

June 29, 2015

Mr. Rich Wysocki
Principal Cost Analyst
Office of CON and Rate Setting
Department of Social Services
25 Sigourney Street
Hartford, CT 06106

Dear Mr. Wysocki:

You will please find attached the Disclosure Statement and the Annual Filing for McAuley Center, Inc. I trust that you will find our documents in order.

If you should have any questions regarding either document, please do not hesitate to contact me. I can be reached at 860-920-6345.

Sincerely yours,



William J. Fiocchetta
President and Chief Executive Officer/Acting Executive Director

Encl. McAuley Center, Inc. Disclosure Statement – 2014
McAuley Center, Inc. Annual Filing -- 2014

THE McAULEY

PART OF THE MERCY COMMUNITY†

ANNUAL FILING

McAULEY CENTER, INC.
275 Steele Road
West Hartford, CT 06117-2716
(860) 920-6300

For The Year Ended

December 31, 2014

Prepared For

STATE OF CONNECTICUT

DEPARTMENT OF SOCIAL SERVICES

McAULEY CENTER INC.
ANNUAL FILING
STATE OF CONNECTICUT
DEPARTMENT OF SOCIAL SERVICES

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Schedule of Alternative Contract Fees

APARTMENT TYPE	ENTRANCE FEE <i>NO LIFECARE – 80% Refundable 150 days Skilled Nursing</i>	MONTHLY SERVICE FEE
Studio 592 sq. ft.	\$111,000	\$2,390
One Bedroom 620 sq. ft. Single Double	\$116,250	\$2,500 \$3,875
One Bedroom Deluxe 818 sq. ft. Single Double	\$153,390	\$3,305 \$4,675
Two Bedroom 1,118 sq. ft. Single Double	\$173,700	\$3,915 \$5,275
Studio + One Bedroom 1,410 sq. ft. Single Double	\$219,000	\$4,935 \$6,290
One Bedroom + One Bedroom 1,636 sq. ft. Single Double	\$254,200	\$5,715 \$7,085
Two Bedroom + One Bedroom 1,936 sq. ft. Single Double	\$300,800	\$6,765 \$8,135

These rates are effective January 1, 2015.

Schedule of Zero Refund Contract Fees

APARTMENT TYPE	ENTRANCE FEE <i>FULL LIFECARE – NON-REFUNDABLE AFTER 50 MONTHS</i>	MONTHLY SERVICE FEE
Studio 592 sq. ft.	\$98,500	\$3,203
One Bedroom 620 sq. ft. Single Double	\$110,250 \$129,850	\$3,533 \$5,294
One Bedroom Deluxe 818 sq. ft. Single Double	\$119,300 \$138,900	\$3,852 \$5,610
Two Bedroom 1,118 sq. ft. Single Double	\$153,300 \$181,500	\$4,860 \$6,530
Studio + One Bedroom 1,410 sq. ft. Single Double	\$206,200	\$5,500 \$7,260
One Bedroom + One Bedroom 1,636 sq. ft. Single Double	\$238,400	\$6,150 \$7,910
Two Bedroom + One Bedroom 1,936 sq. ft. Single Double	\$275,150	\$7,065 \$8,825

These rates are effective January 1, 2015.

Schedule of Standard Contract Fees

APARTMENT TYPE	ENTRANCE FEE <i>FULL LIFECARE – TWO-THIRDS REFUNDABLE</i>	MONTHLY SERVICE FEE
Studio 592 sq. ft.	\$170,990	\$2,575
One Bedroom 620 sq. ft. Single Double	\$178,600	\$2,760 \$4,560
One Bedroom Deluxe 818 sq. ft. Single Double	\$254,300	\$3,575 \$5,375
Two Bedroom 1,118 sq. ft. Single Double	\$373,365	\$4,200 \$6,000
Studio + One Bedroom 1,410 sq. ft. Single Double	\$468,600	\$5,295 \$7,105
One Bedroom + One Bedroom 1,636 sq. ft. Single Double	\$541,100	\$6,150 \$7,950
Two Bedroom + One Bedroom 1,936 sq. ft. Single Double	\$638,520	\$7,270 \$9,085

These rates are effective January 1, 2015.

Schedule of Fees

THE ASSISTED LIVING CENTER AT THE McAULEY

<u>Apartment Style</u>	<u>Monthly Rental Fee</u>
Studio	\$5,150
One Bedroom	\$5,350
One Bedroom Deluxe	\$6,540
Two Bedroom	\$8,320

For a second person, add \$1,100 per month.

No entrance fee is required for Assisted Living residents.

Fees are subject to change without notice.

These rates are effective January 1, 2015.

EXHIBIT 2

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

RESIDENTIAL TURNOVER RATES

CURRENT AND ANTICIPATED
FOR THE NEXT FIVE YEARS

A	B	C		D
<u>FISCAL YEAR</u> <u>ENDING</u>	<u>UNITS</u> <u>OCCUPIED</u>	<u>UNIT</u> <u>TURNOVER</u>		<u>TURNOVER</u> <u>RATE (C/B)</u>
		<u>IL*</u>	<u>AL*</u>	
12/31/14	201	20	04	11.9
12/31/15	201	20	04	11.9
12/31/16	201	20	04	11.9
12/31/17	201	20	04	11.9
12/31/18	201	20	04	11.9
12/31/19	201	20	04	11.9

* "IL" designates independent living unit.

