

Rannie Webster Foundation

Financial Statements and Supplementary
Information

Years Ended August 31, 2021 and 2020



Skilled Rehabilitation, Nursing Care and Assisted Living Community

A large, 3D geometric graphic composed of several blue and white faceted planes, resembling a stylized pyramid or a modern architectural structure, is positioned on the left side of the page. It has a subtle shadow cast on the surface below it.

WIPFLI

Independent Auditor's Report

To the Board of Trustees
Rannie Webster Foundation
Rye, New Hampshire

Report on the Financial Statements

We have audited the accompanying financial statements of Rannie Webster Foundation (a nonprofit organization), which comprise the statements of financial position as of August 31, 2021 and 2020, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rannie Webster Foundation as of August 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Report on Supplementary Information

Our audit was conducted for the purposes of forming an opinion on the financial statements as a whole. The accompanying supplemental information shown on pages 27 to 41 is presented for purposes of additional analysis as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. The above described supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the above described supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2021, on our consideration of Rannie Webster Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Rannie Webster Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Rannie Webster Foundation's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Bedford, New Hampshire

November 23, 2021

Rannie Webster Foundation

Statements of Financial Position

<i>As of August 31,</i>	2021	2020
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,704,754	\$ 1,068,744
Resident cash held in trust	266,679	18,947
Accounts receivable, net of allowance for uncollectible accounts of \$70,777 in 2021 and \$79,178 in 2020	398,848	569,262
Prepaid expenses	186,218	188,283
Total current assets	2,556,499	1,845,236
Cash limited as to use	1,815,160	4,098,459
Investments	4,008,755	2,853,776
Fixed assets:		
Land and improvements	675,643	657,893
Buildings and improvements	20,612,974	19,953,868
Furnishings and equipment	3,666,109	3,516,292
Construction in progress	230,492	442,584
	25,185,218	24,570,637
Less: accumulated depreciation	10,073,824	9,285,536
Fixed assets, net	15,111,394	15,285,101
Other assets	37,500	37,500
Total assets	\$ 23,529,308	\$ 24,120,072

Rannie Webster Foundation

Statements of Financial Position

<i>As of August 31,</i>	2021	2020
Liabilities		
Current liabilities:		
Current portion of note payable	\$ 268,010	\$ 258,032
Accounts payable and accrued expenses	314,211	203,358
Accrued payroll and related expenses	581,908	598,677
Nursing facility assessment tax payable	73,923	75,797
Contract liabilities	400,469	438,039
Refundable advance liabilities	150,314	1,837,616
Resident funds and deposits	495,158	261,394
Total current liabilities	2,283,993	3,672,913
Long-term liabilities:		
Note payable, net of current portion:		
Principal amount	15,991,643	16,259,653
Less: unamortized loan origination fees	468,903	483,710
Note payable, less unamortized loan origination fees	15,522,740	15,775,943
Total liabilities	17,806,733	19,448,856
Net assets:		
Without donor restrictions:		
Undesignated	1,384,674	959,063
Board designated	1,333,182	1,038,313
With donor restrictions	2,717,856	1,997,376
Total net assets	5,722,575	4,671,216
Total	\$ 23,529,308	\$ 24,120,072

See accompanying notes to financial statements.

Rannie Webster Foundation

Statements of Activities

<i>Years Ended August 31,</i>	2021	2020
Net assets without donor restrictions:		
Revenue and support:		
Net resident service revenue:		
Extended care	\$ 6,091,191	\$ 6,241,653
Retirement and assisted living community	3,676,522	3,759,835
Memory care	2,279,193	2,427,258
Total net resident service revenue	12,046,906	12,428,746
Other revenue	210,873	159,910
Grant revenue	772,758	814,139
Net assets released from restrictions	195,794	32,405
Other reclassifications	8,338	-
Total revenue and support	13,234,669	13,435,200
Operating expenses:		
Program services - Patient Care:		
Salaries and benefits	7,531,596	7,696,923
Purchased services	1,327,239	1,163,406
Food and supplies	1,196,393	1,106,294
Depreciation	896,030	872,487
Interest expense	637,657	709,701
Nursing facility quality assessment tax	418,708	383,087
Occupancy costs	343,292	323,776
Other	58,988	57,288
Total program services	12,409,903	12,312,962
Supporting services - Administrative and General:		
Salaries and benefits	777,969	912,137
Professional fees	242,135	232,595
Advertising	127,300	125,398
Mortgage insurance premiums	106,372	107,397
Occupancy costs	117,492	96,789
Non-property insurance	101,309	85,411
Travel, conferences and meetings	41,892	41,785
Other	76,780	70,261
Total supporting services	1,591,249	1,671,773
Total operating expenses	14,001,152	13,984,735

