

ELIM PARK BAPTIST HOME, INC.

a.k.a ELIM PARK PLACE

2021

ANNUAL FINANCIAL FILING

FISCAL YEAR ENDING

September 30, 2021

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CURRENT RATE SCHEDULE

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CURRENT RATE STRUCTURE - 50% REFUND EFFECTIVE JANUARY 2022

Building	Entrance Fee Prices start at	Monthly Service Fee Prices start at	
Mallard Mill One Bedroom Apartment	\$198,574	\$2,342 \$755	Single Person Second Person Fee
Village Green One Bedroom Apartment Two Bedroom Apartment	\$276,067 \$360,823	\$2,992 \$755 \$3,932 \$755	Single Person Second Person Fee Single Person Second Person Fee
Brooksvale One Bedroom Apartment Two Bedroom Apartment	\$329,981 \$407,487	\$3,076 \$755 \$4,045 \$755	Single Person Second Person Fee Single Person Second Person Fee
Andrews Knoll One Bedroom Apartment Two Bedroom Apartment	\$348,172 \$461,397	\$3,136 \$755 \$4,120 \$755	Single Person Second Person Fee Single Person Second Person Fee
Mountain View One Bedroom Apartment Two Bedroom Apartment	\$378,791 \$481,983	\$3,166 \$755 \$4,128 \$755	Single Person Second Person Fee Single Person Second Person Fee
Spring Meadow One Bedroom Apartment Two Bedroom Apartment	\$382,648 \$491,413	\$3,167 \$755 \$4,135 \$755	Single Person Second Person Fee Single Person Second Person Fee
Riverbend One Bedroom Apartment Two Bedroom Apartment	\$396,724 \$523,450	\$3,246 \$755 \$4,208 \$755	Single Person Second Person Fee Single Person Second Person Fee

The Entrance Fee is 50% refundable when resident(s) move(s) from the living apartment and the Entrance Fee for that apartment is received from the new resident(s) by Elim Park. (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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
10.1%	11.7%	11.9%	12.1%	12.2%	12.3%

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>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</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>	
2021	20.1	6.0%	12.0	3.8%	2,187
2022	21.6	6.6%	11.2	3.6%	2,401
2023	22.0	6.9%	11.1	3.7%	2,537
2024	22.3	7.2%	11.2	3.8%	2,610
2025	22.6	7.3%	11.1	3.8%	2,666
2026	22.8	7.4%	11.1	3.8%	2,700

<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>	
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
2026	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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
96%	94%	94%	94%	94%	94%

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>
2021	12.0	0.0
2022	11.2	0.0
2023	11.1	0.0
2024	11.2	0.0
2025	11.1	0.0
2026	11.1	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>
2021	7,326	0
2022	7,879	0
2023	8,021	0
2024	8,152	0
2025	8,255	0
2026	8,312	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 March 9, 2022

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 2021 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 2021 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 2021 Annual Financial Filing.

In my opinion, the above items as shown in Elim Park Baptist Home, Inc.'s 2021 Annual Financial Filing:

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

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

Respectfully,

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

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

dbond@continuingcareactuaries.com

CAPITAL COST AMORITIZATION

EXHIBIT VIII

EXHIBIT VIII

CAPITAL COST AMORTIZATION ASSUMPTIONS

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

EXHIBIT IX
PRO FORMA STATEMENTS
SOURCE AND APPLICATION OF FUND

Consolidated Proforma Statement of Financial Position					
Fiscal Years Ended September 30th					
	AUDIT	BUDGET	BUDGET	BUDGET	BUDGET
	2021	2022	2023	2024	2025
ASSETS					
Current Assets:					
Cash and cash equivalents	19,824,449	20,419,182	21,031,758	21,662,711	22,312,592
Short-term investments	0	0	0	0	0
Patient trust fund	83,716	86,227	88,814	91,479	94,223
Escrow deposits	136,192	140,278	144,486	148,821	153,285
Operating reserve		0	0	0	0
Accounts receivable, net of allowance	1,157,689	1,192,420	1,228,192	1,265,038	1,302,989
Entrance Fees Receivable	2,468,607	2,542,665	2,618,945	2,697,514	2,778,439
Interest receivable	0	0	0	0	0
Prepaid expenses	256,873	264,579	272,517	280,692	289,113
Current portion of assets whose use is limited	3,666	3,776	3,889	4,006	4,126
Total current assets	23,931,192	24,649,128	25,388,602	26,150,260	26,934,767
Investments/SWAP	11,516,621	11,862,120	12,217,983	12,584,523	12,962,058
Property, Plant and Equipment:					
Property, Plant and Equipment, gross	112,741,243	116,123,480	119,607,185	123,195,400	126,891,262
Less: accumulated depreciation	(64,833,012)	(66,778,002)	(68,781,342)	(70,844,783)	(72,970,126)
Property, Plant and Equipment, net	47,908,231	49,345,478	50,825,842	52,350,618	53,921,136
ALSA	0	-	-	-	-
Charitable Gift Annuity & LT Pledges Receivable	1,072,384	1,104,556	1,137,692	1,171,823	1,206,978
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	38,890	40,056	41,258	42,496
TOTAL ASSETS	84,466,185	87,000,171	89,610,176	92,298,481	95,067,435
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Accounts payable	2,671,205	2,751,341	2,833,881	2,918,898	3,006,465
Patient trust fund payable	83,716	86,227	88,814	91,479	94,223
Accrued salaries, payroll taxes & other	1,354,228	1,394,855	1,436,700	1,479,801	1,524,196
Deferred Revenue	270,828	278,953	287,321	295,941	304,819
Accrued bond interest	14,707	0	0	0	0
Entrance Fee Deposits	1,361,919	1,402,777	1,444,860	1,488,206	1,532,852
Due to third-part reimbursement	540,917	557,145	573,859	591,075	608,807
Accrued Construction	0	0	0	0	0
Current portion of long-term debt	866,306	892,295	919,064	946,636	975,035
Current portion of capital lease obligations		-	-	-	-
TOTAL CURRENT LIABILITIES	7,163,826	7,363,593	7,584,500	7,812,035	8,046,396
Accrued Health Care Benefit	0	0	0	0	0
Long-Term Cap Lease, less - current portion		-	-	-	-
U.S. Small Business Administration Paycheck Protection Program	0	0	0	0	0
LT Debt, less curr portion & unamort bd disc	10,543,627	10,859,936	11,185,734	11,521,306	11,866,945
Charitable Gift Annuities Payable	358,744	369,506	380,592	392,009	403,770
Other Long Term Liabilities	518,535	534,091	550,114	566,617	583,616
Deferred Revenue From Entrance Fees	53,247,285	54,859,852	56,505,647	58,200,817	59,946,841
Adjust Deferred Revenue From Entrance Fees					
Net Assets	12,634,168	13,013,193	13,403,589	13,805,696	14,219,867
TOTAL LIABILITIES & NET ASSETS	84,466,185	87,000,170	89,610,175	92,298,481	95,067,435

ELIM PARK BAPTIST HOME, INC.						
Consolidated Proforma Statement of Cash Flow						
Fiscal Years Ended September 30th						
Activity	AUDIT 2021	BUDGET 2022	BUDGET 2023	BUDGET 2024	BUDGET 2025	
Cash Flow from Operating Activities						
Change In Net Assets after Realized/						
Unrealized Investment Gains	7,156,456	1,018,035	1,052,593	1,087,216	1,121,332	
<i>Adjustments:</i>						
Proceeds from Entrance Fees,net	6,189,749	3,750,000	3,750,000	3,750,000	3,750,000	
Amort of def'd rev from entrance fees	(5,726,360)	(3,715,625)	(3,808,516)	(3,903,729)	(4,001,322)	
Depreciation & Amortization	3,694,681	3,591,018	4,016,105	4,103,605	4,191,106	
Amortization of Bond Discount	37,050	-	-	-	-	
Change in Unrealized Gain/Loss	(1,487,946)	-	-	-	-	
Change In fair value of interest rate swap	(145,181)	-	-	-	-	
Gain on Disposal of Equipment	(1,092)	-	-	-	-	
PPP loan forgiveness	(3,388,000)	-	-	-	-	
<i>(Increase) decrease in operating assets:</i>						
Patient trust funds payable	(7,305)	(3,213)	(3,309)	(3,408)	(3,511)	
Operating Reserve	-	-	-	-	-	
Accounts Receivable	383,630	(40,199)	(40,199)	(45,484)	(44,893)	
Interest Receivable	-	-	-	-	-	
Prepaid Expenses	60,694	(35,902)	(39,492)	(43,441)	(47,785)	
Contract Receivable	-	-	-	-	-	
Deposits	-	-	-	-	-	
<i>Increase (decrease) in operating liabilities:</i>						
Accounts Payable	89	0	0	0	10	
Accrued Salaries and Wages	-	30,899	31,517	32,147	32,790	
Accrued Bond Interest	(1,466)	(35,155)	-	-	-	
Due to Third Party Reimb Agency	89,239	4,230	4,315	4,401	-	
Accrued Construction	-	-	-	-	-	
Accrued Health Care Benefit	-	-	-	-	-	
Capital Lease Obligations	-	-	-	-	-	
Advanced Payments	146,633	-	-	-	-	
Other long-term liabilities	(131,575)	-	-	-	-	
Charitable Gift Annuities Payable,net	(136,586)	(16,007)	(16,007)	(16,007)	(16,007)	
Net cash provided by operating activities	6,732,710	4,548,082	4,947,007	4,965,300	4,981,720	
Cash Flows from Investing Activities						
(Purchase) of Property, Plant, Equipment	(2,842,717)	(2,382,570)	(2,400,000)	(2,400,000)	(2,400,000)	
(Purchase)/Sales of Investments	(3,778,310)	(178,986)	(178,986)	(178,986)	(178,986)	
AWUL/Pledges Recble/ Sale of Fixed Asset	(568)	-	-	-	-	
Deferred Marketing	-	-	-	-	-	
Bond Issue	-	-	-	-	-	
Net cash used in investing activities	(6,621,595)	(2,561,556)	(2,578,986)	(2,578,986)	(2,578,986)	
Cash Flows from Financing Activities						
Debt Issuance Costs	-	-	-	-	-	
Proceeds from Refinancing	-	-	-	-	-	
Principal Payments on Bonds/LT Debt	(820,911)	(848,331)	(876,273)	(904,753)	(934,647)	
Payment on vehicle loan	(17,976)	-	-	-	-	
Principal Payments on Capital Lease/SWAP	-	-	-	-	-	
Net cash provided by financing activities	(838,887)	(848,331)	(876,273)	(904,753)	(934,647)	
Net Incr(Decr) in Cash & Equivalents	(727,772)	1,138,195	1,491,748	1,481,561	1,468,087	
Cash & Equivalents, beg of year	8,944,679	8,216,907	9,355,102	10,846,850	12,328,411	
Cash & Equivalents, end of year	8,216,907	9,355,102	10,846,850	12,328,411	13,796,498	

