

ELIM PARK BAPTIST HOME, INC.

a.k.a ELIM PARK PLACE

2024

ANNUAL FINANCIAL FILING

FISCAL YEAR ENDING

September 30, 2024

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CURRENT RATE STRUCTURE - 50% REFUND EFFECTIVE JANUARY 2025

Building	Entrance Fee Prices start at	Monthly Service Fee Prices start at	
Mallard Mill One Bedroom Apartment	\$210,729	\$2,733 \$890	Single Person Second Person Fee
Village Green One Bedroom Apartment	\$292,965	\$3,492 \$890	Single Person Second Person Fee
Two Bedroom Apartment	\$382,908	\$4,589 \$890	Single Person Second Person Fee
Brooksvale One Bedroom Apartment	\$353,611	\$3,589 \$890	Single Person Second Person Fee
Two Bedroom Apartment	\$436,667	\$4,721 \$890	Single Person Second Person Fee
Andrews Knoll One Bedroom Apartment	\$373,106	\$3,660 \$890	Single Person Second Person Fee
Two Bedroom Apartment	\$494,438	\$4,808 \$890	Single Person Second Person Fee
Mountain View One Bedroom Apartment	\$409,858	\$3,696 \$890	Single Person Second Person Fee
Two Bedroom Apartment	\$521,513	\$4,817 \$890	Single Person Second Person Fee
Spring Meadow One Bedroom Apartment	\$418,012	\$3,696 \$890	Single Person Second Person Fee
Two Bedroom Apartment	\$536,829	\$4,826 \$890	Single Person Second Person Fee
Riverbend One Bedroom Apartment	\$437,516	\$3,789 \$890	Single Person Second Person Fee
Two Bedroom Apartment	\$577,274	\$4,911 \$890	Single Person Second Person Fee

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



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Elim Park Baptist Home, Inc.

Statement of Actuarial Opinion February 19, 2025

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 2024 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 2024 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 2024 Annual Financial Filing.

In my opinion, the above items as shown in Elim Park Baptist Home, Inc.'s 2024 Annual Financial Filing:

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

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

Respectfully,

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

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

dbond@continuingcareactuaries.com

Residential Turnover Rates

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

<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
11.0%	14.6%	14.9%	15.1%	15.2%	15.3%

Average Age of Residents

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

<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
87	87	87	87	87

Health Care Utilization Rates

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

Skilled Nursing Facility					
<u>Year</u>	<u>Utilization Rate</u>		<u>Admission Rate</u>		<u>Days per 100 Residents</u>
	<u>Patients</u>	<u>%</u>	<u>Patients</u>	<u>%</u>	
2024	27.0	8.0%	16.0	5.1%	2,933
2025	28.7	8.6%	16.2	5.3%	3,154
2026	28.7	8.8%	15.8	5.2%	3,215
2027	28.6	8.9%	15.5	5.2%	3,236
2028	28.3	8.9%	15.3	5.2%	3,232
2029	28.0	8.8%	15.1	5.1%	3,219

Personal Care Facility					
<u>Year</u>	<u>Utilization Rate</u>		<u>Admission Rate</u>		<u>Days per 100 Residents</u>
	<u>Patients</u>	<u>%</u>	<u>Patients</u>	<u>%</u>	
2024	0.0	0.0%	0.0	0.0%	0
2025	0.0	0.0%	0.0	0.0%	0
2026	0.0	0.0%	0.0	0.0%	0
2027	0.0	0.0%	0.0	0.0%	0
2028	0.0	0.0%	0.0	0.0%	0
2029	0.0	0.0%	0.0	0.0%	0

Occupancy Rates

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

<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>
97%	97%	97%	97%	97%	97%

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>
2024	16.0	0.0
2025	16.2	0.0
2026	15.8	0.0
2027	15.5	0.0
2028	15.3	0.0
2029	15.1	0.0

Days of Care

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

<u>Year</u>	<u>Skilled Nursing</u>	<u>Personal Care</u>
2024	9,841	0
2025	10,462	0
2026	10,484	0
2027	10,421	0
2028	10,320	0
2029	10,219	0

Number of Permanent Transfers

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

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

EXHIBIT VIII

CAPITAL COST AMORTIZATION ASSUMPTIONS

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

EXHIBIT IX

ELIM PARK BAPTIST HOME, INC.
Proforma Statement of Activities and Changes in Net Assets - Consolidated
Fiscal Years Ended September 30, 2024 thru 2028

<u>Account Description</u>	<u>AUDIT 2024</u>	<u>BUDGET 2025</u>	<u>BUDGET 2026</u>	<u>BUDGET 2027</u>	<u>BUDGET 2028</u>
Revenues:					
Room & Board / MSF	26,342,838	28,033,526	29,154,867	30,321,062	31,533,904
Ancillary	518,058	557,918	580,235	603,444	627,582
ALSA	2,017,394	2,076,074	2,159,117	2,245,482	2,335,301
EPP Amort of Non Refundable EF	5,807,673	4,750,000	4,940,000	5,137,600	5,343,104
Other Services	<u>1,838,595</u>	<u>1,102,855</u>	<u>1,146,969</u>	<u>1,192,848</u>	<u>1,240,562</u>
Total Revenues	36,524,558	36,520,373	37,981,188	39,500,436	41,080,453
Year-to-Year Change - Revenues		(4,185)	1,460,815	1,519,248	1,580,017
Expenses:					
Nursing	6,131,188	6,154,334	6,400,507	6,656,527	6,922,788
ALSA & Patient Care Other	2,329,558	2,337,434	2,430,931	2,528,168	2,629,295
Therapy	1,135,042	1,541,870	1,603,545	1,667,687	1,734,394
Recreation & Wellness	451,510	484,254	503,624	523,769	544,720
Christian Ministries	117,888	130,650	135,876	141,311	146,963
Social Services	136,389	139,907	145,503	151,323	157,376
Admissions	192,640	173,242	180,172	187,379	194,874
Development	101,282	131,483	131,483	131,483	131,483
Marketing	724,039	881,769	917,040	953,722	991,871
Bad Debt	66,442	50,000	52,000	54,080	56,243
Administration	8,991,216	8,830,340	9,183,554	9,550,899	9,932,935
Dietary	5,009,421	5,307,103	5,519,387	5,740,162	5,969,768
Laundry	132,543	147,123	153,008	159,128	165,493
Housekeeping	771,498	865,275	899,886	935,881	973,316
Maintenance	2,224,088	2,196,884	2,284,759	2,376,149	2,471,195
Utilities	1,157,908	1,147,485	1,193,384	1,241,119	1,290,764
Insurance	513,574	476,996	496,076	515,919	536,556
Interest Expense Other	<u>2,723</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	30,188,949	30,996,149	32,230,735	33,514,706	34,850,034
Year-to-Year Change - Expenses		807,200	1,234,586	1,283,971	1,335,328
Change in Net Operating Assets	6,335,609	5,524,224	5,750,453	5,985,730	6,230,419
Depreciation	4,329,312	4,544,813	4,726,606	4,915,670	5,112,297
Interest Expense - Debt	<u>469,929</u>	<u>467,335</u>	<u>486,028</u>	<u>505,469</u>	<u>525,688</u>
	34,988,190	36,008,297	37,443,369	38,935,845	40,488,019
Change in Net Assets after Debt Service	1,536,368	512,076	537,819	564,591	592,434
Investment Income	1,286,620	1,287,891	1,339,407	1,392,983	1,448,702
Contributions	78,043	392,000	392,000	392,000	392,000
Real/Unrealized Gains - Losses	5,336,863	-	-	-	-
Extraordinary Revenue - COVID Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Assets	<u>8,237,894</u>	<u>2,191,966</u>	<u>2,269,225</u>	<u>2,349,573</u>	<u>2,433,135</u>