Rannie Webster Foundation

Statements of Activities (Continued)

<i>Years Ended August 31,</i>	2021	2020
Non-operating revenue (expense), net:		
Loan forgiveness Paycheck Protection Program	1,462,597	-
Investment income, net of fees	782	12,474
Realized gains on sale of investments	(385)	-
Change in net unrealized gains and losses on investments	23,969	-
Loss on disposal of fixed assets	-	(1,204)
Total non-operating revenue, net	1,486,963	11,270
Change in net assets without donor restrictions	720,480	(538,265)
Net assets with donor restrictions:		
Contributions	-	10,500
Net assets released from restrictions	(195,794)	(32,405)
Other reclassifications	(8,338)	-
Net assets released from restrictions for Investment income, net of fees	26,254	30,245
Realized gains on sale of investments	124,104	21,061
Change in net unrealized gains and losses on investments	384,653	299,044
Change in net assets with donor restrictions	330,879	328,445
Change in net assets	1,051,359	(209,820)
Net assets - beginning of year	4,671,216	4,881,036
Net assets - end of year	\$ 5,722,575	\$ 4,671,216

See accompanying notes to financial statements.

Rannie Webster Foundation

Statements of Cash Flows

<i>Years Ended August 31,</i>	2021	2020
Cash Flows from Operating Activities:		
Cash received from residents	\$ 8,641,334	\$ 9,541,926
Cash received from government agencies	3,546,708	3,123,782
Cash received from interest	51,875	68,617
Cash received from contributions	45,096	21,081
Cash received from other sources	164,563	143,099
Cash paid for investment fees	(23,520)	(19,668)
Cash received from grants and refundable advance liabilities	548,053	2,651,755
Cash paid to suppliers	(5,590,965)	(5,538,199)
Cash paid to employees	(6,790,623)	(6,767,449)
Cash paid for debt interest	(622,849)	(702,293)
Cash received from (paid to) residents	252,711	(18,538)
Net cash provided by (used for) operating activities	222,383	2,504,113
Cash Flows from Investing Activities:		
Purchase of fixed assets	(722,323)	(832,734)
Increase (decrease) in money market investments, net	(31,019)	(126,504)
Proceeds from sales and redemptions of investments	872,800	4,111,131
Purchase of investments	(1,464,419)	(2,896,017)
Net cash provided by (used for) investing activities	(1,344,961)	255,876
Cash Flows from Financing Activities:		
Principal payments on note payable	(258,032)	(228,083)
Net cash used for financing activities	(258,032)	(228,083)
Net change in cash, cash equivalents, and restricted cash	(1,380,610)	2,531,906
Cash, cash equivalents, and restricted cash at beginning of year	5,167,203	2,635,297
Cash, cash equivalents, and restricted cash at end of year	\$ 3,786,593	\$ 5,167,203

Rannie Webster Foundation

Statements of Cash Flows (Continued)

<i>Years Ended August 31,</i>	2021	2020
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Change in net assets	\$ 1,051,359	\$ (209,820)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	896,030	872,487
Imputed interest on loan origination fees	14,807	14,808
Bad debt expense	36,000	45,956
Loss on disposal of fixed assets	-	1,204
Net unrealized and realized gains on investments	(532,341)	(320,105)
Decrease (increase) in:		
Accounts receivable	134,414	(128,765)
Note receivable	-	252,453
Prepaid expenses	2,065	18,737
Increase (decrease) in:		
Accounts payable and accrued expenses	92,210	89,590
Other liabilities	215,141	29,952
Refundable advance liabilities	(1,687,302)	1,837,616
Net cash provided by (used for) operating activities	\$ 222,383	\$ 2,504,113

See accompanying notes to financial statements.

Rannie Webster Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Organization

Rannie Webster Foundation (the Foundation) operates an assisted living, memory care and nursing care facility in Rye, New Hampshire. The Foundation is a subsidiary of Rannie Webster Holding Corporation. Effective May 2018, the Foundation accepted Housing and Urban Development (HUD) insured financing and became a HUD project.

Financial Statement Presentation

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States (GAAP). Under this guidance, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

The Foundation considers certificates of deposit and other highly liquid debt instruments with a maturity of three months or less from the date of purchase to be cash equivalents, unless those instruments are used to temporarily invest endowment funds until appropriate investments are identified.

