THE HUNTINGTON AT NASHUA

FINANCIAL STATEMENTS

YEARS ENDED APRIL 30, 2022 AND 2021

THE HUNTINGTON AT NASHUA
TABLE OF CONTENTS
YEARS ENDED APRIL 30, 2022 AND 2021

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Huntington at Nashua
Nashua, New Hampshire

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Huntington at Nashua, which comprise the balance sheets as of April 30, 2022 and 2021, and the related statements of operations and changes in net deficiency, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Huntington at Nashua as of April 30, 2022 and 2021, and the results of its operations, changes in its net deficiency, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 The Huntington at Nashua 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 the 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 the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The Huntington at Nashua's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The Huntington at Nashua'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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
June 22, 2022

THE HUNTINGTON AT NASHUA
BALANCE SHEETS
APRIL 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 1,154,373	$ 1,805,207
Accounts Receivable, Net	29,444	18,798
Inventories	46,881	47,462
Prepaid Expenses and Other Current Assets	181,042	167,466
Total Current Assets	1,411,740	2,038,933
INVESTMENTS	24,227,957	23,878,084
ASSETS LIMITED AS TO USE		
Scholarship Fund and Other Employee Funds- With Donor Restrictions	372,057	390,007
Bond Project Fund - Held by Trustee	5,438,508	-
Total Assets Limited as to Use	5,810,565	390,007
PROPERTY, PLANT, AND EQUIPMENT		
Land	3,274,375	3,274,375
Buildings and Improvements	54,346,575	53,671,711
Furniture and Equipment	3,176,971	2,836,388
Construction in Progress	1,917,689	399,119
Total	62,715,610	60,181,593
Less: Accumulated Depreciation	(24,189,521)	(22,275,212)
Total Property, Plant, and Equipment	38,526,089	37,906,381
Total Assets	$ 69,976,351	$ 64,213,405

See accompanying Notes to Financial Statements.

THE HUNTINGTON AT NASHUA
BALANCE SHEETS (CONTINUED)
APRIL 30, 2022 AND 2021

	2022	2021
LIABILITIES AND NET DEFICIENCY		
CURRENT LIABILITIES		
Current Portion of Bonds and Loan Payable	$ 1,134,665	$ 1,986,879
Accounts Payable	773,915	302,635
Accrued Interest	17,906	32,265
Accrued Payroll and Other Expenses	419,261	432,885
Refundable Advance - CARES Act Stimulus Funds	280,495	212,791
Total Current Liabilities	2,626,242	2,967,455
BONDS AND LOAN PAYABLE, NET	18,543,756	14,048,312
DEFERRED REVENUE FROM ENTRANCE FEES	11,681,834	11,520,002
REFUNDABLE ENTRANCE FEES	40,444,777	39,931,310
RESIDENT DEPOSITS	78,000	68,000
INTEREST RATE SWAP	277,425	-
Total Liabilities	73,652,034	68,535,079
NET ASSETS (DEFICIENCY)		
Without Donor Restrictions	(4,047,740)	(4,716,275)
With Donor Restrictions	372,057	394,601
Total Net Deficiency	(3,675,683)	(4,321,674)
Total Liabilities and Net Deficiency	$ 69,976,351	$ 64,213,405

See accompanying Notes to Financial Statements.

THE HUNTINGTON AT NASHUA
STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIENCY
YEARS ENDED APRIL 30, 2022 AND 2021

