



To: Mayor David Martin
City of Stamford

From: Natalie Coard
Executive Director
Charter Oak Communities

Date: January 5, 2018

Re: FY 2018/2019 Budget Request for Scofield Manor (\$104,000)

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

- Attachment 1 – Mission Statement and Program Description
- Attachment 2 – Fiscal Year 2016/2017 Operating Results
This attachment outlines our operating results for expenditures and revenues, compared to budget for FY 2016/2017.
- Attachment 3 – Proposed Operating Budget for Fiscal Year 2017/2018 and results through November 30, 2017. Scofield Manor’s Fiscal Year 2017/2018 (10/1/2017 – 9/30/2018) budget is applicable to the City of Stamford’s Fiscal Year 2018/2019 (7/1/2018 – 6/30/2019) budget and is where this grant revenue will be used.
- Attachment 4 – Capital Improvement Plans
Brief description of recent and planned capital improvements at the facility
- Attachment 5 – Audited Financial Statement
Attached are the Fiscal Year 2015/2016 (10/1/15 – 9/30/16) Audited Financial Statement and the “draft” Audited Financial Statement for Fiscal 2016/2017 (10/1/16 – 09/30/17). When the Fiscal Year 2016/2017 Audit is final, it will be submitted to you under separate cover.

- Attachment 6 – 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.

Thank you 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.

CC: Jay Fountain, OPM Director

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, 2017

	Year to Date		
	Budget	Actual	Variance
			\$
<u>Revenue</u>			
Operating Grants/Subsidies	2,112,769	2,052,232	(60,537)
Operating Grants/Subsidy - Local	102,000	102,000	-
Other Revenue	176,132	177,901	1,770
Total Revenue	2,390,900	2,332,133	(58,767)
<u>Operating Expenses</u>			
Administrative Wages	128,939	127,928	(1,010)
Administrative Benefits	79,669	64,461	(15,208)
Fee Expense	147,290	131,463	(15,827)
Legal Expense	14,226	290	(13,936)
Office & Administrative	84,978	77,581	(7,397)
Total Administrative	455,100	401,723	(53,377)
Maintenance Wages	40,753	40,733	(20)
Maintenance Benefits	9,898	9,764	(134)
Maintenance Contracts & Services	98,833	85,894	(12,939)
Maintenance Materials	29,556	45,975	16,419
Total Maintenance & Operations	179,040	182,366	3,326
Electricity	54,527	62,188	7,661
Gas & Fuel	54,261	38,290	(15,971)
Water & Sewer	10,037	8,807	(1,230)
Utilities	118,826	109,286	(9,540)
Tenant Services Wages	596,991	586,211	(10,780)
Tenant Services Benefits	393,340	367,050	(26,290)
Food Costs	371,480	398,370	26,890
Other Tenant Services	94,185	83,385	(10,800)
Total Tenant Services	1,455,997	1,435,015	(20,981)
Insurance	67,546	66,415	(1,131)
Other General	-	44,939	44,939
Bad Debt - Tenant Rents	15,000	2,331	(12,669)
Total Other Expenses	82,546	113,685	31,139
Total Operating Expenses	2,291,508	2,242,075	(49,433)
Net Operating Results Gain/(Loss)	99,392	90,058	(9,334)
Depreciation	19,000	19,351	351
Amortization	-	-	-
Total Other Expenses	19,000	19,351	351
Accrual Operating Gain/(Loss)	80,392	70,706	(9,686)
Replacement Reserve	-	-	0%
Notes Payable - Related Party	96,000	96,000	100%
Cash From Operations	(15,608)	(25,294)	