Cash, cash equivalents and restricted cash consists of the following:

<i>August 31,</i>	2021	2020
Cash and cash equivalents	\$ 1,704,754	\$ 1,068,744
Resident cash held in trust	266,679	-
Cash limited as to use:		
Board designated funds	520,600	1,038,313
Cash received under refundable advances	150,314	1,837,616
HUD replacement reserve	396,892	537,422
HUD residual receipts	617,635	617,052
HUD insurance and tax escrows	129,719	68,056
Total cash, cash equivalents and restricted cash shown on the statements of cash flows	\$ 3,786,593	\$ 5,167,203

Rannie Webster Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are reported at the amount that reflects the consideration to which the Foundation expects to be entitled in exchange for providing room and board accommodations and resident care services. Accounts receivable are recorded at their estimated net collectible amounts from third party payors, residents and others. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments and discounts and is recorded through a reduction of gross revenue and a credit to accounts receivable. Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to resident service revenue in the period of change.

Accounts receivable are primarily due from the State of New Hampshire and the Federal government. These third-party payors have time limits for billings. If the Foundation does not bill within the required time frame, the balance is deemed uncollectible and is charged to operations as bad debt expense.

Management reviews the outstanding accounts receivable and establishes an allowance for uncollectible accounts based on an analysis of the outstanding delinquent accounts and the specific circumstances of the residents. Delinquency status is determined based on contractual terms. The allowance for uncollectible accounts was \$70,777 and \$79,178 at August 31, 2021 and 2020. The Foundation does not require collateral for the extension of credit. The Foundation does not have a policy to charge interest on past due accounts.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. The measurement of fair value is made using the fair value hierarchy established under current accounting standards.

For purposes of determining realized gains and losses, the cost of securities sold is based on the specific identification method.

Rannie Webster Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Fixed Assets and Other Assets

It is the Foundation's policy to capitalize fixed assets over \$500. Lesser amounts are charged to operations. Fixed assets are capitalized at cost, if purchased, or at their estimated fair value at the time of the donation, if donated.

The Foundation provides for depreciation on the straight-line method by charges to expense in amounts estimated to recover the cost or donated value of the assets over the periods of their estimated useful lives.

Depreciation expense was \$896,030 and \$872,487 for the years ended August 31, 2021 and 2020, respectively.

The Foundation owns fifteen bed licenses which were purchased from another organization and are not currently used in operations. The licenses are reported at cost in the statements of financial position as other assets. As long as the Foundation pays an annual fee related to the licenses, it is anticipated they will have an indefinite life, thus no amortization is recognized.

Gifts of long-lived assets such as land, buildings or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts with explicit restrictions as to the use of the assets, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as donor restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Risk and Uncertainties

The Foundation invests in various investment securities which are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the investment balances.

The Foundation has a commercial insurance policy that provides comprehensive general and professional liability coverage on the basis of claims made. As of August 31, 2021, there were no known malpractice 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 for which a loss accrual has not been made. The Foundation intends to continue this coverage with a commercial carrier and anticipates that such coverage will remain available.

The Foundation maintains several cash accounts at various financial institutions, and balances in these accounts, at times, exceed the insurance provided by the Federal Deposit Insurance Corporation (FDIC). The amount on deposit in excess of the FDIC limit was approximately \$3,281,000 as of August 31, 2021.

Rannie Webster Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Risk and Uncertainties (Continued)

In March 2020, the World Health Organization declared the outbreak of the novel coronavirus (COVID-19) as a pandemic. The impacts include, but are not limited to, additional costs for responding to COVID-19, shortages of healthcare personnel, reduction in census, and reduction in revenue. The impact from COVID-19 will continue to negatively affect the Foundation, however, the full impact is unknown and cannot be reasonably estimated at this time.

Government grants are subject to audit and acceptance by the appropriate government agency. Management believes the grant funds have been used appropriately within the terms of the agreements. Any adjustments are recorded in the period in which the Foundation is notified by the granting agency.

Accrued Compensated Absences

The Foundation has a policy whereby employees earn days of compensated absences, based upon length of employment. It is the Foundation's policy to accrue for these compensated absences as the time is earned. Accrued compensated absences at August 31, 2021 and 2020 were \$308,219 and \$328,936, respectively.

Net Assets

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

Net Assets without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Trustees has designated, from net assets without donor restrictions, net assets for special purposes (see Note 7).

Net Assets with Donor Restrictions - Net assets subject to donor or certain grantor-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 was restricted has been fulfilled, or both. When a donor restriction is released, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as a release from restrictions in the statements of activities. The Foundation follows a similar policy for investment income.

Revenue Recognition - Resident Service Revenue

The Foundation operates a facility, which offers skilled nursing and assisted living and memory care facilities to residents. Resident service revenue represents income earned from private paying residents and residents covered under the State of New Hampshire Medicaid Program or the Federal Medicare Program. Revenue is reported at the amount that reflects the consideration to which the Foundation expects to be entitled to in exchange for providing resident services exclusive of charges relating to subsidized care and net of contractual allowances. The services include room and board accommodations, as well as nursing, daily care and enrichment.

