

STAMFORD ELDERLY HOUSING CORPORATION
22 Clinton Avenue
Stamford, Connecticut 06901

NOTICE OF BOARD MEETING
March 22, 2023
6:00 p.m.

To: Rich Ostuw
Lester McKoy
John Coff
Sheila Williams-Brown

AGENDA

- a. Call to Order
- b. Approve Minutes of September 28, 2022
- c. Resolutions:
 - 23-S-01: Accept the Audited Financial Statements for Year Ended September 30, 2022 for Scofield Manor
- d. Adjourn

MINUTES OF THE MEETING OF
THE DIRECTORS OF THE
STAMFORD ELDERLY HOUSING CORPORATION
SEPTEMBER 28, 2022

The Board of Directors of the Stamford Elderly Housing Corporation held a meeting on Wednesday, September 28, 2022 in-person at 40 Clinton Avenue and via Zoom.

The meeting was called to order by Director Rutz at 6:02 p.m.

A. Attendees

Present: Rich Ostuw
Lester McKoy
Susan Rutz
Bianca Shinn-Desras
Sheila Williams-Brown

Advisory Board Member: Ronice Latta

Present: Vin Tufo
Natalie Coard
Jon Gottlieb
Lisa Reynolds
Sam Feda
Jackie Figueroa
Raul Gomez
Brethela Love-Ortiz
Ken Montanez
Jamie Perna
Megan Shutes
Peter Stothart
Michele Tarulli
Tyra Wallace
Chris Warren
Christine Young

B. Approval of Minutes

Approval of minutes of the previous meeting of March 23, 2021.

➤ Director Rutz moved, Director Shinn-Desras seconded.

The minutes were approved.

Ayes:	Susan Rutz	Nays:	None
	Lester McKoy		
	Rich Ostuw		
	Bianca Shinn-Desras		
	Sheila Williams-Brown		

C. Resolutions

22-S-02: Accept City of Stamford Year 48 Community Development Block Grant (CDBG) for COVID-19 Expense reimbursement at Scofield Manor

➤ Director Ostuw moved, Director Shinn-Desras seconded.

The Resolution was passed.

Be it resolved by the Commissioners of the Stamford Elderly Housing Corporation that the Executive Director is authorized to accept \$219,432.00 YR 48 CDBG-CV Grant from the City of Stamford for the Reimbursement of costs associated with COVID-19 activity at Scofield Manor. The Executive Director is authorized to execute a contract and related documents, including requests for payment from this grant.

Ayes: Rich Ostuw Nays: None
Lester McKoy
Susan Rutz
Bianca Shinn-Desras
Sheila Williams-Brown

22-S-03: Approve 2022/2023 Operating Budget for Scofield Manor

➤ Director Ostuw moved, Director Shinn-Desras seconded.

The Resolution was passed.

Be it resolved by the Directors of the Stamford Elderly Housing Corporation that the 2022/2023 Annual Operating Budget for Scofield Manor is approved.

Ayes: Rich Ostuw Nays: None
Lester McKoy
Susan Rutz
Bianca Shinn-Desras
Sheila Williams-Brown

D. Adjournment

At 6:06 p.m., as there was no other business before the Board, the meeting was adjourned after a motion duly made by Director Rutz and seconded by Director Williams-Brown.

STAMFORD ELDERLY HOUSING CORPORATION

22 Clinton Avenue
Stamford, Connecticut 06901

Board Meeting Date: March 22, 2023

Resolution Number: 23-S-01

RESOLUTION

Subject: Accept the Audited Financial Statements for Year Ended September 30, 2022 for Scofield Manor

Background: An audit of the accounting records, financial reports, internal controls and compliance requirements of Stamford Elderly Housing Corporation on Scofield Manor has been performed for the period October 1, 2021 through September 30, 2022. The auditing firm, Whittlesey, has issued an unmodified opinion on the Housing Authority's Financial Statements for this audit period.

Resolution: Be it resolved by the Board of Commissioners of the Housing Authority of the City of Stamford that the year ending September 30, 2022 Financial Statements of Scofield Manor are accepted.