Scofield Manor Budget

For Period Ending September 30, 2018

Attachment 3

Item	FY 2018 Total	
Revenue		
Operating Grants/Subsidies - Rent	2,069,471	
Operating Grants/Subsidy - Local	104,000	*
Other Revenue	182,410	
Total Revenue	2,355,881	
Operating Expenses		
Administrative Wages	131,130	
Administrative Benefits	60,504	
Fee Expense	136,412	
Legal Expense	14,290	
Office & Administrative	81,486	
Total Administrative	423,822	
Maintenance Wages	39,610	
Maintenance Benefits	9,920	
Maintenance Contracts & Services	104,372	
Maintenance Materials	40,700	
Total Maintenance & Operations	194,602	
Tenant Services Wages	554,100	
Tenant Services Benefits	328,858	
Food Service Cost	410,430	
Other Tenant Services	89,207	
Total Tenant Services	1,382,595	
Electricity	52,853	
Gas & Fuel	43,441	
Water & Sewer	9,293	
Utilities	105,586	
Insurance	57,657	
Other Expenses	-	
Bad Debt - Tenant Rents	15,000	
Total Other Expenses	72,657	
Total Operating Expenses	2,179,262	
Net Operating Results Gain/(Loss)	176,619	
Depreciation Expense	21,020	
Total Non - Financial Expense	21,020	
Net Income (Loss) - Accrual Basis	155,599	
<i>(Add) Adjustments to income:</i>		
Depreciation Expense	21,020	
<i>(Less) Operating/Finance Activities:</i>		
Operating/Replacement Reserve	21,142	
DSS Medicaid Reimbursement	105,000	
COC Loan Repayment	50,477	
Total Cash from Operations	-	

STAMFORD ELDERLY HOUSING CORPORATION

22 Clinton Avenue
Stamford, Connecticut 06901

Board Meeting Date: September 27, 2017

Resolution Number: 17-S-02

RESOLUTION

Subject: Approve 2017/2018 Operating Budget for Scofield Manor

Background: This resolution will implement the Budget for the Year beginning October 1, 2017 (see attached).

Resolution: Be it resolved by the directors of the Stamford Elderly Housing Corporation that the 2017/2018 Annual Operating Budget for Scofield Manor is approved.

Natalie Coard
Staff Member Submitting Report

Scofield Manor
Statement of Operations
For Period Ending November 30, 2017 (FY 2018)

	Year to Date					FY 2018 Annual Budget	Projected Actual	Variance
	FY 2018 Budget	Actual	Variance		PUM			
			\$	%				
Revenue								
Operating Grants/Subsidies	344,912	344,389	(523)	0%	3,444	2,069,471	2,066,331	(3,140)
Operating Grants/Subsidy - Local	17,333	-	(17,333)	-100%	-	104,000	104,000	-
Other Revenue	30,402	30,012	(390)	-1%	300	182,410	180,072	(2,338)
Total Revenue	392,647	374,401	(18,246)	-5%	3,744	2,355,881	2,350,403	(5,478)
Operating Expenses								
Administrative Wages	21,855	34,938	13,083	60%	349	131,130	139,753	8,623
Administrative Benefits	10,084	17,982	7,898	78%	180	60,504	71,930	11,426
Fee Expense	22,735	20,950	(1,786)	-8%	209	136,412	136,410	(2)
Legal Expense	2,382	2,167	(214)	-9%	22	14,290	13,005	(1,285)
Office & Administrative	13,581	18,256	4,675	34%	183	81,486	79,697	(1,789)
Total Administrative	70,637	94,294	23,657	33%	943	423,822	440,794	16,972
Maintenance Wages	6,602	10,466	3,864	59%	105	39,610	41,864	2,254
Maintenance Benefits	1,653	3,162	1,509	91%	32	9,920	12,649	2,729
Maintenance Contracts & Services	17,395	15,918	(1,478)	-8%	159	104,372	102,217	(2,155)
Maintenance Materials	6,783	8,482	1,699	25%	85	40,700	44,472	3,772
Total Maintenance & Operations	32,434	38,028	5,594	17%	380	194,602	201,202	6,600
Electricity	8,809	14,846	6,037	69%	148	52,853	56,078	3,225
Gas & Fuel	7,240	2,548	(4,692)	-65%	25	43,441	48,288	4,848
Water & Sewer	1,549	1,416	(133)	-9%	14	9,293	9,495	203
Utilities	17,598	18,810	1,212	7%	188	105,586	113,861	8,275
Tenant Services Wages	92,350	141,849	49,499	54%	1,418	554,100	567,398	13,298
Tenant Services Benefits	54,810	76,752	21,942	40%	768	328,858	307,007	(21,851)
Food Costs	68,405	64,777	(3,628)	-5%	648	410,430	410,430	-
Other Tenant Services	14,868	22,470	7,602	51%	225	89,207	89,881	674
Total Tenant Services	230,433	305,849	75,416	33%	3,058	1,382,595	1,374,716	(7,879)
Insurance	9,610	14,212	4,603	48%	142	57,657	67,549	9,891
Other General	-	-	-	0%	-	-	-	-
Bad Debt - Tenant Rents	2,500	-	(2,500)	-100%	-	15,000	15,000	-
Total Other Expenses	12,110	14,212	2,103	17%	142	72,657	82,549	9,891
Total Operating Expenses	363,210	471,193	107,982	30%	4,712	2,179,262	2,213,122	33,859
Net Operating Results Gain/(Loss)	29,436	(96,792)	(126,229)	-429%	(968)	176,619	137,282	(39,337)
Depreciation	3,503	4,675	1,171	33%	47	21,020	28,048	7,028
Total Other Expenses	3,503	4,675	1,171	33%	47	21,020	28,048	7,028
Accrual Operating Gain/(Loss)	25,933	(101,467)	(127,400)	-491%	(1,015)	155,599	109,233	(46,365)
<i>(Add) Adjustments to income:</i>								
Depreciation Expense	3,503	4,675	1,171	33%	47	21,020	28,048	7,028
<i>(Less) Operating/Finance Activities:</i>								
Operating/Replacement Reserve	3,524	-	(3,524)	-100%	-	21,142	-	(21,142)
DSS Medicaid Reimbursement	17500	8750	(8,750)	-50%	88	105,000	105,000	-
COC Loan Repayment	8413	4206	(4,206)	-50%	42	50,477	50,477	-
Cash from Operations	-	(109,749)	(109,749)	0%	(1,144)	-	(18,195)	