	2022	2021
REVENUES AND OTHER SUPPORT		
Resident Services:		
Monthly Fees	$ 10,057,170	$ 9,278,100
Amortization of Deferred Revenue	1,625,468	1,549,528
Other Operating Revenues	103,557	94,615
Net Assets Released from Restrictions	158,917	122,550
Total Revenues and Other Support	11,945,112	11,044,793
EXPENSES		
Salaries and Benefits	5,746,216	5,195,151
Supplies and Other	3,421,450	3,249,088
Management Fees to Affiliate	237,150	248,160
Depreciation	2,057,443	2,004,909
Interest and Related Fees	398,717	418,548
Total Expenses	11,860,976	11,115,856
INCOME (LOSS) FROM OPERATIONS	84,136	(71,063)
NONOPERATING INCOME (LOSS)		
Investment Income, Net of Related Fees	511,154	495,523
Net Realized and Unrealized Gain (Loss) on Investments	(345,292)	3,923,291
Loss on Extinguishment of Debt	(198,505)	-
Change in Value of Interest Rate Swap Agreement	(277,425)	-
Forgiveness of Paycheck Protection Program Loan	894,467	-
Total Nonoperating Income	584,399	4,418,814
EXCESS OF REVENUES OVER EXPENSES	668,535	4,347,751
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	136,130	148,757
Interest Income, Net of Related Fees	243	367
Net Assets Released from Restrictions	(158,917)	(122,550)
Increase (Decrease) in Net Assets With Donor Restrictions	(22,544)	26,574
DECREASE IN NET DEFICIENCY	645,991	4,374,325
Net Deficiency - Beginning of Year	(4,321,674)	(8,695,999)
NET DEFICIENCY - END OF YEAR	$ (3,675,683)	$ (4,321,674)

See accompanying Notes to Financial Statements.

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Decrease in Net Deficiency	$ 645,991	$ 4,374,325
Adjustments to Reconcile Decrease in Net Deficiency to Net Cash Provided by Operating Activities:		
Depreciation	2,057,443	2,004,909
Amortization of Deferred Financing Costs	11,224	11,224
Amortization of Deferred Revenue	(1,625,468)	(1,549,528)
Loss on Disposal of Fixed Assets	31,756	8,788
Change in Value of Interest Rate Swap Agreement	277,425	-
Loss on Extinguishment of Debt	198,505	-
Proceeds from Entrance Fees	4,616,000	2,722,700
Entrance Fees Refunded	(2,315,233)	(2,982,516)
Realized and Unrealized (Gains) Losses on Investments, Net	345,292	(3,923,291)
Forgiveness of Paycheck Protection Program Loan	(894,467)	-
(Increase) Decrease in Value of Scholarship Fund and Other Employee Funds	17,950	(26,560)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(10,646)	(1,752)
Inventories	581	(1,016)
Prepaid Expenses and Other Current Assets	(13,576)	(23,398)
Accounts Payable and Accrued Expenses	511,001	226,216
Resident Deposits	10,000	(14,000)
Net Cash Provided by Operating Activities	3,863,778	826,101
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	(2,708,907)	(975,826)
Purchases of Investments, Net	(713,114)	(471,704)
Net Cash Used by Investing Activities	(3,422,021)	(1,447,530)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for Deferred Financing Costs	(321,579)	-
Principal Payments of Debt	(1,092,413)	(1,064,631)
Proceeds from Long-Term Debt	20,000,000	-
Redemption of Bonds	(14,258,041)	-
Net Cash Provided (Used) by Financing Activities	4,327,967	(1,064,631)
INCREASE (DECREASE) IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	4,769,724	(1,686,060)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,195,214	3,881,274
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	$ 6,964,938	$ 2,195,214
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid During the Year for Interest	$ 401,852	$ 409,573
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES		
Purchases of Property, Plant, and Equipment	$ 131,503	$ 115,914
Accounts Payable and Accrued Expenses	$ (131,503)	$ (115,914)

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Huntington at Nashua (the Community) was incorporated on June 8, 2000 as a nonprofit corporation. The sole member or parent corporation of the Community is Silverstone by Hunt (Silverstone Living), a nonprofit corporation. Silverstone Living is also the sole member of another nonprofit corporation, Hunt Community. Silverstone Living provides general and financial management services to its subsidiaries. These financial statements only reflect the financial information of the Community. The Community operates a life plan community known as The Huntington at Nashua in Nashua, New Hampshire, consisting of 142 independent living units, 24 assisted living units, and 24 nursing beds.

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 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 Community will adopt the standard effective for the year ended April 30, 2023.