Lisa Reynolds
Submitting Report

SCOFIELD MANOR

Independent Auditors' Report

Financial Statements

September 30, 2022 and 2021



ASSURANCE | ADVISORY | TAX | TECHNOLOGY

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Scofield Manor

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Scofield Manor (a residential care home operated by the Stamford Elderly Housing Corporation), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scofield Manor as of September 30, 2022 and 2021, and the changes in its net assets and its 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scofield Manor to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

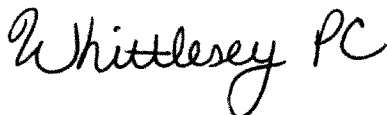
In performing an audit in accordance with generally accepted auditing standards, we:

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

Other Matter – Presentation

The financial statements presented herewith are limited to the operations of Scofield Manor. The accompanying financial statements are not intended to present the financial position of Stamford Elderly Housing Corporation as of September 30, 2022 and 2021 or the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Hartford, Connecticut
January 26, 2023

SCOFIELD MANOR

Statements of Financial Position

September 30, 2022 and 2021

	2022	2021
Assets		
Current assets:		
Cash	\$ 103,878	\$ 115,732
Resident accounts receivable, net of allowance for doubtful accounts of \$17,481 in 2022 and \$12,658 in 2021	149,655	113,109
Food service receivable	-	3,576
Grants receivable	234,707	362,912
Prepaid expenses	45,016	4,382
Total current assets	533,256	599,711
Restricted reserves and deposits:		
Replacement reserve	45,096	45,074
Operating reserve	19,217	19,207
Residents' funds	20,661	15,622
Marie R. White fund	5,534	5,531
Total restricted reserves and deposits	90,508	85,434
Property and equipment, net	295,536	319,561
Total assets	\$ 919,300	\$ 1,004,706
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 96,050	\$ 95,225
Accrued payroll and related expenses	13,762	9,491
Accrued vacation	42,740	33,684
Due to residents	20,661	15,622
Due to related party	169,472	557,873
Due to third-party payers	222,409	101,018
Total current liabilities	565,094	812,913
Net assets		
Without donor restrictions:		
Undesignated	284,359	121,981
Board designated - replacement reserve	45,096	45,074
Board designated - operating reserve	19,217	19,207
Board designated - Marie R. White fund	5,534	5,531
Total net assets without donor restrictions:	354,206	191,793
Total liabilities and net assets	\$ 919,300	\$ 1,004,706

The accompanying notes are an integral part of the financial statements.

SCOFIELD MANOR

Statements of Activities and Changes in Net Assets

For the years ended September 30, 2022 and 2021

	2022	2021
Revenue		
Gross potential resident services	\$ 2,416,691	\$ 2,316,847
Vacancy loss	(253,851)	(341,586)
Net resident services revenue	2,162,840	1,975,261
Grant income - City of Stamford	230,000	230,000
Grant income - Other	15,275	129,966
Contributed use of facility	164,967	153,173
Food service	210,732	203,914
Other revenue	39	39
Total revenue	2,783,853	2,692,353
 Expenses		
Resident services:		
Ordinary	1,759,168	1,679,145
COVID-19-related	36,485	335,269
Total resident services	1,795,653	2,014,414
Property and maintenance	542,487	477,263
General and administrative	502,732	522,497
Total expenses	2,840,872	3,014,174
Change in net assets from operations	(57,019)	(321,821)
 Other changes		
Community development block grant	219,432	255,510
Grant income - FEMA prior year reimbursements	-	232,946
Change in net assets	162,413	166,635
Net assets, beginning of year	191,793	25,158
Net assets, end of year	\$ 354,206	\$ 191,793

The accompanying notes are an integral part of the financial statements.

