

ELIM PARK BAPTIST HOME, INC.

a.k.a ELIM PARK PLACE

2023

ANNUAL FINANCIAL FILING

FISCAL YEAR ENDING

September 30, 2023

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7. CURRENT RATE STRUCTURE - 50% REFUND EFFECTIVE JANUARY 2024

Building	Entrance Fee Prices start at	Monthly Service Fee Prices start at	
Mallard Mill One Bedroom Apartment	\$206,597	\$2,579 \$840	Single Person Second Person Fee
Village Green One Bedroom Apartment	\$287,220	\$3,296 \$840	Single Person Second Person Fee
Two Bedroom Apartment	\$375,400	\$4,331 \$840	Single Person Second Person Fee
Brooksvale One Bedroom Apartment	\$343,312	\$3,388 \$840	Single Person Second Person Fee
Two Bedroom Apartment	\$423,949	\$4,245 \$840	Single Person Second Person Fee
Andrews Knoll One Bedroom Apartment	\$362,238	\$3,454 \$840	Single Person Second Person Fee
Two Bedroom Apartment	\$480,037	\$4,538 \$840	Single Person Second Person Fee
Mountain View One Bedroom Apartment	\$394,094	\$3,488 \$840	Single Person Second Person Fee
Two Bedroom Apartment	\$501,455	\$4,546 \$840	Single Person Second Person Fee
Spring Meadow One Bedroom Apartment	\$398,107	\$3,489 \$840	Single Person Second Person Fee
Two Bedroom Apartment	\$511,266	\$4,555 \$840	Single Person Second Person Fee
Riverbend One Bedroom Apartment	\$412,751	\$3,576 \$840	Single Person Second Person Fee
Two Bedroom Apartment	\$544,598	\$4,635 \$840	Single Person Second Person Fee

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



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Elim Park Baptist Home, Inc.

Statement of Actuarial Opinion February 16, 2024

I, Dave Bond, am a Fellow of the Society of Actuaries, a Member of the American Academy of Actuaries, a Partner in the firm of Continuing Care Actuaries, and meet the qualification standards to render Statements of Actuarial Opinion for continuing care retirement communities. I have been retained by Elim Park Baptist Home, Inc. to render a Statement of Actuarial Opinion, in accordance with Section 17b-527 of the Regulations implementing the Continuing Care Statutes, regarding the following actuarial projections included in Elim Park Baptist Home, Inc.'s 2023 Annual Financial Filing:

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

I have examined the above items as shown in Elim Park Baptist Home, Inc.'s 2023 Annual Financial Filing. These items are attached to this Statement of Actuarial Opinion. In the course of my review, I relied upon the accuracy and completeness of data and supporting documentation prepared by Elim Park Baptist Home, Inc. Continuing Care Actuaries did not conduct a due diligence review of Elim Park Baptist Home, Inc.' historical resident data. However, in the course of my examination, nothing came to my attention that causes me to believe that the underlying data information is unreasonable or inappropriate. My examination included such review as I considered necessary of the data, methods, and underlying assumptions used by and the resulting actuarial projections reported by Elim Park Baptist Home, Inc. with respect to the above items as shown in Elim Park Baptist Home, Inc.'s 2023 Annual Financial Filing.

In my opinion, the above items as shown in Elim Park Baptist Home, Inc.'s 2023 Annual Financial Filing:

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

Should you have any questions on this information, please do not hesitate to contact our office.

Respectfully,

A handwritten signature in blue ink that reads 'Dave Bond'.

Dave Bond, F.S.A., M.A.A.A.
Managing Partner

dbond@continuingcareactuaries.com

Residential Turnover Rates

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

<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
12.9%	13.2%	13.5%	13.8%	14.1%	14.3%

Average Age of Residents

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

<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
87	87	87	87	87

Health Care Utilization Rates

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

<u>Year</u>	Skilled Nursing Facility				<u>Days per 100 Residents</u>
	<u>Utilization Rate</u>		<u>Admission Rate</u>		
	<u>Patients</u>	<u>%</u>	<u>Patients</u>	<u>%</u>	
2023	25.8	7.7%	17.0	5.4%	2,815
2024	26.1	7.9%	14.4	4.7%	2,895
2025	26.5	8.3%	14.8	5.0%	3,025
2026	27.2	8.6%	15.1	5.1%	3,140
2027	27.9	8.9%	15.3	5.3%	3,241
2028	28.5	9.1%	15.5	5.4%	3,329

<u>Year</u>	Personal Care Facility				<u>Days per 100 Residents</u>
	<u>Utilization Rate</u>		<u>Admission Rate</u>		
	<u>Patients</u>	<u>%</u>	<u>Patients</u>	<u>%</u>	
2023	0.0	0.0%	0.0	0.0%	0
2024	0.0	0.0%	0.0	0.0%	0
2025	0.0	0.0%	0.0	0.0%	0
2026	0.0	0.0%	0.0	0.0%	0
2027	0.0	0.0%	0.0	0.0%	0
2028	0.0	0.0%	0.0	0.0%	0

Occupancy Rates

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

<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>
96%	95%	95%	95%	95%	95%

Number of Health Care Admissions

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

<u>Year</u>	<u>Skilled Nursing</u>	<u>Personal Care</u>
2023	17.0	0.0
2024	14.4	0.0
2025	14.8	0.0
2026	15.1	0.0
2027	15.3	0.0
2028	15.5	0.0

Days of Care

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

<u>Year</u>	<u>Skilled Nursing</u>	<u>Personal Care</u>
2023	9,404	0
2024	9,519	0
2025	9,690	0
2026	9,939	0
2027	10,185	0
2028	10,414	0

Number of Permanent Transfers

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

<u>Facility transferred to:</u>	<u>Transferring from:</u>		<u>Total</u>
	<u>Independent Living</u>	<u>Personal Care</u>	
Skilled Nursing	12	0	12
Personal Care	0	N/A	0

EXHIBIT VIII

CAPITAL COST AMORTIZATION ASSUMPTIONS

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

EXHIBIT IX

ELIM PARK BAPTIST HOME, INC.					
Proforma Statement of Activities and Changes in Net Assets - Consolidated					
Fiscal Years Ended September 30, 2023 thru 2027					
<u>Account Description</u>	<u>AUDIT</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>	<u>BUDGET</u>
	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Revenues:					
Room & Board / MSF	25,407,505	26,613,487	27,678,026	28,785,147	29,936,553
Ancillary	284,052	212,000	220,480	229,299	238,471
ALSA	1,562,575	1,829,459	1,902,637	1,978,742	2,057,892
EPP Amort of Non Refundable EF	5,876,237	4,500,000	4,680,000	4,867,200	5,061,888
Other Services	1,208,606	1,009,784	1,050,175	1,092,182	1,135,869
Total Revenues	34,338,975	34,164,730	35,531,318	36,952,570	38,430,673
Year-to-Year Change - Revenues		(174,245)	1,366,588	1,421,252	1,478,103
Expenses:					
Nursing	5,646,744	5,917,942	6,154,660	6,400,846	6,656,880
ALSA & Patient Care Other	1,892,240	2,135,026	2,220,427	2,309,244	2,401,614
Therapy	891,094	1,135,700	1,181,128	1,228,373	1,277,508
Recreation & Wellness	370,854	433,938	451,296	469,348	488,122
Christian Ministries	108,024	123,025	127,946	133,064	138,387
Social Services	131,113	135,132	140,537	146,158	152,004
Admissions	192,053	183,648	190,994	198,634	206,579
Development	35,471	144,705	144,705	144,705	144,705
Marketing	788,472	793,898	825,654	858,680	893,027
Bad Debt	68,004	50,000	52,000	54,080	56,243
Administration	7,931,318	8,272,574	8,603,478	8,947,619	9,305,524
Dietary	4,798,419	4,768,892	4,959,648	5,158,034	5,364,355
Laundry	108,290	118,708	123,456	128,394	133,530
Housekeeping	781,440	793,685	825,432	858,449	892,787
Maintenance	1,967,306	1,946,153	2,023,999	2,104,959	2,189,157
Utilities	1,102,933	1,132,500	1,177,800	1,224,912	1,273,908
Insurance	566,266	625,896	650,932	676,969	704,048
Interest Expense Other	3,141	-	-	-	-
Total Expenses	27,383,182	28,711,422	29,854,092	31,042,468	32,278,378
Year-to-Year Change - Expenses		1,328,240	1,142,670	1,188,376	1,235,910
Change in Net Operating Assets	6,955,793	5,453,308	5,677,226	5,910,102	6,152,295
Depreciation	3,824,824	4,508,878	4,689,233	4,876,802	5,071,874
Interest Expense - Debt	426,687	462,226	480,715	499,944	519,942
	31,634,693	33,682,526	35,024,040	36,419,214	37,870,194
Change in Net Assets after Debt Service	2,704,282	482,204	507,278	533,356	560,479
Investment Income	1,208,551	816,316	848,969	882,928	918,245
Contributions	355,342	677,000	677,000	677,000	677,000
Real/Unrealized Gains - Losses	2,111,903	-	-	-	-
Extraordinary Revenue - COVID Funds	3,267,093	-	-	-	-
Change in Net Assets	9,647,171	1,975,519	2,033,246	2,093,283	2,155,723