Rannie Webster Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition - Resident Service Revenue (Continued)

These amounts are due from residents and third-party payors (including health insurers and government programs). Retroactive adjustments, if any, are considered in the recognition of revenue on an estimated basis in the period the related services are rendered or when a reasonable estimate can be made, and such amounts are adjusted in future periods as adjustments become known.

The Foundation's management determines the transaction price for the services and care provided, which involves significant estimates and judgment, based on the standard charges for goods and services provided, reduced by contractual adjustments provided to third party payors based on contractual agreements. The Foundation has agreements with third-party payors that typically provide for payments at amounts less than established charges. The Federal Government and the State of New Hampshire set the rate of reimbursement for the care of residents eligible under the Medicare and Medicaid programs, respectively. These rates may be less than the actual costs incurred by the Foundation to care for the residents. Contractual adjustments for Medicaid and subsidized care for residents totaled approximately \$1,177,000 and \$1,472,000 in 2021 and 2020, respectively. The skilled nursing facility accepts residents covered under the Medicare and Medicaid programs, as well as residents with supplemental insurance policies or private-paying residents. The assisted living facility and memory care facility accepts residents that are private-paying or covered by Medicaid or other insurers.

A summary of the payment arrangements with major third-party payors are as follows:

Medicare: Medicare pays the nursing facility for Part A services based on a prospectively determined rate per patient day that varies depending on the resident's level of care and the types of services provided. Medicare pays the nursing home for Part B services based on a predetermined fee schedule. The Foundation generally bills Medicare after the end of the month that the services were performed. Payments from Medicare are typically received within twenty days after billing. Resident service revenue under the Medicare program was \$2,327,469 and \$1,977,977 and represented approximately 19% and 16% of total net resident service revenue for 2021 and 2020, respectively.

Medicaid: New Hampshire Medicaid reimbursement is based on a predetermined rate formula under a contractual arrangement with the Medicaid program. The Foundation generally bills Medicaid after the end of a month when the services were performed. Payments from Medicaid are typically received within seven to ten days after billing. Resident service revenue under the Medicaid program was \$1,289,034 and \$1,416,185 and represented approximately 11% of total net resident service revenue for 2021 and 2020.

Other insurance and payors: The Foundation accepts residents that pay privately as well as residents with supplemental insurance policies. For residents with supplemental insurance policies, generally the Foundation bills the supplemental insurance provider based on prospectively determined daily rates and discounts from established charges after the end of the month that the services were performed. Payments under these policies are typically received within thirty to forty-five days after billing. For private-paying residents, the Foundation bills the resident a month in advance for the next month's fees and payment is typically received within ten days after billing. Resident service revenue under insurance and other programs was \$8,430,403 and \$9,034,584 and represented approximately 70% and 73% of total net resident service revenue for 2021 and 2020, respectively.

Rannie Webster Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition - Resident Service Revenue (Continued)

Performance obligations are determined based on the nature of the services provided to the resident. Revenue from performance obligations satisfied over time is recognized based on a predetermined rate formula under a contractual arrangement with the third-party payor or private resident. Generally, performance obligations satisfied over time relate to residents receiving room and board accommodations and nursing care services as the residents simultaneously receive and consume the benefits of the services provided. In this case, recognition of the obligation over time yields the same result as recognizing the obligation at a point in time. The Foundation 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. Each day a resident receives services is a separate contract and performance obligation based on the fact the resident has a unilateral right to terminate the contract after each day with no penalty or compensation due. Since the contract can be terminated by either party at any time without compensating the other party for the termination (that is, other than paying amounts due as a result of services transferred up to the termination date), the duration of the contract does not extend beyond the services already transferred. The Foundation has determined there is not a material right performance obligation for the daily option to renew the contract as the price of the renewal is a price consistent with the daily rate charged to other residents.

Generally, residents covered by third-party payors are responsible for related deductibles and coinsurance, which vary in amount. The Foundation also provides services to private pay residents. The Foundation assesses a private pay resident's ability to pay for the services prior to admission and often does receive payment in advance of the services. The Foundation considers these advance payments contract liabilities. Contract liabilities at August 31, 2021 and 2020 were \$400,469 and \$438,039, respectively. Contract liabilities at September 1, 2019 were \$389,549.

Contract assets consist of receivables for services rendered. Receivables at August 31, 2021 and 2020 were \$398,848 and \$569,262, respectively. Receivables at September 1, 2019 were \$486,453. Subsequent changes that are determined to be the result of an adverse change in the resident's ability to pay are recorded as bad debt expense. During 2021 and 2020, bad debt expense of \$36,000 and \$45,956, respectively, was recognized through a charge to operations.

