

ELIM PARK BAPTIST HOME, INC.

a.k.a ELIM PARK PLACE

2020

ANNUAL FINANCIAL FILING

FISCAL YEAR ENDING

September 30, 2020

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CURRENT RATE SCHEDULE

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CURRENT RATE STRUCTURE - 50% REFUND EFFECTIVE JANUARY 2021

Building	Entrance Fee Prices start at	Monthly Service Fee Prices start at
Mallard Mill One Bedroom Apartment	\$194,681	\$2,275 Single Person \$725 Second Person Fee
Village Green One Bedroom Apartment Two Bedroom Apartment	\$270,654 \$353,748	\$2,907 Single Person \$725 Second Person Fee \$3,820 Single Person \$725 Second Person Fee
Brooksvale One Bedroom Apartment Two Bedroom Apartment	\$323,511 \$399,497	\$2,988 Single Person \$725 Second Person Fee \$3,929 Single Person \$725 Second Person Fee
Andrews Knoll One Bedroom Apartment Two Bedroom Apartment	\$341,345 \$452,350	\$3,046 Single Person \$725 Second Person Fee \$4,002 Single Person \$725 Second Person Fee
Mountain View One Bedroom Apartment Two Bedroom Apartment	\$371,364 \$472,532	\$3,075 Single Person \$725 Second Person Fee \$4,010 Single Person \$725 Second Person Fee
Spring Meadow One Bedroom Apartment Two Bedroom Apartment	\$375,145 \$481,777	\$3,076 Single Person \$725 Second Person Fee \$4,017 Single Person \$725 Second Person Fee
Riverbend One Bedroom Apartment Two Bedroom Apartment	\$388,945 \$513,187	\$3,153 Single Person \$725 Second Person Fee \$4,087 Single Person \$725 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. (25% Declining, Declining Refund and Installment Entrance Fees are available through the Marketing Department–See Exhibit D.)

RESIDENTIAL TURNOVER RATES

EXHIBIT I

Residential Turnover Rates

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
11.0%	11.7%	12.0%	12.2%	12.4%	12.4%

AVERAGE AGE OF RESIDENTS

EXHIBIT II

Average Age of Residents

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

<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
87	87	87	87	87

EXHIBIT III

HEALTH CARE UTILIZATION RATES

Health Care Utilization Rates

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

<u>Year</u>	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>	
2020	20.5	6.1%	12.0	3.8%	2,234
2021	19.4	6.0%	11.6	3.8%	2,179
2022	20.8	6.6%	11.6	3.9%	2,397
2023	21.7	6.9%	11.6	3.9%	2,531
2024	22.4	7.2%	11.5	3.9%	2,623
2025	22.8	7.3%	11.4	3.9%	2,680

<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>	
2020	0.0	0.0%	0.0	0.0%	0
2021	0.0	0.0%	0.0	0.0%	0
2022	0.0	0.0%	0.0	0.0%	0
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

OCCUPANCY RATES
EXHIBIT IV

Occupancy Rates

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

<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
96%	95%	95%	95%	95%	95%

NUMBER OF HEALTH CARE ADMISSIONS

EXHIBIT V

Number of Health Care Admissions

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

<u>Year</u>	<u>Skilled Nursing</u>	<u>Personal Care</u>
2020	12.0	0.0
2021	11.6	0.0
2022	11.6	0.0
2023	11.6	0.0
2024	11.5	0.0
2025	11.4	0.0

DAYS OF CARE

EXHIBIT VI

Days of Care

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

<u>Year</u>	<u>Skilled Nursing</u>	<u>Personal Care</u>
2020	7,483	0
2021	7,079	0
2022	7,575	0
2023	7,930	0
2024	8,166	0
2025	8,308	0

NUMBER OF PERMANENT TRANSFERS

EXHIBIT VII

Number of Permanent Transfers

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

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

ACTURIAL FINANCIAL BASIS

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Elim Park Baptist Home, Inc.

Statement of Actuarial Opinion February 23, 2021

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 2020 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 2020 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 2020 Annual Financial Filing.

In my opinion, the above items as shown in Elim Park Baptist Home, Inc.'s 2020 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 cursive script that reads 'Dave Bond'.

Dave Bond, F.S.A., F.C.A., M.A.A.A.
Managing Partner
dbond@continuingcareactuaries.com

CAPITAL COST AMORITIZATION

EXHIBIT VIII

EXHIBIT VIII

CAPITAL COST AMORTIZATION ASSUMPTIONS

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

EXHIBIT IX
PRO FORMA STATEMENTS
SOURCE AND APPLICATION OF FUND

ELIM PARK BAPTIST HOME, INC.					
Proforma Statement of Activities and Changes in Net Assets					
Fiscal Years Ended September 30th					
CONSOLIDATED					
<u>Account Description</u>	<u>AUDIT 2020</u>	<u>BUDGET 2021</u>	<u>BUDGET 2022</u>	<u>BUDGET 2023</u>	<u>BUDGET 2024</u>
Consolidated Revenues					
Room & Board / MSF	22,538,427	20,274,920	23,778,795	24,492,159	25,226,924
Ancillary	399,200	309,500	409,940	422,238	434,905
ALSA	1,433,631	1,414,468	1,734,237	1,786,264	1,839,852
EPP Amort of Non Refundable EF	5,108,755	3,625,000	3,733,750	3,845,763	3,961,135
Other Services	899,947	824,065	1,011,527	1,041,873	1,073,129
Total Combined Revenues	30,379,960	26,447,953	30,668,249	31,588,296	32,535,945
Year to Year Change - Revenues	377,376	(3,932,007)	4,220,296	920,047	947,649
General Fund Expenses					
Nursing	5,253,625	3,727,274	4,502,828	4,637,913	4,777,051
ALSA & Patient Care Other	1,886,077	1,879,203	2,083,034	2,145,525	2,209,891
Therapy	1,314,851	1,120,931	1,460,036	1,503,837	1,548,953
Recreation/Wellness	320,862	314,881	373,778	384,991	396,541
Christian Ministries	68,573	99,617	110,316	113,626	117,034
Volunteer Services	45,607	47,242	50,305	51,814	53,369
Social Services	114,376	69,905	131,717	135,669	139,739
Admissions	258,648	198,477	294,037	302,858	311,944
Development	119,494	144,382	202,424	208,497	214,751
Marketing	1,057,730	986,975	1,132,640	1,166,619	1,201,617
Bad Debt	181,004	50,000	51,500	50,000	50,000
Administration	7,178,174	7,788,720	7,642,378	7,871,649	8,107,798
Dietary	3,644,916	3,537,304	3,723,678	3,835,388	3,950,450
Laundry	134,891	115,039	109,230	112,507	115,883
Housekeeping	839,619	639,874	785,345	808,905	833,173
Maintenance	1,611,496	1,434,130	1,466,157	1,510,141	1,555,446
Utilities	990,294	1,163,499	1,177,805	1,213,139	1,249,533
Insurance	290,006	319,068	299,150	308,125	317,368
Interest Exp Other	3,151	5,235	-	-	-
Total Expense	25,313,394	23,641,756	25,596,358	26,361,204	27,150,540
Year to Year Change - Expenses	(323,172)	(1,671,638)	1,954,602	764,846	789,336
Change in Operating Net Assets	5,066,566	2,806,197	5,071,891	5,227,093	5,385,405
Depreciation	3,945,574	3,633,575	3,917,465	4,034,989	4,156,039
Interest Expense Bonds/LTD	388,636	364,468	422,622	435,301	448,360
	29,647,604	27,639,799	29,936,445	30,831,494	31,754,938
Change in Net Assets after Debt Service	732,356	(1,191,846)	731,804	756,803	781,007
Investment Income	385,867	357,177	328,846	338,711	348,873
Contributions	278,220	398,000	815,216	839,673	864,863
Real/Unrealized Gains - Losses	252,977	-	-	-	-
Change in Net Assets	1,649,419	(436,669)	1,875,866	1,935,187	1,994,742

