



Project # 162141-E

The Bethel Methodist Home

Program: Residential Health Care Facility
Purpose: Establishment

County: Westchester
Acknowledged: August 24, 2016

Executive Summary

Description

The Bethel Methodist Home, a New York not-for-profit corporation, requests approval to be established as the new operator of Westchester Meadows, a 20-bed, voluntary not-for-profit, Article 28 Residential Health Care Facility (RHCF) located at 55 Grasslands Road, Valhalla (Westchester County). The facility operates a 35-slot Adult Day Health Care Program (ADHCP) onsite, which is also part of this transaction. The RHCF and ADHCP are the Article 28 assets of an Article 46 Continuing Care Retirement Community (CCRC) known as Westchester Meadows, also at the same location, operated by Hebrew Hospital Senior Housing, Inc., a not-for-profit corporation. The CCRC, which includes 120 independent living units and ten enriched housing units, is currently in bankruptcy proceedings. Upon approval of this application, the applicant will operate the RHCF and ADHCP under the name The Bethel Methodist Home.

On December 9, 2015, Hebrew Hospital Senior Housing, Inc. filed a voluntary petition of reorganization under Chapter 11 of the Bankruptcy Code. The Court Order of The United States Bankruptcy Court for the Southern District of New York, filed on August 19, 2016, authorized the sale of the CCRC to The Bethel Methodist Home, Inc. or its designee, subject to the terms of a draft Asset Purchase Agreement (APA) dated as of August 11, 2016. The Bethel Methodist Home, Inc. and the Hebrew Hospital Senior Housing, Inc. entered into the APA contingent upon the "Final Order" from the Bankruptcy Court for the Southern District of New York, Manhattan Division (Case 15-13264-MEW). Per the Court Order of Sale, as of the

Closing, the transfer of the assets to the Buyer will be legal, valid, and free and clear of all liens, claims, rights, liabilities, and encumbrances. The final executed version of the APA will reflect a purchase price for the CCRC's assets, inclusive of the Article 28 RHCF and ADHCP, of \$16,114,000.

BMH, Inc. is the passive parent of six affiliated New York corporations that provide a continuum of care to seniors in Westchester County. Five of the corporations are voluntary not-for-profits that collectively operate two RHCFs with a total of 243 beds, two ADHCPs with a total of 45 slots, a 150 patient capacity LTHHCP, 50 independent senior living apartments (IL), a 125-bed assisted living Enriched Housing Program (EH), an eight-bed inpatient hospice in partnership with Phelps Memorial Hospital, a Respite Care program and a Licensed Home Care Services Agency. A sixth for-profit entity that provides supplemental nursing services is also an affiliate. The Bethel Methodist Home is the corporate entity that currently provides management services to all the Bethel entities and the proposed operator of the subject RHCF and CCRC. These six corporate entities, collectively referred to as The Bethel Homes, are located in Ossining and Croton-on-Hudson, and currently serve over 400 seniors. BFA Attachment A provides an organizational chart of the affiliated Bethel Homes entities.

Subsequent to approval by the Public Health and Health Planning Council (PHHPC) for establishment of The Bethel Methodist Home as the new operator of the Article 28 RHCF and ADHCP, approval must also be obtained from

the Continuing Care Retirement Community Council to establish The Bethel Methodist Home as the new operator of the Article 46 CCRC. The Continuing Care Retirement Community Council may not act on the certificate of authority application for the full continuing care retirement community project until Article 28 approval has been granted by the PHHPC.

- o \$8,500,000 Series B taxable, 7.5% fixed rate, 30-year term and 36-months interest only; and
- o \$9,500,000 Series C taxable, 6.5% unspecified as to fixed or variable rate, 7-year term with repayment from a sweep of days cash on hand in excess of 200 days quarterly.

BFA Attachment E presents the financial summaries for the two Bethel affiliated RHCFS.

The proposed project term sheet identifies Cross Point Capital LLC as the underwriter, Hamlin Capital Management LLC as the bond purchaser, Hamlin Capital Advisors, LLC as a special purpose financial advisor, and Westchester County Local Development Corporation as issuer of the bonds.

OPCHSM Recommendation
Contingent Approval

Need Summary

Continuing Care Retirement Community nursing home beds are not subject to a need methodology, and therefore there will be no need recommendation for this project.

To prevent any adverse effects upon the Article 28 entities currently within The Bethel Homes corporate structure, the Department is requiring that all financial and other support provided to the CCRC must come originally and directly from the proposed CCRC owner, The Bethel Methodist Home, and not via a repayment of outstanding inter-company debt owed by the current Bethel Article 28 entities to The Bethel Methodist Home.

Program Summary

The CCRC will operate under the name The Bethel Methodist Home after the change of ownership has been completed. No negative information has been received concerning the character and competence of the proposed applicants identified as new members. No changes in the program or physical environment are proposed in this application. The review and recommended approval of this application is in compliance with the Bankruptcy Court sale motion for Westchester Meadows CCRC. All health care facilities are in substantial compliance with all rules and regulations. The individual background review indicates the applicants have met the standard for approval as set forth in Public Health Law §2801-a(3).

The applicant states that the funds will be used as follows:

- \$16,114,000 to acquire the Westchester Meadows CCRC, including the Article 28 assets;
- \$6,000,000 for capital expenditures (held in a trustee account for approved purposes);
- \$4,000,000 for working capital (the CCRC is currently operating at a deficit);
- \$500,000 for a liquid reserve fund that the New York State Department of Financial Services requires; and
- \$1,900,000 to cover the cost of issuance (various legal fees, issuance fees and advisor costs).

Financial Summary

There are no project costs associated with this application. The acquisition price for CCRC facility, inclusive of the Article 28 assets, is \$16,114,000. However, to accommodate funding for necessary physical plant capital expenditures, operating reserve requirements, working capital needs, and cost of issuance (legal and other fees), the total proposed funding for the CCRC project is \$28,514,000 to be financed as follows:

The projected budget is as follows:

- \$2,000,000 via equity by The Bethel Methodist Home;
- \$26,514,000 from 2016 revenue bonds comprised of the following:
 - o \$8,514,000 Series A, tax-exempt, 7% fixed rate, 30-year term and 36-months interest only;

	<u>Year One</u>	<u>Year Three</u>
Revenues	\$2,474,243	\$2,782,976
Expenses	<u>2,173,500</u>	<u>2,284,802</u>
Gain/(Loss)	\$300,743	\$498,174

Recommendations

Health Systems Agency

There will be no HSA recommendation for this project.

Office of Primary Care and Health Systems Management

Approval contingent upon:

1. Submission of an Article 46 Certificate of Authority application to transfer ownership of the CCRC to Bethel Methodist Home. [LTC]
2. Submission of revised by-laws for The Bethel Methodist Home which provides for a Board of Directors comprised of seven directors, consistent with the overall management structure. [LTC]
3. Submission of the consulting and service agreement between Bethel Methodist Home and SK Advisors. [LTC]
4. Submission of a copy of the "Final Order" from the Bankruptcy Court for the Southern District of New York (Case 15-13264-MEW), acceptable to the Department of Health. [BFA]
5. Submission documentation of approval by the New York State Department of Financial Services of the financial feasibility of the Article 46 Continuing Care Retirement Community, which includes the Article 28 skilled nursing home operation. [BFA]
6. Submission of an executed asset purchase agreement, acceptable to the Department of Health. [BFA]
7. Submission of a bond resolution, acceptable to the Department. Included with the submitted bond resolution must be a sources and uses statement and debt amortization schedule, for both new and refinanced debt. [BFA]
8. Submission of documentation verifying the source of the required \$2 million equity contribution for the acquisition of the Article 46 Continuing Care Retirement Community, acceptable to the Department of Health. [BFA]
9. Submission of documentation verifying the source of the working capital equity requirement for the Article 28 facility, acceptable to the Department of Health. [BFA]
10. Submissions of an executed policy statement, acceptable to the Department of Health, that The Bethel Methodist Home is the only entity within the Bethel organization that will provide financial support to the Continuing Care Retirement Community currently known as Westchester Meadows. [BFA]
11. Submission of an executed policy statement, acceptable to the Department of Health, that The Bethel Methodist Home's ownership and operation of the Continuing Care Retirement Community, currently known as Westchester Meadows, will not negatively impact the financial status of any other Article 28 entity currently within the Bethel organization. [BFA]
12. Submission of a photocopy of a signed Certificate of Amendment of the Certificate of Incorporation of the Applicant, which is acceptable to the Department. [CSL]
13. Submission of a photocopy of the Applicant's Bylaws which are acceptable to the Department. [CSL]
14. Submission of a photocopy of a signed Certificate of Amendment of the Certificate of Incorporation of BMH, Inc., which is acceptable to the Department. [CSL]
15. Submission of a photocopy of BMH, Inc.'s Bylaws which are acceptable to the Department. [CSL]
16. Submission of a photocopy of the updated and signed Asset Purchase Agreement, which is acceptable to the Department. [CSL]
17. Submission of photocopies of all Administrative Services Agreements, Consulting Agreements, etc. which the Applicant is or will be a party to. [CSL]

