

SILVERSTONE BY HUNT
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED APRIL 30, 2022 AND 2021



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**SILVERSTONE BY HUNT
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Silverstone by Hunt
Nashua, New Hampshire

Report on the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Silverstone by Hunt, which comprise the consolidated balance sheets as of April 30, 2022 and 2021, and the related consolidated statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Silverstone by Hunt as of April 30, 2022 and 2021, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating balance sheet and consolidating statement of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
June 22, 2022

**SILVERSTONE BY HUNT
CONSOLIDATED BALANCE SHEETS
APRIL 30, 2022 AND 2021**

ASSETS	2022	2021
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 3,015,302	\$ 4,196,081
Accounts Receivable, Net	58,477	31,843
Inventories	70,967	84,793
Prepaid Expenses and Other Current Assets	387,298	374,891
Total Current Assets	3,532,044	4,687,608
INVESTMENTS	63,567,021	64,816,621
ASSETS LIMITED AS TO USE		
With Donor Restrictions - Scholarship Fund and Other Employee Funds	472,191	500,450
With Donor Restrictions - Split Interest Agreement	2,156,171	2,268,475
With Donor Restrictions - Beneficial Interest in Trusts	517,326	586,836
Bond Project Fund - Held by Trustee	5,438,508	-
Total Assets Limited as to Use	8,584,196	3,355,761
PROPERTY, PLANT, AND EQUIPMENT		
Land	3,306,538	3,306,538
Buildings and Improvements	93,680,447	92,214,919
Furniture and Equipment	6,043,844	5,656,835
Construction in Progress	2,066,700	460,103
Total	105,097,529	101,638,395
Less: Accumulated Depreciation	(48,119,883)	(44,794,418)
Total Property, Plant, and Equipment	56,977,646	56,843,977
 Total Assets	 \$ 132,660,907	 \$ 129,703,967

See accompanying Notes to Consolidated Financial Statements.

**SILVERSTONE BY HUNT
CONSOLIDATED BALANCE SHEETS (CONTINUED)
APRIL 30, 2022 AND 2021**

	2022	2021
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current Portion of Bonds and Loan Payable	\$ 1,552,231	\$ 3,633,053
Accounts Payable	993,048	405,760
Accrued Payroll and Other Expenses	1,046,998	1,205,469
Accrued Interest	63,385	78,919
Refundable Advance - CARES Act Stimulus Funds	447,030	379,326
Total Current Liabilities	4,102,692	5,702,527
BONDS AND LOAN PAYABLE, NET	33,476,108	29,388,893
DEFERRED REVENUE FROM ENTRANCE FEES	23,138,263	22,308,261
REFUNDABLE ENTRANCE FEES	44,927,928	44,583,211
RESIDENT DEPOSITS	102,895	70,000
INTEREST RATE SWAP	277,425	-
Total Liabilities	106,025,311	102,052,892
NET ASSETS		
Without Donor Restrictions	23,489,908	24,290,720
With Donor Restrictions	3,145,688	3,360,355
Total Net Assets	26,635,596	27,651,075
Total Liabilities and Net Assets	\$ 132,660,907	\$ 129,703,967

See accompanying Notes to Consolidated Financial Statements.

SILVERSTONE BY HUNT
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
YEARS ENDED APRIL 30, 2022 AND 2021

	2022	2021
REVENUES AND OTHER SUPPORT		
Resident Services:		
Monthly Fees	\$ 18,310,916	\$ 17,095,769
Amortization of Deferred Revenue	4,041,545	3,805,269
Other Operating Revenues	227,906	177,650
Net Assets Released from Restrictions	188,593	163,569
Transfer of Income Earned on Net Assets With Donor Restrictions	21,679	21,972
Total Revenues and Other Support	22,790,639	21,264,229
EXPENSES		
Salaries and Benefits	12,276,307	11,688,887
Supplies and Other	6,295,782	5,965,216
Depreciation	3,982,928	3,988,876
Interest and Related Fees	970,028	1,003,658
Total Expenses	23,525,045	22,646,637
LOSS FROM OPERATIONS	(734,406)	(1,382,408)
NONOPERATING INCOME (LOSS)		
Investment Income, Net of Related Fees	1,176,437	1,057,105
Net Realized and Unrealized Gain (Loss) on Investments	(2,904,525)	12,792,176
Loss on Extinguishment of Debt	(198,505)	-
Change in Value of Interest Rate Swap Agreement	(277,425)	-
Forgiveness of Paycheck Protection Program Loan	2,137,612	-
Total Nonoperating Income (Loss)	(66,406)	13,849,281
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	(800,812)	12,466,873
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	155,398	161,850
Change in Value of Split Interest Agreement	(112,304)	274,794
Interest Income	343	488
Net Assets Released from Restrictions	(188,593)	(163,569)
Investment Income	21,679	21,972
Increase (Decrease) in Value of Beneficial Interest in Trust	(65,871)	126,476
Unrealized Gain (Loss) on Investments	(3,640)	80
Transfer of Income Earned to Operations	(21,679)	(21,972)
Change in Net Assets with Donor Restrictions	(214,667)	400,119
INCREASE (DECREASE) IN NET ASSETS	(1,015,479)	12,866,992
Net Assets - Beginning of Year	27,651,075	14,784,083
NET ASSETS - END OF YEAR	\$ 26,635,596	\$ 27,651,075

See accompanying Notes to Consolidated Financial Statements.