EXHIBIT IX

ELIM PARK BAPTIST HOME, INC.
Proforma Statement of Cash Flow - Consolidated
Fiscal Years Ended September 30, 2024 thru 2028

<u>Activity</u>	<u>AUDIT 2024</u>	<u>BUDGET 2025</u>	<u>BUDGET 2026</u>	<u>BUDGET 2027</u>	<u>BUDGET 2028</u>
Cash Flow from Operating Activities:					
Change in net assets	8,237,894	2,191,966	2,269,225	2,349,573	2,433,135
Adjustments to operating net assets:					
Proceeds from entrance fees, net	7,284,782	6,000,000	6,000,000	6,000,000	6,000,000
Resident spend downs of refundable fees	(227,089)	-	-	-	-
Depreciation and amortization	4,330,110	4,544,813	4,726,606	4,915,670	5,112,297
Gain on disposal of property, plant and equipment	(374,563)	-	-	-	-
Change in net unrealized (gain) loss on investments	(4,867,318)	-	-	-	-
Amortization of deferred revenue from entrance fees	(5,807,673)	(4,750,000)	(4,940,000)	(5,137,600)	(5,343,104)
Changes in operating assets and liabilities:					
Accounts receivable, net	(202,286)	(59,345)	(61,718)	(64,187)	(66,755)
Prepaid expenses	27,545	(17,614)	(18,318)	(19,051)	(19,813)
Deposits and other assets	62,295	-	-	-	-
Patient trust funds payable	(6,561)	-	-	-	-
Accounts payable, accrued salaries and other	475,547	187,618	195,123	202,928	211,045
Deferred revenue	(12,465)	5,472	5,691	5,918	6,155
Accrued interest	-	-	-	-	-
Advanced payments	-	-	-	-	-
Charitable gift annuities, net	(23,065)	(61,231)	-	-	-
Other long-term liabilities	-	-	-	-	-
Due to third parties	(177,721)	-	-	-	-
Net Cash Provided by Operating Activities	8,719,432	8,041,679	8,176,609	8,253,251	8,332,960
Cash Flows from Investing Activities:					
Purchase of property, plant and equipment	(6,640,499)	(5,000,000)	(2,700,000)	(2,700,000)	(2,700,000)
Purchase of investments	(1,241,587)	-	-	-	-
Sales of investments	-	-	-	-	-
Net Cash Used in Investing Activities	(7,882,086)	(5,000,000)	(2,700,000)	(2,700,000)	(2,700,000)
Cash Flows from Financing Activities:					
Proceeds from refundable entrance fees	1,123,407	-	-	-	-
Refunds of entrance fees	(3,096,643)	-	-	-	-
Payments on long term debt	-	-	(84,061)	(342,557)	(352,889)
Payments on equipment loan	-	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	(1,973,236)	-	(84,061)	(342,557)	(352,889)
Net Change in Cash & Cash Equivalents & Restricted Cash	(1,135,890)	3,041,679	5,392,548	5,210,694	5,280,071
Cash & Equivalents & Restricted Cash - Beginning	7,415,642	6,279,752	9,321,431	14,713,979	19,924,673
Cash & Equivalents & Restricted Cash - Ending	6,279,752	9,321,431	14,713,979	19,924,673	25,204,744

EXHIBIT IX

ELIM PARK BAPTIST HOME, INC.
Proforma Statement of Financial Position - Consolidated
Fiscal Years Ended September 30, 2024 thru 2028