Approval conditional upon:

1. The project must be completed within one year from the date of the Public Health and Health Planning Council recommendation letter. Failure to complete the project within the prescribed time shall constitute an abandonment of the application by the applicant and an expiration of the approval. [PMU]
2. The Article 28 license must operate as part of an Article 46 Continuing Care Retirement Community with a valid Certificate of Authority. [LTC]
3. Receipt of all necessary approvals from the Bankruptcy Court for the transfer of the Article 28 license from Westchester Meadows to Bethel Methodist Home. [LTC]

Council Action Date

October 6, 2016

Program Analysis

Facility Information

	Existing	Proposed
Facility Name	Westchester Meadows	The Bethel Methodist Home
Address	55 Grasslands Road Valhalla, NY 10595	Same
RHCF Capacity	20	Same
ADHC Program Capacity	35	Same
Type of Operator	Voluntary	Voluntary
Class of Operator	Not-for-profit Corporation	Not-for-profit Corporation
Operator	Hebrew Hospital Senior Housing Inc.	The Bethel Methodist Home <u>Board of Directors</u> James Holden, Jr., Chairman Robert W. Elliot, Vice-Chairman Andrew Samalin, Treasurer James J. Campbell Rev. Dr. John E. Carrington Rev. Kevan Thomas Hitch Catherine Wissner, MD

Character and Competence – Background

Facilities Reviewed

Nursing Homes

Bethel Methodist Home, Inc.	09/2006 to present
Bethel Nursing Home	09/2006 to present
Bethel Nursing and Rehabilitation Center	09/2006 to present

Hospital

NY Methodist Hospital	09/2006 to 01/2012
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Enriched Housing Program

Living Independently for the Elderly	09/2006 to present
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Individual Background Review

James Holden, Jr. is a practicing attorney at the firm of Holden Brothers, PC, since June 1975. Mr. Holden has a license in good standing, and discloses that he has served on the boards of the following nursing related corporations:

Bethel Methodist Home, Inc.	01/1985 to present
Bethel Nursing Home	01/1985 to present
Bethel Nursing and Rehabilitation Center	01/1985 to present
Living Independently for the Elderly	01/1985 to present

Robert Elliott works as a consultant. Mr. Elliott was employed by the New York Department of State from 2007 to 2009. Mr. Elliott discloses that he serves on the boards of the following nursing related corporations:

Bethel Methodist Home, Inc.	01/2000 to present
Bethel Nursing Home	01/2000 to present
Bethel Nursing and Rehabilitation Center	01/2000 to present
Living Independently for the Elderly	01/2000 to present

Catherine Wissner, MD has been working as Consulting Physician at Industrial Medicine Associates in White Plains since 2007. Dr. Wissner has a physician license in good standing. Dr. Wissner discloses that she serves on the boards of the following nursing related corporations:

Bethel Methodist Home, Inc.	01/2011 to present
Bethel Nursing Home	01/2011 to present
Bethel Nursing and Rehabilitation Center	01/2011 to present

Andrew Samalin is a principal in the investment management firm Samalin Investment Counsel, LLC, since 2007. Mr. Samalin indicates he is a Certified Financial Planner by the CFP Board of Standards and a stockbroker certified by the FINRA Series 7 and 63 licensing exams. Mr. Samalin is also certified as an enrolled agent in the IRS which permits him to represent taxpayers before the IRS. Mr. Samalin discloses that he serves on the boards of the following nursing related corporations:

Bethel Methodist Home, Inc.	01/2007 to present
Bethel Nursing Home	01/2007 to present
Bethel Nursing and Rehabilitation Center	01/2007 to present
Living Independently for the Elderly	01/2007 to present

Reverend John Carrington is a retired minister, with his most recent employment as interim pastor at Brooks Memorial United Methodist Church, and previously Commack United Methodist Church in 2008, and Grace United Methodist Church. Rev. Carrington discloses he serves on the boards of the following health related corporations:

Bethel Methodist Home, Inc.	01/2007 to present
Bethel Nursing Home	01/2007 to present
Brooklyn Methodist Home	01/2002 to 01/2012
NY Methodist Hospital	01/2002 to 01/2012

Reverend Kevan Thomas Hitch is a minister currently serving as pastor of Valhalla United Methodist Church. Rev. Thomas discloses he serves on the board of the nursing related corporation:

Bethel Methodist Home, Inc.	01/2006 to present
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Character and Competence - Analysis

No negative information has been received concerning the character and competence of the applicants.

A review of operations for the above reference facilities, for the period identified above, reveals the following:

- Bethel Methodist Nursing Home was fined \$12,000 pursuant to a Stipulation and Order NH-12-02 issued January 17, 2012 for surveillance findings on December 17, 2010. Deficiencies were found under 10 NYCRR 415.11(c)(2)(i-iii) Right to Participate Planning Care Revise CP and 10 NYCRR 415.12(h)(1)(2) Quality of Care: Accident Hazards and Supervision.
- Bethel Nursing and Rehabilitation Center was fined \$2,000 pursuant to a Stipulation and Order NH-08-02 issued January 3, 2008 for surveillance findings on August 30, 2006 and January 30, 2007. Deficiencies were found under 10 NYCRR 415.12(h)(2) Quality of Care: Accidents and 10 NYCRR 415.12(c)(1)&(2) Quality of Care: Pressure Sores.
- NY Methodist Hospital was fined \$6,000 pursuant to a Stipulation and Order 07-08H issued April 2, 2007 for surveillance findings on December 22, 2006, related to the care of a newborn infant.

The review found that any citations noted above were properly corrected with appropriate remedial action.

Quality Review

Provider Name	Overall	Health Inspection	MDS Quality Measures
Westchester Meadows	*****	****	*****
Bethel Nursing And Rehab Center	**	***	****
Bethel Nursing Home, Inc.	****	****	****

Above ratings are based on CMS Provider Rating dated 8/3/16

Project Review

Westchester Meadows CCRC is a Public Health Law Article 46 facility that contains 120 independent living units, 12 enriched housing beds and 20 skilled nursing beds. The skilled nursing license also contains a 35 slot Adult Day Health Care Program (ADHCP) that operates on the campus. This application is part of a larger Article 46 Certificate of Authority application to transfer ownership of the entire CCRC to Bethel Methodist Home. This CON is requesting Public Health and Health Planning Council approval to transfer the Article 28 license of the CCRC to the new operator. The Article 46 Certificate of Authority application will be presented to the CCRC Council for approval under separate action as required by statute.

The Article 28 facility license for this facility was originally established as part of the Certificate of Authority of the Article 46 CCRC entity, therefore it cannot be licensed or operated separately from the CCRC entity. The Article 28 beds are intended to be used to provide care for CCRC independent living residents at such time as their long term care needs require such placement. A contingency and condition has been placed on this project to assure that the transfer of operations will only occur if the Article 46 Certificate of Authority application is approved and that the Article 28 license will continue to operate under the Article 46 Certificate of Authority post transaction.

In December of 2015, Westchester Meadows CCRC was placed in Chapter 11 Bankruptcy with the intent to facilitate a sale through the Bankruptcy proceeding. This application is the result of a motion by the Bankruptcy Court to authorize Bethel Methodist Home to file all necessary applications to receive the statutory approvals required to transfer all CCRC licenses to the new operator. Bethel Methodist Home will pay a cash consideration of approximately \$16.1 million to the Court which will be used to settle current CCRC debts through the bankruptcy process. In exchange the Court will transfer the facility and real property free and clear of any debt to be operated as a CCRC, subject to statutory licensing approvals. The Court has established a deadline of October 31, 2016 for Bethel Methodist Home to obtain all approvals required, establish final financing, and close on the facility thereby effectuating operational control.

The CCRC will be operated as Bethel Methodist Home after operations have been transferred. No changes in the program or physical environment are proposed in this application.

Conclusion

No negative information has been received concerning the character and competence of the proposed board members. All health care facilities are in substantial compliance with all rules and regulations. The individual background review indicates the applicants have met the standard for approval as set forth in Public Health Law §2801-a(3).

Recommendation

From a programmatic perspective, contingent approval is recommended.

Financial Analysis

Agreement of Sale

The applicant has submitted a draft asset purchase agreement to acquire substantially all of the "Seller" or the "Debtor" business assets, effective with approval of the PHHPC and the "Final Order" from the Bankruptcy Court for the Southern District of New York, Manhattan Division (Case 15-13264-MEW). The terms are summarized below:

Date:	TBD
Seller/Debtor:	Hebrew Hospital Senior Housing, Inc., d/b/a Westchester Meadows (Bankruptcy Case No. 15-13264-MEW)
Purchaser:	The Bethel Methodist Home, Inc. or its designee
Assets Transferred:	All rights, title and interest in the debtor's business assets pursuant to Bankruptcy Code Sections 363 and 365 of Title 11 of the United States Bankruptcy Code transferred free and clear. Included assets: all inventories, owned equipment, real property, assignable permits, business intellectual property (including goodwill), documents, telephone and remote access portals, purchase deposits, insurance policies, operating licenses, amended resident contracts, purchase receivables, real property tax refunds, and fixtures.
Excluded Assets:	Cash and equivalents, escrowed entrance fees, corporate records, capital stock, former resident contracts, leases, benefit plans, third party claims, and insurance benefits,
Assumed Liabilities:	Obligations and liabilities under amended resident contracts.
Purchase Price:	\$16,114,000
Payment:	\$330,000 escrow deposit (paid July 20, 2016) \$15,784,000 due at closing.