SILVERSTONE BY HUNT
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED APRIL 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (1,015,479)	\$ 12,866,992
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	3,982,928	3,988,876
Amortization of Deferred Financing Costs	20,561	20,561
Amortization of Deferred Revenue	(4,041,545)	(3,805,269)
Loss on Disposition of Property, Plant and Equipment	119,394	363,805
Change in Value of Interest Rate Swap Agreement	277,425	-
Loss on Extinguishment of Debt	198,505	-
Proceeds from Entrance Fees and Membership Fees	8,124,247	5,378,277
Entrance Fees and Membership Fees Refunded	(2,907,983)	(3,269,436)
Realized and Unrealized (Gains) Losses on Investments, Net	2,908,165	(12,792,256)
Forgiveness of Paycheck Protection Program Loan	(2,137,612)	-
(Increase) Decrease in Value of Beneficial Interest in Trust	65,871	(126,476)
(Increase) Decrease in Value of Split Interest Agreement	112,304	(274,794)
Decrease in Value of Scholarship Fund and Other Employee Funds	28,259	1,245
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(26,634)	46,813
Inventories	13,826	(525)
Prepaid Expenses and Other Current Assets	(12,407)	(31,335)
Accounts Payable and Accrued Expenses	480,987	332,011
Resident Deposits	32,895	(14,000)
Net Cash Provided by Operating Activities	6,223,707	2,684,489
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(4,235,991)	(2,551,383)
Purchases of Investments, Net	(1,670,630)	(1,101,784)
Net Cash Used by Investing Activities	(5,906,621)	(3,653,167)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for Deferred Financing Costs	(321,579)	-
Principal Payments of Debt	(1,495,441)	(1,453,628)
Proceeds from Long-Term Debt	20,000,000	-
Redemption of Bonds	(14,258,041)	-
Net Cash Provided (Used) by Financing Activities	3,924,939	(1,453,628)
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	4,242,025	(2,422,306)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	4,748,798	7,171,104
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 8,990,823	\$ 4,748,798
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	\$ 965,001	\$ 986,481
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	\$ 265,327	\$ 213,027
Accounts Payable and Accrued Expenses	\$ (265,327)	\$ (213,027)

See accompanying Notes to Consolidated Financial Statements.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements include the consolidated accounts of Silverstone by Hunt (Silverstone Living), The Huntington at Nashua (Huntington), and Hunt Community (Hunt).

Silverstone Living is the sole member or parent company of Huntington and Hunt. Silverstone Living provides general and financial management services to Huntington and Hunt.

Huntington is a nonprofit corporation that operates a life plan community consisting of 142 independent living units, 24 assisted living units, and 24 nursing facility beds.

Hunt is a nonprofit corporation that operates a life plan community, consisting of 116 independent living units, 25 assisted living units, and 40 nursing facility beds. Hunt also offers a continuing care at home program.

Silverstone Living, Huntington, and Hunt are collectively referred to as the "Organization."

Future Accounting Pronouncements

Accounting Standards Update (ASU) 2016-02

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the consolidated balance sheets and disclosing key information about leasing arrangements. ASU 2020-05 deferred the adoption of this guidance until the year ended April 30, 2023. Management will be evaluating the effect of this new standard.

Accounting Standards Update (ASU) 2020-07

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, therefore the Organization will adopt the standard effective for the year ended April 30, 2023.

Principles of Consolidation

All significant intercompany transactions have been eliminated in consolidation.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of the consolidated 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

The Organization considers all highly liquid investments (except for assets limited as to use and amounts included in its investment portfolio) with an initial maturity of three months or less to be cash equivalents.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheets that sum to the total of the same such amounts shown in the consolidated statements of cash flows at April 30:

	2022	2021
Cash and Cash Equivalents	\$ 3,015,302	\$ 4,196,081
Restricted Cash included in Assets Limited As to Use	5,975,521	552,717
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidated Statements of Cash Flows	\$ 8,990,823	\$ 4,748,798

Accounts Receivable

The Organization provides an allowance for uncollectible accounts using an analysis by management of the collectibility of accounts past due. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice. Accounts past due 30 days are individually analyzed for collectibility. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for doubtful accounts was \$647,502 and \$428,273 as of April 30, 2022 and 2021, respectively.

The opening and closing balances in accounts receivable were as follows:

	Accounts Receivable
May 1, 2020	\$ 78,656
April 30, 2021	31,843
April 30, 2022	58,477

Inventories

Inventories are stated at the lower of cost or net realizable value. Inventories consist primarily of food and other dining service supplies.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are comprised of primarily equity securities and debt securities and are measured at fair value in the consolidated balance sheets. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment income, including realized and unrealized gains and losses on investments, interest and dividends, and earnings on trustee held funds, is reported as nonoperating income (loss) and included in the excess (deficit) of revenues over expenses. The cost of substantially all securities sold is based on the specific identification method.

Assets Limited as to Use

Assets limited as to use are donor restricted funds, other employee funds, bond project fund held by trustee, beneficial interests in trusts, and split interest agreements.

Property, Plant, and Equipment

Property, plant, and equipment in excess of \$1,000 is capitalized and recorded at cost. The Organization's policy is to capitalize expenditures for major improvements and expense maintenance and repairs currently for expenditures that do not extend the lives of the related assets. The Organization capitalizes actual interest paid on projects and additions funded with borrowings. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method as follows:

<u>Asset Classification</u>	<u>Estimated Useful Life</u>
Buildings and Improvement	10 to 45 Years
Furniture and Equipment	5 to 15 Years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income. Depreciation expense for the years ended April 30, 2022 and 2021 was \$3,982,928 and \$3,988,876, respectively.

Deferred Financing Costs

Deferred financing costs represent issuance and other costs incurred in connection with securing long-term financing for the Organization. Such costs are being amortized using the straight-line method, a method which approximates the effective interest method, over the term of the related indebtedness. Amortization expense is recorded as a component of interest expense on the consolidated statements of operations and changes in net assets.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Continued)

Net Assets Without Donor Restrictions – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At April 30, 2022 and 2021, the governing board designated \$6,213,768 and \$5,863,213, respectively, for the required New Hampshire debt reserve (see Note 9).