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED FINANCIAL STATEMENTS

**AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE INFORMATION AS OF AND FOR
THE YEAR ENDED SEPTEMBER 30, 2020)**

THE ELIM PARK BAPTIST HOME, INC.

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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, 2021 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, 2021 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.

Other Matter - Report on 2020 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, 2020, and expressed an unmodified opinion on those audited financial statements in our report dated January 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Marcum LLP

Hartford, CT
January 28, 2022

THE ELIM PARK BAPTIST HOME, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,996,999	\$ 8,783,866
Patient trust funds	83,716	91,021
Certificates of deposit	11,827,450	9,625,311
Escrow deposits	136,192	69,792
Accounts receivable, net	1,157,689	1,541,319
Entrance fees receivable	2,468,607	2,539,821
Current portion of pledges receivable, net	3,666	3,098
Short-term investments	--	353,179
Prepaid expenses	256,873	317,567
Total Current Assets	23,931,192	23,324,974
Charitable Gift Annuities	1,065,862	822,370
Investments	11,516,621	8,099,325
Property and Equipment , net of accumulated depreciation of \$64,833,012 in 2021 and \$61,158,937 in 2020	47,908,231	48,759,103
Other Assets		
Pledges receivable, net of current portion	6,522	6,522
Deposits and other assets	37,757	37,757
Total Other Assets	44,279	44,279
Total Assets	\$ 84,466,185	\$ 81,050,051

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, 2021 AND 2020

	2021	2020
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 866,306	\$ 838,888
Accounts payable	2,671,205	2,528,636
Patient trust funds payable	83,716	91,021
Accrued salaries, wages, payroll taxes and other	1,354,228	1,496,708
Deferred revenue	270,828	1,015,481
Advances payable	59,000	59,000
Accrued bond interest	14,707	16,173
Advanced payments	279,717	133,084
Unearned entrance fees	1,361,919	697,915
Due to third parties	540,917	451,678
Total Current Liabilities	<u>7,502,543</u>	<u>7,328,584</u>
Long-Term Liabilities		
Long-term debt, less current portion and net of debt issuance costs	10,543,627	11,372,882
U.S. Small Business Administration Paycheck Protection Program (PPP) loan	--	3,388,000
Charitable gift annuities	358,744	251,838
Deferred revenue from entrance fees	32,471,663	30,792,217
Entrance fee refunds payable	20,436,905	21,643,527
Other long-term liabilities	345,726	477,301
Interest rate swap liability	172,809	317,990
Total Long-Term Liabilities	<u>64,329,474</u>	<u>68,243,755</u>
Total Liabilities	<u>71,832,017</u>	<u>75,572,339</u>
Net Assets		
Without donor restriction	9,992,811	3,172,302
With donor restriction	2,641,357	2,305,410
Total Net Assets	<u>12,634,168</u>	<u>5,477,712</u>
	<u>\$ 84,466,185</u>	<u>\$ 81,050,051</u>