EXHIBIT IX

ELIM PARK BAPTIST HOME, INC.					
Proforma Statement of Cash Flow - Consolidated					
Fiscal Years Ended September 30, 2023 thru 2027					
Activity	AUDIT <u>2023</u>	BUDGET <u>2024</u>	BUDGET <u>2025</u>	BUDGET <u>2026</u>	BUDGET <u>2027</u>
Cash Flow from Operating Activities:					
Change in net assets	9,647,171	1,975,519	2,033,246	2,093,283	2,155,723
Adjustments to operating net assets:					
Proceeds from entrance fees, net	7,024,575	6,000,000	6,000,000	6,000,000	6,000,000
Resident spend downs of refundable fees	(166,219)	-	-	-	-
Depreciation and amortization	3,824,815	4,508,878	4,689,233	4,876,802	5,071,874
Gain on disposal of property, plant and equipment	(2,585)	-	-	-	-
Change in net unrealized (gain) loss on investments	(1,921,188)	-	-	-	-
Amortization of deferred revenue from entrance fees	(5,876,237)	(4,500,000)	(4,680,000)	(4,867,200)	(5,061,888)
Changes in operating assets and liabilities:					
Accounts receivable, net	(36,382)	(51,253)	(53,303)	(55,435)	(57,653)
Prepaid expenses	(95,603)	(18,716)	(19,464)	(20,243)	(21,053)
Deposits and other assets	(47,495)	-	-	-	-
Patient trust funds payable	(8,856)	-	-	-	-
Accounts payable, accrued salaries and other	(74,912)	168,596	175,340	182,354	189,648
Deferred revenue	84,734	5,970	6,209	6,457	6,716
Accrued interest	15,437	-	-	-	-
Advanced payments	(39,642)	-	-	-	-
Charitable gift annuities, net	112,092	(8,463)	-	-	-
Other long-term liabilities	(150,000)	-	-	-	-
Due to third parties	(75,344)	-	-	-	-
Net Cash Provided by Operating Activities	<u>12,214,361</u>	<u>8,080,531</u>	<u>8,151,261</u>	<u>8,216,018</u>	<u>8,283,367</u>
Cash Flows from Investing Activities:					
Purchase of property, plant and equipment	(6,344,996)	(6,306,400)	(2,700,000)	(2,700,000)	(2,700,000)
Purchase of investments	(8,572,071)	-	-	-	-
Sales of investments	16,532	-	-	-	-
Net Cash Used in Investing Activities	<u>(14,900,535)</u>	<u>(6,306,400)</u>	<u>(2,700,000)</u>	<u>(2,700,000)</u>	<u>(2,700,000)</u>
Cash Flows from Financing Activities:					
Proceeds from borrowings on long term debt	5,000,000	-	-	-	-
Payments on long term debt	-	-	-	(84,061)	(342,557)
Payments on equipment loan	(12,986)	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	<u>4,987,014</u>	<u>-</u>	<u>-</u>	<u>(84,061)</u>	<u>(342,557)</u>
Net Change in Cash & Cash Equivalents & Restricted Cash	<u>2,300,840</u>	<u>1,774,131</u>	<u>5,451,261</u>	<u>5,431,957</u>	<u>5,240,810</u>
Cash & Equivalents & Restricted Cash - Beginning	<u>5,114,802</u>	<u>7,415,642</u>	<u>9,189,773</u>	<u>14,641,034</u>	<u>20,072,991</u>
Cash & Equivalents & Restricted Cash - Ending	<u>7,415,642</u>	<u>9,189,773</u>	<u>14,641,034</u>	<u>20,072,991</u>	<u>25,313,801</u>

EXHIBIT IX

ELIM PARK BAPTIST HOME, INC.					
Proforma Statement of Financial Position - Consolidated					
Fiscal Years Ended September 30, 2023 thru 2027					
Account Description	AUDIT 2023	BUDGET 2024	BUDGET 2025	BUDGET 2026	BUDGET 2027
Assets:					
Current Assets					
Cash and cash equivalents	7,199,389	8,973,520	14,424,781	19,856,738	25,097,548
Patient trust funds	45,495	45,495	45,495	45,495	45,495
Escrow deposits	170,758	170,758	170,758	170,758	170,758
Accounts receivable, net	1,281,330	1,332,583	1,385,886	1,441,321	1,498,974
Entrance fees receivable	3,237,085	3,237,085	3,237,085	3,237,085	3,237,085
Prepaid expenses and other current assets	467,891	486,607	506,071	526,314	547,367
Total Current Assets	12,401,948	14,246,048	19,770,076	25,277,711	30,597,227
Charitable Gift Annuities	756,438	756,438	756,438	756,438	756,438
Investments	33,539,687	33,539,687	33,539,687	33,539,687	33,539,687
Property, Plant and Equipment					
Property, plant and equipment	124,834,723	131,141,123	133,841,123	136,541,123	139,241,123
Less: Accumulated depreciation	(72,302,272)	(76,811,150)	(81,500,383)	(86,377,185)	(91,449,059)
Total Property, Plant and Equipment	52,532,451	54,329,973	52,340,740	50,163,938	47,792,064
Other Assets					
Deposits and other assets	91,774	91,774	91,774	91,774	91,774
Total Other Assets	91,774	91,774	91,774	91,774	91,774
Total Assets	99,322,298	102,963,920	106,498,715	109,829,548	112,777,190
Liabilities and Net Assets:					
Current Liabilities					
Current portion of long-term debt	0	0	84,061	342,557	352,889
Accounts payable	2,914,222	3,030,791	3,152,023	3,278,104	3,409,228
Patient trust funds payable	45,495	45,495	45,495	45,495	45,495
Accrued salaries, wages, payroll taxes & other	1,300,681	1,352,708	1,406,816	1,463,089	1,521,613
Deferred revenue	149,258	155,228	161,437	167,894	174,610
Accrued interest	50,074	50,074	50,074	50,074	50,074
Advanced payments	0	0	0	0	0
Unearned entrance fees	1,707,576	1,707,576	1,707,576	1,707,576	1,707,576
Due to third parties	177,721	177,721	177,721	177,721	177,721
Total Current Liabilities	6,345,027	6,519,593	6,785,203	7,232,510	7,439,206
Long-Term Liabilities					
Long-term debt, less current portion	16,218,440	16,218,440	16,134,379	15,791,822	15,438,933
Charitable gift annuities	311,038	302,575	302,575	302,575	302,575
Deferred revenue from entrance fees	35,845,543	37,345,543	38,665,543	39,798,343	40,736,455
Entrance fee refunds payable	18,594,289	18,594,289	18,594,289	18,594,289	18,594,289
Other long-term liabilities	120,726	120,726	120,726	120,726	120,726
Total Long-Term Liabilities	71,090,036	72,581,573	73,817,512	74,607,755	75,192,978
Total Liabilities	77,435,063	79,101,166	80,602,715	81,840,265	82,632,184
Net Assets					
Without donor restriction	19,392,902	21,368,421	23,401,667	25,494,950	27,650,673
With donor restriction	2,494,333	2,494,333	2,494,333	2,494,333	2,494,333
Total Net Assets	21,887,235	23,862,754	25,896,000	27,989,283	30,145,006
Total Liabilities and Net Assets	99,322,298	102,963,920	106,498,715	109,829,548	112,777,190