The purchase price will be paid via the issuance of Series 2016 Revenue Bonds to be issued through the Westchester County Local Development Corporation.

Under the terms of the Bankruptcy Court Order for the Sale, the applicant is not responsible for any outstanding Medicaid Assessment liabilities.

Operating Budget

The applicant has submitted the Article 28 operation's current year results for 2014 (2015 data is not presently finalized), and the projected first and third year operating budgets, in 2016 dollars, as summarized below:

	<u>Current (2014)</u>		<u>Year One</u>		<u>Year Three</u>	
	<u>Per Diem</u>	<u>Total</u>	<u>Per Diem</u>	<u>Total</u>	<u>Per Diem</u>	<u>Total</u>
<u>Revenues</u>						
Medicaid	\$207.65	\$69,149	\$169.19	\$222,149	\$169.12	\$241,002
Medicare	\$589.09	458,312	\$450.02	771,781	\$450.11	837,648
Private Pay	\$180.91	900,569	\$449.96	1,375,082	\$449.99	1,543,464.
Other Operating		1,047		85,488		107,597
Non- Operating		0		19,743		53,265
Total Revenues		\$1,429,077		\$2,474,243		\$2,782,976

<u>Expenses</u>			
Operating	\$1,993,366	\$1,981,232	\$2,130,234
Capital	<u>6,768</u>	<u>192,268</u>	<u>154,568</u>
Total Expenses	\$2,000,134	\$2,173,500	\$2,284,802
Net Income/Loss)	<u>(\$571,057)</u>	<u>\$300,743</u>	<u>\$498,174</u>
Patient Days	6,089	6,084	6,716
Utilization %	83.41%	83.34%	92%

The following is noted with respect to the submitted RHCf operating budget:

- The current year reflects the facility's 2014 RHCf inpatient revenues and expenses. The applicant indicated that they have not obtained data from Westchester Meadow that will allow a break out of the ADHCP; accordingly, they netted the 35-slot ADHCP out of the financial model. However, they indicated that the ADHCP is a breakeven program that generates \$1.8 million of revenues per year, 98% of which is from Medicaid, with the balance being private pay.
- The increase in the per diem private pay rate is related to the following three factors:
 - Westchester Meadows does not currently admit residents directly to the RHCf from the external community. Rather, residents transfer from the CCRC's IL or EH settings. Currently all residents at Westchester Meadows are under a Lifecare (Type A) or Modified Lifecare (Type B) residency agreement, under which they pay a reduced per diem private rate of \$181 per day for life (Type A) or for a period of 60 days (Type B).
 - For an initial period of seven years, Bethel/Westchester Meadows expects to admit residents both via internal transfer from the IL and/or EH settings and directly from the outside community. Those coming from outside the CCRC will pay a \$450 daily rate, which the applicant says is reasonable for Westchester County.
 - Going forward, Bethel/Westchester Meadows intends to offer only Modified Lifecare (Type B) and Fee-For-Service (Type C) residency agreements. No Lifecare (Type A) residency agreements will be offered. Therefore, over time the residents in the RHCf will be paying the higher private per diem rate.
- Medicaid revenue is based on the facility's current 2016 Medicaid Regional Pricing rate. The current year Medicare rate is the actual daily rate experienced by the facility during 2015 and the forecasted rate is based on the applicant's experience.
- Other Operating income includes extra meals for residents and guests, parking fees, transportation services and other miscellaneous items.
- Non-operating income includes an allocation of investment income from accumulation of cash and other reserves from the entire CCRC operation. Investment income is assumed at a rate of 1% for short-term cash and 3% for longer-term investments.
- Expenses and staffing assumptions were based on the current year expenses and then adjusted for financing.
- Projected utilization for Year One and Year Three is 83.34% and 92%, respectively. Utilization for 2011-2014 has averaged around 89.17%; however, occupancy was 55% as of June 8, 2016.
- The expected increase in Medicare and Medicaid utilization is related to:
 - Direct admissions to the RHCf from the outside community, a portion of which are assumed to be Medicare and/or Medicaid residents;
 - Upon closing of the acquisition, Bethel/Westchester Meadows intends to aggressively market the entire Community, including the marketing the CCRC's EH and RHCf services. The applicant has longstanding relationships in the market with discharge planners and other referral sources and intends to leverage those relationships in an effort to increase occupancy in the EH and RHCf.
- The Private Pay days reduce over time due to the classification of residents.

- Utilization by payer source for the first and third years is anticipated as follows:

	<u>Current Year</u>	<u>Year One</u>	<u>Year Three</u>
Medicaid	5.47%	21.58%	21.22%
Medicare	12.78%	28.19%	27.71%
Private Pay	<u>81.75%</u>	<u>50.23%</u>	<u>51.07%</u>
Total	100%	100%	100%

- The breakeven utilization is project at 73.2% for the first year.

Capability and Feasibility

There are no project costs associated with this application. The acquisition price for CCRC facility, inclusive of the Article 28 assets, is \$16,114,000. No amount has been specifically identified or determined as allocated to the purchase of the Article 28 assets of the CCRC. The proposed funding for the CCRC project totals \$28,514,000 to accommodate additional funds needed for capital expenditures, reserve requirements, working capital and cost of issuance fees. Financing consists of \$26,514,000 from 2016 revenue bonds, comprised of the following:

- \$8,514,000 Series A, tax-exempt, 7% fixed rate, 30-year term and 36-months interest only;
- \$8,500,000 Series B taxable, 7.5% fixed rate, 30-year term and 36-months interest only; and
- \$9,500,000 Series C taxable, 6.5% unspecified as to fixed or variable rate, 7-year term with repayment from a sweep of days cash on hand in excess of 200 days quarterly.

The proposed project term sheet list Cross Point Capital LLC as the underwriter, with Hamlin Capital Management LLC as the bond purchaser, Hamlin Capital Advisors, LLC as a special purpose financial advisor, and Westchester County Local Development Corporation as the bond issuer. The remaining \$2,000,000 will be funded via equity from The Bethel Methodist Home.

The applicant states the funds will be used as follows: \$16,114,000 to acquire Westchester Meadows CCRC; \$6,000,000 for capital expenditures (held in a trustee account for approved purposes); \$4,000,000 for working capital (the CCRC is currently operating at a deficit); \$500,000 for a liquid reserve fund that the New York State Department of Financial Services requires; and \$1,900,000 to cover the cost of issuance.

The working capital requirement for the Article 28 RHCF operation is estimated at \$362,250 based on two months of the first year RHCF operating expenses. The Bethel Methodist Home will fund half of the working capital requirement via proceeds from its bond offering and the remaining half from equity. BFA Attachment B shows that The Bethel Methodist Home has sufficient liquid resources to meet this requirement, provided that the "Due from related parties" amount is included in the calculation. These inter-company receivables relate to administrative and management services provided by the applicant to the other Bethel entities, recorded on a cost-to-provide basis.

To prevent any adverse effects upon the other Article 28 entities currently within the Bethel Homes corporate structure, the Department is requiring that all financial and/or other support provided to the CCRC, including the CCRC's Article 28 component, must come originally and directly from the proposed owner, The Bethel Methodist Home, and not via a repayment of outstanding inter-company debt owed by the current Bethel Homes Article 28 entities to The Bethel Methodist Home.

Westchester Meadows' Article 28 operation projects the first and third years will show a surplus of \$300,743 and \$498,174, respectively. The budget appears reasonable provided that their marketing efforts, utilization expectations and payor assumptions bear out over time. The Department's request for the pro forma balance sheet for the Article 28 operation remains outstanding.

BFA Attachment C is Westchester Meadows' financial forecast, which provides cautionary projections for the applicant entering into a highly leveraged transaction, incurring deficits in 2016 and 2017, and achieving close to breakeven in 2018. If the losses are greater or persist longer than forecasted, serious financial jeopardy exists. The applicant plans to reposition the facility's place in the market by offering only Modified Lifecare Type B contracts and more moderately priced Type C fee-for-service contracts to its residents, instead of the current higher priced Lifecare Type A. Type C contracts will provide guaranteed access to the health center (enhanced living services and skilled nursing services), but will not provide residents with an explicit healthcare benefit. Specific healthcare services will be billed to the

resident as incurred. The applicant believes this will give them a competitive advantage as no other providers in Westchester County offer CCRC services within this particular cost space. Highlights of the applicant's business plan include repositioning the price point and contracts, rebranding the campus, investing in marketing, investing in the physical plant, reducing operating costs, enhancing services offered to residents and restructuring to promote long-term stability.