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

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2021
(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	Without Donor Restriction				With Donor Restriction				Total 2020
	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Total	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Total	
Operating Revenues, Gains and Other Support									
Net resident service revenue	\$ 12,355,438	\$ 1,302,681	\$ --	\$ 13,658,119	\$ --	\$ --	\$ --	\$ --	\$ 13,658,119
Monthly service fees	--	9,222,860	--	9,222,860	--	--	--	--	9,222,860
Amortization of deferred entrance fees	--	4,981,707	--	4,981,707	--	--	--	--	4,981,707
Investment income	12,193	482,727	85,025	579,945	23,855	--	--	85,402	665,347
Ancillary revenue	400,555	--	--	400,555	--	--	--	--	400,555
COVID-19 Relief Revenue	874,981	--	--	874,981	--	--	--	--	874,981
Contributions and bequests	--	83,071	3,667	86,738	--	50,862	--	7,344	195,541
Change in charitable gift annuities	--	--	--	--	(10,004)	--	(31,423)	--	(41,427)
Net assets released from restrictions	--	82,750	--	82,750	--	(66,121)	--	--	(82,750)
Other revenue	80,752	501,976	--	582,728	--	--	--	--	582,728
Total Operating Revenues, Gains and Other Support	13,723,919	16,657,772	88,692	30,470,383	13,851	(15,259)	(31,423)	70,028	30,540,411
Operating Expenses									
Nursing services	4,916,704	--	--	4,916,704	--	--	--	--	4,916,704
ALSA services	--	1,361,192	--	1,361,192	--	--	--	--	1,361,192
Ancillary services	1,498,162	--	--	1,498,162	--	--	--	--	1,498,162
Resident services	444,323	175,799	--	620,122	--	--	--	--	620,122
Dietary services	903,521	2,707,972	--	3,611,493	--	--	--	--	3,611,493
Housekeeping services	306,953	372,797	--	679,750	--	--	--	--	679,750
Laundry and linen services	107,788	--	--	107,788	--	--	--	--	107,788
Administrative and other	4,685,566	4,177,001	97,947	8,960,514	--	--	--	--	8,960,514
Plant operation and maintenance	540,343	2,022,387	--	2,562,730	--	--	--	--	2,562,730
Depreciation and amortization	566,981	3,127,700	--	3,694,681	--	--	--	--	3,694,681
Interest	70,232	320,016	1,698	391,946	--	--	--	--	391,946
Total Operating Expenses	14,040,573	14,264,864	99,645	28,405,082	13,851	(15,259)	(31,423)	70,028	28,405,082
Income (Loss) from Operations	(316,654)	2,392,908	(10,953)	2,065,301	13,851	(15,259)	(31,423)	70,028	2,135,329
Nonoperating Income (Expense)	3,388,000	--	--	3,388,000	--	--	--	--	3,388,000
PPP loan forgiveness	--	892,278	329,749	1,222,027	147,241	--	--	265,919	1,487,946
Change in net unrealized gain on investments	--	--	--	--	--	--	--	--	--
Change in fair value of interest rate swap agreement	26,132	119,049	--	145,181	--	--	--	--	145,181
Change in Net Assets	3,097,478	3,404,235	318,796	6,820,509	161,092	(15,259)	(31,423)	335,947	7,156,456
Net Assets (Deficit) - Beginning, as previously reported	(11,978,627)	14,420,725	730,204	3,172,302	236,588	416,534	580,822	2,305,410	5,477,712
Impact of Change in Accounting Policy	--	--	--	--	--	--	--	--	--
Adjusted Net Assets (Deficit) - Beginning	(11,978,627)	14,420,725	730,204	3,172,302	236,588	416,534	580,822	2,305,410	5,477,712
Net Assets (Deficit) - End of year	(8,881,149)	\$ 17,824,960	\$ 1,049,000	\$ 9,992,811	\$ 397,680	\$ 401,275	\$ 549,399	\$ 2,641,357	\$ 12,634,168

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, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 7,156,456	\$ 1,832,638
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from entrance fees, net of refunds	6,307,626	4,131,437
Resident spend downs of refundable fees	(117,877)	(606,936)
Depreciation and amortization	3,694,681	3,713,213
Gain on disposal of property, plant and equipment	(1,092)	(10,250)
Amortization of debt issuance costs	37,050	37,051
Change in net unrealized gain on investments	(1,487,946)	(134,516)
Change in fair value of interest rate swap	(145,181)	203,295
Amortization of deferred revenue from entrance fees	(4,981,707)	(5,108,755)
PPP loan forgiveness	(3,388,000)	--
Changes in operating assets and liabilities:		
Accounts receivable, net	383,630	(57,041)
Prepaid expenses, deposits and other assets	60,694	41,452
Patient trust funds payable	(7,305)	45,993
Accounts payable, accrued salaries, wages payroll and other	89	707,888
Deferred revenue	(744,653)	1,015,481
Accrued bond interest	(1,466)	(18,982)
Advanced payments	146,633	(4,644)
Charitable gift annuities	(136,586)	(34,997)
Pledges receivable, net	(568)	8,962
Other long-term liabilities	(131,575)	(62,410)
Due to third parties	89,239	240,162
Net Cash Provided by Operating Activities	<u>6,732,142</u>	<u>5,939,041</u>
Cash Flows from Investing Activities		
Purchases of property, plant and equipment	(2,842,717)	(2,652,479)
Purchases of certificates of deposit	(2,202,139)	(2,192,293)
Purchases of investments	(5,811,331)	(724,056)
Sales of investments	4,235,160	300,525
Net Cash Used in Investing Activities	<u>(6,621,027)</u>	<u>(5,268,303)</u>