The Foundation's management has determined that the nature, amount, timing and uncertainty of revenue and cash flows are most significantly affected by admissions, daily census, and the type of insurance that the residents are eligible for.

The Foundation has elected the practical expedient to not adjust the promised amount of consideration from residents and third party payors for the effects of a significant financing component due to the Foundation's expectation that the period between the time the service is provided to a resident and the time that the resident or a third-party payor pays for that service will be one year or less.

The Foundation has elected the practical expedient in which all incremental customer contract acquisition costs are expensed as they are incurred as the amortization period of the asset that the Foundation otherwise would have recognized is one year or less in duration.

Rannie Webster Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition - Resident Service Revenue (Continued)

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates may change by a material amount in the near-term. Because of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation, as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Foundation's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims, or penalties would have upon the Foundation. The Centers for Medicare and Medicaid Services (CMS) use recovery audit contractors (RACs) to search for potentially inaccurate Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts. Once the RAC identifies a claim it believes is inaccurate, the RAC makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The Foundation has not been notified by the RAC of any potential significant reimbursement adjustments.

The Foundation's provider agreement with the State of New Hampshire may require the repayment of depreciation expense that was included as part of the Medicaid reimbursement rate if the Foundation were to sell the nursing unit. The amount of this contingent repayment cannot be determined at this time.

Charity Care

The Foundation will, at times, provide care at amounts less than the established rates. The revenue associated with this care is reported at the net amounts charged to the residents. The Foundation estimates the cost associated with providing charity care by calculating a ratio of total costs to gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to charity residents. The estimated cost of providing charity care for the year ended August 31, 2021 was not material. The estimated cost of providing charity care for the year ended August 31, 2020 was approximately \$43,000.

Income Taxes

The Foundation is exempt from Federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Foundation is taxed only on its unrelated business taxable income less applicable expenses. The Foundation did not generate any unrelated business income during 2021 or 2020.

The Foundation evaluates its tax positions and recognizes the tax benefits of any uncertain tax positions only if management determines that it is more likely than not that the tax positions would be sustained upon examination by taxing authorities based on the technical merit of the position. Management has determined that as of August 31, 2021 and 2020 the Foundation has not taken any significant tax positions which do not meet the criteria for recognition.

Rannie Webster Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing the various program and supporting services activities have been summarized on a functional basis and natural classification in the statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Costs are charged directly to program services or support services based on specific identification. Benefits and payroll taxes have been allocated based on a percentage of total payroll expense for each functional classification.

Measure of Operations

The Foundation includes in its measure of operations in the statements of activities, all revenues and expenses that are an integral part of its programs and supporting activities. Consistent with industry practice, net investment income, including net realized and unrealized gains and losses and contributions to net assets with donor restrictions are recognized as non-operating activities.

Contribution and Grant Revenue

Contribution Revenue

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions.

Grant Revenue

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant agreement.

Rannie Webster Foundation

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Contribution and Grant Revenue (Continued)

Grant awards that are contributions: Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

Grant awards that are exchange transactions: Exchange transactions are those in which the resource provider or grantor receives a commensurate value in exchange for goods or services transferred. Revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability. There were no grant awards that were considered exchange transactions during the years ended August 31, 2021 and 2020.

Note 2: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

<i>August 31,</i>	2021	2020
Cash and cash equivalents	\$ 1,704,754	\$ 1,068,744
Accounts receivable, net	398,848	569,262
Endowment appropriations	214,529	188,274
	<u>\$ 2,318,131</u>	<u>\$ 1,826,280</u>

The Foundation's investments include donor-restricted endowments (Note 9). Donor-restricted endowment funds are not available for general expenditure and are subject to an annual spending rate of up to 7%.

As part of the liquidity management plan, the Foundation produces an annual budget that is submitted to the Board of Trustees, which outlines the anticipated financial needs to support the Foundation within the next fiscal year. To manage current cash flow needs the budget is analyzed and compared to actual results throughout the year. Should the Foundation begin to experience an unexpected decrease in the census, it would initiate cost-savings strategies.

The Foundation's Board of Trustees have designated funds to be used for various purposes (Note 7). Although the Foundation does not intend to spend from the designated funds, these amounts could be drawn upon through a board resolution in the event the need arises.