BFA Attachment B is The Bethel Methodist Home's 2014 - 2015 certified financial statements. For the period shown, the management company/proposed owner of the CCRC had positive working capital, positive net assets and generated an average surplus of \$71,995.

BFA Attachment D is Hebrew Hospital Senior Housing, Inc.'s 2013-2014 financial summary for their Article 28 assets (from cost reports), which shows negative working capital, negative net assets and negative operating income, with an average occupancy of 87.9%.

BFA Attachment E is the financial summary of current Bethel Homes affiliated nursing homes for the period 2013-2015, which shows the entities had negative working capital, negative net assets and average operating surplus.

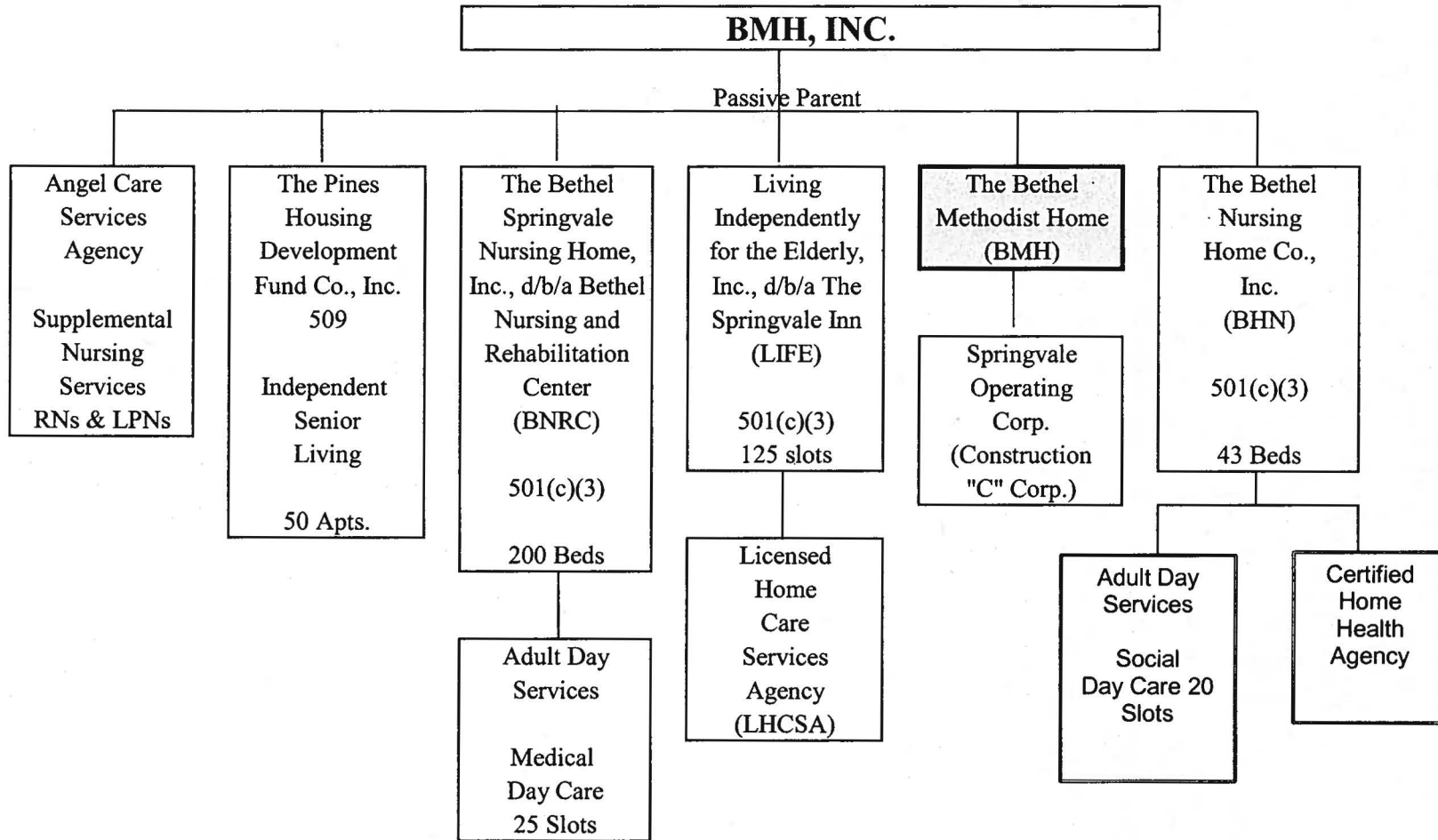
Recommendation

From a financial perspective, contingent approval is recommended.

Attachments

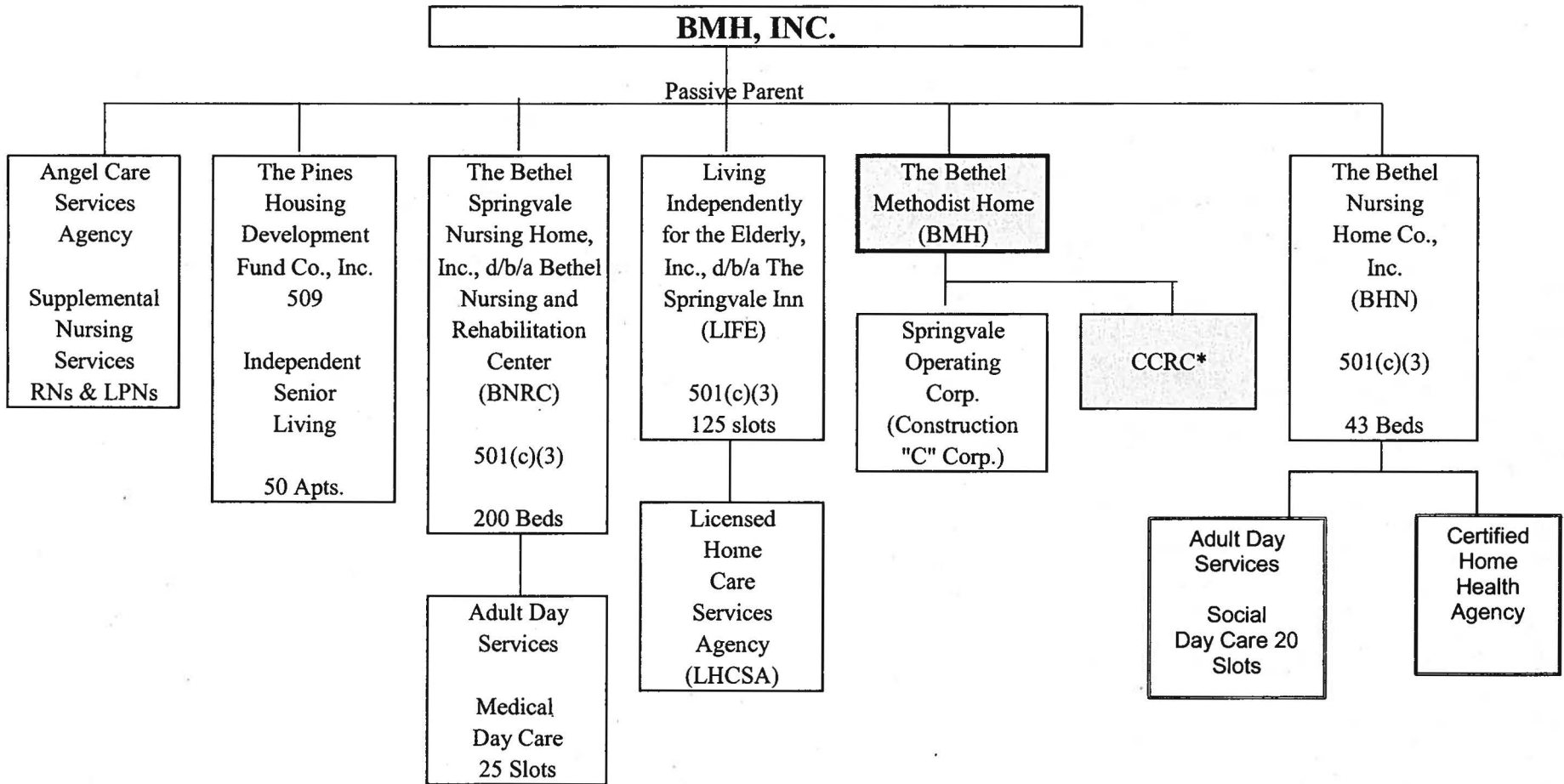
BFA Attachment A	The Bethel Homes Corporation Organization Chart – Pre and Post Closing
BFA Attachment B	Financial Summary, Bethel Methodist Home Inc., 2014 and 2015 certified financial statements
BFA Attachment C	Financial Projections – Westchester Meadows (partial 2016 and Forward)
BFA Attachment D	Hebrew Hospital Senior Housing, Inc., 2013-2014 certified financial statements
BFA Attachment E	Financial Summary, Bethel Affiliated Nursing Homes

**The Bethel Homes
Corporation Organizational Chart
Ossining, New York
Croton-on-Hudson, New York**



The Bethel Homes

Corporate Organizational Chart — *After*



* The Bethel Methodist Home will become the operator of the CCRC upon approval of PHHPC and the CCRC.