Use of Estimates

The preparation of the 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 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 Community 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash (Continued)

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

	2022	2021
Cash and Cash Equivalents	$ 1,154,373	$ 1,805,207
Restricted Cash included in Assets Limited As to Use	5,810,565	390,007
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	$ 6,964,938	$ 2,195,214

Accounts Receivable

The Community provides an allowance for uncollectible accounts using an analysis by management of the collectability 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 collectability. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for doubtful accounts was $216,683 and $150,460 as of April 30, 2022 and 2021, respectively.

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

	Accounts Receivable
May 1, 2020	$ 17,046
April 30, 2021	18,798
April 30, 2022	29,444

Inventories

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

Investments

Investments are comprised of primarily equity securities and debt securities and are measured at fair value in the 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 represent donor-restricted assets available for scholarships for the Community's employees and their dependents, other employee funds, and the bond project fund held by trustee.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant, and Equipment

Property, plant, and equipment in excess of $1,000 is capitalized and recorded at cost. The Community'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 Community 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:

Asset Classification	Estimated Useful Life
Buildings and Improvements	10 – 40 Years
Furniture and Equipment	5 – 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 $2,057,443 and $2,004,909, respectively.

Deferred Financing Costs

Deferred financing costs represent issuance and other costs incurred in connection with securing long-term financing for the Community. 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 statements of operations and changes in net deficiency.

Net Assets (Deficiency)

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:

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 $3,424,236 and $3,120,711, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Deficiency) (Continued)

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 Community 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 Community. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Community 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 Community measures the performance obligation from admission into the facility or commencement of services to the point when the Community 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 Community does not believe it is required to provide additional goods or services related to that sale.

The Community 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 Community's policy and/or implicit price concessions provided to residents. The Community determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Community determines its estimate of implicit price concessions based on its historical collection experience. Substantially all of the Community's revenue is from private pay and delivered based on the terms of the resident contract.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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:

	2022	2021
Service Lines:		
Independent Living	$ 8,298,586	$ 7,956,089
Nursing Facility	800,533	678,562
Assisted Living	1,061,608	738,064
Total	$ 10,160,727	$ 9,372,715
Method of Reimbursement:		
Fee for Service	$ 10,057,170	$ 9,278,100
Retail Sales	103,557	94,615
Total	$ 10,160,727	$ 9,372,715
Timing of Revenue and Recognition:		
Services Transferred Over Time	$ 10,057,170	$ 9,278,100
Sales at Point in Time	103,557	94,615
Total	$ 10,160,727	$ 9,372,715

Deferred Revenue, Refundable Entrance Fees, and Deposits

The Community has entered into Residency Agreements with current and future residents. 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. The Community 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 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 balance sheets. The Community 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. 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 balance sheets. Refundable amounts represent the residential component and are payable only upon receipt by the Community of a new entrance fee for the independent living unit last occupied by the resident. Refundable amounts are recorded as a liability on the balance sheets.

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	$ 12,042,430
April 30, 2021	11,520,002
April 30, 2022	11,681,834

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 the Community 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 services revenues in the accompanying statements of operations and changes in net deficiency.

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

Obligation to Provide Future Services

An independent actuary engaged by the Community 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 the 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% 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 Community. The fees may be raised more often if it is determined that such an increase is necessary to meet the Community's obligations.

Interest Rate Swap Agreement

Pursuant to the accounting guidance for derivative instruments, the Community 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 deficiency.

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, the Community received $67,704 and $212,791 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. The Community has recorded the funds received during fiscal years 2022 and 2021 as a contract liability (refundable advance) on the balance sheets for both the years ended April 30, 2022 and 2021. Management believes the amounts have been recognized appropriately as of April 30, 2022 and 2021. In March 2022, the Community submitted the required reporting to HRSA for the 2021 funds received and received confirmation of receipt. However, the Community 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 Community'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 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 Community 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 financial statements.

The Community 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 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 Community's financial statements.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentration of Credit Risk

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

Subsequent Events

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

NOTE 2 LIQUIDITY AND AVAILABILITY

As of April 30, 2022, the Community has 963 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:

	2022	2021
Financial Assets at Year-End:		
Cash and Cash Equivalents	$ 1,154,373	$ 1,805,207
Accounts Receivable, net	29,444	18,798
Investments	24,227,957	23,878,084
Total Financial Assets	25,411,774	25,702,089
Less Amounts Not Available to be Used Within One Year:		
Internally Designated by Board with Liquidity Horizons Greater Than One Year	3,424,236	3,120,711
Financial Assets Available to Meet General Expenditures Within One Year	$ 21,987,538	$ 22,581,378

The Community 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 Community has other assets limited to use for donor-restricted purposes including a scholarship fund, other employee funds, and a bond project fund held by trustee. 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.