Fiscal Years Ended September 30th					
	AUDITED	BUDGET	BUDGET	BUDGET	BUDGET
	2020	2021	2022	2023	2024
ASSETS					
Current Assets:					
Cash and cash equivalents	18,408,677	16,660,575	18,999,504	21,425,714	23,961,467
Short-term investments	353,179	353,179	353,179	353,179	353,179
Patient trust fund	91,521	90,606	89,700	88,803	87,915
Escrow deposits	69,792	71,886	74,042	76,264	78,552
Operating reserve		0	0	0	0
Accounts receivable, net of allowance	1,541,319	2,613,077	2,649,290	2,686,600	2,727,225
Entrance Fees Receivable	2,539,821	2,539,821	2,539,821	2,539,821	2,539,821
Interest receivable	0	0	0	0	0
Prepaid expenses	317,567	349,324	384,256	422,682	464,950
Current portion of assets whose use is limited	3,098	3,098	3,098	3,098	3,098
Total current assets	23,324,974	22,681,565	25,092,890	27,596,160	30,216,207
Investments/SWAP	8,099,325	8,278,311	8,457,297	8,636,283	8,815,269
Property, Plant and Equipment:					
Property, Plant and Equipment, gross	109,918,040	111,352,988	112,852,988	114,352,988	115,852,988
Less: accumulated depreciation	(61,158,937)	(65,121,113)	(69,191,676)	(73,349,741)	(77,588,019)
Property, Plant and Equipment, net	48,759,103	46,231,875	43,661,312	41,003,247	38,264,970
ALSA	0	-	-	-	-
Charitable Gift Annuity & LT Pledges Receivable	828,892	853,892	878,892	903,892	928,892
Other Assets:					
Deferred marketing costs, gross	0	0	0	0	0
Less: accumulated amortization	0	0	0	0	0
Deferred marketing costs, net	0	0	0	0	0
Deposit	37,757	37,757	37,757	37,757	37,757
TOTAL ASSETS	81,050,051	78,083,400	78,128,148	78,177,339	78,263,094
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	2,587,636	1,906,807	1,981,778	2,011,115	2,041,391
Patient trust fund payable	91,021	90,106	89,200	88,303	87,415
Accrued salaries, payroll taxes & other	1,496,708	1,541,609	1,587,858	1,635,493	1,684,558
Deferred Revenue	1,015,481	1,015,481	1,015,481	1,015,481	1,015,481
Accrued bond interest	16,173	0	0	0	0
Entrance Fee Deposits	830,999	855,929	881,607	881,607	881,607
Due to third-part reimbursement	451,678	465,228	479,185	493,561	493,561
Accrued Construction	0	0	0	0	0
Current portion of long-term debt	838,888	838,888	838,888	838,888	838,888
Current portion of capital lease obligations		-	-	-	-
TOTAL CURRENT LIABILITIES	7,328,584	6,714,048	6,873,996	6,964,447	7,042,900
Accrued Health Care Benefit	0	0	0	0	0
Long-Term Cap Lease, less - current portion		-	-	-	-
U.S. Small Business Administration Paycheck Protection Program	3,388,000	0	0	0	0
LT Debt, less curr portion & unamort bd disc	11,372,882	12,245,097	11,424,186	10,575,855	9,699,582
Charitable Gift Annuities Payable	251,838	259,434	267,029	274,625	282,220
Other Long Term Liabilities	795,291	795,291	795,291	795,291	795,291
Deferred Revenue From Entrance Fees	52,435,744	53,028,487	51,850,737	50,715,025	49,596,263
Adjust Deferred Revenue From Entrance Fees					
Net Assets	5,477,712	5,041,043	6,916,909	8,852,096	10,846,838
TOTAL LIABILITIES & NET ASSETS	81,050,051	78,083,400	78,128,148	78,177,339	78,263,094

ELIM PARK BAPTIST HOME, INC.					
Consolidated Proforma Statement of Cash Flow					
Fiscal Years Ended September 30th					
Activity	AUDIT 2020	BUDGET 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024
Cash Flow from Operating Activities					
Change In Net Assets after Realized/ Unrealized Investment Gains	1,649,416	(436,669)	1,875,866	1,935,187	1,994,742
<i>Adjustments:</i>					
Proceeds from Entrance Fees,net	3,524,501	2,730,729	3,583,863	3,695,959	3,810,858
Amort of def'd rev from entrance fees	(5,108,755)	(3,715,625)	(3,808,516)	(3,903,729)	(4,001,322)
Depreciation & Amortization	3,986,797	3,803,364	4,070,563	4,158,065	4,238,277
Amortization of Bond Discount	-	-	-	-	-
Change in Unrealized Gain/Loss	(68,779)	-	-	-	-
Change In fair value of interest rate swap	-	-	-	-	-
Loss on Disposal of Equipment	-	-	-	-	-
<i>(Increase) decrease in operating assets:</i>					
Escrow Deposits	-	(2,094)	(2,157)	(2,221)	(2,288)
Operating Reserve	-	-	-	-	-
Accounts Receivable	(65,545)	(40,199)	(36,213)	(37,310)	(40,625)
Interest Receivable	-	-	-	-	-
Prepaid Expenses	41,451	(31,757)	(34,932)	(38,426)	(42,268)
Contract Receivable	-	-	-	-	-
Deposits	-	-	-	-	-
<i>Increase (decrease) in operating liabilities:</i>					
Accounts Payable	430,970	(680,829)	74,971	29,337	30,276
Accrued Salaries and Wages	-	44,901	46,248	47,636	49,065
Accrued Bond Interest	(18,982)	(16,173)	-	-	-
Due to Third Party Reimb Agency	240,162	13,550	13,957	14,376	-
Advanced Payments	-	-	-	-	-
Other long-term liabilities	4,623,565	-	-	-	-
Charitable Gift Annuities Payable,net	(49,049)	(17,404)	(17,404)	(17,404)	(17,404)
Net cash provided by operating activities	9,185,752	1,651,795	5,766,246	5,881,469	6,019,311
Cash Flows from Investing Activities					
(Purchase) of Property, Plant, Equipment	(2,768,863)	(2,400,000)	(2,400,000)	(2,400,000)	(2,400,000)
(Purchase)/Sales of Investments	(2,689,084)	(178,986)	(178,986)	(178,986)	(178,986)
AWUL/Pledges Recble/ Sale of Fixed Asset	8,962	-	-	-	-
Deferred Marketing	-	-	-	-	-
Bond Issue	-	-	-	-	-
Net cash used in investing activities	(5,448,985)	(2,578,986)	(2,578,986)	(2,578,986)	(2,578,986)
Cash Flows from Financing Activities					
Debt Issuance Costs	-	-	-	-	-
Proceeds from Refinancing	-	-	-	-	-
Current Portion Long Term Debt	22,162	-	-	-	-
Principal Payments on Bonds/LT Debt	(586,652)	(820,911)	(848,331)	(876,273)	(904,572)
Payment on vehicle loan	-	-	-	-	-
Principal Payments on Capital Lease/SWAP	-	-	-	-	-
Net cash provided by financing activities	(564,490)	(820,911)	(848,331)	(876,273)	(904,572)
Net Incr(Decr) in Cash & Equivalents	3,172,277	(1,748,102)	2,338,929	2,426,210	2,535,753
Cash & Equivalents, beg of year	13,261,980	16,434,257	14,686,155	17,025,084	19,451,294
Cash & Equivalents, end of year	16,434,257	14,686,155	17,025,084	19,451,294	21,987,047