Notes: Scofield Manor's Fiscal Year 2018 (10/1/2017 - 9/30/2018) budget is applicable to the City of Stamford's Fiscal Year 2018/2019 (7/1/2018 - 6/30/2019) budget.

The 11/30/2017 year to date operating results currently show an operating loss of \$101K. This deficit should decrease as it currently reflects some expenses for the month of December, however the projected year end actual shows a negative cash flow of \$18K.

*This budget includes the requested grant amount of \$104K.

Scotfield Manor**Brief Description of Capital Projects/Other Improvements Currently in Planning or Underway****Funding requested through the City Capital Fund Program or the CDBG Program**

- **Gutters/Soffits/Fascia Replacement** – This project has been in the pipeline with the City for 3 years. The project was bid in November 2015 and combined with the Handrail Replacement project; however, bids came in over budget. Bid received at \$150k.
- **Interior Handrail Replacement** – This project has also been in the pipeline and has been coupled with the Gutter Replacement Project. This project was also bid recently and came in over budget. Bid received at \$70k.
- **Awning Replacement** – This project will replace an existing worn out awning to address unsafe conditions including water leakage that has created slippery conditions. The frame has become detached and is in danger of collapse. Cost is estimated at \$10k.
- **Boiler Replacement** – This work was approved at \$218K however bids came in between \$800K to \$1M. The City has not yet committed to capital funding and bonding would have to be approved.
- **Kitchen Upgrades** – The work was approved by CDBG in the amount of \$53K. Design work was completed and the project was bid. As required, the paperwork is being submitted to the City for final approval.
- **Rooftop Air Conditioning Unit Replacement** – This project is being funded through CDBG, already went out to bid, and has been awarded to Alliance All Trades with the City's approval. Total cost projected at \$39K.

Other Improvements funded by COC/Scotfield Manor

- **Laundry Room Renovation** – The resident laundry room is in need of repair, including the removal and installation of a ceiling mounted radiator along with prep work, priming, painting and ceiling repairs. Cost is estimated at \$5K.
- **Surveillance Camera System** – The goal of installing a surveillance camera system is to aid our residents in feeling safe and protected, while offering management reliable resources to maintain safety & security. Approximately 8 New Cameras a, Multi-Channel DVR and labor for a total cost of \$6K.
- **Outdoor area for residents** – This designated area will provide residents with another opportunity to improve their overall quality of life by socializing with other residents outdoors. This type of interaction is a benefit to management as it allows us to continually improve the operation. To create an area along with soft canopy @\$5K.

