




To: Mayor David Martin  
City of Stamford

From: Vincent J. Tufo   
Executive Director and CEO  
Charter Oak Communities

Date: January 6, 2017

Re: FY 2017/2018 Budget Request for Scofield Manor (\$102,000)

As required, attached are the documents supporting our budget for Scofield Manor.

- Attachment 1 – Budget Narrative  
As required, attached is a budget narrative outlining specifically what the funding will be used for and how the funding will impact Scofield Manor.
- Attachment 2 – Mission Statement and Program Description
- Attachment 3 – Fiscal Year 2015/2016 Operating Results  
Attachment 3 outlines our operating results for expenditures and revenues, compared to budget for FY 2015/2016 (fiscal year ending 9/30/2016)
- Attachment 4 & 5 – Fiscal Year 2016/2017 Operating Budget and Proposed Operating Budget for Fiscal Year 2017/2018  
Scofield Manor's Fiscal Year 2016/2017 (10/1/2016 – 9/30/2017) budget is applicable to the City of Stamford's Fiscal Year 2017/2018 (7/1/2017 – 6/30/2018) budget and is where this grant is request will be applied to. In support of that, attached is:
  - Fiscal Year 2015/2016 Adopted Operating Budget
  - Budget Resolution approved by the Board of Commissioners
  - Line item narratives describing each revenue and expense line in the budget
  - Brief description of recent and planned capital improvements at the facility

- Attachment 6 – Audited Financial Statement

Attached are the Fiscal Year 2014/2015 (10/1/14 -- 9/30/15) Audited financial Statement and the draft for Fiscal 2015/2016 (10/1/15 -- 09/30/16) Audited Financial Statement. When the Fiscal Year 2015/2016 Audit is final, it will be submitted to you under separate cover.

Thank you and your staff for your continued support of the program at Scofield Manor. If you have any additional questions, or need further information to support the request, please let me know or contact Lisa Reynolds, Chief Financial Officer at 203-391-7608 or [lreynolds@charteroakcommunities.org](mailto:lreynolds@charteroakcommunities.org).

CC: Jay Fountain, OPM Director

**Scofield Manor**  
**Budget Narrative and Program Impact Statement**

Charter Oak Communities (COC) requests \$102,000.00 from the City of Stamford (FY2017 Operating Budget) for continuation of its vital support for Stamford's 50-bed, Residential Care Home, Scofield Manor. This amount is essential for the continued operation of Scofield Manor as a caring facility for frail elderly and disabled residents of extremely limited financial means and few alternative housing options.

Although COC has aggressively managed the expenses of Scofield Manor, which are driven largely by mandated personnel providing round-the-clock resident attendance, nursing and support, Scofield's modest operating deficit has grown incrementally while its State Medicaid reimbursement rate has remain flat. Notably, the deficit would have grown more rapidly, as it has at similar facilities statewide, except for COC's efforts to reduce ongoing personnel costs through management of paid-time-off, overtime expenditures and starting wages for new employees. (The program currently operates at its licensed staffing minimums.) Historic food supply costs have leveled off through a consolidated purchasing arrangement and outsourcing arrangements. Utility costs have been reduced through a negotiated rate reduction.

We stated in our opening request, that the City's support for Scofield Manor is "vital". The requested funds will assure continuation of the following essential functions not covered under State reimbursement: 1.) Support the demand of residents' medical needs, which are atypically high for a State-licensed Resident Care Home; and 2.) Increase residential occupancy levels through effective outreach and targeting.

Resident Medical Needs: Approximately 50% of Scofield residents have a *high* acuity level; 50% require their multiple medications more than 3 times daily (average 12 per resident); and we care for nine chronic diabetics. In addition to the 25% of residents that tend to require frequent hospitalizations, our on-site nurse coordinates over 200 monthly medical, counseling and therapy appointments along with the arrangement of daily transportation. Scofield Manor houses a high percentage of residents with psychiatric disorders which enormous burden on our one nurse and other professional staff. Importantly, the observation and early intervention for emerging clinical needs often means quicker recovery with fewer, less costly complications. Without Scofield Manor, its residents would have few, if any, medically supported housing alternatives, which would cause a significant drain on multiple City and State programs besides the reduction in their quality of life.

**Increase Occupancy Levels:** Occupancy rates are currently hovering at approximately 90%. While this demonstrates that Scofield Manor is a needed facility, vacancy losses, from the budgeted 95% occupancy rate, impact its budgeted bottom line. This request will enable COC to improve the occupancy rate through targeted outreach and marketing, which will in turn generate continued program and facility improvements.

The direct services offered at Scofield Manor fill a critical gap between independent living and the much more costly level of care provided in a nursing home. The requested operating grant by the City of Stamford will ensure that this important program for Stamford's most vulnerable residents remains as a vital part of its continuum of care.

## **MISSION STATEMENT**

Scofield Manor is committed to inspiring and supporting our residents through meaningful engagement in social services, fostering independence, self sufficiency and serving as the standard against which we weigh our actions and decisions. Our mission is to exceed the needs and expectations of our residents, state government officials, staff and community through our uncompromising standards. We are committed to maintaining and preserving the eminence of the facility through safety measures and viability of the housing and services we offer.

**Scofield Manor**  
**Statement of Operations**  
**For Period Ending September 30, 2016**

Attachment 3

	2016 Budget	2016 Actual	Variance
<b>Revenue</b>			
Operating Grants/Subsidies	2,111,868	2,019,573	(92,295)
Operating Grants/Subsidy - Local	96,300	100,000	3,700
Other Revenue	170,346	170,526	180
<b>Total Revenue</b>	<b>2,378,514</b>	<b>2,290,098</b>	<b>(88,415)</b>
<b>Operating Expenses</b>			
Administrative Wages	143,695	129,148	(14,548)
Administrative Benefits	80,071	69,158	(10,913)
Fee Expense	118,131	117,277	(853)
Legal Expense	2,500	8,726	6,226
Office & Administrative	80,145	110,842	30,697
<b>Total Administrative</b>	<b>424,542</b>	<b>435,150</b>	<b>10,608</b>
Maintenance Wages	38,270	42,577	4,307
Maintenance Benefits	10,163	10,947	785
Maintenance Contracts & Services	90,181	92,028	1,847
Maintenance Materials	21,696	28,096	6,400
<b>Total Maintenance &amp; Operations</b>	<b>160,310</b>	<b>173,648</b>	<b>13,338</b>
Electricity	66,699	52,585	(14,114)
Gas & Fuel	62,788	31,702	(31,086)
Water & Sewer	12,918	9,672	(3,246)
<b>Utilities</b>	<b>142,405</b>	<b>93,958</b>	<b>(48,447)</b>
Tenant Services Wages	838,488	809,760	(28,728)
Tenant Services Benefits	473,919	422,730	(51,189)
Food Costs	197,091	221,103	24,013
Other Tenant Services	21,616	37,936	16,320
<b>Total Tenant Services</b>	<b>1,531,114</b>	<b>1,491,529</b>	<b>(39,584)</b>
Insurance	109,278	87,691	(21,588)
Other General	-	-	-
Bad Debt - Tenant Rents	50,000	(5,000)	(55,000)
<b>Total Other Expenses</b>	<b>159,278</b>	<b>82,691</b>	<b>(76,588)</b>
<b>Total Operating Expenses</b>	<b>2,417,649</b>	<b>2,276,977</b>	<b>(140,672)</b>
<b>Net Operating Results Gain/(Loss)</b>	<b>(39,135)</b>	<b>13,122</b>	<b>52,257</b>
Depreciation	-	20,915	20,915
<b>Total Other Expenses</b>	<b>-</b>	<b>20,915</b>	<b>20,915</b>
<b>Accrual Operating Gain/(Loss)</b>	<b>(39,135)</b>	<b>(7,793)</b>	<b>31,342</b>