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2020
(WITH COMPARATIVE INFORMATION AS OF AND FOR
THE YEAR ENDED SEPTEMBER 30, 2019)**

THE ELIM PARK BAPTIST HOME, INC.

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Consolidated Financial Statements

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EXHIBIT X
CERTIFIED AUDITED
FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of The Elim Park Baptist Home, Inc., which comprise the consolidated statement of financial position as of September 30, 2020 and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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; this includes 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.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Elim Park Baptist Home, Inc., as of September 30, 2020 and the consolidated changes in its net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1 to consolidated financial statements, effective October 1, 2019, The Elim Park Baptist Home, Inc. adopted Financial Accounting Standard Board issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. As a result of this implementation, beginning net assets without donor restrictions as of October 1, 2019 has been adjusted by \$183,230 to reflect a cumulative adjustment for marketing costs previously capitalized.

Other Matter - Report on 2019 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, 2019, and expressed an unmodified opinion on those audited financial statements in our report dated January 31, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Hartford, CT
January 22, 2021

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2020 AND 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 8,783,366	\$ 5,622,736
Patient trust funds	91,521	45,028
Certificates of deposit	9,625,311	7,433,018
Escrow deposits	69,792	107,091
Accounts receivable, net	1,541,319	1,484,278
Entrance fees receivable	2,539,821	1,299,910
Current portion of pledges receivable, net	3,098	12,060
Short-term investments	353,179	400,473
Prepaid expenses	317,567	359,019
	<u>23,324,974</u>	<u>16,763,613</u>
Total Current Assets		
Charitable Gift Annuities	822,370	836,421
	<u>8,099,325</u>	<u>7,423,586</u>
Investments		
Property and Equipment , net of accumulated depreciation of \$61,158,937 in 2020 and \$57,446,231 in 2019	48,759,103	49,756,759
	<u>48,759,103</u>	<u>49,756,759</u>
Other Assets		
Deferred marketing costs	--	183,230
Pledges receivable, net of current portion	6,522	6,522
Deposits and other assets	37,757	37,757
	<u>44,279</u>	<u>227,509</u>
Total Other Assets		
	<u>44,279</u>	<u>227,509</u>
Total Assets	<u>\$ 81,050,051</u>	<u>\$ 75,007,888</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, 2020 AND 2019

	2020	2019
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 838,888	\$ 814,627
Accounts payable	2,587,636	1,831,523
Patient trust funds payable	91,021	45,028
Accrued salaries, wages, payroll taxes and other	1,496,708	1,544,933
Deferred revenue	1,015,481	--
Accrued bond interest	16,173	35,155
Advanced payments	133,084	137,728
Unearned entrance fees	697,915	1,070,905
Due to third parties	451,678	211,516
Total Current Liabilities	7,328,584	5,691,415
Long-Term Liabilities		
Long-term debt, less current portion and net of debt issuance costs	11,372,882	12,125,780
U.S. Small Business Administration Paycheck Protection Program loan	3,388,000	--
Charitable gift annuities	251,838	300,886
Deferred revenue from entrance fees	30,792,217	30,142,412
Entrance fee refunds payable	21,643,527	22,264,685
Other long-term liabilities	477,301	539,711
Interest rate swap liability	317,990	114,695
Total Long-Term Liabilities	68,243,755	65,488,169
Total Liabilities	75,572,339	71,179,584
Net Assets		
Without donor restriction	3,172,302	1,774,302
With donor restriction	2,305,410	2,054,002
Total Net Assets	5,477,712	3,828,304
	\$ 81,050,051	\$ 75,007,888

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, 2020
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2019)

	Without Donor Restriction			With Donor Restriction					Total 2020	Total 2019
	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Resident Benevolent Fund	Mary Melby Fund		
Revenues, Gains and Other Support										
Net resident service revenue	\$ 13,032,812	\$ 1,433,631	\$ --	\$ 14,466,443	\$ --	\$ --	\$ --	\$ --	\$ 15,713,362	
Monthly service fees	--	9,510,566	--	9,510,566	--	--	--	--	8,964,764	
Amortization of deferred entrance fees	--	5,108,755	--	5,108,755	--	--	--	--	4,623,446	
Investment income	16,703	564,513	46,809	628,025	25,767	--	18,204	10,040	449,527	
Ancillary revenue	464,088	--	--	464,088	--	--	--	--	438,762	
Contributions and bequests	--	83,799	54,637	138,436	109,009	--	47,584	5,550	300,579	
Change in charitable gift annuities	--	27,217	--	27,217	(16,300)	--	(10,917)	--	57,997	
Net assets released from restrictions	--	753,812	--	941,941	--	--	--	--	1,120,521	
Other revenue	188,129	--	--	188,129	--	--	--	--	1,120,521	
Total Revenues, Gains and Other Support	13,701,732	17,482,293	101,446	31,285,471	25,767	5,219	54,871	15,590	31,994,687	
Expenses										
Nursing services	5,253,629	--	--	5,253,629	--	--	--	--	4,947,666	
ALSA services	1,907,178	1,387,300	--	3,294,478	--	--	--	--	1,428,520	
Ancillary services	585,734	222,335	--	808,069	--	--	--	--	2,289,111	
Resident services	1,135,954	2,508,738	--	3,644,692	--	--	--	--	906,082	
Housekeeping services	398,299	441,319	--	839,618	--	--	--	--	3,922,782	
Laundry and linen services	134,890	--	--	134,890	--	--	--	--	718,059	
Administrative and other	4,550,555	4,201,160	95,197	8,846,912	--	--	--	--	146,784	
Plant operation and maintenance	611,589	1,990,202	--	2,601,791	--	--	--	--	8,506,108	
Depreciation and amortization	601,379	3,123,914	--	3,725,293	--	--	--	--	2,419,124	
Interest	76,611	349,098	3,129	428,838	--	--	--	--	3,741,137	
Loss on disposal of property, plant and equipment	--	--	--	--	--	--	--	--	462,510	
Total Expenses	15,255,818	14,224,066	98,326	29,578,210	--	--	--	--	30,255,141	
Income (Loss) from Operations	(1,554,086)	3,258,227	3,120	1,707,261	25,767	5,219	54,871	15,590	1,739,546	
Nonoperating Items										
Change in net unrealized (gain) loss on investments	--	(28,939)	106,203	77,264	20,911	--	24,748	11,593	57,252	
Change in fair value of interest rate swap agreement	(36,593)	(166,702)	--	(203,295)	--	--	--	--	(467,617)	
Change in Net Assets	(1,590,679)	3,062,586	109,323	1,581,230	46,678	5,219	79,619	27,183	1,219,580	
Net Assets (Deficit) - Beginning, as previously reported	(10,387,948)	11,541,369	620,881	1,774,302	189,910	575,603	605,328	359,336	2,608,724	
Impact of Change in Accounting Policy	--	(183,230)	--	(183,230)	--	--	--	--	--	
Adjusted Net Assets (Deficit) - Beginning	(10,387,948)	11,358,139	620,881	1,591,072	189,910	575,603	605,328	359,336	2,608,724	
Net Assets (Deficit) - End of year	(11,978,627)	14,420,725	730,204	3,172,302	236,588	580,822	684,947	386,519	3,828,304	