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**

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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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Marcum LLP

New Haven, CT
February 3, 2017

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

BALANCE SHEETS

SEPTEMBER 30, 2016 AND 2015

	2016	2015
Assets		
Current Assets		
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
Total Current Assets	378,675	346,587
Assets Limited as to Use		
Cash and cash equivalents	5,343	5,335
Property and Equipment - net	55,371	73,857
	\$ 439,389	\$ 425,779
Liabilities and Deficiency in Net Assets		
Current Liabilities		
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
Total Current Liabilities	592,069	474,666
Note Payable - Related Party	50,477	146,477
Total Liabilities	642,546	621,143
Deficiency in Net Assets		
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

STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIENCY)

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Revenue		
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
Expenses		
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
Deficiency of Revenue Over Expenses	(7,793)	(37,000)
Deficiency in Net Assets - Beginning	(195,364)	(158,364)
Deficiency in Net Assets - Ending	\$ (203,157)	\$ (195,364)

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, 2016 AND 2015

	2016	2015
Cash Flows from Operating Activities		
Deficiency of revenue over expenses	\$ (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
Net Cash (Used in) Provided by Operating Activities	(132,850)	71,698
Cash Flows from Investing Activities		
Purchases of property and equipment	(2,625)	(38,620)
Net Cash Used in Investing Activities	(2,625)	(38,620)
Cash Flows from Financing Activities		
Payment on notes payable - related party	--	(25,000)
Net Cash Used in Financing Activities	--	(25,000)
Net Change in Cash and Cash Equivalents	(135,475)	8,078
Cash and Cash Equivalents - Beginning	186,628	178,550
Cash and Cash Equivalents - Ending	\$ 51,153	\$ 186,628
Reconciliation to Cash and Cash Equivalents		
Current assets	\$ 45,810	\$ 181,293
Assets limited as to use	5,343	5,335
	\$ 51,153	\$ 186,628

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, 2016 AND 2015

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Scofield Manor (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).

For the years ended September 30, 2016 and 2015, Scofield Manor has a deficiency of revenue over expenses of \$7,793 and \$37,000, respectively. Further, as of September 30, 2016 and 2015, Scofield Manor has a deficiency in unrestricted net assets of \$203,157 and \$195,364, 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. 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 as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Company or by the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Company. Generally, the donors of these assets permit the Company to use all or part of the earnings on related investments for specific purposes.

As of September 30, 2016 and 2015, all of Scofield Manor's activities and net assets were unrestricted.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

ACCRUED VACATION

Each year, Scofield Manor 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. Employees may not carry more than 10 days from one calendar year to the next without written approval by the Executive Director. Employees are entitled to use any accumulated annual leave days prior to termination. Upon termination, employees shall be paid for all accrued but unused vacation days up to the month of termination.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET RESIDENT SERVICE REVENUE

Net resident service revenue is reported at the estimated net realizable amounts from residents, some of which are covered by third-party payors, for occupancy at the facility.

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.

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.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 pending or in progress.

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 February 3, 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.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

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)

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.

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*. ASU 2016-14 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). ASU 2016-14 also requires enhanced disclosures surrounding these new classifications and will be effective beginning in fiscal year 2019 with early application permitted and retroactive application required. Management has not evaluated the impact of this new guidance.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 2 - PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30 follows:

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

Scofield 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.

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.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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 was 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 monthly 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.

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 with 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.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

NOTE 4 - RELATED PARTY TRANSACTIONS (CONTINUED)

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 September 30, 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.

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.

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

SCHEDULE I – OPERATING EXPENSES

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

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
Total Resident Services	453,967	473,141
Wages	257,107	258,341
Food	154,752	203,242
Contracted services	66,351	--
Supplies	--	932
Total Dietary Services	478,210	462,515
Wages	28,233	27,622
Contracted services	1,148	--
Supplies	5,023	7,654
Total Laundry Services	34,404	35,276
Wages	41,670	39,557
Supplies	17,349	19,340
Total Housekeeping Services	59,019	58,897
Wages	29,792	47,707
Contracted services	23,333	--
Total Recreation Services	53,125	47,707

See independent auditors' report on supplementary information.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

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
Total Plant Operation and Maintenance	414,056	485,688
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
Total Administrative	385,308	385,462
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
Total Employee Benefits	579,802	647,117
Total Expenses	\$ 2,457,891	\$ 2,595,803

See independent auditors' report on supplementary information.