BETHEL METHODIST HOME

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 27,062	\$ 7,528
Prepaid expenses	34,486	72,411
Due from related parties	4,236,407	4,091,191
Contributions Receivable	-	16,900
TOTAL CURRENT ASSETS	<u>4,297,955</u>	<u>4,188,030</u>
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation	49,635	58,080
ASSETS LIMITED AS TO USE	<u>121,026</u>	<u>121,454</u>
TOTAL ASSETS	<u>\$ 4,468,616</u>	<u>\$ 4,367,564</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 394,399	\$ 428,721
Accrued payroll and taxes payable	301,485	187,520
Other accrued expenses	83,922	94,273
Current portion of long-term debt	<u>766</u>	<u>3,701</u>
TOTAL CURRENT LIABILITIES	<u>780,572</u>	<u>714,215</u>
Long-term debt, net of current portion	-	325
TOTAL LIABILITIES	<u>780,572</u>	<u>714,540</u>
NET ASSETS:		
Unrestricted	3,645,240	3,610,220
Permanently Restricted	80,902	80,902
Retained Earnings (Deficit)	<u>(38,098)</u>	<u>(38,098)</u>
TOTAL NET ASSETS	<u>3,688,044</u>	<u>3,653,024</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,468,616</u>	<u>\$ 4,367,564</u>

BETHEL METHODIST HOME

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
	Amount	Amount
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT:		
Corporate management fees	\$ 3,395,867	\$ 3,241,419
Fundraising income	7,819	70,973
Realized Gain on Assets Limited As To Use	5,306	5,018
Other operating revenue	29,400	25,480
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>3,438,392</u>	<u>3,342,890</u>
OPERATING EXPENSES		
Administrative services	1,243,615	1,206,453
Fiscal services	1,419,709	1,344,374
Plant, operations and maintenance	236,715	257,100
Housekeeping services	87,315	86,269
Social service and admitting	233,859	173,197
Information service centers	174,658	174,027
TOTAL OPERATING EXPENSES	<u>3,395,871</u>	<u>3,241,420</u>
EXCESS OF OPERATING REVENUES OVER OPERATING EXPENSES	42,521	101,470
NON-OPERATING REVENUES		
Net unrealized loss on Assets Limited As To Use	(7,501)	(294)
TOTAL NON-OPERATING REVENUES	<u>(7,501)</u>	<u>(294)</u>
CHANGE IN NET ASSETS	35,020	101,176
UNRESTRICTED NET ASSETS, BEGINNING OF YEAR	<u>3,610,220</u>	<u>3,509,044</u>
UNRESTRICTED NET ASSETS, END OF YEAR	<u>\$ 3,645,240</u>	<u>\$ 3,610,220</u>

Westchester Meadows

Projected Statements of Activities and Changes in Net Assets (Deficit)

For the Fiscal Years Ending December 31st
 (in thousands of dollars)

	<i>Partial Year</i>									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue, gains, and other support										
Net resident service revenues										
Independent Living - Existing Residents	\$ 1,560	\$ 4,462	\$ 3,987	\$ 3,354	\$ 2,583	\$ 1,729	\$ 822	\$ 63	\$ -	\$ -
Independent Living - New Residents	18	897	2,286	3,726	4,706	5,589	6,521	7,341	7,613	7,842
Enriched Housing	64	527	625	648	667	688	712	733	755	783
Health care	196	2,075	2,542	2,612	2,800	2,875	3,063	3,144	3,413	3,505
Amortization of deferred entrance fees	388	1,471	1,515	1,546	1,532	1,488	1,445	1,404	1,365	1,327
Investment and interest income, net	-	109	330	416	432	416	446	512	577	616
Other support	76	328	389	426	443	448	458	465	485	500
Unrestricted contributions and gifts	-	-	-	-	-	-	-	-	-	-
Total revenue, gains, and other support	2,302	9,869	11,674	12,728	13,163	13,233	13,467	13,662	14,208	14,573
Expenses										
Health Care Services	572	1,993	2,098	2,161	2,225	2,292	2,361	2,432	2,505	2,580
Dietary Services	556	1,900	2,123	2,314	2,412	2,484	2,559	2,636	2,715	2,796
Administrative Services	684	2,113	2,173	2,111	1,921	1,979	2,038	2,100	2,163	2,227
Housekeeping and Laundry Services	150	496	542	583	606	624	642	662	681	702
Insurance	64	199	205	211	217	224	230	237	244	252
Maintenance and Security Services	277	1,013	1,186	1,332	1,397	1,439	1,482	1,526	1,572	1,619
Property Taxes	258	796	820	844	869	896	922	950	979	1,008
Interest expense	778	1,856	1,826	1,479	1,158	1,142	1,125	1,106	1,086	1,065
Depreciation	22	267	467	600	634	703	774	847	922	999
Amortization	127	381	268	41	41	41	41	41	41	41
Total expenses	3,488	11,014	11,708	11,676	11,480	11,824	12,174	12,537	12,908	13,289
Change in net (deficits)	(1,186)	(1,145)	(34)	1,052	1,683	1,409	1,293	1,125	1,300	1,284
Forgiveness of debt	4,870	455	559	655	711	711	711	711	194	-
Change in net (deficits)	3,684	(690)	525	1,707	2,394	2,120	2,004	1,836	1,494	1,284
Net assets (deficits), beginning of year	-	3,684	2,994	3,519	5,226	7,620	9,740	11,744	13,580	15,074
Net assets (deficits), end of year	\$ 3,684	\$ 2,994	\$ 3,519	\$ 5,226	\$ 7,620	\$ 9,740	\$ 11,744	\$ 13,580	\$ 15,074	\$ 16,358

Westchester Meadows

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Forecasted Statements of Cash Flows

For the Fiscal Years Ending December 31st
 (in thousands of dollars)

	Partial Year										
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Cash flows from operating activities:											
Change in net (deficits)	\$ 3,684	\$ (690)	\$ 525	\$ 1,707	\$ 2,394	\$ 2,120	\$ 2,004	\$ 1,836	\$ 1,494	\$ 1,284	
Adjustments to reconcile change in net (deficits) to net cash provided by (used in) operating activities:											
Depreciation	22	267	467	600	634	703	774	847	922	999	
Amortization expense	127	381	268	41	41	41	41	41	41	41	
Forgiveness of debt	(4,870)	(455)	(559)	(655)	(711)	(711)	(711)	(711)	(194)	-	
Amortization of earned entrance fees	(388)	(1,471)	(1,515)	(1,546)	(1,532)	(1,488)	(1,445)	(1,404)	(1,365)	(1,327)	
Net change in current assets and liabilities	(52)	(279)	(101)	(60)	(32)	1	(7)	(2)	(30)	(16)	
(Decrease) increase in accrued interest	158	-	(29)	(30)	(2)	(1)	(1)	(2)	(2)	(2)	
Entrance fees received from resident turnover	-	-	6,044	7,485	4,577	4,645	4,715	4,786	4,858	4,931	
Entrance fees refunded - existing contracts	(141)	(137)	(168)	(1,977)	(4,698)	(3,571)	(2,132)	(2,132)	(581)	-	
Entrance fees refunded - new contracts	-	-	-	-	-	-	-	-	(2,347)	(3,245)	
Net cash provided by (used in) operating activities	(1,460)	(2,384)	4,932	5,565	671	1,739	3,238	3,259	2,796	2,665	
Cash flows from investing activities:											
Purchase of property and equipment	(667)	(2,000)	(2,000)	(1,333)	(675)	(696)	(716)	(738)	(760)	(783)	
(Increase) decrease in assets limited as to use	(8,432)	2,691	755	(1,046)	(2,193)	(684)	(694)	(698)	(704)	(710)	
(Increase) decrease in assets limited as to use, current	-	-	-	(1,383)	1	-	(1)	1	(1)	-	
(Increase) decrease in investments	(17,341)	(6,619)	(1,482)	3,239	2,427	(96)	(1,547)	(1,523)	(1,011)	(830)	
Net cash provided by (used in) investing activities	(26,440)	(5,928)	(2,727)	(523)	(440)	(1,476)	(2,958)	(2,958)	(2,476)	(2,323)	
Cash flows from financing activities:											
Initial entrance fees received	1,467	8,801	2,713	-	-	-	-	-	-	-	
Issuance of long term debt	26,514	-	-	-	-	-	-	-	-	-	
Deferred financing costs	(1,900)	-	-	-	-	-	-	-	-	-	
Principal payments	-	-	(4,836)	(5,009)	(223)	(239)	(256)	(275)	(294)	(316)	
(Decrease) increase in due to related party debt	2,000	-	-	-	-	-	-	-	-	-	
(Decrease) increase in resident deposits	29	-	(29)	-	-	-	-	-	-	-	
Net cash provided by (used in) financing activities	28,110	8,801	(2,152)	(5,009)	(223)	(239)	(256)	(275)	(294)	(316)	
Net increase (decrease) in cash and cash equivalents	\$ 210	\$ 489	\$ 53	\$ 33	\$ 8	\$ 24	\$ 24	\$ 26	\$ 26	\$ 26	
Beginning balance of cash and cash equivalents	-	210	699	752	785	793	817	841	867	893	
Ending balance of cash and cash equivalents	\$ 210	\$ 699	\$ 752	\$ 785	\$ 793	\$ 817	\$ 841	\$ 867	\$ 893	\$ 919	