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, 2020 AND 2019

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 1,832,638	\$ 1,219,580
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from entrance fees, net of refunds	4,131,437	8,280,391
Resident spend downs of refundable fees	(606,936)	(778,381)
Depreciation and amortization	3,713,213	3,697,946
(Gain) loss on disposal of property, plant and equipment	(10,250)	767,258
Amortization of debt issuance costs	37,051	38,944
Change in net unrealized (gain) loss on investments	(134,516)	52,349
Change in fair value of interest rate swap	203,295	467,617
Amortization of deferred revenue from entrance fees	(5,108,755)	(4,623,446)
Changes in operating assets and liabilities:		
Accounts receivable, net	(57,041)	3,587
Prepaid expenses, deposits and other assets	41,452	46,432
Escrow deposits	37,299	(35,177)
Patient trust funds payable	45,993	12,536
Accounts payable, accrued salaries, wages payroll and other	707,888	(194,835)
Deferred revenue	1,015,481	--
Accrued bond interest	(18,982)	(4,573)
Advanced payments	(4,644)	19,644
Charitable gift annuities	(34,997)	(55,523)
Other long-term liabilities	(62,410)	(69,076)
Due to third parties	240,162	(45,531)
Net Cash Provided by Operating Activities	5,967,378	8,799,742
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	(2,652,479)	(2,660,981)
Purchases of certificates of deposit	(2,192,293)	(2,131,240)
Purchases of investments	(793,848)	(995,092)
Sales of investments	300,525	450,000
Decrease in pledges receivable, net	8,962	2,079
Net Cash Used in Investing Activities	(5,329,133)	(5,335,234)
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program Loan	3,388,000	--
Principal payments on bonds and note payable	(794,365)	(1,322,317)
Payments on Eversource loan	(14,861)	(32,876)
Payments on vehicle loan	(9,896)	(16,018)
Net Cash Provided by (Used in) Financing Activities	2,568,878	(1,371,211)
Net Change in Cash and Cash Equivalents and Restricted Cash	3,207,123	2,093,297
Cash and Cash Equivalents and Restricted Cash - Beginning	5,667,764	3,574,467
Cash and Cash Equivalents and Restricted Cash - Ending	\$ 8,874,887	\$ 5,667,764

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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 318,703</u>	<u>\$ 342,297</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 8,783,366	\$ 5,622,736
Patient trust funds	<u>91,521</u>	<u>45,028</u>
Cash, Cash Equivalents and Restricted Cash	<u>\$ 8,874,887</u>	<u>\$ 5,667,764</u>

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

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, 2020 and 2019, were as follows:

	2020	2019
Skilled care	82%	95%
Residential care home	95%	85%
Independent living	98%	97%

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09). The guidance in ASU 2014-09 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The core principle of the revenue model is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Corporation adopted the new guidance for the fiscal year ending September 30, 2020, under the modified retrospective approach applied to certain contracts which were not completed as of September 30, 2019 using the practical expedient in paragraph 606-10-10-4 that allows for the use of a portfolio approach. As a result, we determined that the effect of applying the guidance to our portfolio of contracts within the scope of ASU 2014-09 on our financial statements would not differ materially from applying the guidance to each individual contract within the respective portfolio or our performance obligations within that portfolio.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

This approach will also be used for future contract modifications, if any. The five step model defined in ASU 2014-09 requires (1) identify contracts with customers, (2) identify performance obligations under those contracts, (3) determine the transaction process of those contracts, (4) allocate the transaction process to performance obligations under those contracts, and (5) recognize revenue when each performance obligation under those contracts is satisfied. Revenue is recognized when promised goods or services are transferred to the customer in an amount that reflects the consideration expected in exchange for those goods or services.

A substantial portion of the Corporation's revenue relates to contracts with residents for housing services that are generally short term in nature and fall under ASC Topic 840, *Leases*, which are specifically excluded from the scope of ASU 2014-09. The Corporation's contracts with residents and others that are within the scope of ASU 2014-09 are also generally short term in nature. Management has determined that services performed under those contracts are considered one performance obligation in accordance with ASC Topic 606 as such services are regarded a series of distinct events with the same timing and pattern of transfer to the resident or others. Revenue is recognized for those contracts when the performance obligation is satisfied by transferring control of the service provided to the resident or others, which is generally when the services are provided over time.

In accordance with ASU 2014-09, incremental costs are no longer allowed to be capitalized if the entity would have incurred these costs regardless if the contract not been obtained. In addition, incremental costs associated with obtaining a new contract may now be capitalized when incurred to obtain any new contract, rather than just with new construction, as long as the entity expects to recover those costs. As a result, the application of ASU 2014-09 resulted in a cumulative-effect decrease adjustment of \$183,230 to beginning net assets as of October 1, 2019.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The following table summarizes the impacts of adopting ASU Topic 606 on the Corporation's consolidated financial statements for the year ended September 30, 2020.

	Balances without adoption of Topic 606	Adjustments	As reported
Deferred marketing costs	\$ 447,206	\$ (447,206)	\$ --
Accumulated amortization	(447,206)	447,206	--
Amortization of deferred marketing expense	183,230	(183,230)	--
Net assets without donor restrictions	14,603,955	(183,230)	14,420,725

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning of period and end of period total amounts shown on the statement of cash flows. The Corporation retrospectively adopted ASU 2016-18 as of October 1, 2018 and patient trust funds, which are considered restricted cash, are now part of the cash and cash equivalents and restricted cash balance on the statements of cash flows.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides clarification and guidance for contributions received and contributions made to assist entities in (1) evaluating whether a transaction should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958-605, *Not-for-Profit Entities*, or as an exchange (reciprocal) transaction subject to other guidance and (2) determining whether a contribution is conditional. On October 1, 2019, this standard was adopted by the Corporation and it did not have a material impact on income (loss) from operations or net assets.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NEWLY ADOPTED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*, addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendments in ASU 2016-01 require equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in nonoperating items. The ASU required the Corporation to record unrealized gains and losses on investments that were historically recognized as a component of the Corporation's changes in net assets without donor restrictions in nonoperating items. The ASU was adopted retrospectively by reclassifying the net unrealized (gains) losses for the year ended September 30, 2019.