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023
(WITH COMPARATIVE INFORMATION AS OF AND FOR
THE YEAR ENDED SEPTEMBER 30, 2022)**

THE ELIM PARK BAPTIST HOME, INC.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the financial statements of The Elim Park Baptist Home, Inc., which comprise the consolidated statements of financial position as of September 30, 2023, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Elim Park Baptist Home, Inc. as of September 30, 2023, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Elim Park Baptist Home, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibility of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Elim Park Baptist Home, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Elim Park Baptist Home, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Elim Park Baptist Home, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Matter - Report on 2022 Summarized Comparative Information

We have previously audited The Elim Park Baptist Home, Inc. consolidated financial statements as of and for the year ended September 30, 2022 and expressed an unmodified opinion on those audited financial statements in our report dated February 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Hartford, CT
February 13, 2024

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2023 AND 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,199,389	\$ 4,916,672
Patient trust funds	45,495	54,351
Escrow deposits	170,758	143,779
Accounts receivable, net	1,281,330	1,244,948
Entrance fees receivable	3,237,085	2,097,415
Prepaid expenses and other current assets	<u>467,891</u>	<u>372,288</u>
Total Current Assets	<u>12,401,948</u>	<u>8,829,453</u>
Charitable Gift Annuities	<u>756,438</u>	<u>972,151</u>
Investments	<u>33,539,687</u>	<u>23,062,960</u>
Property and Equipment , net of accumulated depreciation of \$72,302,272 in 2023 and \$68,509,309 in 2022	<u>52,532,451</u>	<u>50,009,685</u>
Other Assets		
Deposits and other assets	<u>91,774</u>	<u>44,279</u>
Total Other Assets	<u>91,774</u>	<u>44,279</u>
Total Assets	<u>\$ 99,322,298</u>	<u>\$ 82,918,528</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)

SEPTEMBER 30, 2023 AND 2022

	2023	2022
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ --	\$ 12,986
Accounts payable	2,914,222	2,983,486
Patient trust funds payable	45,495	54,351
Accrued salaries, wages, payroll taxes and other	1,300,681	1,306,329
Deferred revenue	149,258	64,524
Accrued interest	50,074	34,637
Advanced payments	--	39,642
Unearned entrance fees	1,707,576	1,437,785
Due to third parties	<u>177,721</u>	<u>253,065</u>
Total Current Liabilities	<u>6,345,027</u>	<u>6,186,805</u>
Long-Term Liabilities		
Long-term debt, less current portion and net of debt issuance costs	16,218,440	11,218,440
Charitable gift annuities	311,038	414,659
Deferred revenue from entrance fees	35,845,543	33,283,868
Entrance fee refunds payable	18,594,289	19,303,966
Other long-term liabilities	<u>120,726</u>	<u>270,726</u>
Total Long-Term Liabilities	<u>71,090,036</u>	<u>64,491,659</u>
Total Liabilities	<u>77,435,063</u>	<u>70,678,464</u>
Net Assets		
Without donor restriction	19,392,902	10,045,083
With donor restriction	<u>2,494,333</u>	<u>2,194,981</u>
Total Net Assets	<u>21,887,235</u>	<u>12,240,064</u>
	<u>\$ 99,322,298</u>	<u>\$ 82,918,528</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2022)

	Without Donor Restriction				With Donor Restriction						Total 2023	Total 2022
	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Total	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Resident Benevolent Fund	Mary Melby Fund	Total		
Operating Revenues, Gains and Other Support												
Net resident service revenue	\$ 14,978,676	\$ 1,562,576	\$ --	\$ 16,541,252	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 16,541,252	\$ 14,874,284
Monthly service fees	--	10,554,034	--	10,554,034	--	--	--	--	--	--	10,554,034	10,004,689
Amortization of deferred entrance fees	--	5,876,237	--	5,876,237	--	--	--	--	--	--	5,876,237	5,833,369
Investment income	25,964	1,157,604	115,435	1,299,003	40,249	--	--	25,950	13,766	79,965	1,378,968	998,824
Ancillary revenue	129,070	--	--	129,070	--	--	--	--	--	--	129,070	577,466
COVID-19 Relief Revenue	64,533	--	--	64,533	--	--	--	--	--	--	64,533	281,304
Contributions and bequests	194	12,062	235,626	247,882	300	87,944	--	26,872	2,065	117,181	365,063	313,670
Change in charitable gift annuities	--	--	--	--	12,513	--	(22,234)	--	--	(9,721)	(9,721)	75,067
Net assets released from restrictions	--	44,765	--	44,765	--	(29,165)	--	(15,600)	--	(44,765)	--	--
Other revenue	139,131	949,253	--	1,088,384	--	--	--	--	--	--	1,088,384	839,287
Total Operating Revenues, Gains and Other Support	<u>15,337,568</u>	<u>20,156,531</u>	<u>351,061</u>	<u>35,845,160</u>	<u>53,062</u>	<u>58,779</u>	<u>(22,234)</u>	<u>37,222</u>	<u>15,831</u>	<u>142,660</u>	<u>35,987,820</u>	<u>33,797,960</u>
Operating Expenses												
Nursing services	5,657,811	--	--	5,657,811	--	--	--	--	--	--	5,657,811	5,022,124
ALSA services	--	1,367,028	--	1,367,028	--	--	--	--	--	--	1,367,028	1,310,959
Ancillary services	1,426,930	--	--	1,426,930	--	--	--	--	--	--	1,426,930	1,308,265
Resident services	537,198	264,253	--	801,451	--	--	--	--	--	--	801,451	699,760
Dietary services	1,321,667	3,476,350	--	4,798,017	--	--	--	--	--	--	4,798,017	4,220,750
Housekeeping services	333,824	444,835	--	778,659	--	--	--	--	--	--	778,659	737,433
Laundry and linen services	111,272	(2,983)	--	108,289	--	--	--	--	--	--	108,289	104,925
Administrative and other	4,103,513	5,240,814	3,048	9,347,375	--	--	--	--	--	--	9,347,375	8,308,137
Plant operation and maintenance	617,997	2,456,194	--	3,074,191	--	--	--	--	--	--	3,074,191	2,794,827
Depreciation and amortization	444,167	3,380,648	--	3,824,815	--	--	--	--	--	--	3,824,815	3,676,244
Interest	77,178	349,889	2,763	429,830	--	--	--	--	--	--	429,830	400,575
Total Operating Expenses	<u>14,631,557</u>	<u>16,977,028</u>	<u>5,811</u>	<u>31,614,396</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>31,614,396</u>	<u>28,583,999</u>
Income from Operations	706,011	3,179,503	345,250	4,230,764	53,062	58,779	(22,234)	37,222	15,831	142,660	4,373,424	5,193,961
Nonoperating Income (Expense)												
Employee retention tax credit	3,352,559	--	--	3,352,559	--	--	--	--	--	--	3,352,559	--
Change in net unrealized gains (losses) on investments	--	1,552,013	212,483	1,764,496	61,457	--	--	62,714	32,521	156,692	1,921,188	(5,788,267)
Change in fair value of interest rate swap agreement	--	--	--	--	--	--	--	--	--	--	--	200,202
Change in Net Assets	4,058,570	4,731,516	557,733	9,347,819	114,519	58,779	(22,234)	99,936	48,352	299,352	9,647,171	(394,104)
Net Assets (Deficit) - Beginning	<u>(7,455,491)</u>	<u>16,815,503</u>	<u>685,071</u>	<u>10,045,083</u>	<u>164,371</u>	<u>289,105</u>	<u>619,242</u>	<u>721,076</u>	<u>401,187</u>	<u>2,194,981</u>	<u>12,240,064</u>	<u>12,634,168</u>
Net Assets (Deficit) - End of year	<u>\$ (3,396,921)</u>	<u>\$ 21,547,019</u>	<u>\$ 1,242,804</u>	<u>\$ 19,392,902</u>	<u>\$ 278,890</u>	<u>\$ 347,884</u>	<u>\$ 597,008</u>	<u>\$ 821,012</u>	<u>\$ 449,539</u>	<u>\$ 2,494,333</u>	<u>\$ 21,887,235</u>	<u>\$ 12,240,064</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 9,647,171	\$ (394,104)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from entrance fees, net of refunds	7,024,575	6,189,448
Resident spend downs of refundable fees	(166,219)	(229,755)
Depreciation and amortization	3,824,815	3,676,244
Gain on disposal of property, plant and equipment	(2,585)	--
Amortization of debt issuance costs	--	45,217
Change in net unrealized (gain) loss on investments	(1,921,188)	5,788,267
Change in fair value of interest rate swap	--	(200,202)
Amortization of deferred revenue from entrance fees	(5,876,237)	(5,833,369)
Changes in operating assets and liabilities:		
Accounts receivable, net	(36,382)	(87,259)
Prepaid expenses, deposits and other assets	(95,603)	(111,749)
Deposits and other assets	(47,495)	--
Patient trust funds payable	(8,856)	(29,365)
Accounts payable, accrued salaries, wages payroll and other	(74,912)	264,382
Deferred revenue	84,734	(206,304)
Advances payables	--	(59,000)
Accrued bond interest	15,437	19,930
Advanced payments	(39,642)	(240,075)
Charitable gift annuities	112,092	149,626
Other long-term liabilities	(150,000)	385,144
Due to third parties	(75,344)	(287,852)
Net Cash Provided by Operating Activities	12,214,361	8,839,224
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	(6,344,996)	(6,237,842)
Purchases of certificates of deposit	--	(3,117,379)
Purchases of investments	(8,572,071)	(17,381,004)
Maturities of certificates of deposit	--	14,944,829
Sales of investments	16,532	73,791
Net Cash Used in Investing Activities	(14,900,535)	(11,717,605)