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

Resident Services – Monthly Fees and Other Operating Revenues

Resident services – monthly fees and other operating revenues are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing resident services and care. These amounts are due from residents.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Organization believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving skilled nursing or other services within the facility or residents receiving services within or outside of the facility. The Organization measures the performance obligation from admission into the facility or commencement of services to the point when the Organization is no longer required to provide services to that resident, which is generally at the time of discharge or termination of the resident contract. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (e.g., guest meals) and the Organization does not believe it is required to provide additional goods or services related to that sale.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services – Monthly Fees and Other Operating Revenues (Continued)

The Organization determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments and discounts provided to uninsured patients in accordance with the Organization’s policy and/or implicit price concessions provided to residents. The Organization determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Organization determines its estimate of implicit price concessions based on its historical collection experience. Substantially all of the Organization’s revenue is from private pay and delivered based on the terms of the resident contract.

The composition of resident services – monthly fees and other operating revenues based on its service lines, method of reimbursement, and timing of revenue recognition are as follows for the years ended April 30:

	<u>2022</u>	<u>2021</u>
Service Lines:		
Independent Living	\$ 12,739,551	\$ 12,295,053
Nursing Facility	2,852,039	2,644,320
Assisted Living	2,947,232	2,334,046
Total	<u>\$ 18,538,822</u>	<u>\$ 17,273,419</u>
Method of Reimbursement:		
Fee for Service	\$ 18,310,928	\$ 17,095,769
Retail Sales	227,894	177,650
Total	<u>\$ 18,538,822</u>	<u>\$ 17,273,419</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 18,310,928	\$ 17,095,769
Sales at Point in Time	227,894	177,650
Total	<u>\$ 18,538,822</u>	<u>\$ 17,273,419</u>

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue, Refundable Entrance Fees, and Deposits

The Huntington at Nashua

Huntington has entered into Residency Agreements with current and future residents of the Huntington at Nashua. The majority of Residency Agreements provide that a resident will pay an entrance fee consisting of a residential component (of which, ultimately, a portion is nonrefundable), a life care component, and a monthly fee in return for the use of the apartment selected by the resident, certain ancillary services, and assisted living and/or nursing home services. Huntington also sells a Fee for Service agreement, whereby no lifecare fee is charged, but the resident pays a higher rate when residing in the assisted living or nursing facilities. Amounts received prior to occupancy are presented as deposit liabilities on the accompanying consolidated balance sheets. Upon occupancy, the balance of the entrance fee is paid, which along with amounts previously included in deposit liabilities, are recorded in deferred revenue and refundable entrance fees on the accompanying consolidated balance sheets. Huntington also entered into agreements where the entire entrance fee generally becomes nonrefundable over 50 months.

Once a resident occupies a unit, 10% of the entrance fee becomes nonrefundable and the total life care component becomes nonrefundable under a declining refund percentage over 50 months. The life care component is nonrefundable upon death. Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method and are recorded as deferred revenue on the consolidated balance sheets. Refundable amounts represent the residential component and are payable only upon receipt by the Huntington of a new entrance fee for the independent living unit last occupied by the resident. Refundable amounts are recorded as a liability on the consolidated balance sheets.

Residents who have exhausted their financial resources after admission (including any refundable portion of their entrance fee) may, after review of financial resources, per the residency agreement, become subsidized residents.

The amount of free care, based upon the cost of providing care, provided by Huntington was approximately \$30,500 and \$17,300 during the years ended April 30, 2022 and 2021, respectively, and has been reflected as a reduction of resident service revenues in the accompanying consolidated statements of operations and changes in net assets.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue, Refundable Entrance Fees, and Deposits (Continued)

Hunt Community

Hunt has entered into Resident Agreements with current residents of Hunt Community. The majority of Resident Agreements provide for payment of an entrance fee and ongoing monthly fees for the use of an apartment selected by the resident and certain related ancillary services. For these contracts, Hunt also provides assisted living and/or nursing home services, if required, although Hunt charges a higher monthly fee for these services. Hunt also sells a lifecare contract, under which the resident pays an entrance fee and a nonrefundable lifecare fee and is then entitled to move into the assisted living or nursing facilities and continue to pay the same rate being charged for their independent apartment. In addition, Hunt also sells a no entrance fee contract with a higher monthly fee. Amounts received prior to occupancy are presented as deposit liabilities on the accompanying consolidated balance sheets. Once a resident occupies a unit, the entrance fee generally becomes nonrefundable, either immediately (0% refundable contract) or under a declining refund percentage over 50 months (2% amortizing contract). Hunt has also entered into resident agreements which allow for 75% of the entrance fee to be refunded upon the resident leaving the facility and the unit being occupied by a new resident.

Hunt has entered into Membership Agreements in conjunction with providing services to its At Home by Hunt members. Home site services will be provided as determined to be appropriate by the Care Coordination Team. Each member will pay a membership fee upon the execution of the agreement and monthly service fees. The membership fee generally becomes nonrefundable.

Nonrefundable entrance fees and membership fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement similar to the output method. Refundable fees are refunded subject to reoccupancy and are recorded as a liability on the consolidated balance sheets.

Residents who have exhausted their financial resources after admission may, at the Board of Trustees' (the Board) discretion, become subsidized residents.

The amount of free care, based upon the cost of providing care, provided by Hunt was approximately \$367,000 and \$313,000 during the years ended April 30, 2022 and 2021, respectively, and has been reflected as a reduction of resident service revenues in the accompanying consolidated statements of operations and changes in net assets.