<u>Account Description</u>	<u>AUDIT 2024</u>	<u>BUDGET 2025</u>	<u>BUDGET 2026</u>	<u>BUDGET 2027</u>	<u>BUDGET 2028</u>
Assets:					
Current Assets					
Cash and cash equivalents	6,240,818	9,282,497	14,675,045	19,885,739	25,165,810
Patient trust funds	38,934	38,934	38,934	38,934	38,934
Escrow deposits	0	0	0	0	0
Accounts receivable, net	1,483,616	1,542,961	1,604,679	1,668,866	1,735,621
Entrance fees receivable	3,590,546	3,590,546	3,590,546	3,590,546	3,590,546
Prepaid expenses and other current assets	<u>440,346</u>	<u>457,960</u>	<u>476,278</u>	<u>495,329</u>	<u>515,142</u>
Total Current Assets	<u>11,794,260</u>	<u>14,912,898</u>	<u>20,385,482</u>	<u>25,679,414</u>	<u>31,046,053</u>
Charitable Gift Annuities	<u>882,827</u>	<u>882,827</u>	<u>882,827</u>	<u>882,827</u>	<u>882,827</u>
Investments	<u>39,648,592</u>	<u>39,648,592</u>	<u>39,648,592</u>	<u>39,648,592</u>	<u>39,648,592</u>
Property, Plant and Equipment					
Property, plant and equipment	131,659,806	136,659,806	139,359,806	142,059,806	144,759,806
Less: Accumulated depreciation	<u>(76,442,403)</u>	<u>(80,987,216)</u>	<u>(85,713,822)</u>	<u>(90,629,492)</u>	<u>(95,741,789)</u>
Total Property, Plant and Equipment	<u>55,217,403</u>	<u>55,672,590</u>	<u>53,645,984</u>	<u>51,430,314</u>	<u>49,018,017</u>
Other Assets					
Deposits and other assets	<u>29,479</u>	<u>29,479</u>	<u>29,479</u>	<u>29,479</u>	<u>29,479</u>
Total Other Assets	<u>29,479</u>	<u>29,479</u>	<u>29,479</u>	<u>29,479</u>	<u>29,479</u>
Total Assets	<u>107,572,561</u>	<u>111,146,386</u>	<u>114,592,364</u>	<u>117,670,626</u>	<u>120,624,968</u>
Liabilities and Net Assets:					
Current Liabilities					
Current portion of long-term debt	0	84,061	342,557	352,889	363,531
Accounts payable	3,170,687	3,297,514	3,429,415	3,566,592	3,709,256
Patient trust funds payable	38,934	38,934	38,934	38,934	38,934
Accrued salaries, wages, payroll taxes & other	1,519,763	1,580,554	1,643,776	1,709,527	1,777,908
Deferred revenue	136,793	142,265	147,956	153,874	160,029
Accrued interest	50,074	50,074	50,074	50,074	50,074
Advanced payments	0	0	0	0	0
Unearned entrance fees	2,542,206	2,542,206	2,542,206	2,542,206	2,542,206
Due to third parties	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Current Liabilities	<u>7,458,457</u>	<u>7,735,608</u>	<u>8,194,918</u>	<u>8,414,096</u>	<u>8,641,938</u>
Long-Term Liabilities					
Long-term debt, less current portion	16,218,440	16,134,379	15,791,822	15,438,933	15,075,402
Charitable gift annuities	414,362	353,131	353,131	353,131	353,131
Deferred revenue from entrance fees	36,291,312	37,541,312	38,601,312	39,463,712	40,120,608
Entrance fee refunds payable	16,944,135	16,944,135	16,944,135	16,944,135	16,944,135
Other long-term liabilities	<u>120,726</u>	<u>120,726</u>	<u>120,726</u>	<u>120,726</u>	<u>120,726</u>
Total Long-Term Liabilities	<u>69,988,975</u>	<u>71,093,683</u>	<u>71,811,126</u>	<u>72,320,637</u>	<u>72,614,002</u>
Total Liabilities	<u>77,447,432</u>	<u>78,829,291</u>	<u>80,006,044</u>	<u>80,734,733</u>	<u>81,255,940</u>
Net Assets					
Without donor restriction	27,334,807	29,526,773	31,795,998	34,145,571	36,578,706
With donor restriction	<u>2,790,322</u>	<u>2,790,322</u>	<u>2,790,322</u>	<u>2,790,322</u>	<u>2,790,322</u>
Total Net Assets	<u>30,125,129</u>	<u>32,317,095</u>	<u>34,586,320</u>	<u>36,935,893</u>	<u>39,369,028</u>
Total Liabilities and Net Assets	<u>107,572,561</u>	<u>111,146,386</u>	<u>114,592,364</u>	<u>117,670,626</u>	<u>120,624,968</u>



The Elim Park Baptist Home, Inc.

Consolidated Financial Statements

September 30, 2024 and 2023

THE ELIM PARK BAPTIST HOME, INC.

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of The Elim Park Baptist Home, Inc. (the Corporation), which comprise the consolidated balance sheets as of September 30, 2024 and 2023, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Corporation as of September 30, 2024 and 2023, and the results of operations and changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Other Matter

The consolidated financial statements of the Corporation, as of September 30, 2023 and for the year then ended, were audited by other auditors whose report expressed an unmodified opinion on those statements on February 13, 2024. The summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Responsibility of Management for the Consolidated Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

Baker Tilly US, LLP

New York, New York
February 26, 2025

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2024 AND 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 6,240,818	\$ 7,370,147
Patient trust funds	38,934	45,495
Accounts receivable, net	1,483,616	1,281,330
Entrance fees receivable	3,590,546	3,237,085
Prepaid expenses and other current assets	<u>440,346</u>	<u>467,891</u>
Total Current Assets	<u>11,794,260</u>	<u>12,401,948</u>
Charitable Gift Annuities	<u>882,827</u>	<u>756,438</u>
Investments	<u>39,648,592</u>	<u>33,539,687</u>
Property and Equipment , net of accumulated depreciation of \$76,442,403 in 2024 and \$72,302,272 in 2023	<u>55,217,403</u>	<u>52,532,451</u>
Other Assets		
Deposits and other assets	<u>29,479</u>	<u>91,774</u>
Total Other Assets	<u>29,479</u>	<u>91,774</u>
Total Assets	<u><u>\$ 107,572,561</u></u>	<u><u>\$ 99,322,298</u></u>

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

THE ELIM PARK BAPTIST HOME, INC.
CONSOLIDATED BALANCE SHEETS (CONTINUED)

SEPTEMBER 30, 2024 AND 2023

	2024	2023
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 3,170,687	\$ 2,914,222
Patient trust funds payable	38,934	45,495
Accrued salaries, wages, payroll taxes and other	1,519,763	1,300,681
Deferred revenue	136,793	149,258
Accrued interest	50,074	50,074
Unearned revenue	2,542,206	1,707,576
Due to third parties	--	177,721
Total Current Liabilities	<u>7,458,457</u>	<u>6,345,027</u>
Long-Term Liabilities		
Long-term debt, net of debt issuance costs	16,218,440	16,218,440
Charitable gift annuities	414,362	311,038
Deferred revenue from entrance fees	36,291,312	35,845,543
Refundable entrance fees	16,944,135	18,594,289
Other long-term liabilities	<u>120,726</u>	<u>120,726</u>
Total Long-Term Liabilities	<u>69,988,975</u>	<u>71,090,036</u>
Total Liabilities	<u>77,447,432</u>	<u>77,435,063</u>
Net Assets		
Without donor restriction	27,334,807	19,392,902
With donor restriction	<u>2,790,322</u>	<u>2,494,333</u>
Total Net Assets	<u>30,125,129</u>	<u>21,887,235</u>
	<u>\$ 107,572,561</u>	<u>\$ 99,322,298</u>

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

THE ELIM PARK BAPTIST HOME, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2024