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 THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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, that is when a stipulated time restriction ends or purpose restriction is accomplished, 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, 2020 and 2019.

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 THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME (LOSS) FROM OPERATIONS

The consolidated statements of activities and changes in net assets include income (loss) from operations as a performance indicator.

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; 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, 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. 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.

CERTIFICATES OF DEPOSIT

The Corporation's certificates of deposit have original maturities in excess of three months and are carried at their accumulated cash balances (original deposit plus accrued interest).

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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.

ACCOUNTS RECEIVABLE AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Accounts receivable result from the health care and independent living residential services provided by the Corporation. Accounts receivable are reduced by a provision for uncollectible accounts. In evaluating the collectability of accounts receivable, the Corporation analyzes its past history and identifies trends for each of its major sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts. Management regularly reviews data about the major sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts. As of September 30, 2020 and 2019, the allowance for uncollectible accounts was \$347,039 and \$251,176, respectively.

For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for uncollectible accounts, if necessary. For receivables associated with self-pay patients, the Corporation records a provision for uncollectible accounts in the period of service on the basis of 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 charged off against the allowance for uncollectible accounts.

PLEDGES RECEIVABLE

Pledges receivable represent monies restricted for time or purpose. Pledges to be received in future years have been discounted at a treasury rate (2.0% at September 30, 2020 and 2019) 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.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS VALUATION AND INCOME RECOGNITION (CONTINUED)

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 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 2020 and 2019.

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 significantly affect the consolidated financial statements.

DEBT ISSUANCE COST

Unamortized debt issuance costs of \$82,267 and \$119,318 are included within long-term debt on the consolidated statements of financial position as of September 30, 2020 and 2019, respectively. Amortization of the debt issuance costs of \$37,051 and \$38,944 is reported within interest expense in the accompanying consolidated statements of operations and changes in net assets for the years ended September 30, 2020 and 2019, respectively.

ADVERTISING COSTS

Advertising costs, which are expensed as incurred, for the years ended September 30, 2020 and 2019 amounted to \$117,477 and \$144,969, respectively.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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, 2020 and 2019.

SWAP AGREEMENT

The Corporation has entered into a swap agreement in connection with the December 2012 issuance of the Series 2012A Bonds. The agreement effectively changes the interest rate exposure of the debt payable from variable rate to fixed rate. Accordingly, the Corporation has reflected the swap agreement in the accompanying consolidated financial statements at the current market value in effect at September 30, 2020 and 2019, which is reflected as interest rate swap liability in the accompanying consolidated statements of financial position.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SWAP AGREEMENT (CONTINUED)

The differential paid or received on the swap agreement is 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 is separately shown on the consolidated statements of activities and changes in net assets. See Note 9 for further information.

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 and directly allocable expenses for that particular service depending on the nature of the expense. Expenses for the Elim Park Foundation are included within fundraising expenses for the years ended September 30, 2020 and 2019.

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. Revenue is accrued to estimate the amount of revenue earned to date for patients who have not been discharged and whose care services are not complete as of the reporting period. 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.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESIDENT SERVICE REVENUE (CONTINUED)

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.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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, correspondence from the payor and historical settlement activity, including 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, 2020 and 2019.

REVENUE RECOGNITION - RESIDENT REVENUE

Resident revenue is reported at the amounts that reflect the consideration the Corporation expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided. Resident revenue is recognized as performance obligations are satisfied. Resident revenue at the independent living community consist 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.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION - RESIDENT REVENUE (CONTINUED)

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 and assisted living residency agreements in accordance with the provisions of ASC 840 *Leases* (ASC 840).

REVENUE RECOGNITION - HEALTH CENTER

The Corporation recognizes revenue for skilled nursing residency, assistance with activities of daily living, thrive at home and personalized health services in accordance with the provisions of ASC 606, *Revenue from Contracts with Customers* (ASC 606). The Corporation has determined that the senior living 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 payor for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services. The Corporation's estimates the transaction price based on the terms of the contract with the payor, correspondence with the payor and historical payment trends, and adjustments are recognized in periods as final settlements are determined.

Effective October 1, 2019, the Centers for Medicare and Medicaid Services (CMS) issued a new case-mix model called the Patient-Driven Payment Model (PDPM), which focuses on a resident's condition and care needs, rather than the amount of care provided to determine reimbursement levels. The PDPM utilizes clinically relevant factors for determining Medicare payment by using ICD-10 diagnosis codes and other patient characteristics as the basis for patient classification.

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. No liability has been recorded as of September 30, 2020 and 2019, because the present value of the net cost of future services and use of facilities is less than deferred revenue from entry fees.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2020 and 2019. The operating reserve is included within cash and cash equivalents on the accompanying consolidated statements of financial position.

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, 2020 and 2019, 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, 2020 and 2019, 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.

2019 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, 2019, from which the summarized information was derived.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 liability is calculated using the IRS discount rate and applicable mortality tables. The discount rates ranged from 1.0% to 5.8% as of September 30, 2020 and 2019. The Foundation received one new gift during the fiscal year ended September 30, 2020 of \$18,000. 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. Promises to give at September 30, 2020 and 2019 were discounted using rates of 2.0% for each year.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTED GOODS AND SERVICES (CONTINUED)

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.

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 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 of the four residency agreements is selected. Two agreements offer a fixed refund of either 50% or 90% of the original entrance fee. The third agreement offers a declining refund option whereby 10% of the original fee becomes nonrefundable upon occupancy, and thereafter, the refund declines at 2% per month. Under each of these three agreements, an installment payment option is available in exchange for an additional fee amount. The fourth agreement offers a reduced price in comparison to the declining refund option but no refund is available. Under the residency agreements of these four plans, amounts are refundable within 30 days after the living unit is reoccupied and the new entrance fee is paid in full. The 50% and 90% refundable portions of the entrance fee are recorded as entrance fees refunds payable on the consolidated statements of financial position.

The 50% and 10% nonrefundable portions of the entrance fee and the entire entrance fee for those who select the residency agreement that offers the declining refund are amortized into income over the residents' actuarially determined remaining life as calculated by the Corporation's actuaries.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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.

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 PATIENT SERVICE AND RESIDENT REVENUE

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

	<u>2020</u>	<u>2019</u>
Gross resident service revenue		
Room and board services	\$ 17,409,428	\$ 20,538,475
Home care services	<u>1,433,631</u>	<u>1,726,529</u>
Gross resident service revenue	18,843,059	22,265,004
Less contractual and other allowances	<u>(4,376,616)</u>	<u>(6,551,642)</u>
Net resident service revenue	<u>\$ 14,466,443</u>	<u>\$ 15,713,362</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 4 - NET PATIENT SERVICE AND RESIDENT REVENUE (CONTINUED)

Patient service revenue, net of contractual allowances and discounts recognized for the years ended September 30, 2020 and 2019, was as follows for uninsured patients who do not qualify for charity care and patients who have third-party coverage.