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, 2021 AND 2020

	2021	2020
Cash Flows from Financing Activities		
Proceeds from PPP loan	\$ --	\$ 3,388,000
Principal payments on bonds and note payable	(820,911)	(794,365)
Payments on Eversource loan	--	(14,861)
Payments on vehicle loan	(17,976)	(9,896)
	(838,887)	2,568,878
Net Cash (Used in) Provided by Financing Activities		
Net Change in Cash and Cash Equivalents and Restricted Cash	(727,772)	3,239,616
Cash and Cash Equivalents and Restricted Cash - Beginning	8,944,679	5,705,063
Cash and Cash Equivalents and Restricted Cash - Ending	\$ 8,216,907	\$ 8,944,679
Supplemental Disclosures of Cash Flow Information		
Interest paid	\$ 354,664	\$ 407,619
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 7,996,999	\$ 8,783,866
Patient trust funds	83,716	91,021
Escrow deposits	136,192	69,792
Cash, Cash Equivalents and Restricted Cash	\$ 8,216,907	\$ 8,944,679

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

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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, 2021 and 2020, were as follows:

	2021	2020
Skilled care	76%	82%
Residential care home	87%	95%
Independent living	97%	98%

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

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

NET ASSETS

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

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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. As of September 30, 2021, the Board of Directors' has designated \$70,600 for this fund.

Elim Park Place Fund - To handle all financial matters regarding the ILU. As of September 30, 2021, the Board of Directors' has designated \$14,400 for this fund.

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, 2021 and 2020.

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.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS (CONTINUED)

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.

INCOME FROM OPERATIONS

The consolidated statements of activities and changes in net assets include income 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; recognition of CARES Act funds; lives of property and equipment, amortization of deferred entrance fees, charitable gift annuities payable and interest rate swap valuations. It is management's opinion that the estimates applied in the accompanying consolidated financial statements are reasonable.

CASH AND CASH EQUIVALENTS

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

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CERTIFICATES OF DEPOSIT

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

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

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

PLEDGES RECEIVABLE

Pledges receivable represent monies restricted for time or purpose. Pledges to be received in future years have been discounted 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.

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

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS VALUATION AND INCOME RECOGNITION (CONTINUED)

The Corporation analyzes its investment portfolio for indicators of impairment that are other-than-temporary. When declines in fair value are deemed to be other-than-temporary, the loss is reported as a component of realized losses on the consolidated statements of activities and changes in net assets and the fair value on the date of this determination becomes the new basis of the investment. Subsequent increases in the fair value of these investments are recorded as a component of the change in net assets and are not recorded as realized gains until the investments are sold. No impairment losses were recorded in 2021 and 2020.

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 \$45,217 and \$82,267 are included within long-term debt on the consolidated statements of financial position as of September 30, 2021 and 2020, respectively. Amortization of the debt issuance costs of \$37,050 and \$37,051 is reported within interest expense in the accompanying consolidated statements of operations and changes in net assets for the years ended September 30, 2021 and 2020, respectively.

ADVERTISING COSTS

Advertising costs, which are expensed as incurred, for the years ended September 30, 2021 and 2020 amounted to \$102,023 and \$117,477, respectively.

PROPERTY, PLANT AND EQUIPMENT

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

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

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

IMPAIRMENT OF LONG-LIVED ASSETS

FASB Accounting Standard Codification (ASC) 360-10-35, *Accounting for the Impairment or Disposal of Long-Lived Assets*, requires the Corporation to review long-lived assets, such as property and equipment or intangible assets, for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. There were no impairment losses recognized during the years ended September 30, 2021 and 2020.

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, 2021 and 2020, which is reflected as interest rate swap liability in the accompanying consolidated statements of financial position.

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.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUNCTIONAL ALLOCATION OF EXPENSES

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

RESIDENT SERVICE REVENUE

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

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

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

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESIDENT SERVICE REVENUE (CONTINUED)

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, 2021 and 2020.

REVENUE RECOGNITION – INDEPENDENT LIVING

Resident revenue for independent living is reported at the amounts that reflect the consideration the Corporation expects to receive in exchange for the services provided. Resident revenue is recognized as performance obligations are satisfied. Resident revenue at the independent living community 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.

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).

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION - HEALTH CENTER

The Corporation has determined that the skilled nursing and residential care services included under the daily or monthly fee have the same timing and pattern of transfer and are a series of distinct services that are considered one performance obligation which is satisfied over time. The Corporation receives revenue for services under various third-party payor programs which include Medicare, Medicaid and other third-party payors. Settlements with third-party 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. There was no future service obligation at September 30, 2021 and 2020.