## Scofield Manor Financial Statement Historical and Projected Operating Statement

### Statement of Operations and Changes in Net Assets (as of September 30 fiscal year end date)

	Draft Audit 2016	Audited 2015	Audited 2014	Audited 2013	Audited 2012	Audited 2011
<b>Revenue</b>						
Net resident revenues	2,019,572	2,114,243	2,113,270	2,206,976	2,053,108	1,754,411
Contributed use of facility	160,000	174,000	188,500	207,000	207,000	223,000
Food service	170,526	163,435	159,624	148,769	140,280	135,873
Grant and Other Income	100,000	94,500	94,500	94,800	-	-
	<u>2,450,098</u>	<u>2,546,178</u>	<u>2,555,894</u>	<u>2,657,545</u>	<u>2,400,388</u>	<u>2,113,284</u>
<b>Expenses</b>						
Resident services	453,967	473,141	508,974	510,204	461,954	426,013
Dietary services	478,210	462,515	466,920	454,366	442,536	406,562
Laundry services	34,404	35,276	29,922	34,618	36,832	35,852
Housekeeping services	59,019	58,897	59,195	69,161	81,530	71,819
Recreation services	53,125	47,707	46,726	45,662	46,568	55,334
Plant operation and maintenance	414,056	485,688	476,396	513,728	543,652	514,796
Administrative	385,308	372,837	388,021	327,305	326,410	405,230
Employee benefits	579,802	647,117	606,197	602,579	620,801	472,127
	<u>2,457,891</u>	<u>2,583,178</u>	<u>2,582,351</u>	<u>2,557,623</u>	<u>2,560,283</u>	<u>2,387,713</u>
Loss from Operations	(7,793)	(37,000)	(26,457)	99,922	(159,895)	(274,429)
Nonoperating income						
Interest income	-	-	35	54	245	569
Contributions	-	-	-	-	-	-
Deficiency of Revenue Over Expenses and Change in Unrestricted Net Assets	(7,793)	(37,000)	(26,422)	99,976	(159,650)	(273,860)
Net Assets - Beginning	(195,364)	(158,364)	(131,942)	(231,918)	(106,744)	167,116
Net Assets - Ending	<u>(203,157)</u>	<u>(195,364)</u>	<u>(158,364)</u>	<u>(131,942)</u>	<u>(266,394)</u>	<u>(106,744)</u>

## Notes:

Restatement to deficiency in Net Assets. Reduced by \$34,476 in FY 2013

## Scotfield Manor

## Financial Statement Historical and Projected Balance Sheets

## Balance Sheet

(as of September 30 fiscal year end date)

Assets	<i>Draft Audit</i> <u>2016</u>	<u>Audited</u> <u>2015</u>	<u>Audited</u> <u>2014</u>	<u>Audited</u> <u>2013</u>	<u>Audited</u> <u>2012</u>	<u>Audited</u> <u>2011</u>
<b>Current Assets</b>						
Cash and cash equivalents	45,810	181,293	157,726	72,764	60,507	95,380
Cash - residents' funds	22,394	31,590	21,419	26,056	19,056	20,894
A/R, net of allowance	280,676	107,497	161,018	252,170	171,478	187,233
Prepaid Insurance	29,795	26,207	21,237	18,852	26,354	13,939
Due from related party	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>378,675</b>	<b>346,587</b>	<b>361,400</b>	<b>369,842</b>	<b>277,395</b>	<b>317,446</b>
<b>Assets Limited as to Use (Marie White Fund)</b>	<b>5,343</b>	<b>5,335</b>	<b>20,824</b>	<b>20,683</b>	<b>34,989</b>	<b>193,879</b>
<b>Property and Equipment, net</b>	<b>55,371</b>	<b>73,857</b>	<b>52,872</b>	<b>13,207</b>	<b>63,874</b>	<b>65,643</b>
<b>Total Assets</b>	<b>439,389</b>	<b>425,779</b>	<b>435,096</b>	<b>403,732</b>	<b>376,258</b>	<b>576,968</b>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities</b>						
Accounts payable	97,924	14,688	61,046	53,847	105,286	87,119
Accrued payroll and related expenses	30,371	29,556	25,546	22,197	20,767	19,424
Accrued vacation	80,495	96,101	92,637	92,648	98,022	94,231
Accrued management fees	-	-	-	-	-	-
Due to residents	22,394	31,590	21,419	28,566	21,433	23,505
Deferred revenue	-	-	4,671	-	-	-
Due to related party (COC)	163,426	234,549	189,601	387,617	190,383	249,433
Due to third-party payors	101,459	68,182	27,063	-	206,761	210,000
<b>Total Current Liabilities</b>	<b>496,069</b>	<b>474,666</b>	<b>421,983</b>	<b>584,875</b>	<b>642,652</b>	<b>683,712</b>
<b>Note Payable - Related party (COC)</b>	<b>146,477</b>	<b>146,477</b>	<b>171,477</b>			
<b>Total Liabilities</b>	<b>642,546</b>	<b>621,143</b>	<b>593,460</b>	<b>584,875</b>	<b>642,652</b>	<b>683,712</b>
<b>Net Assets</b>						
Unrestricted	(203,157)	(195,364)	(158,364)	(181,143)	(266,394)	(106,744)
	439,389	425,779	435,096	403,732	376,258	576,968

<i>Cash and Due to COC Balances</i>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	45,810	181,293	157,726	72,764	60,507	95,380
Due to related party (COC)	(163,426)	(234,549)	(189,601)	(387,617)	(190,383)	(249,433)
Due from related party	-	-	-	-	-	-
<b>Net Balance in Cash and Due To</b>	<b>(117,616)</b>	<b>(53,256)</b>	<b>(31,875)</b>	<b>(314,853)</b>	<b>(129,876)</b>	<b>(154,053)</b>

Notes:

Due to/from Related Party is the COC Interfund Balance .

Due to Third Party Payors - Includes actual audit disallowance (\$210K) for 2006 Medicaid Audit performed by State.

FY 2013 and FY 2014 - assumes operating deficit but no additional liability to a potential 2008 Medicaid Audit and rate adjustment resulting from that.

FY 2016 - Cash &amp; Due to COC Balances does not Include Notes Payable



## Scofield Manor Budget For Period Ending September 30, 2016

Budget	FY 2016		Item	FY 2017		Variance %	FY 2017 Budget	Variance \$	FY 2016 Budget	Variance %
	Actual	Variance \$		Budget	Variance \$					
2,111,868	1,995,270	(116,598)	-6%	2,112,769	117,498	901	6%			
56,300	100,000	3,700	4%	102,000	2,000	5,700	2%			
170,346	172,163	1,817	1%	176,132	3,968	5,786	2%			
2,278,514	2,267,433	(11,080)	-5%	2,390,900	123,467	12,386	5%			
<b>Revenue</b>										
143,695	129,684	(14,012)	-10%	128,939	(745)	(14,757)	-1%			
80,071	69,187	(10,884)	-14%	79,669	10,481	(402)	13%			
118,131	116,196	(1,935)	-2%	147,290	31,093	29,159	21%			
2,500	7,061	4,561	182%	14,226	7,165	11,726	50%			
80,145	109,299	29,154	29%	81,028	(22,271)	883	-27%			
424,542	425,427	885	0%	451,150	25,723	26,608	6%			
<b>Operating Expenses</b>										
38,270	43,060	4,790	13%	40,753	(2,307)	2,483	-6%			
10,163	10,445	282	3%	9,898	(547)	(265)	-6%			
90,181	85,368	(4,812)	-5%	98,833	13,465	8,652	14%			
21,696	20,925	(771)	-4%	29,556	8,631	7,860	29%			
160,310	159,798	(512)	0%	179,040	19,241	19,730	11%			
838,488	807,784	(30,704)	-4%	596,991	(210,793)	(241,497)	-35%			
473,919	440,650	(33,269)	-7%	392,340	(47,309)	(80,379)	-12%			
197,091	141,848	(55,243)	-28%	-	(141,848)	(197,091)	0%			
-	61,913	61,913	0%	371,480	309,567	371,480	83%			
21,616	43,762	22,146	102%	94,185	50,423	72,569	54%			
1,531,114	1,495,956	(35,157)	-2%	1,455,997	(39,960)	(75,117)	-3%			
66,699	53,458	(13,241)	-20%	54,527	1,069	(12,172)	2%			
62,788	43,374	(19,414)	-31%	34,261	10,888	(8,527)	20%			
12,918	9,570	(3,348)	-26%	10,037	467	(2,881)	5%			
142,405	106,402	(36,003)	-25%	118,826	12,424	(23,579)	10%			
109,278	88,711	(20,567)	-19%	67,546	(21,165)	(41,732)	-31%			
-	-	-	0%	-	-	-	0%			
50,000	11,415	(38,585)	-77%	15,000	3,585	(35,000)	24%			
159,278	100,126	(59,152)	-37%	82,546	(17,580)	(76,733)	-21%			
2,417,649	2,287,710	(129,939)	-5%	2,267,558	(152)	(130,091)	0%			
(39,135)	(20,276)	18,859	-48%	103,342	83,066	64,207	80%			
-	-	-	0%	7,342	7,342	7,342	100%			
-	-	-	0%	96,000	96,000	96,000	100%			
59,225	50,770	(8,455)	-14%	50,770	(8,455)	50,770	100%			

"Food services contract" includes the August 2016 commencement of the Creative Culinary contract providing the preparation and provision of meals.