SCOFIELD MANOR

Statements of Functional Expenses

For the years ended September 30, 2022 and 2021

	2022	2021
Program services		
Resident services		
Ordinary resident services		
Salaries and wages	\$ 650,724	\$ 633,045
Employee benefits and payroll taxes	420,648	373,423
Food service	539,956	536,569
Contracted services	121,888	109,159
Materials and supplies	25,952	26,949
Total ordinary resident services	1,759,168	1,679,145
COVID-19-related resident services		
Wages, employee benefits and payroll taxes	-	19,061
Contracted services	36,445	293,086
Materials and supplies	40	23,122
Total COVID-19-related resident services	36,485	335,269
Total resident services	1,795,653	2,014,414
Property and maintenance		
Salaries and wages	43,780	46,317
Employee benefits and payroll taxes	37,044	32,985
Contracted services	115,355	102,616
Utilities	124,181	81,373
Depreciation	37,399	44,401
Donated use of facility	164,967	153,173
Materials and supplies	12,401	12,519
Insurance	7,360	3,879
Total property and maintenance	542,487	477,263
Total program services	2,338,140	2,491,677
General and administrative		
Salaries and wages	136,188	152,567
Employee benefits and payroll taxes	79,434	75,104
Contracted services	50,463	56,490
Management fees	143,187	132,715
Legal and accounting	25,098	36,620
COVID-19-related legal	-	6,708
Insurance	34,132	26,061
Office supplies and expense	28,456	31,781
Membership dues and subscriptions	951	3,882
Provision for bad debts	4,823	-
Advertising	-	569
Total general and administrative	502,732	522,497
Total expenses	\$ 2,840,872	\$ 3,014,174

The accompanying notes are an integral part of the financial statements.

SCOFIELD MANOR

Statements of Cash Flows

For the years ended September 30, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 162,413	\$ 166,635
Adjustments to reconcile change in net assets to net change in cash from operating activities:		
Provision for bad debts	4,823	-
Depreciation	37,399	44,401
Changes in operating assets and liabilities:		
Resident accounts receivable	(41,369)	9,253
Food service receivable	3,576	(869)
Grants receivable	128,205	(256,912)
Prepaid expenses	(40,634)	16,864
Accounts payable	825	(10,529)
Accrued payroll and related expenses	4,271	(36,951)
Accrued vacation	9,056	(18,500)
Due to residents	5,039	(2,683)
Due to related party	(388,401)	392,019
Due to third-party payers	121,391	(47,979)
Net change in cash from operating activities	6,594	254,749
Cash flows from investing activities		
Payments for property and equipment	(13,374)	(255,510)
Net change in cash from investing activities	(13,374)	(255,510)
Net change in cash	(6,780)	(761)
Cash and restricted cash, beginning of year	201,166	201,927
Cash and restricted cash, end of year	\$ 194,386	\$ 201,166
Reconciliation to cash and restricted cash		
Cash	\$ 103,878	\$ 115,732
Restricted reserves and deposits	90,508	85,434
Total cash and restricted cash	\$ 194,386	\$ 201,166

The accompanying notes are an integral part of the financial statements.

SCOFIELD MANOR

Notes to the Financial Statements

For the years ended September 30, 2022 and 2021

NOTE 1 – SUMMARY OF ORGANIZATION

Nature of Operations

Scotfield Manor (the "Company") is a residential care home operated by Stamford Elderly Housing Corporation ("SEHC") pursuant to an operating lease agreement dated October 1, 1989 between the City of Stamford ("City" or "Lessor") and Stamford Elderly Housing Corporation ("Lessee"). The Company serves as a Long-Term Care Facility consisting of 50 beds to accommodate residents under the governance of the State of Connecticut Department of Social Services ("DSS") Medicaid reimbursement program. Management continues to secure funding in the form of an operating grant from the City of Stamford to sustain the facilities capital needs and supplement costs associated with tenant services.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP"). Under these standards, the Company is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that expire by the passage of time, can be fulfilled by actions pursuant to the stipulations, or which may be perpetual.

As of September 30, 2022 and 2021, all of the Company's activities and net assets were without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates include assessing the gross potential resident services, the collectability of accounts receivable, the extent of contractual allowances, and the estimated useful lives of long-lived assets, among others. Actual results could differ from those estimates.