"AL" designates assisted living unit.

EXHIBIT 3

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

RESIDENTS' CURRENT AVERAGE AGE
AND FIVE YEAR PROJECTION OF AGES
AT THE ENDING OF EACH YEAR

12/31/14	89.1
12/31/15	89.2
12/31/16	89.3
12/31/17	89.4
12/31/18	89.5
12/31/19	89.6

EXHIBIT 4

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

HEALTH CARE UTILIZATION RATES

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

All Data is for Skilled Nursing Care

Fiscal Year Ending 12/31	Utilization Rate Residents / Units	Admission Rate Residents / Units	Days per 100 Residents
2014	62/228 = 27.2	41/228 = 18.0	6,546
2015	62/228 = 27.2	41/228 = 18.0	6,546
2016	62/228 = 27.2	41/228 = 18.0	6,546
2017	62/228 = 27.2	41/228 = 18.0	6,546
2018	62/228 = 27.2	41/228 = 18.0	6,546
2019	62/228 = 27.2	41/228 = 18.0	6,546

The McAuley does not operate a skilled nursing facility. Therefore, a skilled level of care, in accordance with the Residency Agreement, is provided contractually by separate licensed facilities. Permanent transfers assume 365 days at a skilled nursing facility per resident.

EXHIBIT 5

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

OCCUPANCY RATES

<u>A</u> <u>OCCUPANCY</u> <u>DATES</u>	<u>B</u> <u>OCCUPIED</u> <u>UNITS</u>	<u>C</u> <u>TOTAL</u> <u>UNITS</u>	<u>D</u> <u>RATE</u> <u>(B/C)</u>
12/31/14	201	228	88.2
12/31/15	201	228	88.2
12/31/16	201	228	88.2
12/31/17	201	228	88.2
12/31/18	201	228	88.2
12/31/19	201	228	88.2

EXHIBIT 6

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

HEALTH CARE ADMISSIONS

CURRENT AND ANTICIPATED

An independent living resident entering into a Residency Agreement with The McAuley must be capable of independent living. The McAuley monitors resident health and maintains programs that assure wellness. The McAuley utilizes the nursing care beds of Saint Mary Home which is located adjacent to it in West Hartford.

Health care admissions to St. Mary Home (or other Skilled Nursing Facility, at resident's choice):

<u>YEAR</u> <u>ENDING</u>	<u>NUMBER OF ADMISSIONS</u>		
	Permanent	Temporary	Total
12/31/14	8	41	49
12/31/15	8	41	49
12/31/16	8	41	49
12/31/17	8	41	49
12/31/18	8	41	49
12/31/19	8	41	49

EXHIBIT 7

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

DAYS OF CARE PER YEAR - CURRENT AND ANTICIPATED
(SKILLED NURSING CARE)

<u>YEAR ENDING</u>	<u>PERMANENT</u>	<u>TEMPORARY</u>	<u>TOTAL</u>
12/31/14	5,151	1,395	6,546
12/31/15	5,151	1,395	6,546
12/31/16	5,151	1,395	6,546
12/31/17	5,151	1,395	6,546
12/31/18	5,151	1,395	6,546
12/31/19	5,151	1,395	6,546

Notes:

(1) Above projected information for the fiscal years ended December 31, 2015 through December 31, 2019 is based on actuarial assumptions from Future Services Obligation (FSO) report prepared by Mercy Community Health Management utilizing A.V. Powell & Associates, LLC software for the year ended 12/31/2014

EXHIBIT 8

McAULEY CENTER, INC.
West Hartford, CT 06117-2716

NUMBER OF PERMANENT TRANSFERS

The number of residents who had a permanent transfer status at a skilled nursing facility during the year ended December 31, 2014 was 14.

McAuley Center, Incorporated

FIVE(5) YEAR PROJECTED BALANCE SHEET AND CHANGES IN NET ASSETS
FOR FISCAL YEARS ENDED DECEMBER 31, 2015 THROUGH 2019
(in thousands of dollars)

