000)	128,650
Inventory	-	167,991	-	-	-	-	167,991	-	167,991
Prepaid expenses	9,977	195,852	13,127	77,360	-	20,242	316,558	-	316,558
Total current assets	349,797	6,195,831	613,617	370,487	183,322	20,242	7,733,296	(180,000)	7,553,296
Assets Limited as to Use	-	972,138	-	1,457,435	-	-	2,429,573	-	2,429,573
Property, Plant and Equipment, net	-	6,434,431	157,498	15,386,054	-	-	21,977,983	(75,000)	21,902,983
Other Assets:									
Pledges receivable	322,766	46,315	-	-	-	-	369,081	-	369,081
Beneficial interest in charitable remainder trust	-	433,723	-	-	-	-	433,723	-	433,723
Cash surrender value of life insurance	-	-	-	-	53,503	-	53,503	-	53,503
Investments	-	1,180,637	-	-	8,131,130	-	9,311,767	-	9,311,767
Deposits	-	7,250	9,591	-	-	-	16,841	-	16,841
Mortgage acquisition costs, net	-	373,574	-	593,205	-	-	966,779	-	966,779
Due from affiliates	-	1,755,308	22,526	1,858,099	-	64,228	3,700,161	(3,657,250)	42,911
Total other assets	322,766	3,796,807	32,117	2,451,304	8,184,633	64,228	14,851,855	(3,657,250)	11,194,605
Total assets	\$ 672,563	\$ 17,399,207	\$ 803,232	\$ 19,665,280	\$ 8,367,955	\$ 84,470	\$ 46,992,707	\$ (3,912,250)	\$ 43,080,457

	Hebrew Health Care, Inc.	Hebrew Home and Hospital, Incorporated	Hebrew Community Services, Inc.	Hebrew Life Choices, Inc.	Hebrew Health Care Foundation, Inc.	Connecticut Geriatric Specialty Group, P.C.	Consolidated Totals Prior to Eliminations	Eliminations	Consolidated Totals
<b>LIABILITIES AND NET ASSETS</b>									
Current liabilities:									
Current installments of notes and bonds payable	\$ -	\$ 359,403	\$ -	\$ 330,171	\$ -	\$ -	\$ 689,574	\$ -	\$ 689,574
Current portion of capital lease obligations	-	40,120	-	-	-	-	40,120	-	40,120
Accounts payable and accrued expenses	219,188	4,432,466	352,663	266,636	-	243,824	5,514,777	-	5,514,777
Lines of credit	-	3,499,999	-	1,392,465	-	-	4,892,464	-	4,892,464
Funds held in trust	-	105,620	-	290,353	-	-	395,973	-	395,973
Deferred revenue	-	-	3,860	-	-	-	3,860	-	3,860
Total current liabilities	219,188	8,437,608	356,523	2,279,625	-	243,824	11,536,768	-	11,536,768
Long-term debt:									
Due to affiliates	373,344	1,875,006	327,778	385,877	42,862	652,383	3,657,250	(3,657,250)	-
Notes and bonds payable	-	19,784,834	180,000	16,778,363	-	-	36,743,197	(180,000)	36,563,197
Capital lease obligations	-	57,077	-	-	-	-	57,077	-	57,077
Total long-term debt	373,344	21,716,917	507,778	17,164,240	42,862	652,383	40,457,524	(3,837,250)	36,620,274
Other liabilities:									
Payable from charitable gift annuity	-	-	-	-	121,768	-	121,768	-	121,768
Accrued pension liability	-	2,475,309	-	-	-	-	2,475,309	-	2,475,309
Total other liabilities	-	2,475,309	-	-	121,768	-	2,597,077	-	2,597,077
Total liabilities	592,532	32,629,834	864,301	19,443,865	164,630	896,207	54,591,369	(3,837,250)	50,754,119
Net assets:									
Unrestricted	51,531	(16,659,520)	(66,069)	221,415	5,862,486	(811,737)	(11,401,894)	(75,000)	(11,476,894)
Temporarily restricted	28,500	1,428,893	-	-	63,935	-	1,521,328	-	1,521,328
Permanently restricted	-	-	5,000	-	2,276,904	-	2,281,904	-	2,281,904
Total net assets	80,031	(15,230,627)	(61,069)	221,415	8,203,325	(811,737)	(7,598,662)	(75,000)	(7,673,662)
Total liabilities and net assets	\$ 672,563	\$ 17,399,207	\$ 803,232	\$ 19,665,280	\$ 8,367,955	\$ 84,470	\$ 46,992,707	\$ (3,912,250)	\$ 43,080,457