(WITH SUMMARIZED COMPARATIVE INFORMATION FOR THE YEAR ENDED SEPTEMBER 30, 2023)

	Without Donor Restriction				With Donor Restriction						Total 2024	Total 2023
	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Total	Elim Park Baptist Home Fund	Elim Park Place Fund	Elim Park Foundation	Resident Benevolent Fund	Mary Melby Fund	Total		
Operating Revenues, Gains and Other Support												
Net resident service revenue	\$ 15,080,081	\$ 2,017,394	\$ --	\$ 17,097,475	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --	\$ 17,097,475	\$ 16,541,252
Monthly service fees	--	11,247,015	--	11,247,015	--	--	--	--	--	--	11,247,015	10,554,034
Amortization of deferred entrance fees	--	5,807,673	--	5,807,673	--	--	--	--	--	--	5,807,673	5,876,237
Investment income	101,024	1,298,821	289,173	1,689,018	4,813	--	--	39,446	16,785	61,044	1,750,062	1,378,968
Ancillary revenue	639,928	--	--	639,928	--	--	--	--	--	--	639,928	129,070
COVID-19 Relief Revenue	--	--	--	--	--	--	--	--	--	--	--	64,533
Contributions and bequests	2,100	42,444	134,188	178,732	--	34,935	--	39,730	1,649	76,314	255,046	365,063
Change in charitable gift annuities	--	--	--	--	(2,028)	--	(168,876)	--	--	(170,904)	(170,904)	(9,721)
Net assets released from restrictions	--	21,278	--	21,278	--	(5,678)	--	(15,600)	--	(21,278)	--	--
Other revenue	23,756	1,708,713	--	1,732,469	--	--	--	--	--	--	1,732,469	1,088,384
Total Operating Revenues, Gains and Other Support	15,846,889	22,143,338	423,361	38,413,588	2,785	29,257	(168,876)	63,576	18,434	(54,824)	38,358,764	35,987,820
Operating Expenses												
Nursing services	6,130,052	--	--	6,130,052	--	--	--	--	--	--	6,130,052	5,657,811
ALSA services	--	1,766,215	--	1,766,215	--	--	--	--	--	--	1,766,215	1,367,028
Ancillary services	1,694,191	--	--	1,694,191	--	--	--	--	--	--	1,694,191	1,426,930
Resident services	563,307	348,196	--	911,503	--	--	--	--	--	--	911,503	801,451
Dietary services	1,274,067	3,736,291	--	5,010,358	--	--	--	--	--	--	5,010,358	4,798,017
Housekeeping services	322,422	449,078	--	771,500	--	--	--	--	--	--	771,500	778,659
Laundry and linen services	132,134	409	--	132,543	--	--	--	--	--	--	132,543	108,289
Employee benefits	2,457,346	1,418,281	--	3,875,627	--	--	--	--	--	--	3,875,627	--
Administrative and other	2,024,347	4,496,706	--	6,521,053	--	--	--	--	--	--	6,521,053	9,347,375
Plant operation and maintenance	680,302	2,692,084	--	3,372,386	--	--	--	--	--	--	3,372,386	3,074,191
Depreciation and amortization	540,990	3,789,120	--	4,330,110	--	--	--	--	--	--	4,330,110	3,824,815
Interest	93,986	376,037	2,627	472,650	--	--	--	--	--	--	472,650	429,830
Total Operating Expenses	15,913,144	19,072,417	2,627	34,988,188	--	--	--	--	--	--	34,988,188	31,614,396
(Loss) Income from Operations	(66,255)	3,070,921	420,734	3,425,400	2,785	29,257	(168,876)	63,576	18,434	(54,824)	3,370,576	4,373,424
Nonoperating Income												
Employee retention tax credit	--	--	--	--	--	--	--	--	--	--	--	3,352,559
Change in net unrealized gains on investments	--	4,110,742	405,763	4,516,505	134,643	--	--	143,925	72,245	350,813	4,867,318	1,921,188
Excess of Revenues over Expenses	(66,255)	7,181,663	826,497	7,941,905	137,428	29,257	(168,876)	207,501	90,679	295,989	8,237,894	9,647,171
Net Assets (Deficit) - Beginning	(3,396,921)	21,547,019	1,242,804	19,392,902	278,890	347,884	597,008	821,012	449,539	2,494,333	21,887,235	12,240,064
Net Assets (Deficit) - End of year	\$ (3,463,176)	\$ 28,728,682	\$ 2,069,301	\$ 27,334,807	\$ 416,318	\$ 377,141	\$ 428,132	\$ 1,028,513	\$ 540,218	\$ 2,790,322	\$ 30,125,129	\$ 21,887,235

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, 2024 AND 2023

	2024	2023
Cash Flows from Operating Activities		
Excess of revenues over expenses	\$ 8,237,894	\$ 9,647,171
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Proceeds from nonrefundable entrance fees	7,284,782	8,057,576
Resident spend downs of refundable fees	(227,089)	(166,219)
Depreciation and amortization	4,330,110	3,824,815
Gain on disposal of property, plant and equipment	(374,563)	(2,585)
Change in net realized and unrealized gain on investments	(5,335,638)	(1,921,188)
Amortization of deferred revenue from entrance fees	(5,807,673)	(5,876,237)
Changes in operating assets and liabilities:		
Accounts receivable, net	(202,286)	(36,382)
Prepaid expenses, deposits and other assets	27,545	(95,603)
Deposits and other assets	62,295	(47,495)
Patient trust funds payable	(6,561)	(8,856)
Accounts payable, accrued salaries, wages payroll and other	475,547	(74,912)
Deferred revenue	(12,465)	84,734
Charitable gift annuities	(23,065)	112,092
Other liabilities	--	(174,205)
Due to third parties	(177,721)	(75,344)
Net Cash Provided by Operating Activities	<u>8,251,112</u>	<u>13,247,362</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(6,640,499)	(6,344,996)
Purchases of investments	(773,267)	(8,572,071)
Sales of investments	--	16,532
Net Cash Used in Investing Activities	<u>(7,413,766)</u>	<u>(14,900,535)</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, 2024 AND 2023