The accompanying notes are an integral part of these consolidated financial statements.

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
Cash Flows from Financing Activities		
Net proceeds from long term debt refinancing	\$ --	\$ 428,223
Proceeds from borrowings on long term debt	5,000,000	--
Principal payments on bonds and note payable	--	(633,968)
Payments on equipment loan	<u>(12,986)</u>	<u>(17,979)</u>
Net Cash Provided by (Used in) Financing Activities	<u>4,987,014</u>	<u>(223,724)</u>
Net Change in Cash and Cash Equivalents and Restricted Cash	2,300,840	(3,102,105)
Cash and Cash Equivalents and Restricted Cash - Beginning	<u>5,114,802</u>	<u>8,216,907</u>
Cash and Cash Equivalents and Restricted Cash - Ending	<u>\$ 7,415,642</u>	<u>\$ 5,114,802</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 411,251</u>	<u>\$ 332,457</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 7,199,389	\$ 4,916,672
Patient trust funds	45,495	54,351
Escrow deposits	<u>170,758</u>	<u>143,779</u>
Cash, Cash Equivalents and Restricted Cash	<u>\$ 7,415,642</u>	<u>\$ 5,114,802</u>
Supplemental Disclosures of Non-Cash Financing Activities		
Gross proceeds from refinance of debt	\$ --	\$ 11,218,440
Less - payoff from refinance of debt	<u>--</u>	<u>(10,790,217)</u>
Net cash received from refinance of debt	<u>\$ --</u>	<u>\$ 428,223</u>

The accompanying notes are an integral part of these consolidated financial statements.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 1 - ORGANIZATION

The Elim Park Baptist Home, Inc. (the Corporation) and The Elim Park Foundation (the Foundation), are Connecticut not-for-profit corporations that operate in Cheshire, Connecticut. The Corporation owns and operates a continuing care retirement community consisting of 90 skilled nursing beds and 42 residential care home beds (collectively, the Home), and 257 independent living units (the ILU).

The Corporation's licensed assisted living service agency (ALSA) provides services to the ILU residents.

Average occupancy levels at the Home and the ILU for the years ended September 30, 2023 and 2022, were as follows:

	2023	2022
Skilled care	87%	84%
Residential care home	73%	81%
Independent living	96%	97%

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

The consolidated financial statements include transactions of the Corporation and the Foundation. All intercompany balances and transactions have been eliminated from the consolidated financial statements. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) utilizing the accrual basis of accounting. Under the accrual basis revenues are recognized when earned and expenses when the related liability for goods and services is incurred regardless of the timing of the related cash flows.

NET ASSETS

The Corporation follows the provisions of FASB ASC 958, *Not-for-Profit Entities*. FASB ASC 958 establishes standards for external financial reporting by not-for-profit organizations. Resources are reported for accounting purposes, in separate classes of net assets based on the existence or absence of donor-imposed restrictions.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS (CONTINUED)

In the accompanying consolidated financial statements, net assets that have similar characteristics are combined into the following categories:

Net Assets Without Donor Restrictions - Net assets without donor restrictions consist of the net assets over which the governing board has control to use in carrying out the operations of the Corporation in accordance with its charter and by-laws and are not restricted by donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets with donor restrictions consist of net assets whose use is limited by donor-imposed restrictions, which either expire with the passage of time (time restriction), or can be fulfilled and removed by actions of the Corporation pursuant to the restrictions, (purpose restrictions). When donor-imposed restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the accompanying statements of activities and changes in net assets, as net assets released from restrictions.

Resources for various purposes are also classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified. The purposes of the various funds are as follows:

Elim Park Baptist Home Fund - To handle all financial matters regarding the Home.

Elim Park Place Fund - To handle all financial matters regarding the ILU.

Elim Park Foundation - To receive funds from donors. These funds are subject to the restrictions specified by the donor or the Board of Directors' designation as to use of income and principal. In addition, these funds include \$54,003 of funds that are restricted in perpetuity as of September 30, 2023 and 2022.

Resident Benevolent Fund - To receive gifts from residents and provide assistance when a resident is unable to provide sufficient income to meet all of their monthly expenses.

Mary Melby Fund - To receive gifts and apply the income therefrom to assist pastors and missionaries who served with Converge Worldwide (legally named Baptist General Conference) with living and health care expenses while residents of Elim Park Place.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME FROM OPERATIONS

The consolidated statements of activities and changes in net assets include income from operations as a performance indicator. Changes in net assets which are excluded from income from operations, include employee retention tax credit (ERC) revenue, change in net unrealized (losses) gains on investments, and change in fair value of interest rate swap agreement.

USE OF ESTIMATES

The preparation of financial statements in conformity GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial statement areas where management applies estimates include patient accounts receivable; pledges receivable; allowance for doubtful accounts; self-insurance exposures; amounts due to or from third-party payors; fair value estimates of Level 2 and Level 3 assets (liabilities); the analysis of long-lived assets for impairment; recognition of CARES Act funds; lives of property and equipment, amortization of deferred entrance fees, charitable gift annuities payable and interest rate swap valuations. It is management's opinion that the estimates applied in the accompanying consolidated financial statements are reasonable.

CASH AND CASH EQUIVALENTS

The Corporation considers all short-term, highly liquid investments purchased with a maturity of three months or less when purchased, and money markets with short term redemption rights to be cash equivalents. The Corporation maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. Generally, the Corporation's cash and cash equivalents exceed Federal Deposit Insurance Corporation limits of up to \$250,000 per depositor per bank. However, the Corporation has not experienced any losses in such accounts and believes that its cash and cash equivalents are not exposed to significant risk.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RISKS AND UNCERTAINTIES

The Corporation's investments, including cash equivalents, are subject to exposure to various risks such as interest rate risk, financial market risk, and credit risk which are defined as:

Interest rate risk - The risk that the value will suffer as the result of a change in interest rates.

Financial market risk - The risk of experiencing losses due to factors that affect the overall performance of the financial markets.

Credit risk - The risk of failure to recover funds on deposit.

ACCOUNTS RECEIVABLE

Accounts receivable result from residential and health care services provided by the Corporation. Accounts receivable are reported net of any contractual adjustments and implicit price concessions.

The Corporation estimates its accounts receivable based on its past experience, which indicates that certain patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. The difference between the standard rates, and the amounts actually collected after all reasonable collection efforts have been exhausted, is generally charged off against revenue as an implicit price concession.

PLEDGES RECEIVABLE

Pledges receivable represent monies restricted for time or purpose. Pledges to be received in future years have been discounted to reflect the estimated net realizable amount.