## Hebrew Health Care, Incorporated and Affiliates

Consolidating Balance Sheet  
September 30, 2009

	Hebrew Health Care, Inc.	Hebrew Home and Hospital, Incorporated	Hebrew Community Services, Inc.	Hebrew Life Choices, Inc.	Hebrew Health Care Foundation, Inc.	Connecticut Geriatric Specialty Group, P.C.	Consolidated Totals Prior to Eliminations	Eliminations	Consolidated Totals
<b>ASSETS</b>									
Current Assets:									
Cash and cash equivalents	\$ 171,274	\$ 35,550	\$ 43,850	\$ 15,064	\$ 3,348	\$ -	\$ 269,086	\$ -	\$ 269,086
Assets limited as to use	-	122,377	-	298,358	-	-	420,735	-	420,735
Patient accounts receivable, net of allowance for doubtful accounts	-	7,415,534	700,280	18,749	-	-	8,134,563	-	8,134,563
Current portion of pledges receivable	434,286	10,000	-	44,537	150,000	-	638,823	-	638,823
Other receivables	8,158	65,818	-	-	-	-	73,976	-	73,976
Inventory	-	168,119	-	-	-	-	168,119	-	168,119
Prepaid expenses	5,415	119,416	24,043	60,263	-	22,810	231,947	-	231,947
Total current assets	619,133	7,936,814	768,173	436,971	153,348	22,810	9,937,249	-	9,937,249
Assets Limited as to Use	-	1,034,557	-	1,125,710	-	-	2,160,267	-	2,160,267
Property, Plant and Equipment, net	-	6,699,051	89,807	16,019,678	-	-	22,808,536	(75,000)	22,733,536
Other Assets:									
Pledges receivable	328,087	54,542	-	-	-	-	382,629	-	382,629
Beneficial interest in charitable remainder trust	-	473,990	-	-	-	-	473,990	-	473,990
Cash surrender value of life insurance	-	-	-	-	34,267	-	34,267	-	34,267
Investments	-	1,569,427	-	-	7,806,832	-	9,376,259	-	9,376,259
Deposits	-	51,500	3,000	-	-	-	54,500	-	54,500
Mortgage acquisition costs, net	-	366,713	-	626,974	-	-	993,687	-	993,687
Due from affiliates	1,457,787	1,869,837	993,279	1,828,108	238,657	28,975	6,416,643	(6,383,337)	33,306
Total other assets	1,785,874	4,386,009	996,279	2,455,082	8,079,756	28,975	17,731,975	(6,383,337)	11,348,638
Total assets	\$ 2,405,007	\$ 20,056,431	\$ 1,854,259	\$ 20,037,441	\$ 8,233,104	\$ 51,785	\$ 52,638,027	\$ (6,458,337)	\$ 46,179,690