Westchester Meadows

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Forecasted Statements of Financial Position

For the Fiscal Years Ending December 31st
 (in thousands of dollars)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Assets										
Current assets:										
Cash and cash equivalents	\$ 210	\$ 699	\$ 752	\$ 785	\$ 793	\$ 817	\$ 841	\$ 867	\$ 893	\$ 919
Assets limited as to use - Series Bonds	-	-	-	1,383	1,382	1,382	1,383	1,382	1,383	1,383
Accounts receivable	157	681	808	885	920	931	951	965	1,008	1,038
Prepaid expenses and other assets	105	350	376	393	396	408	421	433	446	460
Total current assets	472	1,730	1,936	3,446	3,491	3,538	3,596	3,647	3,730	3,800
Investments	1,227	7,846	9,328	6,089	3,662	3,758	5,305	6,828	7,839	8,669
Assets limited as to use:										
Project Fund	5,333	3,333	1,333	-	-	-	-	-	-	-
Refund Escrow	-	500	1,000	1,500	2,000	2,500	3,000	3,500	4,000	4,500
Operating Reserve Fund	500	1,272	2,653	4,532	6,225	6,409	6,603	6,801	7,005	7,215
Working Capital Fund	2,570	607	-	-	-	-	-	-	-	-
Resident deposits	29	29	-	-	-	-	-	-	-	-
Total assets limited as to use	8,432	5,741	4,986	6,032	8,225	8,909	9,603	10,301	11,005	11,715
Property and equipment	48,804	50,804	52,804	54,137	54,812	55,508	56,224	56,962	57,722	58,505
less accumulated depreciation	(16,826)	(17,093)	(17,560)	(18,160)	(18,794)	(19,497)	(20,271)	(21,118)	(22,040)	(23,039)
Net property and equipment	31,978	33,711	35,244	35,977	36,018	36,011	35,953	35,844	35,682	35,466
Other assets										
Goodwill	13,141	13,141	13,141	13,141	13,141	13,141	13,141	13,141	13,141	13,141
Deferred financing costs	1,773	1,392	1,124	1,083	1,042	1,001	960	919	878	837
Total assets	\$ 57,023	\$ 63,561	\$ 65,759	\$ 65,768	\$ 65,579	\$ 66,358	\$ 68,558	\$ 70,680	\$ 72,275	\$ 73,628
Liabilities and Net (Deficits)										
Current liabilities:										
Accounts payable	\$ 105	\$ 350	\$ 376	\$ 393	\$ 396	\$ 408	\$ 421	\$ 433	\$ 446	\$ 460
Accrued expenses	105	350	376	393	396	408	421	433	446	460
Accrued interest payable	158	158	129	99	97	96	95	93	91	89
Current maturities of long term debt	-	4,836	5,009	223	239	256	275	294	316	339
Resident deposits	29	29	-	-	-	-	-	-	-	-
Total current liabilities	397	5,723	5,890	1,108	1,128	1,168	1,212	1,253	1,299	1,348
Long-term debt, less current maturities	26,514	21,678	16,669	16,446	16,207	15,951	15,676	15,382	15,066	14,727
Due to related party	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Contingent payment amount	1,269	2,497	4,006	3,995	1,429	(10)	(10)	(10)	(10)	(10)
Deferred revenue from advance fees, net of amortization	22,059	27,569	32,575	35,893	36,095	36,409	36,836	37,375	37,746	38,105
Total liabilities	52,239	59,467	61,140	59,442	56,859	55,518	55,714	56,000	56,101	56,170
Net (deficits):										
Undesignated	3,684	2,994	3,519	5,226	7,620	9,740	11,744	13,580	15,074	16,358
Net (deficits)	3,684	2,994	3,519	5,226	7,620	9,740	11,744	13,580	15,074	16,358
Total liabilities and net assets (deficits)	\$ 55,923	\$ 62,461	\$ 64,659	\$ 64,668	\$ 64,479	\$ 65,258	\$ 67,458	\$ 69,580	\$ 71,175	\$ 72,528

Westchester Meadows

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Forecasted Schedule of Financial Ratios

For the Fiscal Years Ending December 31st
 (in thousands of dollars)

Long-Term Debt Service Coverage Ratio	2017	2018	2019	2020	2021	2022	2023	2024	2025
Change in net deficits	\$ 525	\$ 1,707	\$ 2,394	\$ 2,120	\$ 2,004	\$ 1,836	\$ 1,494	\$ 1,284	
Deduct:									
Entrance fee amortization	(1,515)	(1,546)	(1,532)	(1,488)	(1,445)	(1,404)	(1,365)	(1,327)	
Forgiveness of debt	(559)	(655)	(711)	(711)	(711)	(711)	(194)	-	
Temporary debt principal payments	(4,750)	(4,750)	-	-	-	-	-	-	
Add:									
Depreciation	467	600	634	703	774	847	922	999	
Amortization	268	41	41	41	41	41	41	41	
Interest expense	1,826	1,479	1,158	1,142	1,125	1,106	1,086	1,065	
Entrance fees received from resident turnover	6,044	7,485	4,577	4,645	4,715	4,786	4,858	4,931	
Entrance fees refunded - existing contracts	(168)	(1,977)	(4,698)	(3,571)	(2,132)	(2,132)	(581)	-	
Entrance fees refunded - new contracts	-	-	-	-	-	-	(2,347)	(3,245)	
Income Available for Debt Service	\$ 2,138	\$ 2,384	\$ 1,863	\$ 2,881	\$ 4,371	\$ 4,369	\$ 3,914	\$ 3,748	
Annual Debt Service	\$ 1,941	\$ 1,768	\$ 1,383	\$ 1,382	\$ 1,382	\$ 1,383	\$ 1,382	\$ 1,382	\$ 1,383
Annual Debt Service Coverage Ratio	n.a.	1.1x	1.35x	1.35x	2.08x	3.16x	3.16x	2.83x	2.71x
Revenues-Only Income Available for Debt Service	\$ 1,012	\$ 1,626	\$ 1,984	\$ 1,807	\$ 1,788	\$ 1,715	\$ 1,984	\$ 2,062	
Revenues-Only Debt Service Coverage Ratio	n.a.	0.52x	0.92x	1.43x	1.31x	1.29x	1.24x	1.44x	1.49x

Days Cash on Hand	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash and cash equivalents	\$ 699	\$ 752	\$ 785	\$ 793	\$ 817	\$ 841	\$ 867	\$ 893	\$ 919
Investments	7,846	9,328	6,089	3,662	3,758	5,305	6,828	7,839	8,669
Operating Reserve Fund	1,272	2,653	4,532	6,225	6,409	6,603	6,801	7,005	7,215
Working Capital Fund	607	-	-	-	-	-	-	-	-
Cash on hand	\$ 10,424	\$ 12,733	\$ 11,406	\$ 10,680	\$ 10,984	\$ 12,749	\$ 14,496	\$ 15,737	\$ 16,803
Total expenses	\$ 11,014	\$ 11,708	\$ 11,676	\$ 11,480	\$ 11,824	\$ 12,174	\$ 12,537	\$ 12,908	\$ 13,289
Less:									
Depreciation	(267)	(467)	(600)	(634)	(703)	(774)	(847)	(922)	(999)
Amortization	(381)	(268)	(41)	(41)	(41)	(41)	(41)	(41)	(41)
Total expenses less depreciation and amortization	\$ 10,366	\$ 10,973	\$ 11,035	\$ 10,805	\$ 11,080	\$ 11,359	\$ 11,649	\$ 11,945	\$ 12,249
Daily operating expenses^(a)	\$ 28	\$ 30	\$ 30	\$ 30	\$ 30	\$ 31	\$ 32	\$ 33	\$ 34
Days cash on hand	372	424	380	356	366	411	453	477	494

(a) Daily operating expenses are equal to total operating expenses less depreciation and amortization divided by 365 days.