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, 2021 and 2020. The operating reserve is included within cash and cash equivalents on the accompanying consolidated statements of financial position.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

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

The Corporation accounts for uncertainty in income tax positions by applying a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Management has analyzed the tax positions taken and has concluded that as of September 30, 2021 and 2020, 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, 2021 and 2020, 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.

2020 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, 2020, from which the summarized information was derived.

CHARITABLE GIFT ANNUITIES

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

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CHARITABLE GIFT ANNUITIES (CONTINUED)

The liability is calculated using the IRS discount rate and applicable mortality tables. The Foundation received two new gifts during the fiscal year ended September 30, 2021 totaling \$125,000 and 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, 2021 and 2020 were discounted using rates of 10% for each year.

CONTRIBUTED GOODS AND SERVICES

Goods or services have been provided by various organizations and a number of unpaid volunteers have contributed their time. Contributions are recognized if the services rendered (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized.

RECLASSIFICATIONS

Certain amounts in the 2021 consolidated financial statements have been reclassified to conform to the 2020 financial statement presentation. There was no effect on the 2020 net position or changes in net positions.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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 specialized software leased by the Corporation's actuaries.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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 RESIDENT SERVICE REVENUE

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

	<u>2021</u>	<u>2020</u>
Gross resident service revenue		
Room and board services	\$ 16,197,766	\$ 17,409,428
Home care services	<u>1,302,681</u>	<u>1,433,631</u>
Total gross resident service revenue	17,500,447	18,843,059
Less contractual and other allowances	<u>(3,842,328)</u>	<u>(4,376,616)</u>
Net resident service revenue	<u>\$ 13,658,119</u>	<u>\$ 14,466,443</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 4 - NET RESIDENT SERVICE REVENUE (CONTINUED)

Patient service revenue, net of contractual allowances and discounts recognized for the years ended September 30, 2021 and 2020, 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, 2021	\$ 4,960,144	\$ 5,637,035	\$ 3,021,594	\$ 39,346	\$ 13,658,119
September 30, 2020	\$ 6,211,140	\$ 5,437,531	\$ 2,763,122	\$ 54,650	\$ 14,466,443

NOTE 5 - COVID-19 PANDEMIC

In March 2020, the World Health Organization declared the outbreak of COVID-19 as a pandemic which continues to spread throughout the United States and the world. The Corporation is monitoring the outbreak of COVID-19 and the related business and travel restrictions and its impact on operations, financial position, cash flows, reopening trends, patient and third party payor payments, and the industry in general, in addition to the impact on its employees. Due to the rapid development and fluidity of this situation, the magnitude and duration of the pandemic and its impact on the Corporation's operations and liquidity is uncertain as of the date of this report. While there could ultimately be a material impact on operations and liquidity of the Corporation, at the time of issuance the impact could not yet be determined.

PROVIDER RELIEF FUND

In response to COVID-19, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was signed into law on March 27, 2020. The CARES Act authorized funding to healthcare providers to be distributed through the Provider Relief Fund (PRF). Payments from the Provider Relief Fund are to be used to prevent, prepare for, and respond to COVID-19, and shall reimburse the recipient for health care related expenses or lost revenues attributable to COVID-19 and are not required to be repaid except where PRF funding 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 Provider Relief Fund include general distribution and targeted distributions.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 5 - COVID-19 PANDEMIC (CONTINUED)

PROVIDER RELIEF FUND (CONTINUED)

During the years ended September 2021 and 2020, the Corporation received \$130,328 and \$1,015,481, respectively, in funding from the Provider Relief Fund. Of these amounts, \$874,981 for the year ended September 30, 2021 have been recognized as revenue within COVID-19 Relief Revenue on the accompanying statement of activities and changes in net assets. Subsequent to year end, the Corporation received approximately \$10,000 in additional PRF funding.

CORONAVIRUS RELIEF FUND

During the year ended September 30, 2020, the Corporation received \$98,341 of stimulus funds passed through from the State of Connecticut originating from the Coronavirus Relief Fund, also established by the CARES Act. These amounts have been included within COVID-19 Relief Revenue as of September 30, 2020 on the accompanying statement of activities and changes in net assets. No additional funding was received during fiscal year 2021.

ADVANCED PAYMENTS

During the year ended September 30, 2020, advanced payments includes \$59,000 provided by the Connecticut Department of Social Services. These payments were issued to help ease the financial strain due to any disruption in claims submission and/or claims processing related to the COVID-19 Public Health Emergency. Management anticipates these advances will be recouped in fiscal 2022.

NOTE 6 - INVESTMENTS

Fair values for investments (exclusive of funds invested in cash and cash equivalents) as of September 30, 2021 and 2020, are summarized as follows:

	2021	2020
Elim Park Place Fund	\$ 8,220,216	\$ 6,549,152
Elim Park Foundation	2,870,767	1,553,273
Elim Park Baptist Home Fund	<u>425,638</u>	<u>350,079</u>
	<u>\$ 11,516,621</u>	<u>\$ 8,452,504</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 6 - INVESTMENTS (CONTINUED)

The investment portfolio as of September 30, 2021 and 2020, consists of the following:

	2021	2020
Equity securities and mutual funds	\$ 11,092,130	\$ 6,278,632
Corporate bonds	<u>424,491</u>	<u>2,173,872</u>
	<u>\$ 11,516,621</u>	<u>\$ 8,452,504</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.