	Hebrew Health Care, Inc.	Hebrew Home and Hospital, Incorporated	Hebrew Community Services, Inc.	Hebrew Life Choices, Inc.	Hebrew Health Care Foundation, Inc.	Connecticut Geriatric Specialty Group, P.C.	Consolidated Totals Prior to Eliminations	Eliminations	Consolidated Totals
<b>LIABILITIES AND NET ASSETS</b>									
Current liabilities:									
Current installments of notes and bonds payable	\$ -	\$ 261,161	\$ -	\$ 9,596	\$ -	\$ -	\$ 270,757	\$ -	\$ 270,757
Current portion of capital lease obligations	-	55,780	-	-	-	-	55,780	-	55,780
Accounts payable and accrued expenses	316,571	5,581,577	342,136	268,894	-	236,110	6,745,288	-	6,745,288
Lines of credit	-	3,271,693	-	1,281,028	-	-	4,552,721	-	4,552,721
Funds held in trust	-	122,377	-	298,358	-	-	420,735	-	420,735
Deferred revenue	5,090	-	7,546	-	-	-	12,636	-	12,636
Total current liabilities	321,661	9,292,588	349,682	1,857,876	-	236,110	12,057,917	-	12,057,917
Long-term debt:									
Due to affiliates	1,525,675	3,085,313	1,400,746	202,725	31,519	137,359	6,383,337	(6,383,337)	-
Notes and bonds payable	-	19,938,565	-	17,113,068	-	-	37,051,633	-	37,051,633
Capital lease obligations	-	90,398	-	-	-	-	90,398	-	90,398
Total long-term debt	1,525,675	23,114,276	1,400,746	17,315,793	31,519	137,359	43,525,368	(6,383,337)	37,142,031
Other liabilities:									
Payable from charitable gift annuity	-	-	-	-	140,775	-	140,775	-	140,775
Accrued pension liability	-	2,054,108	-	-	-	-	2,054,108	-	2,054,108
Total other liabilities	-	2,054,108	-	-	140,775	-	2,194,883	-	2,194,883
Total liabilities	1,847,336	34,460,972	1,750,428	19,173,669	172,294	373,469	57,778,168	(6,383,337)	51,394,831
Net assets:									
Unrestricted	528,737	(16,527,538)	98,831	819,235	5,717,787	(321,684)	(9,684,632)	(75,000)	(9,759,632)
Temporarily restricted	28,934	2,122,997	-	44,537	73,881	-	2,270,349	-	2,270,349
Permanently restricted	-	-	5,000	-	2,269,142	-	2,274,142	-	2,274,142
Total net assets	557,671	(14,404,541)	103,831	863,772	8,060,810	(321,684)	(5,140,141)	(75,000)	(5,215,141)
Total liabilities and net assets	\$ 2,405,007	\$ 20,056,431	\$ 1,854,259	\$ 20,037,441	\$ 8,233,104	\$ 51,785	\$ 52,638,027	\$ (6,458,337)	\$ 46,179,690

## Hebrew Health Care, Incorporated and Affiliates

Consolidating Statement of Operations  
Year Ended September 30, 2010

	Hebrew Health Care, Inc.	Hebrew Home and Hospital, Incorporated	Hebrew Community Services, Inc.	Hebrew Life Choices, Inc.	Hebrew Health Care Foundation, Inc.	Connecticut Geriatric Specialty Group, P.C.	Consolidated Totals Prior to Eliminations	Eliminations	Consolidated Totals
<b>Unrestricted Revenues and Other Support:</b>									
Net patient service revenue	\$ -	\$ 39,453,064	\$ 10,499	\$ -	\$ -	\$ 1,217,828	\$ 40,681,391	\$ (1,073,506)	\$ 39,607,885
Member services - SummerWood	-	-	-	3,453,599	-	-	3,453,599	-	3,453,599
Adult day health center services	-	-	860,696	-	-	-	860,696	-	860,696