Rannie Webster Foundation

Notes to Financial Statements

Note 3: Refundable Advance Liabilities

The Foundation has refundable advance liabilities of \$150,314 and \$1,837,616 that consist of the following:

<i>August 31,</i>	2021	2020
Payroll Protection Program	\$ -	\$ 1,462,597
CARES Act Provider Relief Funds	150,314	217,519
CARES Act Coronavirus Relief Funds	-	157,500
Total	\$ 150,314	\$ 1,837,616

The funding under the Payroll Protection Program represents the receipt of an award from the Small Business Administration's (SBA) Paycheck Protection Program (PPP) as a result of legislation passed to assist businesses in navigating the Coronavirus pandemic. The Foundation determined the award was a conditional grant and applied the policy as described in Note 1. Accordingly, the award was reported as a refundable advance liability until the forgiveness notification was obtained from the lender and SBA. During the year ending August 31, 2021 the Foundation received the forgiveness notification, and the amount was reported as revenue.

During the year ended August 31, 2021 and 2020, the Foundation received approximately \$52,000 and \$557,000, respectively, in grant funding from the U.S. Department of Health and Human Services (HHS) Provider Relief Fund, which was established as a result of the CARES Act. Based on the terms and conditions of the grant, the Foundation earns the grant by incurring healthcare-related expenses attributable to COVID-19 that another source has not reimbursed and is not obligated to reimburse, or by incurring lost revenues, defined as a negative change in year-over-year net patient care revenues. During 2021 and 2020, the Foundation recognized approximately \$119,000 and \$340,000, respectively in grant revenue related to this program, which reflects management's estimate of the amount of the grant earned, including consideration for uncertainties related to reporting guidance still developing as of the date the financial statements were available to be issued.

During the year ended August 31, 2021 and 2020, the Foundation received grants from the State of New Hampshire COVID-19 Long-Term Care Stabilization Program totaling \$196,650 and \$471,900, respectively. The COVID-19 Long-Term Care Stabilization Program sought to stabilize the frontline work of certain Medicaid providers by providing incentives for frontline workers to remain or rejoin the workforce during the COVID-19 Emergency. As of August 31, 2021 and 2020, the Foundation has paid out \$196,650 and \$471,900, respectively in stipends to covered employees under this program and recognized the corresponding revenue under the terms of the grant.

During the year ended August 31, 2020 the Foundation received \$157,500 from the State of New Hampshire COVID-19 Emergency Healthcare System Relief Fund, which was included in the refundable advance liability, as the barrier had not been overcome as of August 31, 2020. The reporting under this program was completed in January 2021 and the entire amount was recognized as revenue during the year ended August 31, 2021.

Rannie Webster Foundation

Notes to Financial Statements

Note 4: Fair Value Measurements

The fair value of the Foundation's investments is determined using a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy must be used to determine the fair value of the Foundation's investments and consists of three broad levels: Level 1 inputs, which have the highest priority, consist of unadjusted quoted prices in active markets for identical assets; Level 2 inputs consist of quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, or observable inputs other than quoted market prices; and Level 3 inputs, which have the lowest priority, consist of inputs that are unobservable and significant to the fair value measurement. The Foundation uses appropriate valuation techniques based on available inputs to measure the fair value of its investments. An asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Valuation techniques must maximize the use of observable inputs and minimize the use of unobservable inputs. All assets have been valued using a market approach. There have been no changes in the valuation techniques and related inputs. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Fair values for assets and liabilities in Level 2 were determined using the following valuation methodologies:

Fixed income securities: Level 2 fixed income securities are valued using quoted prices of identical or similar assets in active markets.

The following table is set forth by level, within the fair value hierarchy, the valuation techniques used to determine the fair value of the Foundation's investments, classified by major type as of August 31:

	2021			Total
	Level 1	Level 2	Level 3	
Assets:				
Money market funds	\$ 843,103	\$ -	\$ -	\$ 843,103
Equity securities	1,528,376	-	-	1,528,376
Fixed income securities:				
Corporate bonds	-	319,964	-	319,964
Government securities	-	86,908	-	86,908
Exchange-traded and closed-end funds	992,655	-	-	992,655
Real estate investment trusts	49,282	-	-	49,282
Mutual funds	188,467	-	-	188,467
Total	\$ 3,601,883	\$ 406,872	\$ -	\$ 4,008,755

Rannie Webster Foundation

Notes to Financial Statements

Note 4: Fair Value Measurements (Continued)

	2020			Total
	Level 1	Level 2	Level 3	
Assets:				
Money market funds	\$ 198,435	\$ -	\$ -	\$ 198,435
Equity securities	1,239,249	-	-	1,239,249
Fixed income securities:				
Corporate bonds	-	375,166	-	375,166
Government securities	-	174,811	-	174,811
Exchange-traded and closed-end funds	684,889	-	-	684,889
Real estate investment trusts	35,292	-	-	35,292
Mutual funds	145,934	-	-	145,934
Total	\$ 2,303,799	\$ 549,977	\$ -	\$ 2,853,776

The investments are subject to certain restrictions on their use (see Note 9).