INVESTMENTS VALUATION AND INCOME RECOGNITION

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 7 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income or loss (including realized gains and losses on investments and interest and dividend income) is included in income (loss) from operations. Unrealized gains and losses on investments are excluded from income (loss) from operations.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS VALUATION AND INCOME RECOGNITION (CONTINUED)

The Corporation analyzes its investment portfolio for indicators of impairment that are other-than-temporary. When declines in fair value are deemed to be other-than-temporary, the loss is reported as a component of realized losses on the consolidated statements of activities and changes in net assets, and the fair value on the date of this determination becomes the new basis of the investment. Subsequent increases in the fair value of these investments are recorded as a component of the change in net assets and are not recorded as realized gains until the investments are sold. No impairment losses were recorded in 2023 and 2022.

Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with investments, it is at least reasonably possible those changes in the fair value of investments will occur in the near term, and that such changes could materially affect the consolidated financial statements.

DEBT ISSUANCE COST

As of September 30, 2022 there were no unamortized debt issuance costs included within long-term debt on the consolidated statements of financial position. Amortization of the debt issuance costs of \$45,217 is reported within interest expense in the accompanying consolidated statements of operations and changes in net assets for the year ended September 30, 2022. During June 2022, the Corporation refinanced its debt and chose to not capitalize and amortize the related debt issuance costs, as they were not deemed material.

ADVERTISING COSTS

Advertising costs, which are expensed as incurred, for the years ended September 30, 2023 and 2022 amounted to \$156,955 and \$229,054, respectively.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at historical cost net of accumulated depreciation. Expenditures for renewals and betterments in excess of \$1,000 are capitalized. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and building improvements	5 - 40 years
Land improvements	5 - 25 years
Equipment	3 - 30 years
Motor vehicles	4 - 5 years

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Additions and improvements which extend the life of the assets are capitalized, and normal repairs and maintenance are charged to current operations. The costs and related accumulated depreciation of assets retired or disposed of are removed from the related accounts and the resulting gain or loss is reflected in excess of revenues, gains and other support over expenses.

IMPAIRMENT OF LONG-LIVED ASSETS

FASB Accounting Standard Codification (ASC) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, requires the Corporation to review long-lived assets, such as property and equipment or intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset, to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairment losses recognized during the years ended September 30, 2023 and 2022.

SWAP AGREEMENT

The Corporation had entered into a swap agreement in connection with its Series 2012A Bonds. The agreement effectively changed the interest rate exposure of the debt payable from variable rate to fixed rate. The swap was terminated in 2022 in connection with the refinancing of the Series 2012A Bonds. The differential paid or received on the swap agreement was included in interest expense in the accompanying consolidated statements of activities and changes in net assets. The change in fair value of the interest rate swap agreement was separately shown on the consolidated statements of activities and changes in net assets. See Note 9 for further information.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

The Corporation allocates its expenses on a functional basis among program, management and general and fundraising. Expenses that can be identified with a specific service are charged directly according to their natural expenditure classification. Salaries and benefits are supported by time records for specific services. Facility costs, including rent, utilities and insurance are allocated based upon square footage. General and administrative expenses and other indirect costs that cannot be specifically identified with any one service, are allocated based on a percentage of direct expenses for that particular service, depending on the nature of the expense.

RESIDENT SERVICE REVENUE

Net patient and resident revenue relates to contracts with patients and in most cases involve a third-party payor (Medicare, Medicaid, commercial and other managed care insurance companies) in which the Corporation's performance obligations are to provide health care services. Net patient service revenue is recorded at expected collectible amounts over the time in which obligations to provide health care services are satisfied. Substantially all the Corporation's performance obligations are satisfied in one year.

The transaction price is determined based on gross charges for services provided, reduced by contractual adjustments provided to third-party payors, discounts provided to uninsured patients in accordance with the Corporation's charity care policy, and implicit price concessions provided primarily to uninsured patients. Patients who have health care insurance may also have discounts applied related to their copayment or deductible. Implicit price concessions are recorded as a direct reduction to net patient service revenue and are based primarily on historical collection experience.

Estimates of contractual adjustments and discounts are determined by major payor classes for inpatient and outpatient revenues based on contractual agreements, discount policies and historical experience. Management continually reviews the contractual estimation process to consider and incorporate updates to laws and regulations and frequent changes in commercial and managed care contractual terms resulting from contract renegotiations and renewals.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESIDENT SERVICE REVENUE (CONTINUED)

Settlements with third-party payors for retroactive revenue adjustments due to audits, reviews or investigations are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. Such estimates are determined through either a probability-weighted estimate or an estimate of the most likely amount, depending on the circumstances related to a given estimated settlement item. These settlements are estimated based on the terms of the payment agreement with the payor, and correspondence from the payor and historical settlement activity. This includes an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the retroactive adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known, or as years are settled or are no longer subject to such audits, reviews and investigations. There were no material changes in prior period estimates that changed net patient service revenue during the years ended September 30, 2023 and 2022.

REVENUE RECOGNITION - INDEPENDENT LIVING

Resident revenue for independent living is reported at the amounts that reflect the consideration the Corporation expects to receive in exchange for the services provided. Resident revenue is recognized as performance obligations are satisfied. Resident revenue at the independent living community consists of regular monthly charges for basic housing and support services and fees for additional requested services, such as assisted living services, personalized health services and ancillary services.

Fees are specified in agreements with residents, which are generally short term in nature, with regular monthly charges billed in advance. The Corporation recognizes revenue for housing services under independent living residency agreements in accordance with the provisions of ASC 842, *Leases (ASC 842)* and ASC 840, *Leases (ASC 840)* for the years ended September 30, 2023 and 2022, respectively.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION - HEALTH CENTER

The Corporation has determined that the skilled nursing and residential care services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time. The Corporation receives revenue for services under various third-party payor programs which include Medicare, Medicaid and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Corporation estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends. Adjustments are recognized in periods as final settlements are determined.

OBLIGATION TO PROVIDE FUTURE SERVICES

The Corporation calculates the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from entry fees. If the present value of the net cost of future services and the use of facilities exceeds the deferred revenue from entry fees, a liability is recorded (obligation to provide future services) with a corresponding charge to income. There was no future service obligation at September 30, 2023 and 2022.

OPERATING RESERVE

The State of Connecticut Department of Social Services (DSS) monitors Connecticut retirement communities and their compliance with existing state regulations. Among other things, the DSS requires that retirement communities maintain an operating reserve equal to approximately one month's cash operating costs and six months of debt service. The Corporation maintained an adequate operating reserve as of September 30, 2023 and 2022. The operating reserve is included within cash and cash equivalents on the accompanying consolidated statements of financial position.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Corporation and the Foundation have been recognized by the Internal Revenue Service (IRS) as not-for-profit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

The Corporation accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has analyzed the tax positions taken and has concluded that as of September 30, 2023 and 2022, there are no tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions. As of September 30, 2023 and 2022, the Corporation did not record any penalties or interest associated with uncertain tax positions. Corporation's prior three tax years are open and subject to examination by taxing authorities. There are currently no examinations pending or in progress.

2022 FINANCIAL INFORMATION

The accompanying consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Corporation's consolidated financial statements as of and for the year ended September 30, 2022, from which the summarized information was derived.

CHARITABLE GIFT ANNUITIES

The Corporation and Foundation have entered into various charitable gift annuities whereby assets were transferred to the Corporation or Foundation and invested. In exchange, the Corporation or Foundation agrees to pay a stated dollar amount, either monthly or quarterly, to the designated beneficiary for their remaining life span. Upon the death of the beneficiary, the remaining assets are available for general use and purposes of the Corporation or Foundation. The portion of the assets received that is attributable to the present value of the future benefits to be received by the Corporation or Foundation is recognized in the consolidated statements of activities and changes in net assets, with donor restricted contributions in the period of the transfer. On an annual basis, the Corporation and Foundation revalue the liability based upon actuarial assumptions.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHARITABLE GIFT ANNUITIES (CONTINUED)

The liability is calculated using the IRS discount rate and applicable mortality tables. The Foundation did not receive new gifts during the fiscal year ended September 30, 2023 and received three new gifts during the fiscal year ended September 30, 2022 of \$194,000. The present value of the estimated future annuity payments is reflected as charitable gift annuities payable in the accompanying consolidated statements of financial position.