Home health care revenue	-	37,311	4,607,048	-	-	-	4,644,359	-	4,644,359
Grants	131,900	1,221,271	112,742	-	-	-	1,465,913	(1,048,771)	417,142
Management fees	1,993,779	-	-	-	-	-	1,993,779	(1,993,779)	-
Other income	2,796	1,580,516	2,350	406,175	-	-	1,991,837	(1,171,359)	820,478
Net assets released from restrictions	27,434	655,845	-	-	83,395	-	766,674	-	766,674
Total unrestricted revenues and other support	2,155,909	42,948,007	5,593,335	3,859,774	83,395	1,217,828	55,858,248	(5,287,415)	50,570,833
<b>Expenses:</b>									
Nursing services	-	16,916,224	1,847,852	1,718	-	103,369	18,869,163	(53,144)	18,816,019
Administration	2,234,798	8,293,256	3,488,299	1,730,086	-	809,839	16,556,278	(3,724,771)	12,831,507
Nutritional services	-	2,946,849	115,756	756,411	-	-	3,819,016	(115,756)	3,703,260
Environmental services	-	1,712,850	13,446	168,185	-	-	1,894,481	-	1,894,481
Building operations	-	1,508,060	63,925	575,672	-	-	2,147,657	-	2,147,657
Depreciation and amortization	-	1,013,819	42,655	847,356	-	-	1,903,830	-	1,903,830
Interest expense	-	1,142,561	-	235,397	-	-	1,377,958	-	1,377,958
Pharmacy services	-	2,078,381	-	-	-	-	2,078,381	-	2,078,381
Medical services	-	3,193,394	116,717	-	-	794,673	4,104,784	(324,285)	3,780,499
Rehabilitation services	-	1,450,218	44,916	-	-	-	1,495,134	-	1,495,134
Provider tax	-	1,082,902	-	-	-	-	1,082,902	-	1,082,902
Life enrichment services	-	411,784	-	194,794	-	-	606,578	(20,688)	585,890
Social services	-	324,255	2,588	-	-	-	326,843	-	326,843
Bad debt expense	-	889,067	22,081	-	-	-	911,148	-	911,148
Development	1,489,639	-	-	-	288,019	-	1,777,658	(1,048,771)	728,887
Health information management	-	164,762	-	-	-	-	164,762	-	164,762
Total expenses	3,724,437	43,128,382	5,758,235	4,509,619	288,019	1,707,881	59,116,573	(5,287,415)	53,829,158
Deficiency of revenues over expenses	(1,568,528)	(180,375)	(164,900)	(649,845)	(204,624)	(490,053)	(3,258,325)	-	(3,258,325)
<b>Nonoperating gains (losses):</b>									
Interest and dividend income and distributions	-	25,844	-	26,088	154,060	-	205,992	-	205,992
Net realized and unrealized gains on investments	-	49,111	-	25,937	481,976	-	557,024	-	557,024
Change in value of beneficial interest in charitable gift annuity - unrestricted	-	-	-	-	19,006	-	19,006	-	19,006
Change in cash surrender value of life insurance	-	-	-	-	19,236	-	19,236	-	19,236
Change in pension instrument	-	(289,017)	-	-	-	-	(289,017)	-	(289,017)
Donations expense	-	-	-	-	(270,535)	-	(270,535)	270,535	-
Gifts, bequests, and special events	1,091,322	269,789	-	-	7,048	-	1,368,159	(270,535)	1,097,624
Investment fees	-	(7,334)	-	-	(61,468)	-	(68,802)	-	(68,802)
Total nonoperating gains (losses)	1,091,322	48,393	-	52,025	349,323	-	1,541,063	-	1,541,063
Change in unrestricted net assets	\$ (477,206)	\$ (131,982)	\$ (164,900)	\$ (597,820)	\$ 144,699	\$ (490,053)	\$ (1,717,262)	\$ -	\$ (1,717,262)