# Scofield Manor Budget

## For Period Ending September 30, 2017

Attachment 4 & 5

Item	Total
<b>Revenue</b>	
Operating Grants/Subsidies	2,112,769
Operating Grants/Subsidy - Local	102,000
Other Revenue	176,132
<b>Total Revenue</b>	<b>2,390,900</b>
<b>Operating Expenses</b>	
Administrative Wages	128,939
Administrative Benefits	79,669
Fee Expense	147,290
Legal Expense	14,226
Office & Administrative	81,028
<b>Total Administrative</b>	<b>451,150</b>
Maintenance Wages	40,753
Maintenance Benefits	9,898
Maintenance Contracts & Services	98,833
Maintenance Materials	29,556
<b>Total Maintenance &amp; Operations</b>	<b>179,040</b>
Tenant Services Wages	596,991
Tenant Services Benefits	393,340
Food Supplies	-
Food Service Contract	371,480
Other Tenant Services	94,185
<b>Total Tenant Services</b>	<b>1,455,997</b>
Electricity	54,527
Gas & Fuel	54,261
Water & Sewer	10,037
<b>Utilities</b>	<b>118,826</b>
Insurance	67,546
Other Expenses	-
Bad Debt - Tenant Rents	15,000
<b>Total Other Expenses</b>	<b>82,546</b>
<b>Total Operating Expenses</b>	<b>2,287,558</b>
<b>Net Operating Results Gain/(Loss)</b>	<b>103,342</b>

**STAMFORD ELDERLY HOUSING CORPORATION**  
22 Clinton Avenue  
Stamford, CT 06901

**Board Meeting Date:** September 28, 2016

**Resolution Number:** 16-S-03

**RESOLUTION**

**Subject:** Approve 2016/2017 Operating Budget for Scofield Manor

**Background:** This resolution will implement the Budget for the Year beginning October 1, 2016 (see attached).

**Resolution:** Be it resolved by the directors of the Stamford Elderly Housing Corporation that the 2016/2017 Annual Operating Budget for Scofield Manor is approved.

**Natalie Coard**  
Staff Member Submitting Report



## Program Overview

Scotfield Manor is a licensed Residential Care Home that accommodates 50 residents in a cordial, comfortable atmosphere, with special attention to supervised and individual care needs. The facility is staffed by a professional property management team, a full-time on-site registered nurse and supporting CNAs and on-site maintenance staff. Residents are provided with assisted living services including a comprehensive quality food service program and a creative, facilitated recreation program.

## Detailed Budget Assumptions and Explanations

### Revenue

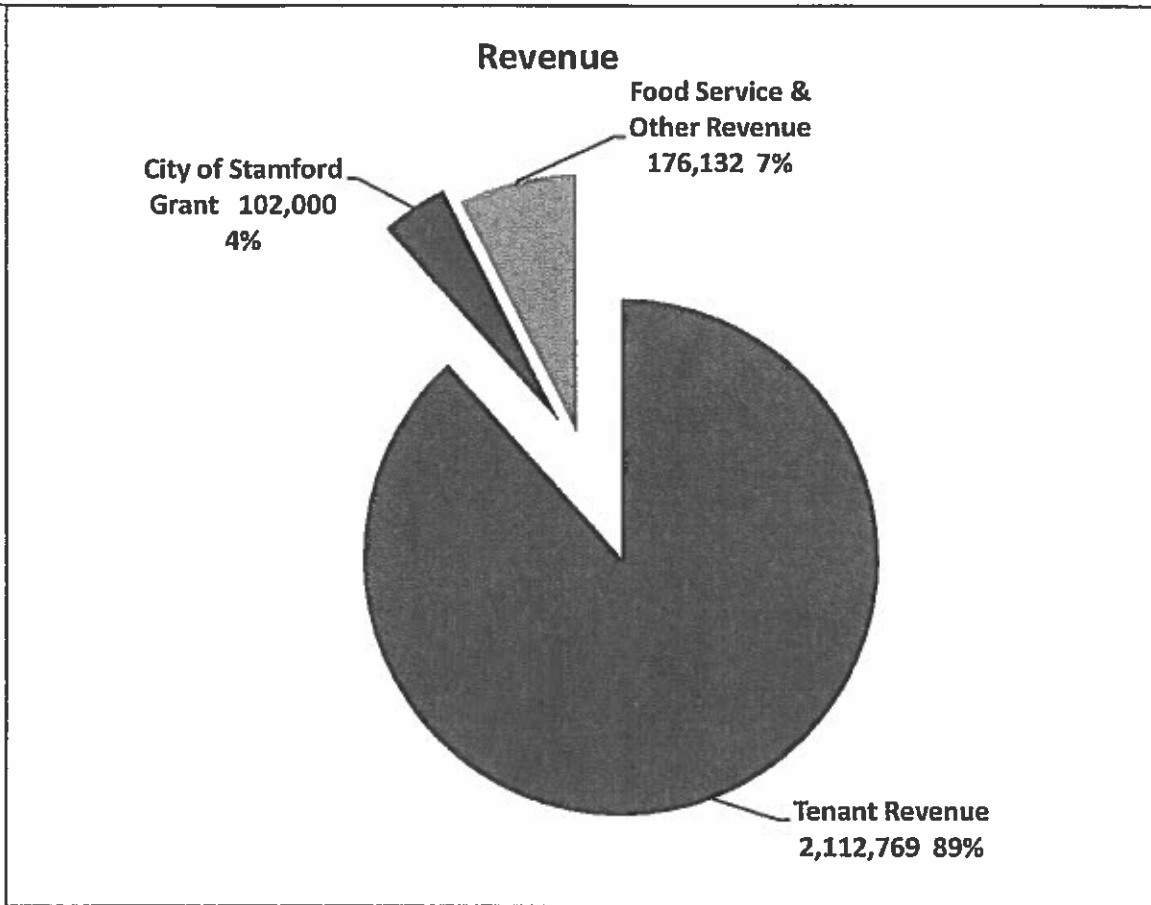
Tenant revenue reflects income from Medicaid and private pay residents. The 2017 Medicaid rate approved by the State is \$3,744.90 per month, a slight increase from the prior year rate which was \$3,743.27.

For 2017, we assumed a 6% vacancy loss (3 vacant units a month). Although we realized an overall 9% vacancy loss in 2016, we are achieving fewer vacancies in recent months and are confident we can maintain the reduced vacancy losses in 2017 through consistent and creative marketing efforts.

Other revenue is food service income generated from providing Wormser with daily meals and some food service for COC meetings and events. The projected meals rate charged to Wormser has increased from \$11.00 to \$11.50 per day (for 41 tenants), an increase of \$7.4K offset by fewer projected meals for the COC meetings and events.

We anticipate we will continue to receive the Annual Operating Grant from the City of Stamford; however, this grant is included in the City's 2017/2018 Budget which is not yet final. We project to receive \$102K for the grant this year which is a \$2K increase over prior year. The operating grant funds are used primarily to fund services not covered through the Medicaid reimbursement system including a full-time registered nurse, property management salaries in excess of state cap and marketing and advertising.