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 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 financial statements could change materially in the near term.

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

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	$ 6,528,248	$ 6,528,248	$ 2,072,584	$ 2,072,584
Marketable Equity Securities	15,939,608	13,824,759	16,044,486	11,299,733
Government Obligations	3,716,330	3,828,377	2,656,646	2,573,426
Corporate Bonds	3,372,947	3,653,853	3,226,520	3,159,283
Foreign Bonds	481,389	519,807	267,855	256,283
Total	$ 30,038,522	$ 28,355,044	$ 24,268,091	$ 19,361,309

	2022	2021
Investments	$ 24,227,957	$ 23,878,084
Assets Limited as to Use	5,810,565	390,007
Total	$ 30,038,522	$ 24,268,091

The principal components of investment earnings include:

	2022	2021
Investment Income, Net of Related Fees	$ 511,397	$ 495,890
Realized Gain (Loss) on Investments	2,877,711	(125,575)
Unrealized Gain (Loss) on Investments	(3,223,003)	4,048,866
Total	$ 166,105	$ 4,419,181

Investments and assets limited as to use include net asset amounts which are classified as without and with donor restrictions as follows:

	2022	2021
Investments without Donor Restrictions	$ 24,227,957	$ 23,878,084
Investments with Donor Restrictions	5,810,565	390,007
Total	$ 30,038,522	$ 24,268,091

Investments with donor restrictions consist of a scholarship fund and other employee funds for Community employees and their dependents, which is funded primarily with donor-restricted funds from residents, and a bond project fund which was funded from the proceeds of the Series 2022 Bonds to be used for certain project costs as described in the loan agreement.

NOTE 4 BONDS AND LOAN PAYABLE

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

Description	2022	2021
NHHEFA Fixed Rate Revenue Bonds Series 2022	$ 20,000,000	$ -
NHHEFA Fixed Rate Revenue Bonds Series 2013	-	15,275,411
Paycheck Protection Program Loan	-	894,467
Less: Unamortized Debt Issuance Costs	(321,579)	(134,687)
Less: Current Portion of Bonds Payable	(1,134,665)	(1,986,879)
Bonds and Loan Payable, Net of Current Portion	$ 18,543,756	$ 14,048,312

On May 1, 2013, the Community 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 the Community 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 the community 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, the Community 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 Community 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 the community to meet certain financial covenants.

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 Community received a PPP loan in the amount of $894,467. 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.

NOTE 4 BONDS AND LOAN PAYABLE (CONTINUED)

The PPP Loan bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was 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 Community 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 Community classified the loan as current in accordance with the terms of the law.

Management applied for loan forgiveness on July 16, 2021. On August 10, 2021, the Community received forgiveness of the loan principal of $894,467 from the SBA. This amount is recognized as nonoperating income on the statements of operations and changes in net deficiency as of April 30, 2022.

On April 21, 2022, the Community 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, the Community 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. The Community 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 deficiency. The change in fair value for the year ended April 30, 2022 was ($277,425).

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

Year Ending April 30,	Amount
2023	$ 1,134,665
2024	1,144,317
2025	1,182,985
2026	1,221,819
2027	1,261,928
Thereafter	14,054,286
Total	$ 20,000,000

NOTE 5 RELATED PARTY TRANSACTIONS

The Community has entered into a management agreement with Silverstone Living to provide general management and financial services to the Community. The Community was charged management fees totaling approximately $237,000 and $248,000 for the years ended April 30, 2022 and 2021, respectively.

NOTE 6 PENSION PLAN

The Community participates in a defined contribution plan (the Plan) sponsored by its parent company, Silverstone Living. The Community may make discretionary match contributions to be determined by the Plan Sponsor after the plan year ends. The Community's contribution was approximately $19,000 and $23,000 for the years ended April 30, 2022 and 2021, respectively.