Subsequent Events

The Company monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its financial statements for the year ended September 30, 2022 through January 26, 2023, the date on which financial statements were available to be issued.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Company provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of residents to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Company's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Property and Equipment

The Company capitalizes expenditures for property and equipment in excess of \$2,500. Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to expense as incurred. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and the resulting gain or loss is reflected in the statement of activities and changes in net assets. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, which range from 5 to 10 years. Leasehold improvements are amortized over the lesser of the terms of the related leases or lives of the improvements.

The Company continually evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of its long-lived assets or whether the remaining balance of its long-lived assets should be evaluated for possible impairment. If and when such factors, events or circumstances indicate that long-lived assets should be evaluated for possible impairment, the Company will determine the fair value of the asset by making an estimate of expected future cash flows over the remaining lives of the respective assets and compare that fair value with the carrying value of the assets in measuring their recoverability. In determining the expected future cash flows, the assets will be grouped at the lowest levels for which there are cash flows. There were no impairment losses recorded in 2022 or 2021.

Accrued Vacation

Each year, the Company's employees earn one day paid vacation for each completed month plus one additional day for each completed year of service up to 13 years not to exceed 25 total days paid vacation annually. For employees hired after January 1, 2020, the vacation accrual was reduced to 8 days in the first year of service and 17 days maximum. Total paid vacation days are made available in full on July 1, the beginning of Charter Oak Communities' ("COC") fiscal year. Employees may not carry more than 12 days from one fiscal year to the next without written approval by the Executive Director. Employees are entitled to use any accumulated vacation days prior to termination. Upon termination, employees shall be paid for all accrued but unused vacation days up to the month of termination. Unused vacation time will be paid out at a rate ranging from 33% to 50%.

Expense Allocation

The costs of providing various program and supporting services have been summarized on a functional basis in the statements of activities and changes in net assets. These costs include direct and indirect costs that have been allocated, on a consistent basis, among the program and supporting services benefited. Employee benefits have been allocated based on salaries and wages. All other costs have been directly allocated based on time and effort.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

As a Long-Term Care Facility, the Company's primary revenue stream is earned by providing resident services. Resident services are accounted for as reciprocal exchange transactions in which the Company's performance obligations are to provide services to its residents on a daily or monthly basis, including room, board, healthcare, and other contractually agreed-upon services. The Company also provides food service to Wormser Congregate, a senior living community in Stamford, and accounts for these services as reciprocal exchange transactions in which the Company's performance obligations are to procure, prepare, and deliver food to the facility. The Company recognizes resident services revenue and food service revenue as its performance obligations are met in the amount reflecting the consideration that the Company expects to be entitled to in exchange for providing services.

The contractual relationships with residents may involve Medicaid as a third-party payer. For the years ended September 30, 2022 and 2021, approximately 96% and 95%, respectively, of net resident services revenue was received from the State of Connecticut Department of Social Services ("DSS") under the Medicaid program. Transaction prices for the services rendered, other than for private pay patients, are regulated by Medicaid. Revenue under third-party payer agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party settlements are provided in the period the related services are rendered and are recorded on the statements of financial position as "Due to third-party payers". Due to third-party payers consisted of estimated overpayments of \$222,409 and \$101,018 as of September 30, 2022 and 2021, respectively.

During the years ended September 30, 2022 and 2021, there were no third-party settlements or adjustments. These amounts would be reported as part of "Other revenue" on the statements of activities and changes in net assets.

Laws and regulations governing the Medicaid program are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Reimbursement rates established by the State of Connecticut are subject to audit. Management believes that the government reimbursement principles have been properly applied and that no material adjustments will occur as a result of the audit.

Gross Potential and Net Resident Service Revenue

Net resident service revenue is reported as gross potential resident services less vacancies. The amount of gross potential resident services is calculated by multiplying the 50 beds available throughout the year by the applicable DSS or private pay daily rate. Net resident service revenue reflects the net realizable amounts from residents and third-party payers in exchange for services rendered, in accordance with the principles above.