FY 2017 SCOFIELD OPERATING BUDGET

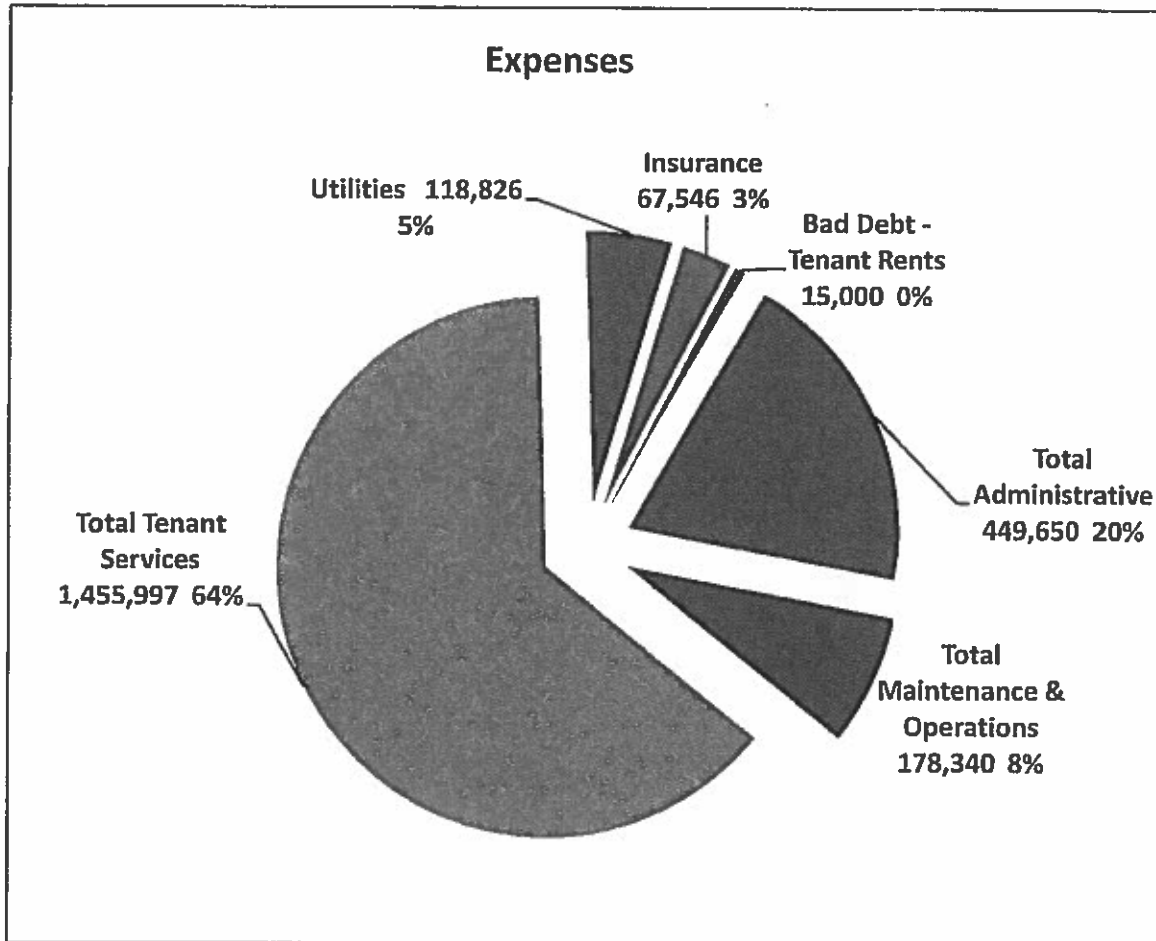




## FY 2017 SCOFIELD OPERATING BUDGET

### Expenses

The projected expenses at Scofield Manor relate to the upkeep and care of the building and land, utility costs, administrative and maintenance staffing, tenant services (including food service, recreation and housekeeping) and management fees paid to COC.



### Administrative

In FY 2017, Administrative wages and benefits will decrease due a lower cost replacement of the retiring administrative assistant position.

Fee Expense at Scofield Manor includes Management Fees and minimal Front Line Fees paid to COC per the Management Fee Agreement. Management Fees are paid for administrative and technical support in the overhead areas of Finance, Human Resources and Information and Risk Management. Management fees are calculated as a percent of all revenue earned by Scofield



## FY 2017 SCOFIELD OPERATING BUDGET

Manor. The percent of revenue used in the management fee calculation this year will increase from 4.5% to 5.5% and a new management fee agreement will be executed to authorize this increase. This increase is necessary to keep up with inflationary costs increases for the overhead departments and account for flat revenue due to frozen State reimbursement rates. Under the new Management Fee Agreement (at 5.5% of all revenue), fees paid to COC will increase by \$23K in 2017.

Legal expenses are expected to increase in 2017 because of costs associated with the negotiation of new union contracts for Scofield Manor employees.

Office/administrative expenses exceeded the budget in 2016 by \$23K due to the need of temporary labor cost covering the vacant administrative assistant position; this will not occur in 2017 as we've permanently filled that position with a full time employee.

### Maintenance

Maintenance wages reflect the negotiated union wage increase of 2% for FY 2017.

Snow removal costs are budgeted to increase in FY 2017 by \$6K compared to 2016 actual costs to reflect multi-year historical cost averages. Due to the 2015 mild winter, we experienced cost savings of \$7K against the budget.

The FY 2017 Maintenance Materials Budget was increased by \$8K to re-stripe parking spaces and replace aging signage, purchase new cleaning equipment and replace small furniture including book shelves, foyer tables and chairs in tenant lounges.

### Tenant Services

FY 2016 Tenant Service's wages and benefits are projected to end the year under budget due to the outsourcing efforts in food services and tenant recreation activities. The full year impact of the new staffing levels show a savings in these categories of \$320K, however, the savings is partially offset by costs related to the new food service contract included in the food costs line item and in Other Tenant Services (for recreation).

Food costs for FY 2017 reflect a new contract for our food service vendor Creative Culinary. The new vendor will now oversee the provision and preparation of meals for Scofield Manor and



## FY 2017 SCOFIELD OPERATING BUDGET

Wormser for about \$31K a month (annual contract amount \$371K). Overall, the outsourcing of food services will provide an overall positive expense budget impact of approximately \$90K in 2017 with additional savings projected in the out years. There is also a positive revenue impact related to Wormser meals that add to the positive budget impact (about \$60K annually).

Other tenant services are projected to increase by \$50K due to new the new contract with the Family Centers recreation coordinator. These costs are offset by reduced salaries and benefits eliminated as a result of outsourcing these services to Family Centers.

### Utilities & Other Expenses

Utilities expenses were down in FY 2016 due to a decrease in fuel & electricity rates and a drop in consumption at the facility. We are projecting that trend to continue in 2017.

Insurance costs decreased during 2016 due to lower workman's compensation costs associated with the outsourcing of the kitchen staff. The full year effect of this savings due to reduced staff is reflected in the 2017 budget.

We are setting aside a \$15K allowance for bad debt related to possible uncollectible tenant payments based on current aging accounts receivable schedule.

### Summary of Overall Operating Results

For 2016, Scofield is projected to end the year with a \$20K deficit. These results are better than budget due to savings in utilities expense and the outsourcing of food services.

For 2017, the proposed Scofield budget net operating gain is \$108K gain. With that cash gain, we intend on paying down a significant portion of the notes payable to COC (about \$100K of the \$146K due) and beginning to fund an operating reserve for cash flow purposes. Our expense projections are conservative; however, possible rate adjustments (there is an outstanding rate review for the years 2008 through 2012) and fluctuations in occupancy rates may alter the revenue projections and ultimately the final operating results at the facility.





## FY 2017 SCOFIELD OPERATING BUDGET

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Management and staff at Scofield Manor and COC are committed to increasing the operational and financial performance of the facility. Altering the resident mix, improving occupancy rates, enhancing the appearance of the facility and improving operational and financial controls are some of the on-going initiatives. As mentioned previously, we will achieve a significant improvement in operating results due to the food service outsourcing effort implemented in 2016. Strategic investment will be required by COC and the City of Stamford to continue to achieve these positive changes. Our goal is to achieve positive performance that provides flexibility and financial and operational sustainability while providing a safe and supportive environment for our residents and staff.

# Scotfield Manor

## Brief Description of Capital Projects/Other Improvements

1. **Gutters/Soffits/Fascia Replacement** – This project, which is needed to protect the building from continuous water infiltration and is therefore necessary to protect the health and safety of residents, has been in the *pipeline* with the City of Stamford for approximately three years. The project was bid on by the City on November 10, 2015 and was combined with the Handrail Replacement project; however the bids came in over budget. The City of Stamford has yet to commit to full funding under their capital improvement program. Bonding would also have to be approved.
2. **Interior Handrail Replacement** – This project, which is needed to bring this feature of the building to current code standards, has also been in the City's pipeline for the past few years and has been coupled with the above project. Handrail replacement was also bid recently and the bids came in over budget. The City of Stamford has yet to commit to full funding under their capital improvement program. Bonding would also have to be approved.
3. **Boiler Replacement** – This project, which is needed to ensure maintenance of essential heat and hot water and is therefore necessary to protect the health and safety of residents, was approved by the Planning Board based upon an original estimate of \$218K; however, bids came in ranging from \$800K to \$1M. The City of Stamford has yet to commit to full funding under their capital improvement program. Bonding would also have to be approved.
4. **Kitchen Upgrades** – The work **was approved** by the City to be funded by Community Development Block Grant (CDBG) dollars in the amount of \$53,000.00. Design work has been completed and project will be bid in early 2017. Required paperwork is being submitted to the City of Stamford for final approval.
5. **Laundry Room Renovation Work** – The resident laundry room is in immediate need of repair. Work includes removal and installation of ceiling mounted radiator along with prep work, priming, painting and ceiling repairs. Work is estimated at \$5K.
6. **Surveillance Camera System** – The fragile elderly and disabled population of Scotfield Manor would benefit from a CCTV system to improve their personal safety and mental health. The system is also important for staff supervision of residents, especially with respect to preventing and resolving any resident-on-resident incidents. The camera system will provide a video record of all activities that may require reviewing. Approximately 8 New Cameras a, Multi-Channel DVR and labor are estimated at \$6K.
7. **Outdoor Congregation Area for Residents** – COC seeks to provide residents with outdoor seating and gathering space to improve their quality of life through improved socialization and healthy physical activity. To build the structure along with a soft canopy, cost are estimated at \$5K.