CONTRIBUTIONS AND DONOR RESTRICTED GIFTS

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value only when the conditions on which they depend are substantially met and the promises become unconditional.

The gifts are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-free rates applicable in the year in which the promise is received. There were no material receivables for promises to give as of September 30, 2023 and 2022.

CONTRIBUTED GOODS AND SERVICES

Goods or services have been provided by various organizations and a number of unpaid volunteers have contributed their time. Contributions are recognized if the services rendered (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized. There were no contributed goods or services recognized for the years ended September 30, 2023 and 2022.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ADOPTION OF FASB ASC 842

Effective October 1, 2022, the Corporation adopted FASB Accounting Standards Codification (ASC) 842, *Leases* (ASC 842). The Corporation determines if an arrangement contains a lease at inception based on whether the Corporation has the right to control the asset during the contract period and other facts and circumstances. The adoption of ASC 842 was immaterial to the consolidated financial statements.

NOTE 3 - RESIDENCY AGREEMENT

A resident agreement, prepared by the ILU, is signed by all independent living unit residents. Principal terms and conditions of the resident agreement are as follows:

In consideration for the resident's payment of an entrance fee and obligation to pay a monthly service fee, the ILU agrees to furnish to the resident a living unit in the residence complex for his or her personal use and occupancy for the balance of the resident's lifetime unless sooner terminated under the provisions of the agreement. If the agreement includes two persons, the term "resident" shall include both of them and, upon the death of one, all rights pass to, and are retained by, the survivor for the survivor's lifetime.

The entrance fee is due in full prior to occupancy and generally consists of a refundable and a nonrefundable portion. In certain cases, the ILU will grant short-term promissory notes for the payment of the entrance fees. The refundable portion varies depending upon which residency agreement is selected. The Corporation has agreements with residents that offer a fixed refund, a declining refund, or no refund options. Under the residency agreements of all plans, amounts are refundable within 30 days after the living unit is reoccupied and the new entrance fee is paid in full. The refundable portions of the entrance fee are recorded as entrance fees refunds payable on the consolidated statements of financial position.

The nonrefundable portions of the entrance fees are amortized into income over the residents' actuarially determined remaining life as calculated by specialized software leased from the Corporation's actuaries.

The Corporation periodically assesses the residency agreements it currently offers and changes the offerings accordingly based on market conditions and other factors. As a result, the agreements offered by the Corporation to new residents are subject to change.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 3 - RESIDENCY AGREEMENT (CONTINUED)

For the duration of the resident's lifetime or until termination of the agreement, the ILU agrees to furnish to the resident ample and healthy food, utility services, use of the community facilities, priority entrance to medical facilities and other personal services according to the terms and conditions specified in the resident agreement. In return, the resident agrees to pay the ILU a monthly residence fee that is determined at a level to cover costs of operating and maintaining the ILU. The monthly residence fee may be increased or decreased at the sole discretion of the Board of Directors on 30 days written notice.

Assisted living services are also available to residents within their own apartments, on an "as needed" basis, and at a cost that is in addition to the monthly service fee.

The Corporation also provides medical facilities and nursing care in the health center located at The Elim Park Baptist Home, Inc. Costs incurred in providing this care are paid for by the residents or other appropriate third-party payors, less any healthcare credits as allowed by the terms and conditions specified in the resident agreement.

NOTE 4 - NET RESIDENT SERVICE REVENUE

Net resident service revenue was comprised of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Gross resident service revenue		
Room and board services	\$ 18,360,329	\$ 17,503,929
Home care services	<u>1,562,576</u>	<u>1,354,989</u>
Total gross resident service revenue	19,922,905	18,858,918
Less contractual and other allowances	<u>(3,381,653)</u>	<u>(3,984,634)</u>
Net resident service revenue	<u>\$ 16,541,252</u>	<u>\$ 14,874,284</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 4 - NET RESIDENT SERVICE REVENUE (CONTINUED)

Resident service revenue, net of contractual allowances and discounts recognized for the years ended September 30, 2023 and 2022, was as follows:

	Medicare	Medicaid	Self-Pay	Other	Total All Payors
Resident service revenue, net of contractual allowances and discounts					
September 30, 2023	<u>\$ 4,914,521</u>	<u>\$ 5,459,991</u>	<u>\$ 5,924,402</u>	<u>\$ 242,338</u>	<u>\$ 16,541,252</u>
September 30, 2022	<u>\$ 4,121,110</u>	<u>\$ 6,417,478</u>	<u>\$ 4,000,140</u>	<u>\$ 335,556</u>	<u>\$ 14,874,284</u>

NOTE 5 - COVID-19 PANDEMIC

PROVIDER RELIEF FUND

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The CARES Act authorized funding to healthcare providers to be distributed through the Provider Relief Fund (PRF). Payments from the Provider Relief Fund are to be used to prevent, prepare for, and respond to COVID-19, and shall reimburse the recipient for health care related expenses or lost revenues attributable to COVID-19. These payments are not required to be repaid except where PRF funding received exceeds the limits on eligible health care related expenses or lost revenues, as defined by the U.S. Department of Health and Human Services (HHS), provided the recipients attest to and comply with the terms and conditions. HHS distributions from the Provider Relief Fund include general distribution and targeted distributions.

During the years ended September 30, 2023 and 2022, the Corporation recognized \$64,524 and \$281,304, respectively, as revenue within COVID-19 Relief Revenue on the accompanying statement of activities and changes in net assets, determined on a systematic basis in line with the recognition of specific expenses and lost revenues for which the grants are intended to compensate.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 5 - COVID-19 PANDEMIC (CONTINUED)

EMPLOYEE RETENTION TAX CREDIT

The Corporation applied for the ERTC, which is a refundable tax credit for businesses that continued to pay employees while shut down due to the COVID-19 pandemic or had significant declines in gross receipts from March 13, 2020 to December 31, 2021. Eligible employers can claim the ERTC on an original or adjusted employment tax return for a period within those dates. The total ERTC claimed by the Corporation was \$3,089,978. Subsequent to applying for the credits, the Corporation received \$3,089,978 and \$262,581 related to the ERTC and interest, respectively which the Corporation has recorded on the consolidated statement of activities and changes in net assets under nonoperating income (expense) for the year ended September 30, 2023. The ERTC program may be subject to audit by taxing authorities and potentially require full or partial repayment in a future period. Management believes they are in compliance with all of the terms and conditions of the ERTC program.

NOTE 6 - INVESTMENTS

Fair values for investments as of September 30, 2023 and 2022, are summarized as follows:

	<u>2023</u>	<u>2022</u>
Elim Park Place Fund	\$ 30,310,562	\$ 20,212,897
Elim Park Foundation	2,819,109	2,492,694
Elim Park Baptist Home Fund	<u>410,016</u>	<u>357,369</u>
	<u>\$ 33,539,687</u>	<u>\$ 23,062,960</u>

The investment portfolio as of September 30, 2023 and 2022, consists of the following:

	<u>2023</u>	<u>2022</u>
Equity securities and mutual funds	\$ 32,707,905	\$ 20,020,103
Corporate bonds	339,037	1,570,222
Certificates of deposit	<u>492,745</u>	<u>1,472,635</u>
	<u>\$ 33,539,687</u>	<u>\$ 23,062,960</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 6 - INVESTMENTS (CONTINUED)

All realized gains and losses arising from the sale, collection or other disposition of investments and other noncash assets and interest and dividend income derived from investments, receivables and the like is accounted for in the fund that owns such assets or has the rights to such income.