## Hebrew Health Care, Incorporated and Affiliates

Consolidating Statement of Operations  
Year Ended September 30, 2009

	Hebrew Health Care, Inc.	Hebrew Home and Hospital, Incorporated	Hebrew Community Services, Inc.	Hebrew Life Choices, Inc.	Hebrew Health Care Foundation, Inc.	Connecticut Geriatric Specialty Group, P.C.	Consolidated Totals Prior to Eliminations	Eliminations	Consolidated Totals
<b>Unrestricted Revenues and Other Support:</b>									
Net patient service revenue	\$ -	\$ 39,187,672	\$ -	\$ -	\$ -	\$ 1,330,932	\$ 40,518,604	\$ (1,225,000)	\$ 39,293,604
Member services - SummerWood	-	-	-	3,169,544	-	-	3,169,544	-	3,169,544
Adult day health center services	-	-	957,667	-	-	-	957,667	-	957,667
Home health care revenue	-	-	3,978,632	-	-	-	3,978,632	-	3,978,632
Grants	77,406	173,038	229,893	-	-	-	480,337	-	480,337
Management fees	1,284,575	-	-	-	-	-	1,284,575	(1,284,575)	-
Other income	-	434,330	1,395	335,973	-	-	771,698	-	771,698
Net assets released from restrictions	-	466,169	-	-	130,085	-	596,254	-	596,254
<b>Total unrestricted revenues and other support</b>	<b>1,361,981</b>	<b>40,261,209</b>	<b>5,167,587</b>	<b>3,505,517</b>	<b>130,085</b>	<b>1,330,932</b>	<b>51,757,311</b>	<b>(2,509,575)</b>	<b>49,247,736</b>
<b>Expenses:</b>									
Nursing services	-	18,154,774	1,621,313	2,095	-	104,656	19,882,838	-	19,882,838
Administration	1,550,431	6,266,316	3,041,194	1,590,166	-	588,699	13,036,806	(1,146,786)	11,890,020
Nutritional services	-	3,053,887	137,789	733,556	-	-	3,925,232	(137,789)	3,787,443
Environmental services	-	1,794,182	12,996	159,580	-	-	1,966,758	-	1,966,758
Building operations	-	1,467,799	51,395	504,797	-	-	2,023,991	-	2,023,991
Depreciation and amortization	-	1,551,829	45,270	575,182	-	-	2,172,281	-	2,172,281
Interest expense	-	946,210	-	547,671	-	-	1,493,881	-	1,493,881
Pharmacy services	-	2,185,227	-	-	-	-	2,185,227	-	2,185,227
Medical services	-	3,495,230	136,382	-	-	688,653	4,320,265	(1,225,000)	3,095,265
Rehabilitation services	-	1,127,530	151,535	-	-	-	1,279,065	-	1,279,065
Provider tax	-	1,194,841	-	-	-	-	1,194,841	-	1,194,841
Life enrichment services	-	451,709	-	153,911	-	-	605,620	-	605,620
Social services	-	325,774	590	-	-	-	326,364	-	326,364
Bad debt expense	-	249,990	12,105	-	130,085	-	392,180	-	392,180
Development	558,376	-	-	173	301	-	558,850	-	558,850
Health information management	-	225,200	-	-	-	-	225,200	-	225,200
<b>Total expenses</b>	<b>2,108,807</b>	<b>42,490,498</b>	<b>5,210,569</b>	<b>4,267,131</b>	<b>130,386</b>	<b>1,382,008</b>	<b>55,589,399</b>	<b>(2,509,575)</b>	<b>53,079,824</b>
Deficiency of revenues over expenses	(746,826)	(2,229,289)	(42,982)	(761,614)	(301)	(51,076)	(3,832,088)	-	(3,832,088)
<b>Nonoperating gains (losses):</b>									
Interest and dividend income and distributions	-	75,138	-	30,492	207,845	-	313,475	-	313,475
Net realized and unrealized losses on investments	-	(108,151)	-	(4,368)	(203,836)	-	(316,355)	-	(316,355)
Change in value of beneficial interest in charitable gift annuity - unrestricted	-	-	-	-	(87,023)	-	(87,023)	-	(87,023)
Change in cash surrender value of life insurance	-	-	-	-	16,550	-	16,550	-	16,550
Change in pension instrument	-	(1,169,852)	-	-	-	-	(1,169,852)	-	(1,169,852)
Donations expense	(98,374)	-	-	-	(425,003)	-	(523,377)	523,377	-
Gifts, bequests, and special events	1,280,609	26,798	-	-	89,398	-	1,396,805	(523,377)	873,428
Reclassification of endowment appreciation	-	-	-	-	(94,896)	-	(94,896)	-	(94,896)
Investment fees	-	(12,824)	-	-	(63,783)	-	(76,607)	-	(76,607)
<b>Total nonoperating losses</b>	<b>1,182,235</b>	<b>(1,188,891)</b>	<b>-</b>	<b>26,124</b>	<b>(560,748)</b>	<b>-</b>	<b>(541,280)</b>	<b>-</b>	<b>(541,280)</b>
Change in unrestricted net assets	\$ 435,409	\$ (3,418,180)	\$ (42,982)	\$ (735,490)	\$ (561,049)	\$ (51,076)	\$ (4,373,368)	\$ -	\$ (4,373,368)