Grants and Contributions

All grants and contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases net assets with donor restrictions. 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 activities as net assets released from restrictions. Conditional grants and contributions – that is, those with a measurable performance or other barrier and a right of return – are not recognized as revenue until the conditions on which they depend are substantially met.

Income Taxes

The Company is a nonprofit organization other than a private foundation and is exempt from federal and state income tax under Section 501(c)(4) of the Internal Revenue Code and similar statutes.

NOTE 3 – PROPERTY AND EQUIPMENT, NET

Property and equipment are as follows as of September 30,:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 507,853	\$ 507,853
Furniture and equipment	798,718	790,595
Construction in progress	5,250	-
Total	<u>1,311,821</u>	<u>1,298,448</u>
Less accumulated depreciation	<u>(1,016,285)</u>	<u>(978,887)</u>
Property and equipment, net	<u>\$ 295,536</u>	<u>\$ 319,561</u>

NOTE 4 – RELATED PARTY TRANSACTIONS

The Company is related to the Housing Authority of the City of Stamford d/b/a Charter Oak Communities (“COC”) by common board membership. All staff utilized by the Company are employees of COC. In addition, all operating expenses of the Company are paid out of a Revolving Fund operated by COC. On a monthly basis, COC charges the Company its direct costs including the cost of its staff, payroll taxes and benefits, and all other operating expenses. The amounts advanced are noninterest bearing and are due on demand. At September 30, 2022 and 2021, respectively, \$169,472 and \$557,873 was due to COC.

In addition, COC provides management services including bookkeeping, personnel, information technology, strategic support, and other services to the Company. In the years ended September 30, 2022 and 2021, the Company incurred management fees in the amount of \$143,187 and \$132,715, respectively, for management services provided by COC. Management fees charged in 2022 and 2021 represent 5.5 percent of net operating revenue, as outlined in the management agreement.

Furthermore, in the year ended September 30, 2021, the Company received a Community Development Block Grant in the amount of \$255,510 that was passed through the City of Stamford and then COC to fund roof and gutter renovations.

The Company provides meals to Wormser Congregate, a state facility operated by COC. The total amount of this contract is reported as food service revenue in the accompanying statements of activities and changes in net assets. Amounts outstanding under this contract are included in food service receivable in the amount of \$-0- and \$3,576 at September 30, 2022 and 2021, respectively.

NOTE 5 – VARIOUS RESTRICTED RESERVES AND DEPOSITS

The Company has approved the creation of a Replacement Reserve account and an Operating Reserve account. The reserve accounts are funded as follows:

1. Replacement Reserve – The Company funds a replacement reserve to be used for capital replacements and leasehold improvements (“Replacement Reserve”). This reserve account is funded by annual excess cash at a maximum of \$900 per unit or \$45,000 per year. There is no limit as to the total amount in the Replacement Reserve account. Withdrawals from this reserve are used for capital repairs and improvements and are subject to the approval of SEHC’s Executive Director and the Board of Commissioners.

NOTE 5 – VARIOUS RESTRICTED RESERVES AND DEPOSITS (CONTINUED)

2. Operating Reserve – The Company funds an Operating Reserve to be used to pay, to the extent required, operating deficits, and revenue adjustments associated with Medicaid rate recaptures from the State. After funding the maximum annual Replacement Reserve amount, all remaining excess cash is deposited into a second reserve account to cover potential Operating Reserve. This account shall not exceed a \$525,000 reserve balance (three months of operating expenses). Once the maximum amount has been reached, excess funds shall be deposited to the Replacement Reserve account. Use of this reserve is subject to the recommendation of SEHC's Executive Director and approval by the Board of Commissioners.

The Marie R. White fund is available at the Board of Commissioners' discretion to be used to enhance the quality of life of the residents of the Company in accordance with the terms of the last will and testament of Marie R. White. The Board has designated that these funds will not be used to cover normal operating expenses.