Investment income on cash and cash equivalents and other investments was comprised of the following for the year ended September 30, 2023 and 2022:

	2023		
	Interest and Dividend Income	Net Realized Gains on Sales of Securities	Total
Elim Park Baptist Home Fund	\$ 25,964	\$ 40,249	\$ 66,213
Elim Park Place Fund	1,085,798	71,806	1,157,604
Elim Park Foundation	53,530	61,905	115,435
Resident Benevolent Fund	15,303	10,647	25,950
Mary Melby Fund	<u>7,657</u>	<u>6,109</u>	<u>13,766</u>
	<u>\$ 1,188,252</u>	<u>\$ 190,716</u>	<u>\$ 1,378,968</u>
	2022		
	Interest and Dividend Income	Net Realized Gains on Sales of Securities	Total
Elim Park Baptist Home Fund	\$ 30,095	\$ 9,725	\$ 39,820
Elim Park Place Fund	472,435	261,704	734,139
Elim Park Foundation	39,778	154,442	194,220
Resident Benevolent Fund	11,661	9,026	20,687
Mary Melby Fund	<u>5,599</u>	<u>4,359</u>	<u>9,958</u>
	<u>\$ 559,568</u>	<u>\$ 439,256</u>	<u>\$ 998,824</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 7 - FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level of the asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for financial instruments measured at fair value.

Mutual Funds - Valued at the closing price reported in the active market in which the individual securities are traded.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

Equity Securities - Equity securities are defined as a portfolio of ownership interests in companies whose securities trade on a public exchange and are valued at the closing price reported in the active market in which the individual securities are traded. Geographically this includes U.S. and all international stocks.

Corporate Bonds - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Charitable Gift Annuities - Charitable gift annuities are based upon the carrying value of the underlying investments to be received by the Corporation.

Certificates of Deposit - Certificates of deposits are valued at original cost-plus accrued interest, which approximate fair value.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Corporation's assets and liabilities (with and without donor restrictions) at fair value as of September 30:

	September 30, 2023			
	Total	Level 1	Level 2	Level 3
Assets				
Mutual funds	\$30,333,373	\$30,333,373	\$ --	\$ --
Equity securities	2,374,532	2,374,532	--	--
Certificates of deposit	492,745	--	492,745	--
Corporate bonds	<u>339,037</u>	<u>--</u>	<u>339,037</u>	<u>--</u>
Total investments	33,539,687	32,707,905	831,782	--
Charitable gift annuities	<u>756,438</u>	<u>--</u>	<u>--</u>	<u>756,438</u>
Total assets measured at fair value	<u>\$34,296,125</u>	<u>\$32,707,905</u>	<u>\$ 831,782</u>	<u>\$ 756,438</u>
September 30, 2022				
	Total	Level 1	Level 2	Level 3
Assets				
Mutual funds	\$17,924,609	\$17,924,609	\$ --	\$ --
Equity securities	2,095,494	2,095,494	--	--
Certificates of deposit	1,472,635	--	1,472,635	--
Corporate bonds	<u>1,570,222</u>	<u>--</u>	<u>1,570,222</u>	<u>--</u>
Total investments	23,062,960	20,020,103	3,042,857	--
Charitable gift annuities	<u>972,151</u>	<u>--</u>	<u>--</u>	<u>972,151</u>
Total assets measured at fair value	<u>\$24,035,111</u>	<u>\$20,020,103</u>	<u>\$ 3,042,857</u>	<u>\$ 972,151</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

There were no transfers between levels of investments during the years ended September 30, 2023 and 2022.

There have been no changes in the methodologies used at September 30, 2023 and 2022.

ASSETS MEASURED AT FAIR VALUE ON A RECURRING BASIS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

The following is a summary of the changes in balances of charitable gift annuities measured at fair value using significant unobservable inputs for the years ended September 30:

	Charitable Gift Annuities	
	2023	2022
Balance - beginning of year	\$ 972,151	\$ 1,065,862
Change in value of trust assets	85,587	(228,922)
Sales and settlements	(575,768)	(84,624)
Purchases and contributions	<u>274,468</u>	<u>219,835</u>
Balance - end of year	<u>\$ 756,438</u>	<u>\$ 972,151</u>

OTHER FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, accounts receivable, and accounts payable and accrued expenses approximate their fair value because of the short-term nature of these instruments.

The fair value of long-term debt as of September 30, 2023 and 2022 approximates the total outstanding principal balance. The method used to determine the fair value of long-term debt is quoted prices for similar debt instruments.

There have been no changes in the methodologies used for these items at September 30, 2023 and 2022.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

As of September 30, 2023 and 2022, property, plant and equipment consisted of the following:

	2023	2022
Elim Park Baptist Home Fund		
Land	\$ 123,173	\$ 123,173
Land improvements	772,744	769,533
Buildings and building improvements	14,301,538	14,273,518
Equipment	6,838,219	6,427,442
Motor vehicles	158,306	158,306
Construction in progress	489,041	397,507
	22,683,021	22,149,479
Less accumulated depreciation	18,224,627	17,780,460
Total Elim Park Baptist Home Fund, net	4,458,394	4,369,019
Elim Park Place Fund		
Land	834,950	834,950
Land improvements	1,904,599	1,763,828
Buildings and building improvements	80,378,320	79,329,907
Equipment	12,689,138	11,746,086
Motor vehicles	274,934	229,793
Construction in progress	6,069,761	2,464,947
	102,151,702	96,369,511
Less accumulated depreciation	54,077,645	50,728,845
Total Elim Park Place Fund, net	48,074,057	45,640,666
Net Property, Plant and Equipment	\$ 52,532,451	\$ 50,009,685

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The estimated cost to complete the construction in progress as of September 30, 2023 is \$2,218,215. Depreciation expense was \$3,824,815 and \$3,676,244 for the years ended September 30, 2023 and 2022, respectively. During the years ended September 30, 2023 and 2022, the sale of property, plant and equipment resulted in a gain of \$2,585 and \$12,005, respectively, which is included within other revenue on the accompanying statements of activities and changes in net assets.

NOTE 9 - LONG-TERM DEBT

On December 1, 2012, the Corporation obtained \$17,714,000 from the issuance of CII Mortgage Gross Health Care Project Funding Bonds, Series 2012A through KeyBank maturing at various times through January 1, 2033, with principal and interest payable monthly at a fixed rate of 3.07% through an interest rate swap agreement.

On June 24, 2022, the Corporation refinanced their Series 2012A bonds through a mortgage loan payable with an available borrowing up to \$20,000,000, from which advances are taken and interest is payable monthly at a fixed rate of 2.85% through June 30, 2025 and 2.975% through June 30, 2026. Beginning July 2026, principal and interest monthly installments are payable through June 2052. The interest rate will be adjusted to a rate annum equal to the one-year Federal Home Loan Banks (FHLB) Boston (Regular) Classic Advance rate in effect forty-five calendar days prior to such annual adjustment date plus 1%; provided, however, that such adjustable fixed interest rate shall never be less than 3% per annum. During 2023 and 2022, the Corporation took an advance on their mortgage loan payable in the amount of \$5,000,000 and \$11,218,440, respectively. As of September 30, 2023 and 2022, the balance was \$16,218,440 and \$11,218,440, respectively. The available borrowing under this loan is anticipated to be used for future campus projects.

The Corporation had an equipment loan that was signed in June 2020 and matured in June 2023. The loan was interest free and principal payments were due monthly. The equipment loan was paid off during fiscal year 2023 and as of September 30, 2022 the balance was \$12,986.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 9 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of long-term debt principal payments over the next five fiscal years and thereafter:

For the Years Ending September 30,

2024	\$	--
2025		--
2026		84,061
2027		342,557
2028		352,889
Thereafter		<u>15,438,933</u>
	\$	<u>16,218,440</u>

The mortgage loan is collateralized by substantially all the assets of the Corporation. Under the terms of the mortgage loan, the Corporation must satisfy certain financial and reporting covenants. The Corporation was in compliance with such covenants for the years ended September 30, 2023 and 2022.

INTEREST RATE SWAP AGREEMENT

As discussed in Note 2, the Corporation entered into an interest rate swap agreement with KeyBank related to its Series 2012A Bonds. The original notional value of the swap was \$17,714,000 and was reduced periodically according to a schedule. Under the swap agreements, the Corporation made fixed payments with an interest rate of 3.07% to the counterparty to the swap agreement and received variable rate payments equal to London Interbank Offered Rate (LIBOR) plus 2.6%. The difference between the fixed rate on the debt and the adjusted LIBOR was recorded by the Corporation as an increase or decrease of interest expense, depending upon the relationship of the adjusted LIBOR rate to the actual fixed rate on the debt. The interest rate swap agreement was terminated on June 24, 2022 in connection with the financing.