DRAFT

Attachment 5 B

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2017 AND 2016

**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, 2017 and 2016, 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, 2017 and 2016, 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, 2017 and 2016 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 supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

New Haven, CT
February __, 2018

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

BALANCE SHEETS

SEPTEMBER 30, 2017 AND 2016

	2017	2016
Assets		
Current Assets		
Cash and equivalents	\$ 87,739	\$ 45,810
Cash - residents' funds	20,807	22,394
Resident accounts receivable, net of allowance for doubtful accounts of \$7,451 in 2017 and \$13,979 in 2016	122,048	123,768
Food service receivable	1,886	56,908
Grant receivable	--	100,000
Prepaid insurance	24,243	29,795
Total Current Assets	256,723	378,675
Assets Limited as to Use		
Cash and cash equivalents	5,351	5,343
Property and Equipment - net	50,297	55,371
	\$ 312,371	\$ 439,389
Liabilities and Deficiency in Net Assets		
Current Liabilities		
Current portion of note payable - related party	\$ 50,477	\$ 96,000
Accounts payable	56,895	97,924
Accrued payroll and related expenses	28,848	30,371
Accrued vacation	73,330	80,495
Due to residents	20,807	22,394
Due to related party	44,289	163,426
Due to third-party payors	170,177	101,459
Total Current Liabilities	444,823	592,069
Note Payable - Related Party	--	50,477
Total Liabilities	444,823	642,546
Deficiency in Net Assets		
Unrestricted	(132,452)	(203,157)
	\$ 312,371	\$ 439,389

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, 2016 AND 2015

	2017	2016
Revenue		
Net resident revenue	\$ 2,007,294	\$ 2,019,572
Contributed use of facility	154,000	160,000
Food service	177,901	170,526
Grant income - City of Stamford	102,000	100,000
Total Revenue	2,441,195	2,450,098
Expenses		
Resident services	519,885	453,967
Dietary services	455,841	478,210
Laundry services	8,755	34,404
Housekeeping services	63,538	59,019
Recreation services	69,125	53,125
Plant operation and maintenance	422,638	414,056
Administrative	365,154	385,308
Employee benefits	465,553	579,802
Total Expenses	2,370,490	2,457,891
Excess (Deficiency) of Revenue Over Expenses	70,705	(7,793)
Deficiency in Net Assets - Beginning	(203,157)	(195,364)
Deficiency in Net Assets - Ending	\$ (132,452)	\$ (203,157)

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, 2017 AND 2016

	2017	2016
Cash Flows from Operating Activities		
Excess (deficiency) of revenue over expenses	\$ 70,705	\$ (7,793)
Adjustments to reconcile excess (deficiency) of revenue over expenses to net cash provided by (used in) operating activities:		
Provision for (recovery of) bad debts	2,331	(5,000)
Depreciation and amortization	19,352	21,111
Changes in operating assets and liabilities:		
Accounts receivable	154,411	(168,179)
Prepaid insurance	5,552	(3,588)
Accounts payable	(41,029)	83,236
Accrued payroll and related expenses	(1,523)	815
Accrued vacation	(7,165)	(15,606)
Due to related party	(119,137)	(71,123)
Due to third-party payors	68,718	33,277
Net Cash Provided by (Used in) Operating Activities	<u>152,215</u>	<u>(132,850)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(14,278)	(2,625)
Net Cash Used in Investing Activities	<u>(14,278)</u>	<u>(2,625)</u>
Cash Flows from Financing Activities		
Payment on notes payable - related party	(96,000)	--
Net Cash Used in Financing Activities	<u>(96,000)</u>	<u>--</u>
Net Change in Cash and Cash Equivalents	41,937	(135,475)
Cash and Cash Equivalents - Beginning	<u>51,153</u>	<u>186,628</u>
Cash and Cash Equivalents - Ending	<u>\$ 93,090</u>	<u>\$ 51,153</u>
Reconciliation to Cash and Cash Equivalents		
Current assets	\$ 87,739	\$ 45,810
Assets limited as to use	5,351	5,343
	<u>\$ 93,090</u>	<u>\$ 51,153</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, 2017 AND 2016

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Scotfield Manor (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).