	2024	2023
Cash Flows from Financing Activities		
Proceeds from refundable entrance fees	\$ 1,123,407	\$ 2,651,614
Refunds of entrance fees	(3,096,643)	(3,684,615)
Proceeds from borrowings on long term debt	--	5,000,000
Payments on equipment loan	--	(12,986)
Net Cash (Used in) Provided by Financing Activities	<u>(1,973,236)</u>	<u>3,954,013</u>
Net Change in Cash and Cash Equivalents and Restricted Cash	(1,135,890)	2,300,840
Cash and Cash Equivalents and Restricted Cash - Beginning	<u>7,415,642</u>	<u>5,114,802</u>
Cash and Cash Equivalents and Restricted Cash - Ending	<u>\$ 6,279,752</u>	<u>\$ 7,415,642</u>
Supplemental Disclosures of Cash Flow Information		
Interest paid	<u>\$ 469,929</u>	<u>\$ 411,251</u>
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 6,240,818	\$ 7,370,147
Patient trust funds	<u>38,934</u>	<u>45,495</u>
Cash, Cash Equivalents and Restricted Cash	<u>\$ 6,279,752</u>	<u>\$ 7,415,642</u>

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

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

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, 2024 and 2023, were as follows:

	2024	2023
Skilled care	88%	87%
Residential care home	63%	73%
Independent living	96%	96%

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles of the United States of America (GAAP), as promulgated by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). 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.

The consolidated financial statements include the accounts and transactions of the Corporation and the Foundation (collectively, the Corporation). All intercompany balances and transactions have been eliminated from the consolidated financial statements.

USE OF ESTIMATES

The preparation of the consolidated 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES (CONTINUED)

The Corporation's significant estimates relate to patient accounts receivable, allowance for credit losses, charitable gift annuities, self-insured health insurance exposures, amounts due to or from third-party payors, fair value estimates, the analysis of long-lived assets for impairment; recognition of COVID-19 relief revenue, amortization of deferred revenue from entrance fees, and interest rate swap valuations. It is management's opinion that the estimates applied in the accompanying consolidated financial statements are reasonable.

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

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

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

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

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

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

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET ASSETS (CONTINUED)

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, 2024 and 2023.

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

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

MEASURE OF OPERATIONS

The Corporation's (loss) income from operations includes only those operating revenues and expenses that are an integral part of the Corporation's program activities, contributions, investment income, net of fees, and net assets released from donor restrictions to support operating expenditures. Nonoperating activities are limited to change in realized and unrealized gains and losses on investments and employee retention tax credit.

PERFORMANCE INDICATOR

The Corporation's performance indicator is excess of revenues over expenses as reflected in the consolidated statements of operations and changes in net assets. Changes in net assets without donor restrictions which are excluded from the performance indicator, consistent with industry practice, include net assets released from restrictions for property and equipment. There were no such items for the years ended September 30, 2024 and 2023.

CASH AND CASH EQUIVALENTS

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

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

ACCOUNTS RECEIVABLE, NET

Accounts receivable are reported net of an allowance for credit losses, which represents the Corporation's estimate of expected losses at the balance sheet date. Accounts are written off when they are determined to be uncollectible. The adequacy of the Corporation's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivable portfolios by payor source and aging of receivables, a review of specific accounts, and expected future economic conditions and market trends. Adjustments are made to the allowance as necessary. The allowance for credit losses was not material to the consolidated financial statements as of September 30, 2024 and 2023.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including interest, dividends, and realized and unrealized gains and losses) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law. Purchases and sales of securities and realized gains and losses are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk, which are defined as:

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

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

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

Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in risk in the near term could materially affect the amounts reported in the consolidated balance sheets.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY AND EQUIPMENT

Property and equipment acquisitions are recorded at cost. Depreciation of property and equipment is provided using 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

Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for renewals and betterments in excess of \$1,000 are capitalized.

Property and equipment will be evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. If expected cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of the assets. No impairment losses were recognized in 2024 or 2023.

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 operations and changes in net assets, with donor restricted contributions in the period of the transfer. On an annual basis, the Corporation and Foundation revalue the liability based upon actuarial assumptions. The liability is calculated using the Internal Revenue Service (IRS) discount rate and applicable mortality tables. The present value of the estimated future annuity payments is reflected as charitable gift annuities payable in the accompanying consolidated balance sheets. The Corporation and the Foundation did not receive new gifts during 2024 or 2023.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

Net resident service revenue includes revenue derived from the following:

- Skilled nursing facility services
- Residential care services

Monthly service fees include revenue derived from independent living.

Resident service revenues and monthly service fees are reported at the amount that reflects the consideration the Corporation expects to receive in exchange for the services provided. These amounts are due from residents or third-party payors and include variable consideration for retroactive adjustments, if any, under reimbursement programs. Performance obligations are determined based on the nature of the services provided.

Payment terms and conditions for the Corporation's resident contracts vary by contract type and payor source, although terms generally include payment to be made within 30 days. Resident service revenues and monthly service fees for recurring and routine monthly services due from private pay residents are generally billed monthly in advance. Revenues for ancillary services due from private pay residents are generally billed monthly in arrears. Resident service revenues due from Medicare, Medicaid and other third-party payor programs are billed monthly in arrears.

Resident service revenues are primarily comprised of room and board, in addition to support services and fees. Monthly service fees 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. Resident service revenues and monthly service fees are primarily derived from providing services to residents at a stated daily or monthly fee, net of any explicit or implicit price concessions. The Corporation has determined that the services included in the stated daily or monthly fee for each level of care represent a series of distinct services that have the same timing and pattern of transfer. Therefore, the Corporation considers the services provided to residents in each level of care to be one performance obligation which is satisfied over time as services are provided. As such, resident service revenues and monthly service fees are recognized on a daily or month-to-month basis as services are rendered.

The Corporation receives revenue for resident service revenue under third-party payor programs, including Medicare, Medicaid, and other third-party payors. Settlements with third-party payors for retroactive adjustments due to audits, reviews or investigations are included in the determination of the estimated transaction price for providing services.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION (CONTINUED)

The Corporation estimates the transaction price based on the terms of the contract and correspondence with the third-party payor and historical payment trends. Retroactive adjustments are recognized in future periods as final settlements are determined.

CONTRACT ASSETS AND LIABILITIES

Contract assets represent an entity's right to consideration in exchange for goods or services that the entity has transferred to a resident when that right is conditioned on something other than the passage of time (for example, the entity's future performance). Contract liabilities represent an entity's obligation to transfer goods or services to a resident for which the entity has received consideration (or the amount is due) from the resident.