	Medicare	Medicaid	Self-Pay	Other	Total All Payors
Resident service revenue, net of contractual allowances and discounts					
September 30, 2020	<u>\$ 6,211,140</u>	<u>\$ 5,437,531</u>	<u>\$ 2,763,122</u>	<u>\$ 54,650</u>	<u>\$ 14,466,443</u>
September 30, 2019	<u>\$ 6,584,929</u>	<u>\$ 5,951,205</u>	<u>\$ 3,150,598</u>	<u>\$ 26,630</u>	<u>\$ 15,713,362</u>

NOTE 5 - COVID-19 RELIEF REVENUE

On March 11, 2020, the World Health Organization designated the Coronavirus Disease 2019 (COVID-19) outbreak as a global pandemic. Federal, state and local government policies resulted in a substantial portion of the population to remain at home and forced the closure of certain businesses, which had an impact on the Corporation's patient volumes and revenues for most services. During this time, the Corporation experienced significant price increases in, and utilization of, medical supplies, particularly personal protective equipment, as global supply lines were disrupted by the pandemic.

In response to COVID-19, the CARES Act was signed into law on March 27, 2020. The CARES Act authorized funding to healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Relief Fund). Payments from the 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 and are not required to be repaid except where Relief Funds received exceed 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 Relief Fund include general distribution and targeted distributions to support healthcare providers for service periods through December 31, 2020, and, if necessary, June 30, 2021. Additionally, funds are available to reimburse providers for COVID-19 related treatment of uninsured patients.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 5 - COVID-19 RELIEF REVENUE (CONTINUED)

Through September 2020, the Corporation received approximately \$1,015,000 in funding which is recorded in the current portion of the deferred revenue liability in the Corporation's consolidated balance sheet at September 30, 2020.

HHS has issued several Post-Payment Notices of Reporting Requirements and published responses to frequently asked questions (FAQs) regarding the Relief Fund distributions. The Corporation is in the process of reviewing the applicable accounting guidance, the September 19, 2020 Post-Payment Notice of Reporting Requirements (the September Notice) and FAQs and has interpreted as being applicable to the accompanying consolidated financial statements. Among other significant changes, the September Notice defines lost revenues as the calendar year-over-year change in net patient care operating margin from 2020 to 2019.

Subsequent to September 30, 2020, multiple Post Payment Notices of Reporting Requirements and FAQs have been released, with a key change redefining lost revenues to be the calendar year-over-year change in patient care revenues and certain examples were provided related to the calculation of reimbursable expenses attributable to COVID-19. All such notices issued subsequent to September 30, 2020 have been considered as non-recognized subsequent events and do not result in an adjustment to the consolidated financial statements as of September 30, 2020. The Corporation has estimated that the amounts recorded for the year ended September 30, 2020 do not significantly differ from the amounts derived under the most recently issued guidance. The guidance contained in the Post-Payment Notice of Reporting Requirements and FAQs is subject to interpretation by the recipient entity of Relief Fund distributions. Subsequent changes in HHS requirements and changes in the Corporation's performance compared to current projections may impact the Corporation's ability to retain some or all of the distributions received. Management will continue to monitor communications from HHS applicable to the Relief Fund distributions.

In July 2020, the Corporation received \$98,341 of stimulus funds from the State of Connecticut through the COVID Relief Fund, which has been included within other revenue as of September 30, 2020 on the accompanying statements of activities and changes in net assets.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 6 - INVESTMENTS

Fair values for investments (exclusive of funds invested in cash and cash equivalents) as of September 30, 2020 and 2019, are summarized as follows:

	<u>2020</u>	<u>2019</u>
Elim Park Place Fund	\$ 6,549,152	\$ 6,074,557
Elim Park Foundation	1,553,273	1,422,021
Elim Park Baptist Home Fund	<u>350,079</u>	<u>327,481</u>
	<u>\$ 8,452,504</u>	<u>\$ 7,824,059</u>

The investment portfolio as of September 30, 2020 and 2019, consists of the following:

	<u>2020</u>	<u>2019</u>
Equity securities and mutual funds	\$ 6,278,632	\$ 6,207,376
Corporate bonds	<u>2,173,872</u>	<u>1,616,683</u>
	<u>\$ 8,452,504</u>	<u>\$ 7,824,059</u>

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.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 6 - INVESTMENTS (CONTINUED)

Investment income on cash and cash equivalents and other investments was comprised of the following for the year ended September 30, 2020 and 2019:

	2020		
	Interest and Dividend Income	Net Realized Gains (Losses) on Sales of Securities	Total
Elim Park Baptist Home Fund	\$ 16,703	\$ 25,767	\$ 42,470
Elim Park Place Fund	298,283	266,230	564,513
Elim Park Foundation	34,239	12,570	46,809
Resident Benevolent Fund	10,840	7,364	18,204
Mary Melby Fund	517	9,523	10,040
	<u>\$ 360,582</u>	<u>\$ 321,454</u>	<u>\$ 682,036</u>
	2019		
	Interest and Dividend Income	Net Realized Gains (Losses) on Sales of Securities	Total
Elim Park Baptist Home Fund	\$ 16,387	\$ 2,182	\$ 18,569
Elim Park Place Fund	273,435	94,675	368,110
Elim Park Foundation	36,656	13,084	49,740
Resident Benevolent Fund	11,747	(24,810)	(13,063)
Mary Melby Fund	6,986	19,185	26,171
	<u>\$ 345,211</u>	<u>\$ 104,316</u>	<u>\$ 449,527</u>

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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.

Equity Securities - Equity securities is 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.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

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.

Interest Rate Swap - Interest rate swap is valued using both observable and unobservable inputs, such as quotations received from the counterparty, dealers or brokers, whenever available and considered reliable. In instances where models are used, the value of the interest rate swap depends upon the contractual terms of, and specific risks inherent in, the instrument as well as the availability and reliability of observable inputs. Such inputs include market prices for reference securities, yield curves, credit curves, measures of volatility, prepayment rate assumptions for nonperformance risk, and correlations of such inputs.