**DRAFT**

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2016 AND 2015**

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**DRAFT**

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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Stamford Elderly Housing Corporation d/b/a Scofield Manor

**Report on the Financial Statements**

We have audited the accompanying balance sheets of Scofield Manor (a residential care home operated by the Stamford Elderly Housing Corporation) as of September 30, 2016 and 2015, and the related statements of operations and changes in net assets (deficiency), and cash flows for the years then ended and the related notes to the financial statements.

*Management's Responsibility for the Financial Statements*

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

*Auditors' Responsibility*

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

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

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

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scofield Manor as of September 30, 2016 and 2015, and the results of its operations, changes in net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Other Matter - Presentation*

The financial statements presented herewith are limited to the accounting records of the operations of Scofield Manor. The accompanying financial statements are not intended to present the consolidated financial position of Stamford Elderly Housing Corporation as of September 30, 2016 and 2015 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.

*Other Matter – Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

New Haven, CT  
January \_\_, 2017

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

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**BALANCE SHEETS**

**SEPTEMBER 30, 2016 AND 2015**

	2016	2015
<b>Assets</b>		
<b>Current Assets</b>		
Cash and equivalents	\$ 45,810	\$ 181,293
Cash - residents' funds	22,394	31,590
Resident accounts receivable, net of allowance for doubtful accounts of \$13,979 in 2016 and \$26,738 in 2015	123,768	107,497
Food service receivable	56,908	--
Grant receivable	100,000	--
Prepaid insurance	29,795	26,207
<b>Total Current Assets</b>	378,675	346,587
<b>Assets Limited as to Use</b>		
Cash and cash equivalents	5,343	5,335
<b>Property and Equipment - net</b>	55,371	73,857
	\$ 439,389	\$ 425,779
<b>Liabilities and Deficiency in Net Assets</b>		
<b>Current Liabilities</b>		
Current portion of note payable - related party	\$ 96,000	\$ -
Accounts payable	97,924	14,688
Accrued payroll and related expenses	30,371	29,556
Accrued vacation	80,495	96,101
Due to residents	22,394	31,590
Due to related party	163,426	234,549
Due to third-party payors	101,459	68,182
<b>Total Current Liabilities</b>	592,069	474,666
<b>Note Payable - Related Party</b>	50,477	146,477
<b>Total Liabilities</b>	642,546	621,143
<b>Deficiency in Net Assets</b>		
Unrestricted	(203,157)	(195,364)
	\$ 439,389	\$ 425,779

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

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**DRAFT**

**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIENCY)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	2016	2015
<b>Revenue</b>		
Net resident revenue	\$ 2,019,572	\$ 2,126,868
Contributed use of facility	160,000	174,000
Food service	170,526	163,435
Grant income - City of Stamford	100,000	94,500
Total Revenue	2,450,098	2,558,803
<b>Expenses</b>		
Resident services	453,967	473,141
Dietary services	478,210	462,515
Laundry services	34,404	35,276
Housekeeping services	59,019	58,897
Recreation services	53,125	47,707
Plant operation and maintenance	414,056	485,688
Administrative	385,308	385,462
Employee benefits	579,802	647,117
Total Expenses	2,457,891	2,595,803
<b>Deficiency of Revenue Over Expenses and Change in Unrestricted Net Assets</b>	<b>(7,793)</b>	<b>(37,000)</b>
<b>Deficiency in Net Assets - Beginning</b>	<b>(195,364)</b>	<b>(158,364)</b>
<b>Deficiency in Net Assets - Ending</b>	<b>\$ (203,157)</b>	<b>\$ (195,364)</b>

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



**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**DRAFT**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	2016	2015
<b>Cash Flows from Operating Activities</b>		
Deficiency of revenue over expenses and change in unrestricted net assets	\$ (7,793)	\$ (37,000)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
(Recovery of) provision for bad debt	(5,000)	12,265
Depreciation and amortization	21,111	17,635
Changes in operating assets and liabilities:		
Accounts receivable	(168,179)	41,256
Prepaid insurance	(3,588)	(4,970)
Accounts payable	83,236	(46,358)
Accrued payroll and related expenses	815	4,010
Accrued vacation	(15,606)	3,464
Due to related party	(71,123)	44,948
Due to third-party payors	33,277	36,448
<b>Net Cash (Used in) Provided by Operating Activities</b>	<b>(132,850)</b>	<b>71,698</b>
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(2,625)	(38,620)
<b>Net Cash Used in Investing Activities</b>	<b>(2,625)</b>	<b>(38,620)</b>
<b>Cash Flows from Financing Activities</b>		
Payment on notes payable - related party	--	(25,000)
<b>Net Cash Used in Financing Activities</b>	<b>--</b>	<b>(25,000)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>(135,475)</b>	<b>8,078</b>
<b>Cash and Cash Equivalents - Beginning</b>	<b>186,628</b>	<b>178,550</b>
<b>Cash and Cash Equivalents - Ending</b>	<b>\$ 51,153</b>	<b>\$ 186,628</b>
<b>Reconciliation to Cash and Cash Equivalents</b>		
Current assets	\$ 45,810	\$ 181,293
Assets limited as to use	5,343	5,335
	<b>\$ 51,153</b>	<b>\$ 186,628</b>

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

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**DRAFT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

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**NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

***NATURE OF OPERATIONS***

Scotfield Manor 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).

For the years ended September 30, 2016 and 2015, Scotfield Manor has a deficiency of revenue over expenses of \$7,793 and \$37,000, respectively. Further, as of September 30, 2016 and 2015, Scotfield Manor has a deficiency in unrestricted net assets of \$203,157 and \$195,364, respectively. The management of Scotfield Manor continues to seek ways to increase its patient census and patient mix through a variety of marketing and outreach efforts. Management secured funding in the form of an operating grant from the City of Stamford to sustain the facility as the broader continuum of care issues are addressed by stakeholders. Management is also working to increase operating efficiencies and make expense reductions where appropriate and sustainable, to improve its overall results. The ability of Scotfield Manor to maintain financial stability is dependent on the overall success of these efforts.

***SIGNIFICANT ACCOUNTING POLICIES***

***BASIS OF PRESENTATION***

The financial statements are prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when the related liability for goods and services is incurred, regardless of the timing of cash flows. The financial statements report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of September 30, 2016 and 2015, all of Scotfield Manor's activities and net assets were unrestricted.

***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 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.

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**DRAFT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

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**NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***CASH AND CASH EQUIVALENTS***

For purposes of the statement of cash flows, Scofield Manor considers all highly liquid debt instruments with original maturities of three months or less when acquired to be cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 per depositor. At September 30, 2016, Scofield Manor had no uninsured cash.

***ACCOUNTS RECEIVABLE***

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Scofield Manor 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 patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Scofield Manor's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

***NET RESIDENT SERVICE REVENUE***

Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for service rendered.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of the settlement.

***ASSETS LIMITED AS TO USE***

These assets represent funds that are available at the Board of Directors' discretion to be used to enhance the quality of life of the residents of Scofield Manor 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.

STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR

DRAFT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*PROPERTY AND EQUIPMENT*

Scofield Manor 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 operations and changes in net assets (deficiency). Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, which range from 5 to 8 years. Leasehold improvements are amortized over the lesser of the terms of the related leases or lives of the improvements.

Scofield Manor 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, Scofield Manor 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.

*INCOME TAXES*

Scofield Manor is a nonprofit organization other than a private foundation under Section 501(c)(4) of the Internal Revenue Code, and, accordingly, is exempt from Federal and State income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of September 30, 2016, there are no uncertain 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; however, there are currently no audits for any tax periods in progress.