The Corporation's beginning and ending contract assets and liabilities are separately presented on the consolidated balance sheets as of September 30, 2024 and 2023. Contracts assets and liabilities as of September 30, 2022 are as follows:

Accounts receivable, net	\$ 1,244,948
Entrance fees receivable	\$ 2,097,415
Unearned revenue	\$ 1,437,785
Refundable entrance fees	\$ 19,303,966
Deferred revenue from entrance fees	\$ 33,283,868

CONTRIBUTIONS

Unconditional contributions are recognized when received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor. The Corporation reports contributions as donor-restricted support if they are received with donor stipulations that limit their use. 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 to net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CONTRIBUTED GOODS AND SERVICES

Goods or services have been provided by various organizations and a number of unpaid volunteers have contributed their time. Contributions are recognized if the services rendered (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed goods or services that do not meet the above criteria are not recognized. There were no contributed goods or services recognized for the years ended September 30, 2024 and 2023.

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, 2024 and 2023. The operating reserve is included within cash and cash equivalents on the accompanying consolidated balance sheets.

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, 2024 and 2023.

DEBT ISSUANCE COSTS

Costs incurred in connection with the issuance of long-term debt are amortized over the term of the related debt using the straight-line method, which approximates the effective interest method and are presented in the Corporation's consolidated balance sheets as a direct reduction of long-term debt. As of September 30, 2024 and 2023 there were no unamortized debt issuance costs included within long-term debt on the consolidated balance sheets.

ADVERTISING COSTS

Advertising costs, which are expensed as incurred, for the years ended September 30, 2024 and 2023 amounted to \$724,039 and \$788,742, respectively.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAXES

The Corporation and the Foundation have been recognized by the 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, 2024 and 2023, 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, 2024 and 2023, 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.

FUNCTIONAL ALLOCATION OF EXPENSES

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

2023 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, 2023, from which the summarized information was derived.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 3 - RESIDENCY AGREEMENT

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

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

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

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

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

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

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

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 3 - RESIDENCY AGREEMENT (CONTINUED)

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

The Home has agreements with third-party payors that provide for payments at amounts different from established rates. A summary of the payment arrangements with major third-party payors follows:

Medicaid - Skilled nursing services provided to Medicaid beneficiaries are paid at prospectively determined rates per day subject to various limitations, adjustments and quarterly case mix index updates based on clinical, diagnostic and other factors.

Medicare - Skilled nursing and ancillary services provided to Medicare Part A beneficiaries are paid at prospectively determined rates per day. These rates are according to a resident specific classification system that is based on clinical, diagnostic and other factors and the reimbursement methodology is subject to various limitations and adjustments. Therapy services provided to Medicare B beneficiaries are paid at the lesser of a published fee schedule or actual charges.

Other - The Home has also entered into payment agreements with certain commercial insurance carriers and others. The basis for payment to the Home under these agreements includes prospectively determined rates per day or discounts from established charges.

As described above, the Medicaid and Medicare rates are based on clinical, diagnostic and other factors. The determination of these rates is partially based on the Home's clinical assessment of its residents. The Home is required to clinically assess its residents at predetermined time periods throughout the year. The documented assessments are subject to review and adjustment by the Medicaid and Medicare programs.

The Home disaggregates nursing revenue from contracts with residents by type of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 4 - NET RESIDENT SERVICE REVENUE (CONTINUED)

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

	2024	2023
Gross resident service revenue		
Room and board services	\$ 18,376,656	\$ 18,360,329
Home care services	<u>2,017,394</u>	<u>1,562,576</u>
Total gross resident service revenue	20,394,050	19,922,905
Less contractual and other allowances	<u>(3,296,575)</u>	<u>(3,381,653)</u>
Net resident service revenue	<u>\$ 17,097,475</u>	<u>\$ 16,541,252</u>

Resident service revenue consist of the following payors for the years ended September 30:

	Medicare	Medicaid	Self-Pay	Other	Total All Payors
Resident service revenue, net of contractual allowances and discounts					
September 30, 2024	<u>\$ 4,924,539</u>	<u>\$ 5,347,600</u>	<u>\$ 6,684,305</u>	<u>\$ 141,031</u>	<u>\$ 17,097,475</u>
September 30, 2023	<u>\$ 4,914,521</u>	<u>\$ 5,459,991</u>	<u>\$ 5,924,402</u>	<u>\$ 242,338</u>	<u>\$ 16,541,252</u>

NOTE 5 - COVID-19 PANDEMIC

PROVIDER RELIEF FUND

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

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 5 - COVID-19 PANDEMIC (CONTINUED)

PROVIDER RELIEF FUND (CONTINUED)

During the year ended September 30, 2023, the Corporation received \$64,533 in funding from the PRF, which has been recognized within COVID-19 Relief Revenue on the accompanying statement of operations and changes in net assets, determined on a systematic basis in line with the recognition of specific expenses and lost revenues for which the grants are intended to compensate.

EMPLOYEE RETENTION TAX CREDIT

The Employee Retention Credit (ERC), which was included as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and amended by the Consolidated Appropriations Act (CAA), the American Rescue Plan Act (ARPA), and the Infrastructure Investment and Jobs Act (IIJA), incentivizes employers severely impacted by the COVID-19 pandemic to retain their employees when they might otherwise find it difficult to do so. The fully refundable tax credit is allowed against the employer's share of employment taxes for qualified wages paid after March 12, 2020 and before October 1, 2021. Credits in excess of the tax amounts paid by an employer are treated as overpayments and are also refunded to the employer. The ERC is calculated as a percentage of qualified wages (as defined in the CARES Act, as amended) paid by an eligible employer.

Management believes the Organization qualified for the ERC during the first and second calendar quarters of 2021 due to government orders and guidelines limiting certain of its activities due to COVID-19. The Organization averaged more than 100 full-time employees (FTEs), but less than 500 FTEs during 2019, therefore, it was considered a large employer during 2020 and a small employer during 2021. As a small employer for 2021, all of the Organization's otherwise qualified wages were eligible for the ERC. For 2021, the ERC equaled 70% of an employee's qualified wages up to \$10,000 per employee per calendar quarter with a maximum annual credit of \$21,000 for each employee.