Note 5: Nursing Facility Quality Assessment Tax

The State of New Hampshire imposes a 5.5% assessment on the net resident service revenue of nursing facilities as a means to potentially increase Medicaid reimbursement rates through quality incentive revenue payments. The accompanying financial statements include the following amounts related to this legislation:

<i>August 31,</i>	2021	2020
Quality incentive revenue (included in net resident service revenue)	\$ 362,421	\$ 332,993
Nursing facility assessment tax	(418,708)	(383,087)
Total	\$ (56,287)	\$ (50,094)

At August 31, 2021 and 2020, the Foundation was due quality incentive revenue of \$77,113. These amounts are included in accounts receivable in the accompanying statements of financial position. At August 31, 2021 and 2020, the Foundation owed \$73,923 and \$75,797, respectively, for nursing facility quality assessment tax.

Rannie Webster Foundation

Notes to Financial Statements

Note 6: Note Payable

On May 22, 2018, the Foundation entered into a \$17,000,000 term loan with a bank, which is fully insured by the U.S. Department of Housing and Urban Development (HUD) under Section 232. The loan required monthly principal and interest payments over the 35-year term of \$77,531 at an effective interest rate of 4.22%.

During 2020, the Foundation entered into a loan modification agreement with HUD and the lender to lower the interest rate. The new effective interest rate at August 31, 2020 was 3.80% with revised monthly principal and interest payments of \$73,437.

The outstanding balance on the loan was \$16,259,653 and \$16,517,685 at August 31, 2021 and 2020, respectively. The note is secured by substantially all of the assets of the Foundation.

Loan origination fees associated with this loan were \$518,261. As of August 31, 2021 and 2020, accumulated amortization of these fees totaled \$49,358 and \$34,551, respectively. In accordance with current accounting standards, these fees have been shown as a reduction in the balance of the note payable on the statements of financial position and the accompanying amortization expense is classified as interest expense on the statements of activities.

The loan agreement requires the establishment of several escrow accounts. As of August 31, 2021 and 2020, escrow accounts and replacement reserves totaling \$526,611 and \$605,478, respectively, were on deposit with the lender. Additionally, the Foundation is required to follow financial reporting requirements established by HUD. These requirements include the calculation and determination of residual receipts and require the Foundation to ensure that surplus cash is deposited into accounts controlled by the lender. The Foundation can borrow against these balances through a request to HUD. This calculation must be performed semi-annually and deposits are due within 90 days of the end of the measurement period. As of August 31, 2021 and 2020, residual receipts had a balance of \$617,635 and \$617,052, respectively. This balance and the escrow accounts have been reported as cash limited as to use in the statements of financial position. During the year ending August 31, 2021, the Foundation requested and received reimbursement from the replacement reserves for capital improvements totaling \$214,714.

The loan agreement requires the maintenance of a minimum debt service coverage ratio of 1.0. If the Foundation is not in compliance, the lender or HUD may require the Foundation to provide a plan for improvement or the hiring of a management consultant as a result of this deficiency. Additionally, the Foundation cannot distribute surplus cash if any of the compliance requirements are not met.

The principal maturities of the note over the next five years and thereafter are as follows:

2022	\$	268,010
2023		278,374
2024		289,138
2025		300,319
2026		311,932
Thereafter		14,811,880
<hr/>		
Total	\$	16,259,653

Rannie Webster Foundation

Notes to Financial Statements

Note 7: Board Designated Net Assets

The Foundation's Board has set aside the following cash and investments for the following purposes:

	2021	2020
Cash and investments designated for:		
Capital improvements and fixed assets	\$ 509,674	\$ 424,774
Future nursing home addition	800,433	613,539
Scholarship Fund	23,075	-
Total	\$ 1,333,182	\$ 1,038,313

Note 8: Net Assets with Donor Restriction

Net assets with donor restrictions consist substantially of investments in perpetuity (endowment funds). In accordance with a consent decree entered into with the Director of Charitable Trusts of the Office of the New Hampshire Attorney General in 1992, the Foundation was directed to establish two funds, the Residents' Assistance Fund and the Fiscal Prudence Fund, with income earned thereon to be used to subsidize residents in the retirement community and nursing facility, respectively. During the years ended August 31, 2021 and 2020, \$26,255 and \$30,245, respectively, was released from the restrictions imposed by these funds, to be used in accordance with their intended purposes under the 1992 consent decree, as modified. Additionally, \$169,539 was released from restrictions under the endowment spending policy.