For the years ended September 30, 2017 and 2016, Scotfield Manor has an excess (deficiency) of revenue over expenses of \$70,705 and \$(7,793), respectively. Further, as of September 30, 2017 and 2016, Scotfield Manor has a deficiency in unrestricted net assets of \$132,452 and \$203,157, 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. 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 as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Company or by the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Company. Generally, the donors of these assets permit the Company to use all or part of the earnings on related investments for specific purposes.

As of September 30, 2017 and 2016, all of Scotfield Manor's activities and net assets were unrestricted.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2017, 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.

ACCRUED VACATION

Each year, Scofield Manor 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. Employees may not carry more than 10 days from one calendar year to the next without written approval by the Executive Director. Employees are entitled to use any accumulated annual leave days prior to termination. Upon termination, employees shall be paid for all accrued but unused vacation days up to the month of termination.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

NET RESIDENT SERVICE REVENUE

Net resident service revenue is reported at the estimated net realizable amounts from residents, some of which are covered by third-party payors, for occupancy at the facility.

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.

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. There were no impairment losses recorded in 2017 or 2016.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2017, 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 pending or in progress.

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 February __, 2018, which is the date these financial statements were available to be issued. All subsequent events requiring recognition or disclosure as of September 30, 2017 have been incorporated into these financial statements.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 1 - OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RECENT ACCOUNTING PRONOUNCEMENTS (CONTINUED)

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.

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*. ASU 2016-14 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). ASU 2016-14 also requires enhanced disclosures surrounding these new classifications and will be effective beginning in fiscal year 2019 with early application permitted and retroactive application required. Management has not evaluated the impact of this new guidance.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

NOTE 2 - PROPERTY AND EQUIPMENT

A summary of property and equipment at September 30 follows:

	2017	2016
Leasehold improvements	\$ 174,235	\$ 165,754
Furniture and equipment	717,018	711,221
	891,253	876,975
Less accumulated depreciation and amortization	840,956	821,604
	\$ 50,297	\$ 55,371

NOTE 3 - THIRD-PARTY ACTIVITY

Due to third-party payers consists of the following at September 30:

	2017	2016
Reserve for rate adjustment for fiscal 2013	\$ 14,438	\$ 14,438
Reserve for rate adjustment for fiscal 2017	44,939	--
Estimated overpayments by third-party payers	110,800	87,021
	\$ 170,177	\$ 101,459

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.

Scofield Manor receives a significant amount of its revenue from the State of Connecticut under the Medicaid program. For the years ended September 30, 2017 and 2016, Scofield Manor received a total of \$1,991,504 and \$1,969,569, respectively, from this source. These amounts represent approximately 97 percent and 98 percent of Scofield Manor's net resident revenues for each of the years ended September 30, 2017 and 2016, respectively.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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, 2017 and 2016, the amounts due to COC were \$44,289 and \$163,426, respectively.

The Company is party to a promissory note, as amended in October 2016, with COC totaling \$146,477 as of October 1, 2016. The amended note bears no interest and requires the company to make seventeen monthly 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. During 2017, the Company made total principal payments of \$96,000. The balance outstanding on the note was \$50,477 and \$146,477 at September 30, 2017 and 2016, respectively.

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, 2017 and 2016, Scofield Manor incurred management fees in the amount of \$127,904 and \$103,054, respectively, for management services provided by COC. Management fees charged in 2017 and 2016 represent 5.5 percent of net operating revenue, as outlined in the management agreement.

Scofield Manor 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 operations and changes in net assets (deficiency). Amounts outstanding under this contract, included in accounts receivable in the amount of \$1,886 and \$56,908 for the year ended September 30, 2017 and 2016.

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

NOTES TO FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

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 \$154,000 in 2017 and \$160,000 in 2016, 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.

NOTE 6 - GRANTS

Scofield Manor received an operating grant from the City of Stamford in the amount of \$102,000 in 2017 and \$100,000 in 2016. 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, 2017 and 2016 was \$75,265 and \$101,974, respectively.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

SCHEDULE I – OPERATING EXPENSES

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Wages	\$ 502,658	\$ 437,351
Medical and other professional fees	<u>17,226</u>	<u>16,616</u>
Total Resident Services	<u>519,885</u>	<u>453,967</u>
Wages	57,472	257,107
Food	--	154,752
Contracted services	<u>398,370</u>	<u>66,351</u>
Total Dietary Services	<u>455,841</u>	<u>478,210</u>
Wages	--	28,233
Contracted services	498	1,148
Supplies	<u>8,257</u>	<u>5,023</u>
Total Laundry Services	<u>8,755</u>	<u>34,404</u>
Wages	39,691	41,670
Supplies	<u>23,847</u>	<u>17,349</u>
Total Housekeeping Services	<u>63,538</u>	<u>59,019</u>
Wages	--	29,792
Contracted services	<u>69,125</u>	<u>23,333</u>
Total Recreation Services	<u>69,125</u>	<u>53,125</u>

See independent auditors' report on supplementary information.