The Organization accounts for this federal funding in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605 guidance for conditional contributions and, accordingly, revenues are measured and recognized when barriers are substantially met. Management believes that the Organization substantially met the ERC's partial suspension / modification-related eligibility barriers under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-605. As such, the ERC payments received were recognized as revenue during the year ended September 30, 2023. The Organization received ERC payments of \$3,352,559 (including interest) during the year ended September 30, 2023.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 5 - COVID-19 PANDEMIC (CONTINUED)***EMPLOYEE RETENTION TAX CREDIT (CONTINUED)***

While management believes that it substantially met the ERC's partial suspension / modification-related eligibility barriers under FASB ASC 958-605, and therefore, qualified for ERC, the Organization cannot be certain that if audited the IRS will agree with its application and interpretations of the credit's provisions, particularly those of a more subjective nature. Should the IRS disagree with the Organization's ERC eligibility, the Organization may be required to repay some or all of the \$3,352,559 of ERC credits received. No liabilities providing for potential repayment have been recorded in the Organization's September 30, 2024 or 2023 financial statements.

NOTE 6 - INVESTMENTS

Fair values for investments as of September 30, 2024 and 2023, are summarized as follows:

	2024	2023
Elim Park Place Fund	\$ 35,715,854	\$ 30,310,562
Elim Park Foundation	3,432,410	2,819,109
Elim Park Baptist Home Fund	<u>500,328</u>	<u>410,016</u>
	<u>\$ 39,648,592</u>	<u>\$ 33,539,687</u>

The investment portfolio as of September 30, 2024 and 2023, consists of the following:

	2024	2023
Equity securities and mutual funds	\$ 38,002,926	\$ 32,707,905
Corporate bonds	248,302	339,037
Exchange traded funds	1,397,364	--
Certificates of deposit	<u>--</u>	<u>492,745</u>
	<u>\$ 39,648,592</u>	<u>\$ 33,539,687</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 6 - INVESTMENTS (CONTINUED)

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

Investment income on cash and cash equivalents and other investments was comprised of the following for the year ended September 30, 2024:

	Interest and Dividend Income	Net Realized Gains on Sales of Securities	Total
Elim Park Baptist Home Fund	\$ 101,024	\$ 4,813	\$ 105,837
Elim Park Place Fund	1,073,697	225,124	1,298,821
Elim Park Foundation	82,400	206,773	289,173
Resident Benevolent Fund	17,094	22,352	39,446
Mary Melby Fund	<u>7,527</u>	<u>9,258</u>	<u>16,785</u>
	<u>\$ 1,281,742</u>	<u>\$ 468,320</u>	<u>\$ 1,750,062</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 6 - INVESTMENTS (CONTINUED)

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

	Interest and Dividend Income	Net Realized Gains on Sales of Securities	Total
Elim Park Baptist Home Fund	\$ 25,964	\$ 40,249	\$ 66,213
Elim Park Place Fund	1,085,798	71,806	1,157,604
Elim Park Foundation	53,530	61,905	115,435
Resident Benevolent Fund	15,303	10,647	25,950
Mary Melby Fund	<u>7,657</u>	<u>6,109</u>	<u>13,766</u>
	<u>\$ 1,188,252</u>	<u>\$ 190,716</u>	<u>\$ 1,378,968</u>

NOTE 7 - FAIR VALUE MEASUREMENTS

GAAP establishes 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.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

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

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

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

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, 2024 AND 2023

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

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

	September 30, 2024			
	Total	Level 1	Level 2	Level 3
Assets				
Mutual funds	\$36,113,840	\$36,113,840	\$ --	\$ --
Equity securities	1,889,086	1,889,086	--	--
Corporate bonds	248,302	--	248,302	--
Exchange traded funds	<u>1,397,364</u>	<u>1,397,364</u>	<u>--</u>	<u>--</u>
Total investments	39,648,592	39,400,290	248,302	--
Charitable gift annuities	<u>882,827</u>	<u>--</u>	<u>--</u>	<u>882,827</u>
Total assets measured at fair value	<u>\$40,531,419</u>	<u>\$39,400,290</u>	<u>\$ 248,302</u>	<u>\$ 882,827</u>
	September 30, 2023			
	Total	Level 1	Level 2	Level 3
Assets				
Mutual funds	\$30,333,373	\$30,333,373	\$ --	\$ --
Equity securities	2,374,532	2,374,532	--	--
Certificates of deposit	492,745	--	492,745	--
Corporate bonds	<u>339,037</u>	<u>--</u>	<u>339,037</u>	<u>--</u>
Total investments	33,539,687	32,707,905	831,782	--
Charitable gift annuities	<u>756,438</u>	<u>--</u>	<u>--</u>	<u>756,438</u>
Total assets measured at fair value	<u>\$34,296,125</u>	<u>\$32,707,905</u>	<u>\$ 831,782</u>	<u>\$ 756,438</u>

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 7 - FAIR VALUE MEASUREMENTS (CONTINUED)

There were no transfers between levels of investments during the years ended September 30, 2024 and 2023.

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:

	2024	2023
Balance - beginning of year	\$ 756,438	\$ 972,151
Change in value of trust assets	133,595	85,587
Sales and settlements	(103,177)	(575,768)
Purchases and contributions	<u>95,971</u>	<u>274,468</u>
Balance - end of year	<u>\$ 882,827</u>	<u>\$ 756,438</u>

OTHER FINANCIAL INSTRUMENTS

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

The fair value of long-term debt as of September 30, 2024 and 2023 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, 2024 and 2023.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 8 - PROPERTY AND EQUIPMENT

As of September 30, 2024 and 2023, property and equipment consisted of the following:

	2024	2023
Elim Park Baptist Home Fund		
Land	\$ 123,173	\$ 123,173
Land improvements	772,744	772,744
Buildings and building improvements	15,365,408	14,301,538
Equipment	7,251,382	6,838,219
Motor vehicles	158,306	158,306
Construction in progress	160,134	489,041
	23,831,147	22,683,021
Less accumulated depreciation	18,758,412	18,224,626
Total Elim Park Baptist Home Fund, net	5,072,735	4,458,395
Elim Park Place Fund		
Land	834,950	834,950
Land improvements	2,431,212	1,904,599
Buildings and building improvements	87,210,359	80,378,320
Equipment	13,729,837	12,689,138
Motor vehicles	337,550	274,934
Construction in progress	3,284,751	6,069,761
	107,828,659	102,151,702
Less accumulated depreciation	57,683,991	54,077,646
Total Elim Park Place Fund, net	50,144,668	48,074,056
Net Property and Equipment	<u>\$ 55,217,403</u>	<u>\$ 52,532,451</u>