ASSETS	2015	2016	2017	2018	2019
Current Assets:					
Cash and Cash Equivalents	\$4,635	\$4,500	\$4,500	\$4,500	\$4,500
Accounts Receivable, net	56	60	60	60	60
Prepaid Expenses and Other Current Assets	179	200	200	200	200
Total Current Assets	4,870	4,760	4,760	4,760	4,760
Assets Whose Use Is Limited - non-current	961	1,000	1,025	1,050	1,075
Property, Plant and Equipment, net	15,792	15,042	14,292	13,542	12,792
Other Assets	-1,822	-1,285	-572	-438	-428
TOTAL ASSETS	\$19,801	\$19,517	\$19,505	\$18,914	\$18,199
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Current Maturities of Debt	345	375	425	475	525
Accounts Payable and Accrued Expenses	628	575	593	620	615
Other Accrued Liabilities	1,743	1,500	1,250	1,000	750
Total Current Liabilities	2,716	2,450	2,268	2,095	1,890
Long-term debt, less current portion	12,727	12,382	12,007	11,582	11,107
Other Long-term liabilities	17,195	16,750	16,500	15,750	15,000
Total Liabilities	29,922	29,132	28,507	27,332	26,107
Net Assets					
Fund Balance (Unrestricted)	(12,935)	(12,163)	(11,368)	(10,611)	(9,896)
Temporarily Restricted Fund Balance	86	86	86	86	86
Permanently Restricted Net Assets	12	12	12	12	12
Total Fund	(12,837)	(12,065)	(11,270)	(10,513)	(9,798)
TOTAL LIABILITIES & NET ASSETS	\$19,801	\$19,517	\$19,505	\$18,914	\$18,199
CHANGES IN NET ASSETS					
Unrestricted Net Assets					
Beginning Unrestricted Net Assets	(13,481)	(12,935)	(12,163)	(11,368)	(10,611)
Excess of Revenues over Expenses	546	772	795	757	715
Total Unrestricted Net Assets	(12,935)	(12,163)	(11,368)	(10,611)	(9,896)
Temporarily Restricted Net Assets					
Beginning Temporarily Restricted Net Assets	86	86	86	86	86
Ending Temporarily Restricted Net Assets	86	86	86	86	86
Permanently Restricted Net Assets					
Beginning Permanently Restricted Net Assets	12	12	12	12	12
Ending Permanently Restricted Net Assets	12	12	12	12	12
TOTAL NET ASSETS	(\$12,837)	(\$12,065)	(\$11,270)	(\$10,513)	(\$9,798)

THE McAULEY CENTER, INC.

FIVE(5) YEAR PROJECTED STATEMENT OF OPERATIONS
 FOR FISCAL YEARS ENDED DECEMBER 31, 2015 THROUGH 2019
 (in thousands of dollars)

	2015	2016	2017	2018	2019
REVENUE					
Operating Revenue	12,178	12,821	13,206	13,602	14,010
Total Operating Revenue	12,178	12,821	13,206	13,602	14,010
OPERATING EXPENSES					
Salaries and Wages	2,859	2,324	2,371	2,418	2,418
Employee Benefits	766	674	688	701	701
Professional Fees	10	62	62	62	62
Supplies	124	187	192	198	198
Purchased Services	3,408	4,647	4,832	5,026	5,026
Depreciation & Amortization	1,346	1,350	1,350	1,350	1,350
Interest	495	575	550	545	540
Other	0	0	0	0	0
Other	2,621	2,230	2,365	2,545	2,999
Total Operating Expenses	11,629	12,049	12,410	12,845	13,294
OPERATING INCOME	\$549	\$772	\$795	\$757	\$715
Non-Operating Revenue					
Investment Income	-3	0	0	0	0
Net Non-Operating Revenue	-3	0	0	0	0
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	\$546	\$772	\$795	\$757	\$715

THE McAULEY CENTER, INC.

FIVE(5) YEAR PROJECTED STATEMENTS OF CASH FLOWS
FOR FISCAL YEARS ENDED DECEMBER 31, 2015 THROUGH 2019
(in thousands of dollars)

	2015	2016	2017	2018	2019
SOURCES OF CASH					
Excess of Revenues over Expenses from Operations	\$549	\$772	\$795	\$757	\$715
Items Not Affecting Working Capital					
Depreciation	1,346	1,350	1,350	1,350	1,350
Other	-1,000	-1,000	-1,000	-1,000	-1,000
Total Sources of Cash	895	1,122	1,145	1,107	1,065
USES OF CASH					
Change in Working Capital, excluding current portion of debt	-1,559	321	232	223	245
Additions to Plant, Property and Equipment, net	683	600	600	600	600
Other Assets	-133	576	738	159	46
Long-term Debt Principal Repayments	-1,160	315	325	375	425
Other Long Term Liabilities	1,064	-555	-750	-250	-250
Total Uses of Cash	-1,105	1,257	1,145	1,107	1,066
Cash Provided (Used) Prior to Interest Income	2,000	-135	0	0	-1
Cash Provided From Interest Income	-3	0	0	0	0
Cash Provided (Used)	1,997	-135	0	0	-1
CASH BALANCE, BEGINNING OF PERIOD	2,638	4,635	4,500	4,500	4,500
CASH BALANCE, END OF PERIOD	\$4,635	\$4,500	\$4,500	\$4,500	\$4,500

ATTACHMENT K

FUTURE SERVICE OBLIGATION

* * * * *

Mercy Community Health Management utilized software provided by A.V. Powell & Associates, LLC to perform an actuarial study as of December 31, 2014. Based on an actuarially sound basis, using reasonable assumptions for mortality and morbidity, and projections based upon financial data readily available at this time, we have determined that consistent with past years no future service obligation existed as of December 31, 2014.

Average Age at December 31, 2014:

Total for All Levels: Female 88.9

Male 89.6