STAMFORD ELDERLY HOUSING CORPORATION
d/b/a SCOFIELD MANOR

SCHEDULE I – OPERATING EXPENSES (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	2017	2016
Contributed use of facility	\$ 154,000	\$ 160,000
Utilities	109,286	93,959
Wages	71,376	73,321
Depreciation and amortization	19,352	21,112
Contracted services	54,754	59,941
Maintenance	<u>13,870</u>	<u>5,723</u>
Total Plant Operation and Maintenance	<u>422,638</u>	<u>414,056</u>
Wages	131,241	154,534
Management fees	127,904	103,054
Legal and accounting	31,568	36,126
Contracted services	15,799	33,913
Insurance	28,526	26,329
Office supplies and expense	14,070	25,705
Telephone	9,097	8,610
Membership dues and subscriptions	684	738
Provision for (recovery of) bad debts	2,331	(5,000)
Travel	--	242
Advertising	<u>3,934</u>	<u>1,057</u>
Total Administrative	<u>365,154</u>	<u>385,308</u>
Workers' compensation, medical and life insurance	318,632	390,766
Payroll taxes	64,511	84,562
Pension	75,265	101,974
Uniform allowance and other	<u>7,145</u>	<u>2,500</u>
Total Employee Benefits	<u>465,553</u>	<u>579,802</u>
Total Expenses	<u>\$ 2,370,490</u>	<u>\$ 2,457,891</u>

See independent auditors' report on supplementary information.

Scofield Manor
Budget Narrative and Program Impact Statement

Charter Oak Communities (COC) requests \$104,000 from the City of Stamford (FY 2018 Operating Budget) for continuation of its vital support for Stamford's only Residential Care Home, Scofield Manor. This funding is essential for the continued operation of Scofield Manor as a sustainable and caring facility for elderly and disabled residents of extremely limited financial resources.

Although COC has aggressively managed the expenses of Scofield Manor, which are driven largely by personnel providing round-the-clock resident care (at state licensed staffing minimums), nursing and support, Scofield's modest operating deficit has grown incrementally while its main funding source (State Medicaid) has only increased by 46 cents per patient day. 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 part-time non benefitted employees, control of overtime expenditures and a fair and balanced union contract that included comparable salary increases coupled with additional costs share of health insurance for full-time employees. The food service costs have leveled off due to an outsourcing effort that began 2 years ago and the utility costs have been reduced through a negotiated rate and more control over consumption/usage at the facility.

The City's support for Scofield Manor is vital to continue to provide service to our vulnerable population. The funds the City provides will ensure continuation of two essential functions not fully covered under State reimbursement:

First, funds are used to support the demand of residents' medical needs, which are atypically high for a State-licensed Resident Care Home. Approximately 50% of Scofield residents have a *high* acuity level; more than 50% of the residents require multiple medications more than 3 times daily; and we care for nine chronic diabetics. In addition to 25% of the population requiring frequent hospitalizations, our 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 has a tremendous impact on our nurse and staff. Our observation and early intervention for emerging 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.

Second, we need to maintain and increase residential occupancy levels through effective outreach and potential resident matching. The occupancy rates are currently hovering at approximately 90% and while this demonstrates that Scofield Manor is a needed facility, the vacancy losses impact our Medicaid revenue. Funds will be used to proactively improve the occupancy rate through targeted outreach and marketing, which will ensure financial and operational long-term sustainability.

In summary, the direct patient services offered at Scofield Manor fill a critical gap between independent living (i.e. when it is no longer viable) and the much costlier level of care provided in a nursing home. Receipt of the requested operating grant of \$104,000 will ensure that this important program for Stamford's most vulnerable residents remains as a vital part of the continuum of care.