The estimated cost to complete the construction in progress as of September 30, 2024 is approximately \$2,300,000.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 9 - LONG-TERM DEBT

On June 24, 2022, the Corporation refinanced their CII Mortgage Gross Health Care Project Funding Bonds, Series 2012A bonds through a mortgage loan payable with an available borrowing up to \$20,000,000, from which advances are taken and interest is payable monthly at a fixed rate of 2.85% through June 30, 2025 and 2.975% through June 30, 2026. Beginning July 2026, principal and interest monthly installments are payable through June 2052. The interest rate will be adjusted to a rate annum equal to the one-year Federal Home Loan Banks (FHLB) Boston (Regular) Classic Advance rate in effect forty-five calendar days prior to such annual adjustment date plus 1%; provided, however, that such adjustable fixed interest rate shall never be less than 3% per annum. No advances on the mortgage loan payable were taken during the year ended September 30, 2024. During 2023, the Corporation took an advance in the amount of \$5,000,000. The available borrowing under this loan is anticipated to be used for future campus projects.

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

For the Years Ending September 30,

2025	\$ --
2026	84,061
2027	342,557
2028	352,889
2029	363,531
Thereafter	<u>15,075,402</u>
	<u>\$ 16,218,440</u>

The mortgage loan is collateralized by substantially all the assets of the Corporation. Under the terms of the mortgage loan, the Corporation must satisfy certain financial and reporting covenants.

THE ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 10 - DEFINED CONTRIBUTION RETIREMENT PLAN

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

The plan design permits employees to defer a portion of their compensation into the Plan on a pre-tax basis or as after-tax Roth 401(k) contributions. The Plan includes an auto-enrollment provision whereby all newly eligible employees are automatically enrolled in the Plan unless they affirmatively elect otherwise. Automatically enrolled participants have their deferral rate set at 3% of eligible compensation, and their contributions are invested in a designated fund until changed by the participant. For participants automatically enrolled in the Plan, their deferral percentage will increase by 1% annually until they are deferring 10%, unless the participant affirmatively elects otherwise. The Corporation provides a safe harbor matching contribution of 100% of the first 3% of compensation contributed by the employee and 50% of the next 3% of compensation contributed by the employee. The Corporation may also make additional matching or nonelective contributions at the discretion of the Board of Directors. The Corporation did not make any additional matching or nonelective contributions in the 2024 or 2023 plan year. Benefit plan expense for the years ended September 30, 2024 and 2023 was \$525,383 and \$434,711, respectively.

NOTE 11 - HEALTHCARE INDUSTRY

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 continued 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 ELIM PARK BAPTIST HOME, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 12 - MEDICAL MALPRACTICE CLAIMS COVERAGE

The Corporation maintains professional liability coverage on a claims-made basis through a commercial insurance carrier. Other than for premiums paid under this policy, no provision has been made for estimated losses. Management believes no incidents occurred or will be asserted that will exceed the Corporation's insurance coverages or will have a material adverse effect on the consolidated financial statements.

NOTE 13 - SELF- INSURANCE

The Corporation is 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 balance sheets in accrued salaries, wages, payroll taxes and other. As of September 30, 2024 and 2023, the Corporation had a reserve of \$405,366 and \$400,000, respectively, 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.

NOTE 14 - CONTINGENCIES

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

NOTE 15 - CONCENTRATIONS OF CREDIT RISK

The Corporation grants credit without collateral to its residents, some of whom are funded under third-party payor agreements.

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 16 - 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:

2024	Program Services			Management and General	Fundraising	Total
	Skilled Nursing and Residential Care Home	Independent Living	Total Program Services			
Salaries and wages	\$ 7,694,236	\$ 5,545,449	\$ 13,239,685	\$ 2,177,193	\$ 92,960	\$ 15,509,838
Employee benefits	1,903,189	1,371,681	3,274,870	538,534	22,994	3,836,398
Professional fees	--	--	--	219,388	--	219,388
Information technology	--	--	--	425,197	--	425,197
Occupancy	537,374	1,837,681	2,375,055	381	--	2,375,436
Travel	4,185	38,926	43,111	--	--	43,111
Interest	93,986	376,037	470,023	--	2,628	472,651
Depreciation and amortization	540,990	3,789,120	4,330,110	--	--	4,330,110
Insurance	154,870	358,704	513,574	--	--	513,574
Nursing	828,380	658	829,038	--	--	829,038
Assisted living	163	20,010	20,173	--	--	20,173
Ancillary services	799,239	--	799,239	--	--	799,239
Resident services	38,347	52,864	91,211	--	--	91,211
Dietary	777,098	2,180,010	2,957,108	--	--	2,957,108
Housekeeping and laundry	134,455	93,046	227,501	--	--	227,501
Other	1,571	1,182,744	1,184,315	1,148,411	5,489	2,338,215
	<u>\$ 13,508,083</u>	<u>\$ 16,846,930</u>	<u>\$ 30,355,013</u>	<u>\$ 4,509,104</u>	<u>\$ 124,071</u>	<u>\$ 34,988,188</u>

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 16 - FUNCTIONAL EXPENSES (CONTINUED)

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

THE ELIM PARK BAPTIST HOME, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 17 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Corporation's primary sources of support are derived from resident service revenue and monthly service fees. 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, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the consolidated balance sheets 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.

	2024	2023
Financial Assets at Year-End		
Cash and cash equivalents	\$ 6,240,818	\$ 7,199,389
Investments	39,648,592	33,539,687
Accounts receivable, net	1,483,616	1,281,330
Entrance fees receivable	<u>3,590,546</u>	<u>3,237,085</u>
Total Financial Assets Available at Year-End	50,963,572	45,257,491
Less donor or contractual restrictions		
Donor restrictions	2,790,322	2,494,333
Unearned revenue	<u>2,542,206</u>	<u>1,707,576</u>
Financial Assets Available to Meet Cash Needs for		
General Expenditures Within One Year	<u>\$ 45,631,044</u>	<u>\$ 41,055,582</u>

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.

THE ELIM PARK BAPTIST HOME, INC.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023**

NOTE 18 - SUBSEQUENT EVENTS

In preparing these consolidated financial statements, management has evaluated subsequent events through February 26, 2025, which represents the date the consolidated financial statements were available to be issued.