Revenue attributable to independent, assisted, and nursing units is recognized in the month services are rendered.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue, Refundable Entrance Fees, and Deposits (Continued)

The opening and closing balances in deferred revenue from entrance fees were as follows:

	Deferred Revenue from Entrance Fees
May 1, 2020	\$ 22,745,084
April 30, 2021	22,308,261
April 30, 2022	23,138,263

Obligation to Provide Future Services

An independent actuary engaged by the Organization periodically calculates the present value of the net cost of future services and the use of the facilities to be provided to current residents and compares that amount with the balance of deferred entrance fee revenue. If the present value of the net cost of future services and use of facilities exceeds the deferred entrance fee revenue, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.5% for Hunt Community and The Huntington at Nashua based on the expected long-term rate of return on investments as of April 30, 2022 and 2021.

As of April 30, 2022 and 2021, no obligation to provide future services was required to be recognized. Monthly service fees are increased annually based on the projected needs of the Organization. The fees may be raised more often if it is determined that such an increase is necessary to meet the Organization's obligations.

Interest Rate Swap Agreement

Pursuant to the accounting guidance for derivative instruments, the Organization recognizes a derivative financial instrument in the balance sheets at fair value. The interest rate swap agreement was not designated as a hedge for financial reporting purposes. As a result, the change in fair value is reported as a separate component of nonoperating income in the statements of operations and changes in net assets.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advance – Cares Act Stimulus Funds

On March 27, 2020, United States Congress appropriated funding to reimburse eligible health care providers for health care related expenses or lost revenues attributable to coronavirus. During the years ended April 30, 2022 and 2021, Hunt received \$-0- and \$166,535, respectively, and Huntington received \$67,704 and \$212,791, respectively, of payment distributions administered by the U.S. Department of Health and Human Services (HSS) agency, Health Resources and Services Administration (HRSA), under the Provider Relief Fund (PRF) program, funded through appropriations in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Retention and use of these funds are subject to certain terms and conditions under this program and payments are not required to be paid back if all terms and conditions are met. At April 30, 2022 and 2021, Hunt and Huntington have recorded the funds received as a contract liability (refundable advance) on the consolidated balance sheets. Management believes the amounts have been recognized appropriately as of April 30, 2022 and 2021. In March 2022, the Organization submitted the required reporting to HRSA and received confirmation of receipt. However, the Organization has not yet received validation that all terms and conditions have been met in order for the funds to not have to be paid back.

Performance Indicator

The Organization's performance indicator is the excess (deficit) of revenues over expenses. For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of residential living and related health care services are reported as revenues or expenses. Peripheral or incidental transactions are reported as nonoperating income (loss) and include, investment income, loss on extinguishment of debt, change in value of interest rate swap agreement, forgiveness of paycheck protection program loan, realized gains and losses, and unrealized gains and losses on the fair value of investments.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies as a public charity under Section 509(a)(2). Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

The Organization follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's consolidated financial statements. The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Organization's consolidated financial statements.

The Organization's income tax returns are subject to review and examination by federal and state authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

Financial instruments which subject the Organization to credit risk consist of cash and cash equivalents, accounts receivable, investments, and trustee-held funds. The risk with respect to cash equivalents is minimized by the Organization's policy of investing in financial instruments with short-term maturities issued by highly rated financial institutions.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 22, 2022, the date the consolidated financial statements were issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

As of April 30, 2022, the Organization has 1,309 days cash on hand.

Financial assets available for general expenditure within one year of the balance sheet date of April 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 3,015,302	\$ 4,196,081
Accounts Receivable, net	58,477	31,843
Investments	<u>63,567,021</u>	<u>64,816,621</u>
Total Financial Assets	66,640,800	69,044,545
Less Amounts Not Available to be Used Within One Year:		
Internally Designated by Board with Liquidity Horizons Greater Than One Year	<u>6,213,768</u>	<u>5,863,213</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 60,427,032</u></u>	<u><u>\$ 63,181,332</u></u>

The Organization has certain investments which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the information above. The Organization has other assets limited to use for donor-restricted purposes including a scholarship fund and other employees funds, a bond project fund held by trustee, a split interest agreement and beneficial interest in trusts. Additionally, certain other board-designated assets are designated for the New Hampshire debt reserve. These assets limited to use, which are more fully described in Note 3 and Note 9, are not available for general expenditure within the next year and are not reflected in the amounts above. However, the board-designated amounts could be made available, if necessary.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE

Investments and assets limited as to use are comprised of a variety of financial instruments. The fair values reported in the consolidated balance sheets are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying consolidated financial statements could change materially in the near term.

The aggregate cost and fair value of investments are summarized as follows:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	\$ 1,936,371	\$ 1,936,371	\$ 3,095,900	\$ 3,095,900
Marketable Equity Securities	42,670,628	37,422,514	44,753,812	31,281,906
Government Obligations	8,111,746	8,508,540	6,966,284	6,865,369
Corporate Bonds	8,981,327	9,707,557	8,505,843	8,136,604
Foreign Bonds	1,449,555	1,545,647	1,055,368	980,232
Commodity and Real Estate Fund	417,394	602,388	439,414	430,535
Total	<u>\$ 63,567,021</u>	<u>\$ 59,723,017</u>	<u>\$ 64,816,621</u>	<u>\$ 50,790,546</u>

The aggregate cost and fair value of assets and underlying assets limited as to use are summarized as follows:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	\$ 5,975,521	\$ 5,975,521	\$ 552,717	\$ 552,717
Marketable Equity Securities	1,407,891	1,220,629	1,626,391	1,187,610
Government Obligations	780,484	815,455	720,726	699,654
Corporate Bonds	347,347	376,637	450,496	442,352
Foreign Bonds	72,135	64,741	4,613	4,575
Commodity and Real Estate Fund	818	-	818	-
Total	<u>\$ 8,584,196</u>	<u>\$ 8,452,983</u>	<u>\$ 3,355,761</u>	<u>\$ 2,886,908</u>