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**DRAFT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

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**NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***EXPENSE ALLOCATION***

Scofield Manor provides health care services to residents within its geographic location. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of operations and changes in net assets (deficiency). Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through January \_\_, 2017, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of September 30, 2016 have been incorporated into these financial statements.

***RECENT ACCOUNTING PRONOUNCEMENTS***

The Financial Accounting Standard's Board (the FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606) that eliminates the transaction-specific and industry-specific revenue recognition guidance under current U.S. GAAP and replaces it with a principle-based approach for determining revenue recognition. The core principle of this new standard is to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB also issued ASU 2015-14 which deferred the effective date of ASU 2014-09. The guidance is applicable for annual reporting periods beginning after December 15, 2018. Management has not evaluated the impact of this new guidance.

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**DRAFT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

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**NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)***

The FASB issued ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities, representing the completion of the first phase of a two-phase project to amend not-for-profit (NFP) financial reporting requirements as set out in FASB Accounting Standard Codification (ASC) 958, Not-for-Profit Entities. This standard eliminates the distinction between resources with permanent restrictions and those with temporary restrictions from the face of NFP financial statements by reducing the current three net asset classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets with donor restrictions and net assets without donor restrictions). This standard removes the current requirement to present or disclose the indirect method (reconciliation) when using the direct method of reporting cash flows. This standard requires NFPs to report investment return net of external and direct internal investment expenses and no longer requires disclosure of those netted expenses. It also requires NFPs to use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset. NFPs will reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption. This amendment eliminates the current option that, in the absence of explicit donor stipulations, had allowed an NFP to delay reporting of an expiration of a donor imposed restriction for the acquisition or construction of a long-lived asset by electing to report the expiration over time (as the asset is used or consumed) rather than when placed in service.

This ASU also requires enhanced disclosures about:

- Amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions as of the end of the period.
- Composition of net assets with donor restrictions at the end of the period and how the restrictions affect the use of resources.
- Qualitative information that communicates how an NFP manages its liquid resources available to meet cash needs for general expenditures within one year of the balance sheet date.
- Quantitative information and additional qualitative information in the notes as necessary, that communicates the availability of an NFP's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date.

STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR

DRAFT

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)*

- Amounts of expenses by both their natural classification and their functional classification. Method(s) used to allocate costs among program and support functions.
- Underwater endowment funds.

NFP entities are required to adopt this standard for annual reporting periods beginning after December 15, 2018. Management is evaluating the impact of this new guidance.

NOTE 2 - PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30 follows:

	2016	2015
Leasehold improvements	\$ 165,754	\$ 163,129
Furniture and equipment	711,221	711,221
	876,975	874,350
Less accumulated depreciation and amortization	821,604	800,493
	\$ 55,371	\$ 73,857

NOTE 3 - THIRD-PARTY ACTIVITY

Laws and regulations governing the Medicaid program are complex and subject to interpretation. Reimbursement rates established by the State of Connecticut are subject to audit. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

Scotfield Manor established a revenue reserve for a rate adjustment for the 2013 Medicaid rate period in the amount of \$14,438. In addition, the Company also recorded a liability resulting from overpayment by third party payors in the amount of \$87,021 and \$53,744 as of September 30, 2016 and 2015, respectively. These amounts are included in due to third-party payors in the accompanying balance sheets.

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**DRAFT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

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**NOTE 3 - THIRD-PARTY ACTIVITY (CONTINUED)**

Scofield Manor receives a significant amount of its revenue from the State of Connecticut under the Medicaid program. For the years ended September 30, 2016 and 2015, Scofield Manor received a total of \$1,969,569 and \$2,068,561, respectively, from this source. These amounts represent approximately 98 percent of Scofield Manor's net resident revenues for each of the years ended September 30, 2016 and 2015, respectively.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

All staff of Scofield Manor are employees of Charter Oak Communities (COC). In addition, all operating expenses of Scofield Manor are paid out of a Revolving Fund operated by COC. On a monthly basis, COC charges Scofield Manor the direct costs of Scofield Manor including the cost of its staff, including payroll taxes and benefits, and all other operating expenses. The amounts advanced are noninterest bearing and are due on demand. At September 30, 2016 and 2015, the amounts due to COC were \$163,426 and \$234,549, respectively.

On October 1, 2012, Scofield Manor entered into an agreement with COC to convert \$171,477 of the outstanding balance into a promissory note. In accordance with the promissory note, the unpaid principal balance bears no interest. Scofield Manor is required to make principal payments on the promissory note based on net cash flow, defined as all cash flow available at the end of each fiscal year, on an annual basis. During the year ended September 30, 2015, Scofield Manor made a principal payment of \$25,000 out of available cash, reducing the total outstanding amount to \$146,477 as of September 30, 2015. No principal payments were made during the year ended September 30, 2016. The remaining outstanding principal balance is due and payable no later than September 30, 2017.

Effective October 1, 2016, the Company amended the promissory note with COC for the remaining balance outstanding of \$146,477. The amended note bears no interest and requires the Company to make seventeen payments of \$8,000 commencing October 1, 2016 through February 1, 2018 and a final payment of \$10,477 on March 1, 2018. The note may be prepaid at any time prior to the maturity without penalty.



**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**DRAFT**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

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**NOTE 4 - RELATED PARTY TRANSACTIONS (CONTINUED)**

In addition, COC provides management services including bookkeeping, personnel, information technology, strategic support, and other services to Scofield Manor. In the years ended September 30, 2016 and 2015, Scofield Manor incurred management fees in the amount of \$103,045 and \$106,748, respectively, for management services provided by COC. Management fees charged in 2016 and 2015 represent 4.5 percent of net operating revenue, as outlined in the management agreement.

Effective October 1, 2016, the Company entered into a new management agreement COC. Effective with the date of the new agreement, management fees charged will represent 5.5 percent of net operating revenue, as outlined in the management agreement.

Scofield Manor provides meals to Wormser Congregate Housing, a facility operated by COC. The total amount of this contract is reported as food service revenue in the accompanying statements of operations and changes in net assets (deficiency). Amounts outstanding under this contract, included in accounts receivable in the amount of \$56,908 for the year ended 2016. There were no amounts outstanding at September 30, 2015.

**NOTE 5 - DONATED USE OF FACILITY**

SEHC leases its operating facility located at 614 Scofieldtown Road, Stamford, Connecticut, from the City of Stamford at a less than fair value rental. The lease, which required an annual rental of \$1 for the use of the facility and its premises, expired September 30, 1999. Scofield Manor continues to lease the facility under all terms and conditions of the expired lease. The estimated fair value of the annual rental of \$160,000 in 2016 and \$174,000 in 2015, is recorded in the financial statements as contribution revenue and plant operation and maintenance 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.

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**DRAFT**

**SCHEDULE I – OPERATING EXPENSES**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

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**NOTE 6 - GRANTS**

Scofield Manor received an operating grant from the City of Stamford in the amount of \$100,000 in 2016 and \$94,500 in 2015. The City of Stamford recognizes the importance of the continuing needs serviced by Scofield Manor. These grant funds are being used to close the operating deficit at the facility.

**NOTE 7 - PENSION PLAN**

Scofield Manor 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 not covered by social security contribute 5 percent of gross pay. Employees covered by social security contribute 2¼ percent of their gross pay up to the social security taxable wage base and 5 percent thereafter. Scofield Manor makes required contributions to fund the remaining cost as well as paying administrative costs of the plan. 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, 2016 and 2015 was \$101,974 and \$108,692, respectively.