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

The following table 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, 2020			
	Total	Level 1	Level 2	Level 3
Assets				
Mutual funds	\$ 1,484,279	\$ 1,484,279	\$ --	\$ --
Equity securities	5,054,596	5,054,596	--	--
Corporate bonds	<u>1,913,629</u>	<u>--</u>	<u>1,913,629</u>	<u>--</u>
Total investments	8,452,504	6,538,875	1,913,629	--
Charitable gift annuities	<u>822,370</u>	<u>--</u>	<u>--</u>	<u>822,370</u>
Total assets measured				
at fair value	<u>\$ 9,274,874</u>	<u>\$ 6,538,875</u>	<u>\$ 1,913,629</u>	<u>\$ 822,370</u>
Liabilities				
Interest rate swap liability	<u>\$ 317,990</u>	<u>\$ --</u>	<u>\$ 317,990</u>	<u>\$ --</u>
Total liabilities measured				
at fair value	<u>\$ 317,990</u>	<u>\$ --</u>	<u>\$ 317,990</u>	<u>\$ --</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

	September 30, 2019			
	Total	Level 1	Level 2	Level 3
Assets				
Mutual funds	\$ 1,102,271	\$ 1,102,271	\$ --	\$ --
Equity securities	5,105,105	5,105,105	--	--
Corporate bonds	<u>1,616,683</u>	<u>--</u>	<u>1,616,683</u>	<u>--</u>
Total investments	7,824,059	6,207,376	1,616,683	--
Charitable gift annuities	<u>836,421</u>	<u>--</u>	<u>--</u>	<u>836,421</u>
Total assets measured at fair value	<u>\$ 8,660,480</u>	<u>\$ 6,207,376</u>	<u>\$ 1,616,683</u>	<u>\$ 836,421</u>
Liabilities				
Interest rate swap liability	<u>\$ 114,695</u>	<u>\$ --</u>	<u>\$ 114,695</u>	<u>\$ --</u>
Total liabilities measured at fair value	<u>\$ 114,695</u>	<u>\$ --</u>	<u>\$ 114,695</u>	<u>\$ --</u>

There were no transfers between levels of investments during the years ended September 30, 2020 and 2019.

There have been no changes in the methodologies used at September 30, 2020 and 2019.

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	
	2020	2019
Balance - beginning of year	\$ 836,421	\$ 771,161
Change in value of trust assets	39,705	7,750
Sales and settlements	(84,899)	(64,507)
Purchases	<u>31,143</u>	<u>122,017</u>
Balance - end of year	<u>\$ 822,370</u>	<u>\$ 836,421</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

INSTRUMENTS NOT MEASURED AT FAIR VALUE

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 notes payable as of September 30, 2020 and 2019 approximates the total outstanding principal balance. The method used to determine the fair value of notes payable is quoted prices for similar debt instruments.

There have been no changes in the methodologies used for these items at September 30, 2020 and 2019.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

As of September 30, 2020 and 2019, property, plant and equipment consisted of the following:

	2020	2019
Elim Park Baptist Home Fund		
Land	\$ 123,173	\$ 123,173
Land improvements	673,770	653,928
Buildings and building improvements	14,417,532	13,847,440
Equipment	5,953,430	5,774,180
Motor vehicles	158,306	158,306
Construction in progress	94,734	102,035
	<u>21,420,945</u>	<u>20,659,062</u>
Less accumulated depreciation	<u>16,773,600</u>	<u>16,193,784</u>
Total Elim Park Baptist Home Fund, net	<u>4,647,345</u>	<u>4,465,278</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2020	2019
Elim Park Place Fund		
Land	\$ 834,950	\$ 834,950
Land improvements	1,544,433	1,538,894
Buildings and building improvements	76,355,977	75,193,519
Equipment	9,116,139	8,060,842
Motor vehicles	185,445	185,445
Construction in progress	440,348	730,278
	88,477,292	86,543,928
Less accumulated depreciation	44,365,534	41,252,447
Total Elim Park Place Fund, net	44,111,758	45,291,481
Net Property, Plant and Equipment	\$ 48,759,103	\$ 49,756,759

The estimated cost to complete the construction in progress as of September 30, 2020 is approximately \$400,000. Depreciation expense was \$3,712,703 and \$3,697,946 for the years ended September 30, 2020 and 2019, respectively. During the year ended September 30, 2020, the sale of property, plant and equipment resulted in a gain of \$10,250 which is included within other revenue on the accompanying statement of activities and changes in net assets. During the year ended September 30, 2019, a physical observation was performed of property, plant and equipment and as a result disposals were recorded with an overall loss on disposals of property, plant and equipment of \$767,258.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 9 - LONG-TERM DEBT

As of September 30, 2020 and 2019, the Corporation had the following long-term debt:

	2020		2019	
	Principal	Unamortized Debt Issuance Costs	Principal	Unamortized Debt Issuance Costs
CII First Mortgage Gross Revenue Health Care Project Refunding Bonds, Series 2012A (The Elim Park Baptist Home, Inc. Project), dated December 1, 2012, \$17,714,000 original principal amount, maturing at various times from January 1, 2013 through January 1, 2033, with principal and interest payable monthly at a fixed rate of 3.07% through an interest rate swap agreement.	\$12,245,097	\$ 82,267	\$13,039,462	\$ 119,318
Eversource Energy loan signed in June 2016, \$167,376 original principal amount, maturing in April 2020. Of this amount, \$66,899 represents the incentive received and has been included in other liabilities on the statements of financial position. The incentive will be amortized over the life of the loan. The loan bears no interest and principal payments are due monthly.	--	--	14,861	--
Vehicle loans signed in January 2015 for the purchase of three vehicles, maturing in 2020, with principal and interest payable monthly at a fixed rate of 1.90%.	--	--	5,402	--
Equipment loan signed in June 2020 maturing in June 2023. The loan bears no interest and principal payments are due monthly.	48,940	--	--	--
	12,294,037	82,267	13,059,725	119,318
Less current portion	838,888		814,627	
Long-term portion	11,455,149		12,245,098	
Less unamortized debt issuance costs	82,267		119,318	
Long-term debt, net	\$11,372,882		\$12,125,780	

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

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:

<u>Year ending September 30,</u>	
2021	838,888
2022	866,307
2023	889,262
2024	904,573
2025	934,647
Thereafter	<u>7,860,360</u>
	<u>\$ 12,294,037</u>

The bonds and note payables are collateralized by substantially all the assets of the Corporation. Under the terms of the bonds and note payables, the Corporation must satisfy certain financial and reporting covenants. The Corporation was in compliance with such covenants for the years ended September 30, 2020 and 2019.

INTEREST RATE SWAP AGREEMENT

As discussed in Note 2, the Corporation entered into an interest rate swap agreement with KeyBank related to the December 2012 issuance of the Series 2012A Bonds. The original notional value of the swap was \$17,714,000 and is reduced periodically according to a schedule. Under the swap agreements, the Corporation makes fixed payments with an interest rate of 3.07% to the counterparty to the swap agreement and receives 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 is 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 current notional amount for the Series 2012A Bonds is \$12,245,097 and will expire on January 1, 2023. The swap terms match the CII First Mortgage Gross Revenue Health Care Project Refunding Bonds, Series 2012A debt. Payments are made between the Corporation and KeyBank on a monthly basis.