The change in fair value of the swap agreement was \$200,202 for the year ended September 30, 2022, which is reflected in the accompanying consolidated statements of activities and changes in net assets.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 10 - DEFINED CONTRIBUTION RETIREMENT PLAN

The Corporation maintains a defined contribution retirement plan (the Plan) that covers qualified individuals employed by the Corporation. For employer contributions, participants become fully vested upon the earlier of reaching normal retirement (age 65), death, disability or completion of six years of service.

The plan design permits employees to defer a portion of their compensation into the Plan on a pre-tax basis or as after-tax Roth 401(k) contributions. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect otherwise. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation, and their contributions are invested in a designated fund until changed by the participant. For participants automatically enrolled in the Plan, their deferral percentage will increase by 1% annually until they are deferring 10%, unless the participant affirmatively elects otherwise. The Corporation provides a safe harbor matching contribution of 100% of the first 3% of compensation contributed by the employee and 50% of the next 3% of compensation contributed by the employee. The Corporation may also make additional matching and profit-sharing contributions at the discretion of the Board of Directors. The Corporation did not make any additional matching or profit-sharing contributions in the 2023 or 2022 plan year. Benefit plan expense for the years ended September 30, 2023 and 2022, was \$434,711 and \$387,455, respectively.

NOTE 11 - HEALTHCARE INDUSTRY

Resident service revenue and monthly service fees are reported on an accrual basis in the period in which services are provided, at established rates. Arrangements with third party payors for providing service at less than established rates are reported as deductions from health center revenue on an accrual basis. Revenues from the Medicare and Medicaid programs accounted for approximately 29% and 33%, and 28% and 36%, respectively, of the Corporation's net health center revenues for the years ended September 30, 2023 and 2022.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services and Medicare and Medicaid fraud and abuse. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 11 - HEALTHCARE INDUSTRY (CONTINUED)

Management believes that the Corporation is in compliance with fraud and abuse, as well as other applicable government laws and regulations. While no material regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time.

The Corporation is involved in legal proceedings related to matters which are incidental to its business. In the opinion of management, based on consultation with counsel, the outcome of such proceedings will not significantly affect the Corporation's financial position or results of operations, based on existing insurance coverage and contingency reserves provided by the Corporation.

NOTE 12 - SELF- INSURANCE

Effective January 1, 2018, the Corporation became self-insured, up to certain limits, for health benefits provided to employees. The Corporation has purchased stop-loss insurance, which will reimburse the Corporation for individual claims in excess of \$150,000 annually and aggregate claims of approximately \$2.0 million annually. Operations are charged with the cost of claims reported and an estimate of claims incurred but not reported. A liability for unpaid claims and the associated claim expenses, including incurred but not reported losses, is actuarially determined and reflected in the consolidated statements of financial position in accrued salaries, wages, payroll taxes and other. As of September 30, 2023 and 2022, the Corporation had a reserve of \$400,000 and \$610,397 for losses incurred but not reported.

The determination of such claims and expenses and the appropriateness of the related liability is continually reviewed and updated. It is reasonably possible that the accrued estimated liability of self-insured claims may need to be revised in the near term.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 13 - FUNCTIONAL EXPENSES

The Corporation provides residential and healthcare services to their residents and patients. Expenses related to providing these services for the years ended September 30 are as follows:

2023	Program Services			Management and General	Fundraising	Total
	Skilled Nursing and Residential Care Home	Independent Living	Total Program Services			
Salaries and wages	\$ 6,721,898	\$ 4,797,072	\$ 11,518,970	\$ 2,189,137	\$ 24,927	\$ 13,733,034
Employee benefits	1,372,248	979,303	2,351,551	446,903	5,089	2,803,543
Professional fees	--	--	--	335,505	--	335,505
Information technology	--	--	--	426,538	--	426,538
Occupancy	495,420	1,745,659	2,241,079	--	--	2,241,079
Travel	5,409	23,894	29,303	--	--	29,303
Interest	77,178	349,889	427,067	--	2,763	429,830
Depreciation and amortization	444,167	3,380,648	3,824,815	--	--	3,824,815
Insurance	171,031	395,272	566,303	--	--	566,303
Nursing	1,054,319	--	1,054,319	--	--	1,054,319
Assisted living	--	8,745	8,745	--	--	8,745
Ancillary services	705,725	--	705,725	--	--	705,725
Resident services	58,334	38,140	96,474	--	--	96,474
Dietary	774,253	2,138,536	2,912,789	--	--	2,912,789
Housekeeping and laundry	156,127	52,962	209,089	--	--	209,089
Other	35,673	864,037	899,710	1,328,471	9,124	2,237,305
	<u>\$ 12,071,782</u>	<u>\$ 14,774,157</u>	<u>\$ 26,845,939</u>	<u>\$ 4,726,554</u>	<u>\$ 41,903</u>	<u>\$ 31,614,396</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 13 - FUNCTIONAL EXPENSES (CONTINUED)

2022	Program Services			Management and General	Fundraising	Total
	Skilled Nursing and Residential Care Home	Independent Living	Total Program Services			
Salaries and wages	\$ 6,434,195	\$ 4,420,220	\$ 10,854,415	\$ 1,934,244	\$ 113,821	\$ 12,902,480
Employee benefits	1,312,527	901,691	2,214,218	394,571	23,219	2,632,008
Professional fees	--	--	--	236,941	--	236,941
Information technology	--	--	--	312,372	--	312,372
Occupancy	416,023	1,550,641	1,966,664	--	--	1,966,664
Travel	1,937	13,909	15,846	--	--	15,846
Interest	64,129	288,957	353,086	--	2,272	355,358
Depreciation and amortization	474,212	3,247,249	3,721,461	--	--	3,721,461
Insurance	150,535	282,175	432,710	--	--	432,710
Nursing	627,852	--	627,852	--	--	627,852
Assisted living	--	10,171	10,171	--	--	10,171
Ancillary services	610,777	--	610,777	--	--	610,777
Resident services	45,827	41,721	87,548	--	--	87,548
Dietary	597,187	1,981,388	2,578,575	--	--	2,578,575
Housekeeping and laundry	124,483	33,892	158,375	--	--	158,375
Other	195,010	710,886	905,896	1,014,092	14,873	1,934,861
	<u>\$ 11,054,694</u>	<u>\$ 13,482,900</u>	<u>\$ 24,537,594</u>	<u>\$ 3,892,220</u>	<u>\$ 154,185</u>	<u>\$ 28,583,999</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 14 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation's primary sources of support are derived from grants, program income, and contributions and fundraising events. Financial assets in excess of daily cash requirements are invested in money market funds, certificates of deposits and other short-term investments.

The following table reflects the Corporation's financial assets as of September 30, 2023 and 2022, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position date, because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions, unearned entrance fees and advanced payments.

	2023	2022
Financial Assets at Year-End		
Cash and cash equivalents	\$ 7,199,389	\$ 4,916,672
Short-term investments	--	--
Investments	33,539,687	23,062,960
Accounts receivable	1,281,330	1,244,948
Entrance fees receivable	<u>3,237,085</u>	<u>2,097,415</u>
Total Financial Assets Available at Year-End	45,257,491	31,321,995
Less donor or contractual restrictions		
Donor restrictions	2,494,333	2,194,981
Unearned entrance fees	1,707,576	1,437,785
Advanced payments	<u>--</u>	<u>39,642</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 41,055,582</u>	<u>\$ 27,649,587</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

NOTE 14 - LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

The Corporation has various sources of liquidity at its disposal, including cash, certificates of deposits and investments, which are available for general expenditures, liabilities and other obligations as they come due. Management is focused on sustaining the financial liquidity of the Corporation throughout the year. This is done through monitoring and reviewing the Corporation's cash flow needs in a timely manner. As a result, management is aware of the cyclical nature of the Corporation's cash flow related to the various funding sources and is therefore able to ensure that there is cash available to meet current liquidity needs.

The Corporation has a policy to structure its financial assets to be available as general expenditures, liabilities, or other obligations come due.

NOTE 15 - SUBSEQUENT EVENTS

In preparing these consolidated financial statements, management has evaluated subsequent events through February 13, 2024, which represents the date the consolidated financial statements were available to be issued. There were no events requiring recognition or disclosure in the consolidated financial statements.