*See independent auditors' report.*

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**DRAFT**

**SCHEDULE I – OPERATING EXPENSES**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	2016	2015
Wages	\$ 437,351	\$ 449,109
Medical and other professional fees	16,616	24,032
<b>Total Resident Services</b>	<b>453,967</b>	<b>473,141</b>
Wages	257,107	258,341
Food	154,752	203,242
Contracted services	66,351	--
Supplies	--	932
<b>Total Dietary Services</b>	<b>478,210</b>	<b>462,515</b>
Wages	28,233	27,622
Contracted services	1,148	--
Supplies	5,023	7,654
<b>Total Laundry Services</b>	<b>34,404</b>	<b>35,276</b>
Wages	41,670	39,557
Supplies	17,349	19,340
<b>Total Housekeeping Services</b>	<b>59,019</b>	<b>58,897</b>
Wages	29,792	47,707
Contracted services	23,333	--
<b>Total Recreation Services</b>	<b>53,125</b>	<b>47,707</b>

*See independent auditors' report on supplementary information.*

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**DRAFT**

**SCHEDULE I – OPERATING EXPENSES (CONTINUED)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	2016	2015
Contributed use of facility	\$ 160,000	\$ 174,000
Utilities	93,959	118,133
Wages	73,321	39,983
Depreciation and amortization	21,112	17,635
Contracted services	59,941	128,351
Maintenance	5,723	7,586
<b>Total Plant Operation and Maintenance</b>	<b>414,056</b>	<b>485,688</b>
Wages	154,534	140,676
Management fees	103,054	106,748
Legal and accounting	36,126	38,867
Contracted services	33,913	23,772
Insurance	26,329	25,048
Office supplies and expense	25,705	26,553
Telephone	8,610	8,394
Membership dues and subscriptions	738	1,981
(Recovery of) provision for bad debts	(5,000)	12,625
Travel	242	198
Advertising	1,057	600
<b>Total Administrative</b>	<b>385,308</b>	<b>385,462</b>
Workers' compensation, medical and life insurance	390,766	445,698
Payroll taxes	84,562	90,226
Pension	101,974	108,693
Uniform allowance and other	2,500	2,500
<b>Total Employee Benefits</b>	<b>579,802</b>	<b>647,117</b>
<b>Total Expenses</b>	<b>\$ 2,457,891</b>	<b>\$ 2,595,803</b>

*See independent auditors' report on supplementary information.*

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**SEPTEMBER 30, 2015 AND 2014**

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Stamford Elderly Housing Corporation d/b/a Scofield Manor

### *Report on the Financial Statements*

We have audited the accompanying balance sheets of Scofield Manor (a residential care home operated by the Stamford Elderly Housing Corporation) as of September 30, 2015 and 2014, and the related statements of operations and changes in net assets (deficiency), and cash flows for the years then ended and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

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

### *Auditors' Responsibility*

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

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

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



*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Scofield Manor as of September 30, 2015 and 2014, and the results of its operations, changes in net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

*Other Matter - Presentation*

The financial statements presented herewith are limited to the accounting records of the operations of Scofield Manor. The accompanying financial statements are not intended to present the consolidated financial position of Stamford Elderly Housing Corporation as of September 30, 2015 and 2014 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.

*Other Matter - Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Marcum LLP*

New Haven, CT  
January 29, 2016



**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**BALANCE SHEETS**

**SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<b>Assets</b>		
<b>Current Assets</b>		
Cash and equivalents	\$ 181,293	\$ 157,726
Cash - residents' funds	31,590	21,419
Accounts receivable, net of allowance for doubtful accounts of \$26,738 in 2015 and \$24,900 in 2014	107,497	161,018
Prepaid insurance	26,207	21,237
<b>Total Current Assets</b>	346,587	361,400
<b>Assets Limited as to Use</b>		
Cash and cash equivalents	5,335	20,824
<b>Property and Equipment - net</b>	73,857	52,872
	\$ 425,779	\$ 435,096
<b>Liabilities and (Deficiency) in Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 14,688	\$ 61,046
Accrued payroll and related expenses	29,556	25,546
Accrued vacation	96,101	92,637
Due to residents	31,590	21,419
Due to related party	234,549	189,601
Due to third-party payors	68,182	31,734
<b>Total Current Liabilities</b>	474,666	421,983
<b>Note Payable - Related Party</b>	146,477	171,477
<b>Total Liabilities</b>	621,143	593,460
<b>(Deficiency) in Net Assets</b>		
Unrestricted	(195,364)	(158,364)
	\$ 425,779	\$ 435,096

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

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIENCY)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<b>Revenue</b>		
Net resident revenue, including settlement adjustments of \$0 in 2015 and \$(27,063) in 2014	\$ 2,126,868	\$ 2,113,270
Contributed use of facility	174,000	188,500
Food service	163,435	159,624
Grant income - City of Stamford	94,500	94,500
 Total Revenue	 2,558,803	 2,555,894
<b>Expenses</b>		
Resident services	473,141	508,974
Dietary services	462,515	466,920
Laundry services	35,276	29,922
Housekeeping services	58,897	59,195
Recreation services	47,707	46,726
Plant operation and maintenance	485,688	476,396
Administrative	385,462	388,021
Employee benefits	647,117	606,197
 Total Expenses	 2,595,803	 2,582,351
 <b>Loss from Operations</b>	 (37,000)	 (26,457)
<b>Nonoperating Income</b>		
Interest income	--	35
 <b>(Deficiency) of Revenue Over Expenses and Change in Unrestricted Net Assets</b>	 (37,000)	 (26,422)
 <b>(Deficiency) in Net Assets - Beginning</b>	 (158,364)	 (131,942)
 <b>(Deficiency) in Net Assets - Ending</b>	 \$ (195,364)	 \$ (158,364)

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

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**STATEMENTS OF CASH FLOWS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<b>Cash Flows from Operating Activities</b>		
(Deficiency) of revenue over expenses and change in unrestricted net assets	\$ (37,000)	\$ (26,422)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for bad debt	12,265	49,446
Depreciation and amortization	17,635	22,509
Changes in assets and liabilities:		
Accounts receivable	41,256	38,264
Prepaid insurance	(4,970)	(2,385)
Accounts payable	(46,358)	7,199
Accrued payroll and related expenses	4,010	3,349
Accrued vacation	3,464	(11)
Due to residents	--	(2,510)
Due to related party	44,948	(26,539)
Due to third-party payors	36,448	31,734
	<u>71,698</u>	<u>94,634</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Cash Flows from Investing Activities</b>		
Purchases of property and equipment	(38,620)	(9,531)
	<u>(38,620)</u>	<u>(9,531)</u>
<b>Net Cash Used in Investing Activities</b>		
<b>Cash Flows from Financing Activities</b>		
Payment on notes payable - related party	(25,000)	--
	<u>(25,000)</u>	<u>--</u>
<b>Net Cash Used in Financing Activities</b>		
<b>Net Change in Cash and Cash Equivalents</b>	8,078	85,103
<b>Cash and Cash Equivalents - Beginning</b>	<u>178,550</u>	<u>93,447</u>
<b>Cash and Cash Equivalents - Ending</b>	<u>\$ 186,628</u>	<u>\$ 178,550</u>
<b>Reconciliation to Cash and Cash Equivalents</b>		
Current assets	\$ 181,293	\$ 157,726
Assets limited as to use	5,335	20,824
	<u>\$ 186,628</u>	<u>\$ 178,550</u>

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

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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**NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES**

***NATURE OF OPERATIONS***

Scofield Manor 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).

For the years ended September 30, 2015 and 2014, Scofield Manor has a deficiency of revenue over expenses of \$37,000 and \$26,457, respectively. Further, as of September 30, 2015 and 2014, Scofield Manor has a deficiency in unrestricted net assets of \$195,364 and \$158,364, respectively. The management of Scofield Manor continues to seek ways to increase its patient census and patient mix through a variety of marketing and outreach efforts. Management secured funding in the form of an operating grant from the City of Stamford to sustain the facility as the broader continuum of care issues are addressed by stakeholders. Management is also working to increase operating efficiencies and make expense reductions where appropriate and sustainable, to improve its overall results. The ability of Scofield Manor to maintain financial stability is dependent on the overall success of these efforts.

***SIGNIFICANT ACCOUNTING POLICIES***

***BASIS OF PRESENTATION***

The financial statements are prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when the related liability for goods and services is incurred, regardless of the timing of cash flows. The financial statements report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of September 30, 2015 and 2014, all of Scofield Manor's activities and net assets were unrestricted.

***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 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.

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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**NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***CASH AND CASH EQUIVALENTS***

For purposes of the statement of cash flows, Scofield Manor considers all highly liquid debt instruments with original maturities of three months or less when acquired to be cash equivalents. The Federal Deposit Insurance Corporation (FDIC) insures deposits up to \$250,000 per depositor. At September 30, 2015, Scofield Manor had no uninsured cash.

***ACCOUNTS RECEIVABLE***

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Scofield Manor 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 patients to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Scofield Manor's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

***NET RESIDENT SERVICE REVENUE***

Net resident service revenue is reported at the estimated net realizable amounts from residents, third-party payors, and others for service rendered.

Revenue under third-party payor agreements is subject to audit and retroactive adjustment. Provisions for estimated third-party payor settlements are provided in the period the related services are rendered. Differences between the estimated amounts accrued and interim and final settlements are reported in operations in the year of the settlement.