Funds Available for Debt Service to Long-Term Indebtedness	2017	2018	2019	2020	2021	2022	2023	2024	2025
Cash and cash equivalents	\$ 699	\$ 752	\$ 785	\$ 793	\$ 817	\$ 841	\$ 867	\$ 893	\$ 919
Investments	7,846	9,328	6,089	3,662	3,758	5,305	6,828	7,839	8,669
Operating Reserve Fund	1,272	2,653	4,532	6,225	6,409	6,603	6,801	7,005	7,215
Working Capital Fund	607	-	-	-	-	-	-	-	-
Funds Available for Debt Service	\$ 10,424	\$ 12,733	\$ 11,406	\$ 10,680	\$ 10,984	\$ 12,749	\$ 14,496	\$ 15,737	\$ 16,803
Long-Term Indebtedness Outstanding	\$ 26,514	\$ 21,678	\$ 16,669	\$ 16,446	\$ 16,207	\$ 15,951	\$ 15,676	\$ 15,382	\$ 15,066
Funds available for debt service to Long-Term Indebtedness	0.39x	0.59x	0.68x	0.65x	0.68x	0.8x	0.92x	1.02x	1.12x

Financial Summary

**Hebrew Hospital Senior Housing Inc.
d/b/a Westchester Meadows
Article 28 Assets -from Cost Reports**

Not Available

FISCAL PERIOD ENDED	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
ASSETS - CURRENT		\$205,070	\$33,928
ASSETS - FIXED AND OTHER		38,863	20,061
LIABILITIES - CURRENT		12,261,242	11,632,966
LIABILITIES - LONG-TERM		<u>0</u>	<u>0</u>
EQUITY		(\$12,017,309)	(\$11,578,977)
<hr/>			
INCOME		\$1,429,077	\$1,261,138
EXPENSE		<u>2,000,134</u>	<u>2,053,966</u>
NET INCOME		(\$571,057)	(\$792,828)
<hr/>			
NUMBER OF BEDS		20	20
PERCENT OF OCCUPANCY (DAYS)		83.40%	92.20%
<hr/>			
PERCENT OCCUPANCY (DAYS):			
MEDICAID		5.50%	9.00%
MEDICARE		12.80%	7.20%
PRIVATE/OTHER		81.70%	83.80%
		100.00%	100.00%
<hr/>			
Average Working Capital		(\$11,827,605)	
Average Net Assets		(\$11,798,143)	
Average Net Income (Loss)		(\$681,943)	
Average Occupancy		87.80%	

confidential
Anastasios Markopoulos
Bethel
Jul 28, 2016 16:11
HEBREW HOSPITAL SENIOR HOUSING, INC.
(WESTCHESTER MEADOWS)
(A Not - For - Profit Corporation)
(Debtor in Possession)

STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 202,329	\$ 404,412
Accounts Receivable (Less Allowance for Doubtful Accounts of \$58,902 and \$21,436, respectively)	2,745,407	1,696,571
Prepaid Expenses and Other Assets	<u>811,381</u>	<u>659,978</u>
TOTAL CURRENT ASSETS	<u>3,759,117</u>	<u>2,760,961</u>
ASSETS WHOSE USE IS LIMITED (Note 4)	<u>268,020</u>	<u>483,835</u>
PROPERTY, PLANT, AND EQUIPMENT - NET (Note 5)	<u>31,333,230</u>	<u>32,464,993</u>
OTHER ASSETS		
Deferred Financing Cost - Net (Note 6)	511,358	534,601
Deferred Resident Agreements - Net (Note 7)	64,359	76,545
Security Deposit	23,288	62,810
Patient Fund Security Deposits	<u>6,530</u>	<u>29,307</u>
TOTAL OTHER ASSETS	<u>605,535</u>	<u>703,263</u>
TOTAL ASSETS	<u>\$ 35,965,902</u>	<u>\$ 36,413,052</u>
<u>LIABILITIES AND NET LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 1,920,208	\$ 742,807
Accrued Payroll and Other Expenses	444,258	526,004
Current Portion of Long-term Debt (Note 8)	<u>315,000</u>	<u>315,000</u>
TOTAL CURRENT LIABILITIES	<u>2,679,466</u>	<u>1,583,811</u>
LONG-TERM LIABILITIES		
Long-term Debt Less Current Portion (Note 8)	5,140,000	12,955,000
Due to Related Parties (Note 9)	31,586,472	17,788,421
Deferred Charges	479,791	524,683
Refundable and Unearned Entrance Fees	27,880,117	32,363,776
Patient Fund Security Deposit Liability	<u>29,661</u>	<u>29,648</u>
TOTAL LONG-TERM LIABILITIES	<u>65,116,041</u>	<u>63,661,528</u>
TOTAL LIABILITIES	<u>67,795,507</u>	<u>65,245,339</u>
COMMITMENTS AND CONTINGENCIES (Note 11)		
NET LIABILITIES		
Unrestricted	(32,097,625)	(29,316,122)
Temporary Restricted	-	-
Permanently Restricted	<u>268,020</u>	<u>483,835</u>
TOTAL NET LIABILITIES	<u>(31,829,605)</u>	<u>(28,832,287)</u>
TOTAL LIABILITIES AND NET LIABILITIES	<u>\$ 35,965,902</u>	<u>\$ 36,413,052</u>

confidential
Anastasios Markopoulos
Bethel

HEBREW HOSPITAL SENIOR HOUSING, INC.
(WESTCHESTER MEADOWS)
(A Not - For - Profit Corporation)
(Debtor in Possession)

STATEMENTS OF ACTIVITIES AND CHANGES IN NET LIABILITIES

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
NET LIABILITIES		
OPERATING SUPPORT REVENUES		
Monthly Maintenance Fees	\$ 7,193,136	\$ 7,309,965
Earned Entrance Fees	1,629,663	1,549,074
Other Revenues	<u>289,846</u>	<u>265,635</u>
TOTAL OPERATING SUPPORT REVENUES	<u>9,112,645</u>	<u>9,124,674</u>
OPERATING EXPENSES		
Health Care Services	1,441,163	1,444,008
Dietary Services	1,480,889	1,491,669
Administrative Services	5,194,352	3,454,955
Maintenance and Security Services	1,514,691	1,567,521
Housekeeping and Laundry Services	541,112	476,029
Interest Expense	<u>609,739</u>	<u>563,542</u>
TOTAL OPERATING EXPENSES	<u>10,781,946</u>	<u>8,997,724</u>
CHANGE IN NET LIABILITIES FROM OPERATIONS	<u>(1,669,301)</u>	<u>126,950</u>
OTHER CHANGE IN NET LIABILITIES		
Investment Income	1,542	1,551
Realized Gain on Investments	-	57
Depreciation	(1,287,997)	(1,272,316)
Amortization	<u>(35,429)</u>	<u>(35,429)</u>
TOTAL OTHER CHANGE IN NET LIABILITIES	<u>(1,321,884)</u>	<u>(1,306,137)</u>
CHANGE IN NET LIABILITIES	<u>(2,991,185)</u>	<u>(1,179,187)</u>
Less Decrease in Permanently Restricted Net Assets	<u>215,815</u>	<u>443,797</u>
(DECREASE) INCREASE IN UNRESTRICTED NET LIABILITIES	<u>(2,775,370)</u>	<u>(735,390)</u>
UNRESTRICTED NET LIABILITIES - BEGINNING OF YEAR	<u>(29,316,122)</u>	<u>(28,775,112)</u>
Intercompany Transfers	<u>(6,133)</u>	<u>194,380</u>
UNRESTRICTED NET LIABILITIES - END OF YEAR	<u>\$ (32,097,625)</u>	<u>\$ (29,316,122)</u>
PERMANENTLY RESTRICTED NET ASSETS - BEGINNING OF YEAR	<u>\$ 483,835</u>	<u>\$ 927,632</u>
Decrease in Permanently Restricted Net Assets	<u>(215,815)</u>	<u>(443,797)</u>
PERMANENTLY RESTRICTED NET ASSETS - END OF YEAR	<u>\$ 268,020</u>	<u>\$ 483,835</u>

Project # 162141
BFA Attachment E

Bethel Nursing Home Company, Inc 43-Bed (Ossining NY)

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Current Assets	\$1,170,610	\$874,613	\$1,060,000
Non-Current Assets	<u>1,195,991</u>	<u>1,054,582</u>	<u>897,000</u>
Total Assets	\$2,366,601	\$1,929,195	\$1,957,000
Current Liabilities	5,390,189	5,651,875	5,612,000
Long Term Liabilities	<u>56,381</u>	<u>118,446</u>	<u>21,000</u>
Total Liabilities	\$5,446,570	\$5,770,321	\$5,633,000
Net Assets	(\$3,079,969)	(\$3,841,126)	(\$3,676,000)
Working Capital Position	(\$4,219,579)	(\$4,777,262)	(\$4,552,000)
Operating Revenues	\$5,791,572	\$4,570,281	\$5,804,000
Operating Expenses	<u>5,030,415</u>	<u>4,735,229</u>	<u>5,525,000</u>
Operating Net Income	\$761,157	(\$164,948)	\$279,000
Non-Profit corporation			