Investment income on cash and cash equivalents and other investments was comprised of the following for the year ended September 30, 2021 and 2020:

	2021		
	Interest and Dividend Income	Net Realized Gains on Sales of Securities	Total
Elim Park Baptist Home Fund	\$ 12,193	\$ 23,855	\$ 36,048
Elim Park Place Fund	335,673	147,054	482,727
Elim Park Foundation	32,583	52,442	85,025
Resident Benevolent Fund	8,059	30,287	38,346
Mary Melby Fund	<u>3,731</u>	<u>19,470</u>	<u>23,201</u>
	<u>\$ 392,239</u>	<u>\$ 273,108</u>	<u>\$ 665,347</u>
	2020		
	Interest and Dividend Income	Net Realized Gains 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	<u>517</u>	<u>9,523</u>	<u>10,040</u>
	<u>\$ 360,582</u>	<u>\$ 321,454</u>	<u>\$ 682,036</u>

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 7 - FAIR VALUE MEASUREMENTS

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

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

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

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

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

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

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

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.

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 ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021			
	Total	Level 1	Level 2	Level 3
Assets				
Mutual funds	\$ 8,549,818	\$ 8,549,818	\$ --	\$ --
Equity securities	2,542,312	2,542,312	--	--
Corporate bonds	424,491	--	424,491	--
Total investments	11,516,621	11,092,130	424,491	--
Charitable gift annuities	1,065,862	--	--	1,065,862
Total assets measured at fair value	<u>\$12,582,483</u>	<u>\$11,092,130</u>	<u>\$ 424,491</u>	<u>\$ 1,065,862</u>
Liabilities				
Interest rate swap liability	\$ 172,809	\$ --	\$ 172,809	\$ --
Total liabilities measured at fair value	<u>\$ 172,809</u>	<u>\$ --</u>	<u>\$ 172,809</u>	<u>\$ --</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

	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>

There were no transfers between levels of investments during the years ended September 30, 2021 and 2020.

There have been no changes in the methodologies used at September 30, 2021 and 2020.

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	
	2021	2020
Balance - beginning of year	\$ 822,370	\$ 836,421
Change in value of trust assets	163,105	39,705
Sales and settlements	(55,708)	(84,899)
Purchases and contributions	<u>136,095</u>	<u>31,143</u>
Balance - end of year	<u>\$ 1,065,862</u>	<u>\$ 822,370</u>

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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, 2021 and 2020 approximates the total outstanding principal balance. The method used to determine the fair value of long-term debt is quoted prices for similar debt instruments.

There have been no changes in the methodologies used for these items at September 30, 2021 and 2020.

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT

As of September 30, 2021 and 2020, property, plant and equipment consisted of the following:

	2021	2020
Elim Park Baptist Home Fund		
Land	\$ 123,173	\$ 123,173
Land improvements	677,315	673,770
Buildings and building improvements	14,158,795	14,417,532
Equipment	6,300,220	5,953,430
Motor vehicles	158,306	158,306
Construction in progress	123,206	94,736
	21,541,015	21,420,947
Less accumulated depreciation	17,314,319	16,773,602
Total Elim Park Baptist Home Fund, net	4,226,696	4,647,345

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 8 - PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	<u>2021</u>	<u>2020</u>
Elim Park Place Fund		
Land	\$ 834,950	\$ 834,950
Land improvements	1,690,861	1,544,433
Buildings and building improvements	77,488,323	76,355,977
Equipment	10,567,388	9,116,139
Motor vehicles	185,445	185,445
Construction in progress	<u>433,258</u>	<u>440,349</u>
	91,200,225	88,477,293
Less accumulated depreciation	<u>47,518,690</u>	<u>44,365,535</u>
Total Elim Park Place Fund, net	<u>43,681,535</u>	<u>44,111,758</u>
Net Property, Plant and Equipment	<u>\$ 47,908,231</u>	<u>\$ 48,759,103</u>

The estimated cost to complete the construction in progress as of September 30, 2021 is approximately \$1,790,000. Depreciation expense was \$3,694,681 and \$3,712,703 for the years ended September 30, 2021 and 2020, respectively. During the years ended September 30, 2021 and 2020, the sale of property, plant and equipment resulted in a gain of \$1,092 and \$10,250, respectively, which is included within other revenue on the accompanying statements of activities and changes in net assets.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 9 - LONG-TERM DEBT

As of September 30, 2021 and 2020, the Corporation had the following long-term debt:

	2021		2020	
	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 through January 1, 2033, with principal and interest payable monthly at a fixed rate of 3.07% through an interest rate swap agreement.	\$ 11,424,185	\$ 45,217	\$ 12,245,097	\$ 82,267
Equipment loan signed in June 2020 maturing in June 2023. The loan bears no interest and principal payments are due monthly.	30,965	--	48,940	--
	11,455,150	45,217	12,294,037	82,267
Less current portion	866,306		838,888	
Long-term portion	10,588,844		11,455,149	
Less unamortized debt issuance costs	45,217		82,267	
Long-term debt, net	\$ 10,543,627		\$ 11,372,882	

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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>	
2022	\$ 866,306
2023	889,262
2024	904,573
2025	934,647
2026	965,712
Thereafter	<u>6,894,650</u>
	<u>\$ 11,455,150</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, 2021 and 2020.

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 \$11,424,186 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 gain (loss) on the swap agreement was \$145,182 and \$(203,295) for the years ended September 30, 2021 and 2020, 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 \$172,809 and \$317,990 as of September 30, 2021 and 2020, respectively, on the accompanying consolidated statements of financial position.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

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.

Under the terms of the PPP Loan, all or a portion of the PPP Loan was 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 submitted an application for forgiveness, which was approved on August 28, 2021. As of September 30, 2021, the liability was relieved and forgiveness of the PPP Loan was recorded in the accompanying statement of activities and changes in net assets as PPP loan forgiveness. The PPP loan is subject to review and audit by the SBA for a period of six years from the date of forgiveness.

NOTE 11 - 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 2020 or 2019 plan year. Benefit plan expense for the years ended September 30, 2021 and 2020, was \$363,875 and \$351,744, respectively.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 12 - 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 36% and 43%, and 41% and 38%, respectively, of the Corporation's net health center revenues for the years ended September 30, 2021 and 2020.

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 CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 13 - 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, 2021 and 2020, the Corporation had a reserve of \$610,397 for losses incurred but not reported.

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

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 14 - 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
	Skilled Nursing and Residential Care Home	Independent Living	Program Services	Management and General	
2021					
Salaries and wages	\$ 6,414,903	\$ 4,123,448	\$ 10,538,351	\$ 2,095,891	\$ 12,741,755
Employee benefits	1,361,151	874,937	2,236,088	444,718	2,703,619
Professional fees	--	--	--	316,154	316,154
Information technology	--	--	--	246,383	246,383
Occupancy	417,751	1,438,972	1,856,723	--	1,856,723
Travel	1,758	13,877	15,635	--	15,635
Interest	70,232	320,016	390,248	1,697	391,945
Depreciation and amortization	566,981	3,127,700	3,694,681	--	3,694,681
Insurance	150,656	206,171	356,827	--	356,827
Nursing	694,267	--	694,267	--	694,267
Assisted living	--	13,907	13,907	--	13,907
Ancillary services	547,352	--	547,352	--	547,352
Resident services	51,108	22,444	73,552	--	73,552
Dietary	509,331	1,668,709	2,178,040	--	2,178,040
Housekeeping and laundry	83,082	51,819	134,901	--	134,901
Other	603,049	567,595	1,170,644	1,256,631	2,439,341
	<u>\$ 11,471,621</u>	<u>\$ 12,429,595</u>	<u>\$ 23,901,216</u>	<u>\$ 4,359,777</u>	<u>\$ 28,405,082</u>
				<u>\$ 144,089</u>	<u>\$ 28,405,082</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 14 - FUNCTIONAL EXPENSES (CONTINUED)

	Program Services					Total
	Skilled Nursing and Residential Care Home	Independent Living	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>\$ 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 15 - 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, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the consolidated statements of financial position date because of contractual restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions, unearned entrance fees and advanced payments.

	<u>2021</u>	<u>2020</u>
Financial Assets at Year-End		
Cash and cash equivalents	\$ 7,996,999	\$ 8,783,866
Certificates of deposits	11,827,450	9,625,311
Short-term investments	--	353,179
Investments	11,516,621	8,099,325
Accounts receivable	1,157,689	1,541,319
Entrance fees receivable	2,468,607	2,539,821
Current portion of pledges receivable	<u>3,666</u>	<u>3,098</u>
Total Financial Assets Available at Year-End	34,971,032	30,945,919
Less donor or contractual restrictions		
Donor restrictions	2,641,357	2,305,410
Unearned entrance fees	1,361,919	697,915
Advances payable	59,000	59,000
Advanced payments	<u>279,717</u>	<u>133,084</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 30,629,039</u>	<u>\$ 27,750,510</u>

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

NOTE 15 - 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 16 - SUBSEQUENT EVENTS

As discussed in Note 5, on November 23, 2021, the Corporation received approximately \$10,000 in PRF from HHS funding.

In preparing these consolidated financial statements, management has evaluated subsequent events through January 28, 2022, which represents the date the consolidated financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of September 30, 2021, have been incorporated into these consolidated financial statements.