The principal components of investment earnings include:

	2022	2021
Investment Income, Net of Related Fees	\$ 1,198,459	\$ 1,079,565
Realized Gain on Investments	6,858,719	1,513,642
Unrealized Gain (Loss) on Investments	(9,766,884)	11,278,614
Total	<u>\$ (1,709,706)</u>	<u>\$ 13,871,821</u>

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)

The Organization entered into a commitment to invest \$1.5 million into a private equity fund of which \$1,268,403 has been paid through April 30, 2021. The Organization may only redeem any or all of its investment with the written consent of the directors of the fund, at a value as determined by the directors in accordance with the fund agreement. During the year ended April 30, 2021, the investment was terminated, and no further payments of this commitment are expected. Distributions totaling approximately \$-0- and \$134,000 in 2022 and 2021, respectively, are treated as realized gain. The fair value of this investment is \$-0- for both the years ended April 30, 2022 and 2021.

The Organization is the beneficiary of a perpetual trusts held by a bank. The Organization receives distributions from the trusts of an amount based on the income earned by the trust. The Organization received \$21,679 and \$21,972 for the fiscal years ended April 30, 2022 and 2021, respectively. The change in value of the beneficial interest in trusts is recorded within changes in net assets with donor restrictions in the consolidated statements of operations and changes in net assets.

The fair market value of the trusts, which is based upon quoted market prices of the underlying securities, and approximates the present value of future benefits expected to be received, was \$517,326 and \$586,836 at April 30, 2022 and 2021, respectively.

The Organization is the beneficiary of a split interest agreement under the terms of an irrevocable trust. Under the terms of the trust agreement, the Organization will receive the corpus of the trust, including gains and losses of the assets, and the income of trust will be distributed annually to a third-party beneficiary during their lifetime. The fair value of the trust is reported in the consolidated balance sheets and is adjusted for the Organization's share of the change in the net assets with donor restrictions. The fair value of the trust at April 30, 2022 and 2021 is \$2,156,171 and \$2,268,475, respectively.

The Organization has established a scholarship fund and other employee funds for Organization employees and their dependents which is funded primarily with donor-restricted funds from residents. The fair value of this fund at April 30, 2022 and 2021 is \$472,191 and \$500,450, respectively.

In connection with the issuance of the Series 2022 Bonds, the Organization has established a project fund with the Escrow Agent. Upon receipt of a payment request form, the Escrow Agent shall distribute amounts into the project fund to be used by the Organization to pay costs of the project. The fair value of this fund at April 30, 2022 is \$5,438,508.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 4 BONDS AND LOANS PAYABLE

The components and maturities of bonds and loans payable consists of the following:

<u>Description</u>	<u>2022</u>	<u>2021</u>
NHHEFA Fixed Rate Revenue Bonds Series 2022	\$ 20,000,000	\$ -
NHHEFA Fixed Rate Revenue Bonds Series 2018	15,592,687	15,995,716
NHHEFA Fixed Rate Revenue Bonds Series 2013	-	15,275,411
Paycheck Protection Program Loans	-	2,137,612
Total	<u>35,592,687</u>	<u>33,408,739</u>
Less: Unamortized Debt Issuance Costs	(564,348)	(386,793)
Less: Current Portion of Bonds Payable	<u>(1,552,231)</u>	<u>(3,633,053)</u>
Bonds and Loans Payable, Net of Current Portion	<u>\$ 33,476,108</u>	<u>\$ 29,388,893</u>

The Huntington at Nashua

On May 1, 2013, Huntington issued the Series 2013 New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue Bonds (the Series 2013 Bonds). The Series 2013 Bonds were issued in the amount of \$23,000,000 and the proceeds were used to refinance the Series 2003A bonds and the Series 2012B bonds, along with additional proceeds to reimburse Huntington for previously purchased capital expenditures. The bonds bear interest at a rate of 2.5347%, with monthly payments beginning June 1, 2013. The Series 2013 Bonds are secured by a pledge of gross receipts, a mortgage, and the assignment of leases. The 2013 bond agreements required Huntington to meet certain financial covenants. During the year ended April 30, 2022, the proceeds of the Series 2022 Bonds were utilized to refund all of the Series 2013 Bonds.

On April 1, 2022, Huntington issued the Series 2022 New Hampshire Health and Education Facilities Authority (NHHEFA) Revenue Bonds (the Series 2022 Bonds). The Series 2022 Bonds were issued in the amount of \$20,000,000 and the proceeds were used to refinance the Series 2013 Bonds, along with additional proceeds to establish a project fund account to reimburse the Organization for capital expenditures. The bonds bear interest at a rate per annum equal to 0.815 times SOFR (secured overnight financing rate) plus 0.815 times 1.06%, with monthly payments beginning May 1, 2022. The Series 2022 Bonds are secured by a pledge of gross receipts, a mortgage, and the assignment of leases. The 2022 bond agreements required Huntington to meet certain financial covenants.

On April 21, 2022, Huntington entered into a swap agreement in connection with the issuance of the Series 2022 Bonds. The notional amount of the swap agreement is \$20,000,000. Under this agreement, Huntington pays a fixed rate of interest of 3.2230% and receives floating rate payments equal to 0.815 times SOFR plus 0.8639%. Payments under the swap agreement began on May 2, 2022 and will terminate on April 1, 2032. Huntington has included the fair market value of the swap as a liability of \$277,425 in the balance sheets as of April 30, 2022. The interest rate swap agreement was not designated as a hedge for financial reporting purposes. As a result, the change in fair value is reported as a separate component of nonoperating income (loss) in the statements of operations and changes in net assets. The change in fair value for the year ended April 30, 2022 was (\$277,425).

**SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 4 BONDS AND LOANS PAYABLE (CONTINUED)

Hunt Community

The Series 2018 bonds were issued by NHHEFA, with final payment due on September 1, 2048. The bonds bear interest at a fixed rate of 3.5% which is payable monthly. The proceeds of the Series 2018 bonds were utilized to refund all of the Series 1996 bonds, to pay the costs of improving and renovating the facilities at Hunt Community, and to pay certain expenses incurred in connection with the issuance of the Series 2018 bonds. The bond agreement requires Hunt Community to meet certain financial covenants. The bonds are secured by a pledge of gross receipts and a mortgage on substantially all property and equipment of Hunt Community.

Loans

In March 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law in response to the economic effects of the COVID-19 virus. The CARES Act includes a Paycheck Protection Program (PPP), which offers loans for qualified businesses to maintain payroll and related benefits, interest on mortgages and other debts, leases and utility payments. In April 2020, the Organization received PPP loans totaling \$2,137,612. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement.

The PPP Loans bore interest at a fixed rate of 1.0% per annum, had a term of two years, and were unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest was deferred until the date on which the amount of forgiveness was remitted to the lender or, if the Organization failed to apply for forgiveness within 10 months after the covered period, then payment of principal and interest were to begin on that date. For the year ended April 30, 2021, the Organization classified the loans as current in accordance with the terms of the law.

Management applied for loan forgiveness of all loans in July 2022. In July and August 2021, the Organization received forgiveness of the loan principal for all loans totaling \$2,137,612 from the SBA. This amount is recognized as nonoperating income on the statements of operations and changes in net assets as of April 30, 2022.

Aggregate annual principal maturities for the bonds and loans payable for each of the next five years and thereafter are as follows:

<u>Year Ending April 30.</u>	<u>Amount</u>
2023	\$ 1,552,231
2024	1,575,499
2025	1,631,165
2026	1,686,164
2027	1,743,022
Thereafter	27,404,606
Total	<u>\$ 35,592,687</u>

**SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 5 RELATED PARTY TRANSACTIONS

Both Hunt and Huntington have entered into a management agreement with Silverstone Living to provide general management and financial services to each community. Silverstone Living charged management fees to Hunt and Huntington totaling approximately \$527,000 and \$528,000 for the years ended April 30, 2022 and 2021, respectively. Intercompany management fees, income, and expense are eliminated during consolidation.

NOTE 6 PENSION PLAN

The Organization participates in a defined contribution plan (the Plan) sponsored by Silverstone Living. The Organization may make discretionary match contributions to be determined by the Plan Sponsor after the plan year ends. The Organization's contributions were approximately \$79,000 and \$81,000 for the years ended April 30, 2022 and 2021, respectively.

NOTE 7 FUNCTIONAL EXPENSES

The Organization provides housing, at home services, long-term care, meals and other related services to its residents. The functional allocation of expenses related to these services were as follows as of April 30:

	2022		
	Program Services	Support Services	Total
Wages	\$ 8,012,831	\$ 1,761,712	\$ 9,774,543
Taxes/Benefits/Employer Costs	2,482,609	547,895	3,030,504
Contract Services	1,253,573	(443,465)	810,108
Professional Fees	77,717	7,931	85,648
Advertising and Public Relations	536	222,897	223,433
Medical Supplies	56,153	-	56,153
Food	1,172,895	11,841	1,184,736
Utilities	1,071,472	67,863	1,139,335
Bond Interest Expense	913,735	56,293	970,028
Supplies/Equipment	392,418	28,573	420,991
Repairs/Maintenance	149,178	6,859	156,037
Insurance	270,482	20,822	291,304
Depreciation	3,745,567	237,361	3,982,928
Property Taxes	956,794	60,302	1,017,096
Other	377,419	4,782	382,201
Total	<u>\$ 20,933,379</u>	<u>\$ 2,591,666</u>	<u>\$ 23,525,045</u>

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 7 FUNCTIONAL EXPENSES (CONTINUED)

	2021		
	Program Services	Support Services	Total
Wages	\$ 7,455,139	\$ 1,735,137	\$ 9,190,276
Taxes/Benefits/Employer Costs	2,507,253	520,703	3,027,956
Contract Services	1,018,964	(454,150)	564,814
Professional Fees	83,984	6,355	90,339
Advertising and Public Relations	-	206,871	206,871
Medical Supplies	67,024	-	67,024
Food	1,040,788	2,545	1,043,333
Utilities	1,030,778	64,912	1,095,690
Bond Interest Expense	945,365	58,277	1,003,642
Supplies/Equipment	611,152	16,027	627,179
Repairs/Maintenance	96,744	3,711	100,455
Insurance	226,785	16,668	243,453
Depreciation	3,751,162	237,714	3,988,876
Property Taxes	954,137	60,135	1,014,272
Other	378,664	3,793	382,457
Total	\$ 20,167,939	\$ 2,478,698	\$ 22,646,637

All natural classes of expenses that are not directly related to the Organization's programs are allocated to management and supporting functions based on the estimates of time and effort involved.

NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of April 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
April 30, 2022:				
Assets:				
Investments:				
Marketable Equity Securities	\$ 42,670,628	\$ -	\$ -	\$ 42,670,628
Government Obligations	-	8,111,746	-	8,111,746
Corporate Bonds	-	8,981,327	-	8,981,327
Foreign Bonds	-	1,449,555	-	1,449,555
Commodity and Real Estate Fund	417,394	-	-	417,394
Assets Limited as to Use:				
Split Interest Agreement	-	2,113,690	-	2,113,690
Beneficial Interest in Trust	-	494,985	-	494,985
Total	<u>\$ 43,088,022</u>	<u>\$ 21,151,303</u>	<u>\$ -</u>	<u>\$ 64,239,325</u>
Liabilities:				
Interest Rate Swap	<u>\$ -</u>	<u>\$ 277,425</u>	<u>\$ -</u>	<u>\$ 277,425</u>

The following table presents the Organization's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of April 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
April 30, 2021:				
Assets:				
Investments:				
Marketable Equity Securities	\$ 44,753,812	\$ -	\$ -	\$ 44,753,812
Government Obligations	-	6,966,284	-	6,966,284
Corporate Bonds	-	8,505,843	-	8,505,843
Foreign Bonds	-	1,055,368	-	1,055,368
Commodity and Real Estate Fund	439,414	-	-	439,414
Assets Limited as to Use:				
Split Interest Agreement	-	2,222,757	-	2,222,757
Beneficial Interest in Trust	-	580,287	-	580,287
Total	<u>\$ 45,193,226</u>	<u>\$ 19,330,539</u>	<u>\$ -</u>	<u>\$ 64,523,765</u>

**SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021**

NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of investments equities are based upon quoted prices in active markets for identical assets and are reflected as Level 1. The fair value of bonds was determined based upon market information from inactive markets or based upon averages of three market sources and have been included in Level 2. The beneficial interest in trust fair value was based upon the values of the underlying securities, all of which are traded in active markets and are reflected as Level 2. The split interest agreement fair value was based upon the values of the underlying securities which approximates the net present value of the estimated future amount to be received and is reflected as Level 2. Fair values for interest rate swap agreements are determined based upon good faith estimates of mid-market transactions using valuation models, such as bid-offer spreads and credit reserves and, accordingly, are classified as Level 2 inputs.

There were no changes in the methods for determining the fair value estimates during the year ended April 30, 2022.

NOTE 9 FUNDS HELD FOR NEW HAMPSHIRE DEBT RESERVE

Huntington and Hunt have received licenses to operate as New Hampshire Life Plan Communities under the provisions of New Hampshire law RSA 420-D. Under this law, Huntington and Hunt must maintain minimum liquid reserves equal to 12 months' principal and interest payments plus that portion of two months' operating expenses as defined. These reserves are invested in U.S. Government obligations and corporate debt obligations rated A or better. The boards of trustees have designated these funds and the funds are recorded as without donor restrictions.

Reserve requirements at April 30 are as follows:

	2022	2021
Operating Expense Reserve	\$ 3,548,880	\$ 3,423,660
Interest and Principal Reserve	2,664,888	2,439,553
Funds for Reserve	\$ 6,213,768	\$ 5,863,213

NOTE 10 COMMITMENTS AND CONTINGENCIES

Insurance

The Organization insures its general and professional risks on a claims-made basis. At April 30, 2022 and 2021, there were no known claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage nor were there any unasserted claims or incidents which required loss accrual.

SILVERSTONE BY HUNT
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
APRIL 30, 2022 AND 2021

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. The management of the Organization is not aware of any instances of noncompliance with current laws and regulations.

The Huntington at Nashua Renovations Project

In late 2021, The Huntington at Nashua began an interior renovations project to update many of the common areas of the community. This project has an estimated total cost of \$4,553,000 and is expected to be completed in August of 2022.

**SILVERSTONE BY HUNT
CONSOLIDATING BALANCE SHEET
APRIL 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)**

	Silverstone by Hunt	The Huntington at Nashua	Hunt Community	Eliminations	Total
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 607,566	\$ 1,154,373	\$ 1,253,363	\$ -	\$ 3,015,302
Accounts Receivable, Net	-	29,444	29,033	-	58,477
Inventories	-	46,881	24,086	-	70,967
Due from Related Party	116,284	-	-	(116,284)	-
Prepaid Expenses and Other Current Assets	17,948	181,042	188,308	-	387,298
Total Current Assets	<u>741,798</u>	<u>1,411,740</u>	<u>1,494,790</u>	<u>(116,284)</u>	<u>3,532,044</u>
INVESTMENTS	4,881,123	24,227,957	34,457,941	-	63,567,021
ASSETS LIMITED AS TO USE					
With Donor Restrictions - Scholarship Fund and Other Employee Funds	-	372,057	100,134	-	472,191
With Donor Restrictions - Split Interest Agreement	-	-	2,156,171	-	2,156,171
With Donor Restrictions - Beneficial Interest in Trusts	-	-	517,326	-	517,326
Bond Project Fund - Held by Trustee	-	5,438,508	-	-	5,438,508
Assets Limited as to Use	<u>-</u>	<u>5,810,565</u>	<u>2,773,631</u>	<u>-</u>	<u>8,584,196</u>
PROPERTY, PLANT, AND EQUIPMENT					
Land	-	3,274,375	32,163	-	3,306,538
Buildings and Improvements	-	54,346,575	39,333,872	-	93,680,447
Furniture and Equipment	-	3,176,971	2,866,873	-	6,043,844
Construction in Progress	-	1,917,689	149,011	-	2,066,700
Total	<u>-</u>	<u>62,715,610</u>	<u>42,381,919</u>	<u>-</u>	<u>105,097,529</u>
Less: Accumulated Depreciation	<u>-</u>	<u>(24,189,521)</u>	<u>(23,930,362)</u>	<u>-</u>	<u>(48,119,883)</u>
Total Property, Plant, and Equipment	<u>-</u>	<u>38,526,089</u>	<u>18,451,557</u>	<u>-</u>	<u>56,977,646</u>
Total Assets	<u>\$ 5,622,921</u>	<u>\$ 69,976,351</u>	<u>\$ 57,177,919</u>	<u>\$ (116,284)</u>	<u>\$ 132,660,907</u>