The unrealized loss on the swap agreement was \$203,295 and \$467,617 for the years ended September 30, 2020 and 2019, respectively, which is reflected in the accompanying consolidated statements of activities and changes in net assets. The value of the swap instrument is included as a liability of \$317,990 and \$114,695 as of September 30, 2020 and 2019, respectively, on the accompanying consolidated statements of financial position.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 10 - U.S. SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM LOAN

In April 2020, the Corporation received a loan (the PPP Loan) from KeyBank in the amount of \$3,388,000 under the Paycheck Protection Program established by the Coronavirus Aid, Relief and Economic Security Act. Subject to potential forgiveness, as described below, the PPP Loan matures in two years, bears interest at a rate of 1.00% per year and is evidenced by a promissory note dated April 24, 2020 (the Note). Monthly payments of principal and interest are deferred until after any application for forgiveness submitted by the Corporation has been acted upon, as described below. The PPP Loan is unsecured and federally guaranteed. The Note contains customary events of default relating to, among other things, failure to make payments of principal and interest and breaches of representations and warranties. The Corporation may prepay the PPP Loan at any time prior to maturity with no penalty.

All or a portion of the PPP Loan may be eligible to be forgiven by the U.S. Small Business Administration (SBA) and the lender upon application by the Corporation, provided that the Corporation shall have used the loan proceeds for eligible purposes, including the payment of payroll, benefits, rent, mortgage interest and utilities, during the 24 week period beginning on the date of funding of the loan (the "covered period"). Not more than 40% of the amount forgiven may be for non-payroll costs. The Corporation will be eligible to submit an application for forgiveness of the PPP Loan for a period of up to ten months after the end of the covered period.

Consistent with the requirements of the PPP for loan forgiveness, the Corporation has been using the loan proceeds solely for payment of payroll and otherwise in a manner which it believes satisfy the requirements for loan forgiveness. However, no assurance can be given that any application for loan forgiveness that the Corporation may submit will be approved, in whole or in part. The PPP loan remains on the Corporation's consolidated balance sheet as a liability as of September 30, 2020, and no revenue has been recognized during the year ended September 30, 2020 pursuant to it.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 11 - LEASES

The Corporation leases certain equipment under operating leases that expire at various dates through July 2021 ranging from \$195 to \$3,276 per month. The Corporation's total rent expense for the years ended September 30, 2020 and 2019 was \$41,559 and \$40,791, respectively. Future rent expense for is as follows:

<u>Year ending September 30,</u>	
2021	\$ 8,693
2022	<u>894</u>
	<u>\$ 9,587</u>

NOTE 12 - 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 2019 or 2018 plan year. Benefit plan expense for the years ended September 30, 2020 and 2019, was \$351,744 and \$392,900, respectively.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 13 - 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 43% and 38%, and 42% and 38%, respectively, of the Corporation's net health center revenues for the years ended September 30, 2020 and 2019.

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.

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.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 14 - 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, 2020 and 2019, the Corporation had \$610,397 and \$330,000 for incurred but not reported losses, respectively.

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 THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 15 - 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:

	Program Services						Total
	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Program Services	Management and General	Fundraising	
	2020						
Salaries and wages	\$ 7,421,704	\$ 4,090,710	\$ --	\$ 11,512,414	\$ 2,084,817	\$ 105,434	\$ 13,702,665
Employee benefits	1,884,468	1,038,685	--	2,923,153	529,362	26,771	3,479,286
Professional fees	--	--	--	--	224,101	--	224,101
Information technology	--	--	--	--	273,081	--	273,081
Occupancy	453,164	1,448,569	--	1,901,733	--	--	1,901,733
Travel	14,895	16,055	--	30,950	--	--	30,950
Interest	76,611	349,098	--	425,709	--	3,129	428,838
Depreciation and amortization	601,379	3,123,914	--	3,725,293	--	--	3,725,293
Insurance	92,498	197,508	--	290,006	--	--	290,006
Nursing	597,196	--	--	597,196	--	--	597,196
Assisted living	--	12,566	--	12,566	--	--	12,566
Ancillary services	667,994	--	--	667,994	--	--	667,994
Resident services	68,521	19,558	--	88,079	--	--	88,079
Dietary	728,872	1,511,450	--	2,240,322	--	--	2,240,322
Housekeeping and laundry	89,822	90,752	--	180,574	--	--	180,574
Other	194,167	518,439	--	712,606	1,008,866	14,054	1,735,526
	<u>\$ 12,891,291</u>	<u>\$ 12,417,304</u>	<u>\$ --</u>	<u>\$ 25,308,595</u>	<u>\$ 4,120,227</u>	<u>\$ 149,388</u>	<u>\$ 29,578,210</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 15 - FUNCTIONAL EXPENSES (CONTINUED)

	Program Services						Total
	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Program Services	Management and General	Fundraising	
2019							
Salaries and wages	\$ 7,494,806	\$ 4,074,871	\$ --	\$ 11,569,677	\$ 1,906,104	\$ 99,504	\$ 13,575,285
Employee benefits	1,656,504	894,149	--	2,550,653	418,257	21,834	2,990,744
Professional fees	--	--	--	--	317,308	--	317,308
Information technology	--	--	--	--	341,244	--	341,244
Occupancy	498,632	1,546,709	--	2,045,341	--	--	2,045,341
Travel	42,600	21,130	--	63,730	--	--	63,730
Interest	77,853	342,297	--	420,150	--	3,416	423,566
Depreciation and amortization	614,827	3,127,987	--	3,742,814	--	--	3,742,814
Insurance	79,975	185,911	--	265,886	--	--	265,886
Nursing	361,224	--	--	361,224	--	--	361,224
Assisted living	--	11,199	--	11,199	--	--	11,199
Ancillary services	771,907	--	--	771,907	--	--	771,907
Resident services	101,483	22,336	--	123,819	--	--	123,819
Dietary	726,552	1,575,161	--	2,301,713	--	--	2,301,713
Housekeeping and laundry	49,276	74,078	--	123,354	--	--	123,354
Other	188,653	610,856	--	799,509	1,214,887	14,353	2,028,749
Loss on disposal of property, plant and equipment	--	--	--	--	767,258	--	767,258
	<u>\$ 12,664,292</u>	<u>\$ 12,486,684</u>	<u>\$ --</u>	<u>\$ 25,150,976</u>	<u>\$ 4,965,058</u>	<u>\$ 139,107</u>	<u>\$ 30,255,141</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 16 - 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, 2020 and 2019, 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 include donor restricted balances, unearned entrance fees and advanced payments.

Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2020	2019
Financial Assets at Year-End		
Cash and cash equivalents	\$ 8,783,366	\$ 5,622,736
Certificates of deposits	9,625,311	7,433,018
Short-term investments	353,179	400,473
Investments	8,099,325	7,423,586
Accounts receivable	1,541,319	1,484,278
Entrance fees receivable	2,539,821	1,299,910
Current portion of pledges receivable	<u>3,098</u>	<u>12,060</u>
Total Financial Assets Available at Year-End	30,945,419	23,676,061
Less donor or contractual restrictions		
Donor restrictions	2,305,410	2,054,002
Unearned entrance fees	697,915	1,070,905
Advanced payments	<u>133,084</u>	<u>137,728</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 27,809,010</u>	<u>\$ 20,413,426</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

NOTE 16 - 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 17 - SUBSEQUENT EVENTS

Subsequent to year end, the Corporation received an additional \$42,536 from HHS for Relief Funds.

In preparing these consolidated financial statements, management has evaluated subsequent events through January 22, 2021, which represents the date the financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of September 30, 2020, have been incorporated into these consolidated financial statements.