Bethel Springvale Nursing Home Inc 200-Bed (Croton-on-Hudsc

	<u>12/31/2015</u>	<u>12/31/2014</u>	<u>12/31/2013</u>
Current Assets	\$3,657,062	\$3,654,210	\$3,423,000
Non-Current Assets	<u>14,459,710</u>	<u>14,772,795</u>	<u>15,460,000</u>
Total Assets	\$18,116,772	\$18,427,005	\$18,883,000
Current Liabilities	11,069,944	10,113,336	8,710,000
Long Term Liabilities	<u>13,527,018</u>	<u>14,455,493</u>	<u>16,619,000</u>
Total Liabilities	\$24,596,962	\$24,568,829	\$25,329,000
Net Assets	(\$6,480,190)	(\$6,141,824)	(\$6,446,000)
Working Capital Position	(\$7,412,882)	(\$6,459,126)	(\$5,287,000)
Operating Revenues	\$21,394,488	\$23,022,795	\$21,722,000
Operating Expenses	<u>21,732,854</u>	<u>22,719,074</u>	<u>22,284,000</u>
Operating Net Income	(\$338,366)	\$303,721	(\$562,000)
Non-profit corporation			

BETHEL NURSING HOME COMPANY, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2015 and 2014

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 52,836	\$ 15,810
Resident accounts receivable, net of an allowance for doubtful accounts of \$62,716 and \$62,848 in 2015 and 2014, respectively.	898,147	665,313
Due from Medicaid	186,217	161,634
Inventory	18,902	22,048
Prepaid expenses	14,508	9,808
TOTAL CURRENT ASSETS	<u>1,170,610</u>	<u>874,613</u>
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation	1,185,713	1,041,304
CASH HELD FOR RESIDENTS	10,278	13,278
TOTAL ASSETS	<u>\$ 2,366,601</u>	<u>\$ 1,929,195</u>

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES		
Line of Credit	\$ 300,000	\$ -
Accounts payable	1,146,865	1,010,754
Accrued payroll and taxes payable	213,984	125,854
Other accrued expenses	200,746	99,646
Deferred revenue - CHHA/LTHHC	5,425	60,731
Current portion payable to third party and private payors	238,157	118,585
Due to related parties	3,274,867	4,230,744
Current portion of long term debt	10,145	5,561
TOTAL CURRENT LIABILITIES	<u>5,390,189</u>	<u>5,651,875</u>
RESIDENT FUNDS PAYABLE	10,278	13,278
PAYABLE TO THIRD PARTY AND PRIVATE PAYORS - Less current portion above	-	104,685
LONG-TERM DEBT - Less current portion above	46,103	483
CONTINGENCIES	-	-
TOTAL LIABILITIES	<u>5,446,570</u>	<u>5,770,321</u>
NET DEFICIT		
Unrestricted	(3,079,969)	(3,841,126)
TOTAL NET DEFICIT	<u>(3,079,969)</u>	<u>(3,841,126)</u>
TOTAL LIABILITIES AND NET DEFICIT	<u>\$ 2,366,601</u>	<u>\$ 1,929,195</u>

BETHEL NURSING HOME COMPANY, INC.

STATEMENTS OF OPERATIONS AND CHANGES IN UNRESTRICTED NET DEFICIT
Years Ended December 31, 2015 and 2014

	2015		2014	
	Amount	Per Day	Amount	Per Day
UNRESTRICTED REVENUES, GAINS AND OTHER SUPPORT:				
Net patient service revenues	\$ 5,087,686	\$ 393.27	\$ 3,992,927	\$ 361.81
Long Term Home Healthcare	-	-	427,014	38.69
Certified Home Health Agency	695,972	53.80	-	-
Other operating revenue	7,914	0.61	150,340	13.62
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	5,791,572	447.68	4,570,281	414.12
OPERATING EXPENSES				
Administrative services	459,185	35.50	602,885	54.63
Plant, operations and maintenance	366,175	28.31	319,794	28.97
Patient food services	289,055	22.35	289,717	26.26
Housekeeping services	128,390	9.93	116,057	10.52
Laundry services	120,837	9.34	143,883	13.04
Nursing administration	317,490	24.53	362,797	32.87
Medical care services	18,427	1.42	59,524	5.40
Recreation activities	84,569	6.53	81,165	7.35
Social services and admitting	13,325	1.03	40,777	3.70
Ancillary service centers	661,762	51.16	453,624	41.10
Program service centers	1,492,023	115.33	1,262,343	114.39
Medicaid assessment	176,466	13.64	170,118	15.41
Medicaid assessment-CHHA	2,215	0.17	-	-
Medicaid assessment-LTHHC	-	-	4,766	0.43
Certified Home Health Agency	900,496	69.61	-	-
Long Term Home Healthcare	-	-	827,779	75.01
TOTAL OPERATING EXPENSES	5,030,415	388.85	4,735,229	429.08
EXCESS OF REVENUES OVER EXPENSES/ (EXPENSES OVER REVENUES)	761,157	\$ 58.83	(164,948)	\$ (14.96)
UNRESTRICTED NET DEFICIT, BEGINNING OF YEAR	(3,841,126)		(3,676,178)	
UNRESTRICTED NET DEFICIT, END OF YEAR	\$ (3,079,969)		\$ (3,841,126)	

BETHEL SPRINGVALE NURSING HOME, INC.
d/b/a
BETHEL NURSING AND REHABILITATION CENTER
STATEMENT OF FINANCIAL POSITION
December 31, 2015 and 2014

ASSETS

	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 145,604	\$ 5,362
Resident accounts receivable, net of an allowance for doubtful accounts of \$138,047 and \$122,958 in 2015 and 2014, respectively.	2,962,164	3,107,803
Inventory	29,812	29,189
Prepaid expenses	32,902	33,156
Due from Medicaid	486,580	478,700
TOTAL CURRENT ASSETS	3,657,062	3,654,210
PROPERTY, PLANT AND EQUIPMENT at cost, less accumulated depreciation	13,387,706	13,794,020
UNAMORTIZED COSTS, NET	25,084	27,174
CASH HELD FOR RESIDENTS	91,157	87,146
SECURITY DEPOSITS	116,449	116,452
MORTGAGE ESCROWS	839,314	748,003
TOTAL ASSETS	\$ 18,116,772	\$ 18,427,005

LIABILITIES AND NET DEFICIT

CURRENT LIABILITIES		
Accounts payable	\$ 4,239,484	\$ 4,735,779
Accrued payroll and taxes payable	917,456	615,717
Other accrued expenses	322,475	325,497
Due to Related Parties	2,732,518	1,520,241
Current portion of payable to third party and private payors	1,801,067	2,123,014
Current portion of long term debt	1,056,944	793,088
TOTAL CURRENT LIABILITIES	11,069,944	10,113,336
RESIDENT FUNDS PAYABLE	89,657	85,646
PAYABLE TO THIRD PARTY AND PRIVATE PAYORS - Less current portion above	1,305,978	1,370,121
LONG-TERM DEBT - Less current portion above	12,131,383	12,999,726
CONTINGENCIES	-	-
TOTAL LIABILITIES	24,596,962	24,568,829
TOTAL UNRESTRICTED NET DEFICIT	(6,480,190)	(6,141,824)
TOTAL LIABILITIES AND NET DEFICIT	\$ 18,116,772	\$ 18,427,005

BETHEL SPRINGVALE NURSING HOME, INC.
d/b/a
BETHEL NURSING AND REHABILITATION CENTER

STATEMENTS OF ACTIVITIES
Years Ended December 31, 2015 and 2014

	2015		2014	
	Amount	Per Day	Amount	Per Day
UNRESTRICTED REVENUES GAINS AND OTHER SUPPORT:				
Net Resident service revenue	\$ 20,700,303	\$ 323.84	\$ 21,934,683	\$ 332.49
Adult day care revenue	624,191	9.77	691,053	10.47
Other operating revenue	69,994	1.10	397,059	6.02
TOTAL REVENUES, GAINS AND OTHER SUPPORT	21,394,488	334.71	23,022,795	348.98
OPERATING EXPENSES				
Administrative services	3,183,382	49.80	3,171,893	48.08
Plant, operations and maintenance	2,014,554	31.52	2,484,324	37.66
Patient food services	1,596,679	24.98	1,613,978	24.46
Housekeeping services	884,358	13.84	883,841	13.39
Laundry services	450,268	7.04	440,062	6.67
Nursing administration	1,556,711	24.35	1,674,358	25.38
Medical care services	186,421	2.91	187,973	2.85
Recreation activities	306,194	4.80	306,848	4.65
Social services and admitting	284,014	4.44	276,997	4.20
Ancillary service centers	2,421,396	37.88	2,810,726	42.60
Program service centers	7,098,037	111.05	7,083,599	107.37
Adult day care	700,398	10.96	730,105	11.07
Medicaid assessment - Nursing Home	996,994	15.60	994,972	15.08
Medicaid assessment - Adult Day Care	53,448	0.84	59,398	0.90
TOTAL OPERATING EXPENSES	21,732,854	340.01	22,719,074	344.36
CHANGE IN UNRESTRICTED NET DEFICIT	\$ (338,366)	\$ (5.30)	\$ 303,721	\$ 4.62