***ASSETS LIMITED AS TO USE***

These assets represent funds that are available at the Board of Directors' discretion to be used to enhance the quality of life of the residents of Scofield Manor 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.

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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**NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***PROPERTY AND EQUIPMENT***

Scofield Manor 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 operations and changes in net assets (deficiency). Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, which range from 5 to 8 years. Leasehold improvements are amortized over the lesser of the terms of the related leases or lives of the improvements.

Scofield Manor 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, Scofield Manor 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.

***INCOME TAXES***

Scofield Manor is a nonprofit organization other than a private foundation under Section 501(c)(4) of the Internal Revenue Code, and, accordingly, is exempt from Federal and State income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by taxing authorities. Management has analyzed the tax positions taken and has concluded that as of September 30, 2015, there are no uncertain 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; however, there are currently no audits for any tax periods in progress.

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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**NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

***EXPENSE ALLOCATION***

Scofield Manor provides health care services to residents within its geographic location. The costs of providing various programs and other activities have been summarized on a functional basis in the statement of operations and changes in net assets (deficiency). Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***SUBSEQUENT EVENTS***

Management has evaluated subsequent events through January 29, 2016, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of September 30, 2015 have been incorporated into these financial statements.

**NOTE 2 - PROPERTY AND EQUIPMENT**

A summary of property and equipment at September 30 follows:

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 163,129	\$ 182,592
Furniture and equipment	<u>711,221</u>	<u>695,698</u>
	874,350	878,290
Less accumulated depreciation and amortization	<u>800,493</u>	<u>825,418</u>
	<u>\$ 73,857</u>	<u>\$ 52,872</u>

**NOTE 3 - THIRD-PARTY ACTIVITY**

Laws and regulations governing the Medicaid program are complex and subject to interpretation. Reimbursement rates established by the State of Connecticut are subject to audit. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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**NOTE 3 - THIRD-PARTY ACTIVITY (CONTINUED)**

Scofield Manor has established two revenue reserves; the first one for a rate adjustment for the 2013 Medicaid rate period in the amount of \$14,438, and the second for a potential adjustment resulting from a Medicaid overpayment in the amount of \$49,973.

Scofield Manor receives a significant amount of its revenue from the State of Connecticut under the Medicaid program. For the years ended September 30, 2015 and 2014, Scofield Manor received a total of \$2,068,561 and \$2,090,005, respectively, from this source. These amounts represent approximately 98 percent and 99 percent of Scofield Manor's net resident revenues for the years ended September 30, 2015 and 2014, respectively.

**NOTE 4 - RELATED PARTY TRANSACTIONS**

All staff of Scofield Manor are employees of Charter Oak Communities (COC). In addition, all operating expenses of Scofield Manor are paid out of a Revolving Fund operated by COC. On a monthly basis, COC charges Scofield Manor the direct costs of Scofield Manor including the cost of its staff, including payroll taxes and benefits, and all other operating expenses. The amounts advanced are noninterest bearing and are due on demand. At September 30, 2015 and 2014, the amounts due to COC were \$234,549 and \$189,601, respectively.

On October 1, 2012, Scofield Manor entered into an agreement with COC to convert \$171,477 of the outstanding balance into a promissory note. In accordance with the promissory note, the unpaid principal balance bears no interest. Scofield Manor is required to make principal payments on the promissory note based on net cash flow, defined as all cash flow available at the end of each fiscal year, on an annual basis. As of September 30, 2015, Scofield Manor anticipates making a principal payment in fiscal year 2016 out of available cash flow. During the year ended September 30, 2015, Scofield Manor made a principal payment of \$25,000 out of available cash, reducing the total outstanding amount to \$146,477 as of September 30, 2015. The remaining outstanding principal balance is due and payable no later than September 30, 2017.



**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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**NOTE 4 - RELATED PARTY TRANSACTIONS (CONTINUED)**

In addition, COC provides management services including bookkeeping, personnel, information technology, strategic support, and other services to Scofield Manor. In the years ended September 30, 2015 and 2014, Scofield Manor incurred management fees in the amount of \$106,748 and \$107,150, respectively, for management services provided by COC. Management fees charged in 2015 and 2014 represent 4.5 percent of net operating revenue, as outlined in the current management agreement.

Scofield Manor provides meals to Wormser Congregate Housing, a facility operated by COC. The total amount of this contract is reported as food service revenue in the accompanying statements of operations and changes in net assets (deficiency). Amounts outstanding under this contract, included in accounts receivable in the amount of \$26,890 for the year ended 2014. There were no amounts outstanding at September 30, 2015.

**NOTE 5 - DONATED USE OF FACILITY**

SEHC leases its operating facility located at 614 Scofieldtown Road, Stamford, Connecticut, from the City of Stamford at a less than fair value rental. The lease, which required an annual rental of \$1 for the use of the facility and its premises, expired September 30, 1999. Scofield Manor continues to lease the facility under all terms and conditions of the expired lease. The estimated fair value of the annual rental of \$174,000 in 2015 and \$188,500 in 2014, is recorded in the financial statements as contribution revenue and plant operation and maintenance expense. Subsequent to year end, 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 6 - GRANTS**

In each of the years ended September 30, 2015 and 2014, Scofield Manor received an operating grant from the City of Stamford in the amount of \$94,500. The City of Stamford recognizes the importance of the continuing needs serviced by Scofield Manor. These grant funds are being used to close the operating deficit at the facility.

**STAMFORD ELDERLY HOUSING CORPORATION  
d/b/a SCOFIELD MANOR**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

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**NOTE 7 - PENSION PLAN**

Scofield Manor 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 not covered by social security contribute 5 percent of gross pay. Employees covered by social security contribute 2¼ percent of their gross pay up to the social security taxable wage base and 5 percent thereafter. Scofield Manor makes required contributions to fund the remaining cost as well as paying administrative costs of the plan. 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, 2015 and 2014 was \$108,692 and \$106,193, respectively.

**NOTE 8 - RECLASSIFICATION**

Certain 2014 amounts have been reclassified to conform with the 2015 financial statement presentation.

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**SCHEDULE I – OPERATING EXPENSES**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Wages	\$ 449,109	\$ 475,522
Supplies	--	--
Medical and other professional fees	<u>24,032</u>	<u>33,452</u>
<b>Total Resident Services</b>	<u>473,141</u>	<u>508,974</u>
Wages	258,341	264,933
Food	203,242	199,887
Supplies	<u>932</u>	<u>2,100</u>
<b>Total Dietary Services</b>	<u>462,515</u>	<u>466,920</u>
Wages	27,622	27,780
Laundry supplies and linen	<u>7,654</u>	<u>2,142</u>
<b>Total Laundry Services</b>	<u>35,276</u>	<u>29,922</u>
Wages	39,557	38,288
Supplies	<u>19,340</u>	<u>20,907</u>
<b>Total Housekeeping Services</b>	<u>58,897</u>	<u>59,195</u>
Wages	<u>47,707</u>	<u>46,726</u>
<b>Total Recreation Services</b>	<u>47,707</u>	<u>46,726</u>

*See independent auditors' report.*

**STAMFORD ELDERLY HOUSING CORPORATION**  
**d/b/a SCOFIELD MANOR**

**SCHEDULE I – OPERATING EXPENSES (CONTINUED)**

**FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014**

	2015	2014
Contributed use of facility	\$ 174,000	\$ 188,500
Utilities	118,133	145,341
Wages	39,983	21,644
Depreciation and amortization	17,635	22,509
Contracted services	128,351	81,665
Maintenance	7,586	16,737
<b>Total Plant Operation and Maintenance</b>	<b>485,688</b>	<b>476,396</b>
Wages	140,676	111,839
Management fees	106,748	107,150
Legal and accounting	38,867	31,767
Contracted services	23,772	13,860
Insurance	25,048	28,837
Office supplies and expense	26,553	20,212
Telephone	8,394	6,800
Membership dues and subscriptions	1,981	750
Program and marketing services	--	16,203
Provision for bad debts	12,625	49,446
Travel	198	--
Advertising	600	1,157
<b>Total Administrative</b>	<b>385,462</b>	<b>388,021</b>
Workers' compensation, medical and life insurance	445,698	407,041
Payroll taxes	90,226	90,352
Pension	108,693	106,193
Uniform allowance and other	2,500	2,611
<b>Total Employee Benefits</b>	<b>647,117</b>	<b>606,197</b>
<b>Total Expenses</b>	<b>\$ 2,595,803</b>	<b>\$ 2,582,351</b>

*See independent auditors' report.*