NOTE 7 FUNCTIONAL EXPENSES

The Community provides housing, 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	$ 3,914,143	$ 764,971	$ 4,679,114
Taxes/Benefits/Employer Costs	1,208,381	95,870	1,304,251
Contract Services	592,411	39,678	632,089
Professional Fees	32,826	-	32,826
Advertising and Public Relations	260	45,570	45,830
Medical Supplies	27,075	-	27,075
Food	641,644	4,303	645,947
Utilities	578,444	36,457	614,901
Bond Interest Expense	375,743	22,974	398,717
Supplies/Equipment	180,176	11,434	191,610
Repairs/Maintenance	88,388	4,071	92,459
Insurance	146,920	9,260	156,180
Depreciation	1,934,795	122,648	2,057,443
Property Taxes	721,218	45,455	766,673
Other	214,359	1,502	215,861
Total	$ 10,656,783	$ 1,204,193	$ 11,860,976

NOTE 7 FUNCTIONAL EXPENSES (CONTINUED)

	2021		
	Program Services	Support Services	Total
Wages	$ 3,460,862	$ 703,751	$ 4,164,613
Taxes/Benefits/Employer Costs	1,184,269	94,428	1,278,697
Contract Services	512,007	29,995	542,002
Professional Fees	38,661	-	38,661
Advertising and Public Relations	-	65,469	65,469
Medical Supplies	26,822	-	26,822
Food	556,867	2,079	558,946
Utilities	561,932	35,416	597,348
Bond Interest Expense	394,392	24,150	418,542
Supplies/Equipment	307,660	10,791	318,451
Repairs/Maintenance	48,763	2,222	50,985
Insurance	122,371	7,712	130,083
Depreciation	1,885,375	119,534	2,004,909
Property Taxes	711,586	44,848	756,434
Other	163,189	705	163,894
Total	$ 9,974,756	$ 1,141,100	$ 11,115,856

All natural classes of expenses that are not directly related to the Community'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 Community 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 Community 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.

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 Community's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of April 30, 2022:

	Level 1	Level 2	Level 3	Total
April 30, 2022:				
Assets:				
Investments and Assets Limited as to Use:				
Marketable Equity Securities	$ 15,939,608	$ -	$ -	$ 15,939,608
Government Obligations	-	3,716,330	-	3,716,330
Corporate Bonds	-	3,372,947	-	3,372,947
Foreign Bonds	-	481,389	-	481,389
Total	$ 15,939,608	$ 7,570,666	$ -	$ 23,510,274
Liabilities:				
Interest Rate Swap	$ -	$ 277,425	$ -	$ 277,425

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

	Level 1	Level 2	Level 3	Total
April 30, 2021:				
Assets:				
Investments and Assets Limited as to Use:				
Marketable Equity Securities	$ 16,044,486	$ -	$ -	$ 16,044,486
Government Obligations	-	2,656,646	-	2,656,646
Corporate Bonds	-	3,226,520	-	3,226,520
Foreign Bonds	-	267,855	-	267,855
Total	$ 16,044,486	$ 6,151,021	$ -	$ 22,195,507

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

NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Investments are recorded at fair value on a recurring basis. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for the security's credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

Securities valued using Level 1 inputs include those traded on an active exchange, such as the New York Stock Exchange. U.S. Government and Corporate Obligations and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets are valued using Level 2 inputs. 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.

NOTE 9 FUNDS HELD FOR NEW HAMPSHIRE DEBT RESERVE

The Community has received a license to operate as a New Hampshire Life Plan Community, under the provisions of New Hampshire law RSA 420-D. Under this law, the Community must maintain a minimum liquid reserve 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 board 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	$ 1,724,880	$ 1,646,700
Interest and Principal Reserve	1,699,356	1,474,011
Board Designated Funds for Reserve	$ 3,424,236	$ 3,120,711

NOTE 10 COMMITMENTS AND CONTINGENCIES

Insurance

The Community 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.

Compliance

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

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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.