SILVERSTONE BY HUNT
CONSOLIDATING BALANCE SHEET (CONTINUED)
APRIL 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Silverstone by Hunt	The Huntington at Nashua	Hunt Community	Eliminations	Total
LIABILITIES AND NET ASSETS (DEFICIENCY)					
CURRENT LIABILITIES					
Current Portion of Bonds and Loan Payable	\$ -	\$ 1,134,665	\$ 417,566	\$ -	\$ 1,552,231
Accounts Payable	-	773,915	335,417	(116,284)	993,048
Accrued Payroll and Other Expenses	184,805	419,261	442,932	-	1,046,998
Accrued Interest	-	17,906	45,479	-	63,385
Refundable Advance - CARES Act Stimulus Funds	-	280,495	166,535	-	447,030
Total Current Liabilities	<u>184,805</u>	<u>2,626,242</u>	<u>1,407,929</u>	<u>(116,284)</u>	<u>4,102,692</u>
BONDS AND LOANS PAYABLE, NET	-	18,543,756	14,932,352	-	33,476,108
DEFERRED REVENUE FROM ENTRANCE FEES	-	11,681,834	11,456,429	-	23,138,263
REFUNDABLE ENTRANCE FEES	-	40,444,777	4,483,151	-	44,927,928
RESIDENT DEPOSITS	-	78,000	24,895	-	102,895
INTEREST RATE SWAP	-	277,425	-	-	277,425
Total Liabilities	<u>184,805</u>	<u>73,652,034</u>	<u>32,304,756</u>	<u>(116,284)</u>	<u>106,025,311</u>
NET ASSETS (DEFICIENCY)					
Without Donor Restrictions	5,438,116	(4,047,740)	22,099,532	-	23,489,908
With Donor Restrictions	-	372,057	2,773,631	-	3,145,688
Total Net Assets (Deficiency)	<u>5,438,116</u>	<u>(3,675,683)</u>	<u>24,873,163</u>	<u>-</u>	<u>26,635,596</u>
 Total Liabilities and Net Assets (Deficiency)	 <u>\$ 5,622,921</u>	 <u>\$ 69,976,351</u>	 <u>\$ 57,177,919</u>	 <u>\$ (116,284)</u>	 <u>\$ 132,660,907</u>

SILVERSTONE BY HUNT
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED APRIL 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	Silverstone by Hunt	The Huntington at Nashua	Hunt Community	Eliminations	Total
REVENUES AND OTHER SUPPORT					
Resident Services:					
Monthly Fees	\$ -	\$ 10,057,170	8,253,746	\$ -	\$ 18,310,916
Management and Affiliation Fees	1,430,674	-	-	(1,430,674)	-
Amortization of Deferred Revenue	-	1,625,468	2,416,077	-	4,041,545
Other Operating Revenues	-	103,557	124,349	-	227,906
Net Assets Released from Restrictions	-	158,917	29,676	-	188,593
Transfer of Income Earned on Net Assets With Donor Restrictions	-	-	21,679	-	21,679
Total Revenues and Other Support	<u>1,430,674</u>	<u>11,945,112</u>	<u>10,845,527</u>	<u>(1,430,674)</u>	<u>22,790,639</u>
EXPENSES					
Salaries and Benefits	1,423,183	5,746,216	6,010,582	(903,674)	12,276,307
Supplies and Other	21,850	3,421,450	2,852,482	-	6,295,782
Management Fees to Affiliate	-	237,150	289,850	(527,000)	-
Depreciation	-	2,057,443	1,925,485	-	3,982,928
Interest and Related Fees	-	398,717	571,311	-	970,028
Total Expenses	<u>1,445,033</u>	<u>11,860,976</u>	<u>11,649,710</u>	<u>(1,430,674)</u>	<u>23,525,045</u>
INCOME (LOSS) FROM OPERATIONS	(14,359)	84,136	(804,183)	-	(734,406)
NONOPERATING INCOME (LOSS)					
Investment Income, Net of Related Fees	83,563	511,154	581,720	-	1,176,437
Net Realized and Unrealized Loss on Investments	(71,834)	(345,292)	(2,487,399)	-	(2,904,525)
Loss on Extinguishment of Debt	-	(198,505)	-	-	(198,505)
Change in Value of Interest Rate Swap Agreement	-	(277,425)	-	-	(277,425)
Forgiveness of Paycheck Protection Program Loan	190,460	894,467	1,052,685	-	2,137,612
Total Nonoperating Income (Loss)	<u>202,189</u>	<u>584,399</u>	<u>(852,994)</u>	<u>-</u>	<u>(66,406)</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENSES	187,830	668,535	(1,657,177)	-	(800,812)
NET ASSETS WITH DONOR RESTRICTIONS					
Contributions	-	136,130	19,268	-	155,398
Change in Value of Split Interest Agreement	-	-	(112,304)	-	(112,304)
Interest Income	-	243	100	-	343
Net Assets Released from Restrictions	-	(158,917)	(29,676)	-	(188,593)
Investment Income	-	-	21,679	-	21,679
Decrease in Value of Beneficial Interest in Trust	-	-	(65,871)	-	(65,871)
Unrealized Loss on Investments	-	-	(3,640)	-	(3,640)
Transfer of Income Earned to Operations	-	-	(21,679)	-	(21,679)
Change in Net Assets with Donor Restrictions	<u>-</u>	<u>(22,544)</u>	<u>(192,123)</u>	<u>-</u>	<u>(214,667)</u>
INCREASE (DECREASE) IN NET ASSETS	187,830	645,991	(1,849,300)	-	(1,015,479)
Net Assets (Deficiency) - Beginning of Year	<u>5,250,286</u>	<u>(4,321,674)</u>	<u>26,722,463</u>	<u>-</u>	<u>27,651,075</u>
NET ASSETS (DEFICIENCY) - END OF YEAR	<u>\$ 5,438,116</u>	<u>\$ (3,675,683)</u>	<u>\$ 24,873,163</u>	<u>\$ -</u>	<u>\$ 26,635,596</u>