## Hebrew Health Care, Incorporated and Affiliates

Consolidating Statement of Changes in Net Assets

Year Ended September 30, 2010

	Hebrew Health Care, Inc.	Hebrew Home and Hospital, Incorporated	Hebrew Community Services, Inc.	Hebrew Life Choices, Inc.	Hebrew Health Care Foundation, Inc.	Connecticut Geriatric Specialty Group, P.C.	Consolidated Totals Prior to Eliminations	Eliminations	Consolidated Totals
Unrestricted net assets:									
Deficiency of revenues over expenses	\$ (1,568,528)	\$ (180,375)	\$ (164,900)	\$ (649,845)	\$ (204,624)	\$ (490,053)	\$ (3,258,325)	\$ -	\$ (3,258,325)
Nonoperating gains	1,091,322	48,393	-	52,025	349,323	-	1,541,063	-	1,541,063
Change in unrestricted net assets	(477,206)	(131,982)	(164,900)	(597,820)	144,699	(490,053)	(1,717,262)	-	(1,717,262)
Temporarily restricted net assets:									
Change in value of beneficial interest in charitable remainder trust	-	(40,268)	-	-	-	-	(40,268)	-	(40,268)
Contributions	27,000	7,009	-	-	-	-	34,009	-	34,009
Bad debts	-	(5,000)	-	(44,537)	-	-	(49,537)	-	(49,537)
Reclassification of donor intent	-	-	-	-	-	-	-	-	-
Interest and dividend income	-	-	-	-	41,654	-	41,654	-	41,654
Net realized and unrealized gains	-	-	-	-	31,795	-	31,795	-	31,795
Net assets released from restrictions	(27,434)	(655,845)	-	-	(83,395)	-	(766,674)	-	(766,674)
Change in temporarily restricted net assets	(434)	(694,104)	-	(44,537)	(9,946)	-	(749,021)	-	(749,021)
Permanently restricted net assets:									
Contributions	-	-	-	-	7,762	-	7,762	-	7,762
Change in permanently restricted net assets	-	-	-	-	7,762	-	7,762	-	7,762
Change in net assets	(477,640)	(826,086)	(164,900)	(642,357)	142,515	(490,053)	(2,458,521)	-	(2,458,521)
Net assets at beginning of year	557,671	(14,404,541)	103,831	863,772	8,060,810	(321,684)	(5,140,141)	(75,000)	(5,215,141)
Net assets at end of year	\$ 80,031	\$ (15,230,627)	\$ (61,069)	\$ 221,415	\$ 8,203,325	\$ (811,737)	\$ (7,598,662)	\$ (75,000)	\$ (7,673,662)

## Hebrew Health Care, Incorporated and Affiliates

Consolidating Statement of Changes in Net Assets

Year Ended September 30, 2009

	Hebrew Health Care, Inc.	Hebrew Home and Hospital, Incorporated	Hebrew Community Services, Inc.	Hebrew Life Choices, Inc.	Hebrew Health Care Foundation, Inc.	Connecticut Geriatric Specialty Group, P.C.	Consolidated Totals Prior to Eliminations	Eliminations	Consolidated Totals
Unrestricted net assets:									
Excess (deficiency) of revenues over expenses	\$ (746,826)	\$ (2,229,289)	\$ (42,982)	\$ (761,614)	\$ (301)	\$ (51,076)	\$ (3,832,088)	\$ -	\$ (3,832,088)
Nonoperating gains (losses)	1,182,235	(1,188,891)	-	26,124	(560,748)	-	(541,280)	-	(541,280)
Change in unrestricted net assets	435,409	(3,418,180)	(42,982)	(735,490)	(561,049)	(51,076)	(4,373,368)	-	(4,373,368)
Temporarily restricted net assets:									
Change in value of beneficial interest in charitable remainder trust	-	(45,691)	-	-	-	-	(45,691)	-	(45,691)
Contributions	28,934	7,088	-	-	-	-	36,022	-	36,022
Reclassification of donor intent	-	-	-	-	-	-	-	-	-
Net realized and unrealized loss	-	-	-	-	(21,015)	-	(21,015)	-	(21,015)
Reclassification of endowment appreciation	-	-	-	-	94,896	-	94,896	-	94,896
Net assets released from restrictions	-	(466,169)	-	-	(130,085)	-	(596,254)	-	(596,254)
Change in temporarily restricted net assets	28,934	(504,772)	-	-	(56,204)	-	(532,042)	-	(532,042)
Permanently restricted net assets:									
Contributions	-	-	-	-	-	-	-	-	-
Reclassification of donor intent	-	-	-	-	40,934	-	40,934	-	40,934
Change in permanently restricted net assets	-	-	-	-	40,934	-	40,934	-	40,934
Change in net assets	464,343	(3,922,952)	(42,982)	(735,490)	(576,319)	(51,076)	(4,864,476)	-	(4,864,476)
Net assets at beginning of year, as restated (Note 22)	93,328	(10,481,589)	146,813	1,599,262	8,637,129	(270,608)	(275,665)	(75,000)	(350,665)
Net assets at end of year	\$ 557,671	\$ (14,404,541)	\$ 103,831	\$ 863,772	\$ 8,060,810	\$ (321,684)	\$ (5,140,141)	\$ (75,000)	\$ (5,215,141)