NOTE 6 – LIQUIDITY AND AVAILABILITY OF FUNDS

The Company has a policy of structuring its financial assets to operate within a prudent range of financial soundness and stability and to maintain adequate liquid assets to meet obligations as they come due.

The following reflects the Company's financial assets available to meet cash needs for general expenditures within one year of September 30,:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 103,878	\$ 115,732
Resident accounts receivable, net	149,655	113,109
Grant receivable	234,707	362,912
Food service receivable	-	3,576
	<u> </u>	<u> </u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 488,240</u>	<u>\$ 595,329</u>

NOTE 7 – DONATED USE OF FACILITY

The Company leases its operating facility located at 614 Scofieldtown Road, Stamford, Connecticut, from the City of Stamford at a less than fair value rent. The lease, which required an annual rental of \$1 for the use of the facility and its premises, expired September 30, 1999. The Company continues to lease the facility under all terms and conditions of the expired lease. The estimated fair value of the annual rental of \$164,967 and \$153,173 in 2022 and 2021, respectively, is recorded in the financial statements as contributed use of facility revenue and donated use of facility expense.

Effective January 1, 2016, the City entered into a long-term ground lease with a third party for the land and improvements (i.e. the "facility"). Management does not currently believe this will have a material effect on the existing terms of the lease.

NOTE 8 – GRANTS

The Company was awarded an operating grant from the City of Stamford in the amount of \$230,000 in 2022 and 2021. The City of Stamford recognizes the importance of the continuing needs serviced by the Company. These grant funds are being used to supplement the cost of essential services not covered by the Medicaid reimbursement rate such as medical services and reserves for future operating deficits and capital replacements.

During the year ended September 30, 2021 the Company was awarded \$362,912 from the Federal Emergency Management Agency (“FEMA”), for COVID-19 related expenses incurred during the years ended September 30, 2021 and September 30, 2020. See Note 10 for breakout of the FEMA reimbursements.

During the year ended September 30, 2022 the Company was awarded a Community Development Block Grant of \$219,432 from Stamford Community Development. The grant funds were awarded to reimburse COVID-19 related expenses that were incurred in prior years.

NOTE 9 – PENSION PLAN

The Company participates in the State of Connecticut Municipal Employees Retirement Fund, Plan B (a defined benefit plan). All full-time employees must participate in the plan with the employer. Employees covered by social security contributed 3.75 percent of their gross pay up to the social security taxable wage base and 6.5 percent thereafter, increasing after June 30, 2022 to 4.25 percent of gross pay up to the social security taxable wage base and 7 percent thereafter. The Company makes required contributions to fund the remaining cost as well as paying administrative costs of the plan. The current rate of contribution for the Company is 16.44 percent and after June 30, 2022 it increased to 17.55 percent of covered payroll. The Connecticut State Employees Retirement Commission administers the plan. Upon retirement, benefits are calculated using predetermined formulas. In the event the plan discontinues, the assets of the plan will be used to provide benefits to members. Pension expense for the years ended September 30, 2022 and 2021 was \$127,407 and \$108,380, respectively.

NOTE 10 – RISKS AND UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a pandemic. COVID-19 has caused significant disruption in the national and global economy. The Company’s operating activities, liquidity, and cash flows have been and may continue to be adversely affected by this global pandemic. As shown on the Statements of Functional Expenses, during the years ended September 30, 2022 and 2021, respectively, the Company incurred additional COVID-19-related resident services expenses of \$36,485 and \$335,269 and COVID-19 related legal expenses of \$-0- and \$6,708, a total of \$36,485 and \$341,977 of COVID-19-related expenses.

To mitigate the increased costs related to COVID-19, management of the Company applied for funding from the Federal Emergency Management Agency (“FEMA”). FEMA approved the reimbursement of \$129,966 of COVID-19-related expenses incurred during the year ended September 30, 2021, and \$232,946 of COVID-19-related expenses incurred during the year ended September 30, 2020, and these amounts are recognized as revenue under Grant income – FEMA and Grant income – FEMA prior year reimbursements, respectively, on the statement of activities for the year ended September 30, 2021.

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