Assets in the Residents' Assistance and Fiscal Prudence funds consist of short-term investments and marketable securities.

The Foundation has a donor restricted endowment from which the income is expendable for the activities of the Foundation. The assets of this fund are currently maintained in a cash account which is included in investments.

The fair value of these investments, exclusive of any unrestricted portion, are as follows:

<i>August 31,</i>	2021	2020
Residents' Assistance Fund	\$ 1,925,170	\$ 1,705,930
Fiscal Prudence Fund	1,058,789	938,812
Benevolence Fund	20,760	20,760

Rannie Webster Foundation

Notes to Financial Statements

Note 9: Donor Restricted Endowments

The Board of Trustees of the Foundation has determined that certain funds held by the Foundation meet the definition of endowment funds under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), the provisions of which the State of New Hampshire has adopted.

The Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation retains in perpetuity net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity is subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

In addition, the Board of Trustees has reviewed the 1992 consent decree with the New Hampshire Attorney General's office, the 2001 amendment to the consent decree, the 2001 capital improvement withdrawal agreement, and the 2007 Cy-Pres petition to determine the balances of the Residents' Assistance Fund and the Fiscal Prudence Fund to be held in perpetuity (see Note 8). Based upon this review, the Board of Trustees determined the balance of the Residents' Assistance Fund to be \$800,000, the value of the Fund at the time of the 1992 consent decree, based primarily upon its requirement that it maintain subsidies to the retirement community residents of this amount. The Board of Trustees determined the balance of the Fiscal Prudence Fund to be \$375,000, the value of the bequest of Rannie Webster allocated to the Fund.

Rannie Webster Foundation

Notes to Financial Statements

Note 9: Donor Restricted Endowments (Continued)

All of the Foundation's endowment funds are donor restricted. The balances that are not donor restricted represent funds available under the Foundation's spending policy that have not been transferred from the fund prior to year-end. Changes in endowment net assets for the years ended August 31 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, August 31, 2019	\$ 158,029	\$ 2,345,395	\$ 2,503,424
Net investment income	-	49,915	49,915
Investment fees	-	(19,668)	(19,668)
Net appreciation in value of investments	-	320,105	320,105
Amounts appropriated for expenditure	30,245	(30,245)	-
Endowment net assets, August 31, 2020	188,274	2,665,502	2,853,776
Net investment income	-	48,796	48,796
Investment fees	-	(22,542)	(22,542)
Net appreciation in value of investments	-	508,757	508,757
Amounts appropriated for expenditure	26,255	(195,794)	(169,539)
Endowment net assets, August 31, 2021	\$ 214,529	\$ 3,004,719	\$ 3,219,248

Funds with Deficiencies. From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are reported in net assets with donor restrictions. There are no such deficiencies resulting from unfavorable market fluctuations for the years ended August 31, 2021 and 2020.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted, with the approval of the Board of Trustees, investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk.

Rannie Webster Foundation

Notes to Financial Statements

Note 9: Donor Restricted Endowments (Continued)

Endowment assets are invested largely in exchange traded and mutual funds and fixed income securities that are intended to result in a consistent market value and that have sufficient liquidity to make an annual distribution not exceeding 7%, in addition to interest and dividends.

Therefore, the Foundation expects its endowment assets, over time, to produce a rate of return sufficient to provide for the annual distribution. Investment risk is measured in terms of the total endowment funds. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy. The Foundation has a policy of appropriating for distribution each year, the interest and dividends earned and up to 7% of its endowment fund's average fair value of the previous three years. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, some of which must be maintained in perpetuity because of donor-restrictions, the possible effects of inflation, and the provisions of SPMIFA. Distributions totaling \$169,539 was taken under the 7% spending policy during the year ended August 31, 2021. No distributions were taken during 2020. Interest and dividend income net of investment fees were appropriated during the years ended August 31, 2021 and 2020.

Note 10: Defined Contribution Retirement Plan

The Foundation has established an employer sponsored 401(k) retirement plan for its employees with a discretionary matching provision. Contributions made to these plans on behalf of the employees were \$104,449 and \$94,917 in 2021 and 2020, respectively.

Note 11: New Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). This ASU modifies lease accounting to increase transparency and comparability by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing information. The most significant change for lessees will be the recognition of both a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term for those leases classified as operating leases under current GAAP. Certain accounting policy elections are permitted for leases with terms of 12 months or less. FASB ASC Topic 842, Leases ("ASC 842"), supersedes current lease requirements in FASB ASC Topic 840, Leases. The new standard is effective for nonpublic companies for annual periods beginning after December 15, 2021. The Foundation is currently evaluating the impact of the provisions of ASC 842.

Rannie Webster Foundation

Notes to Financial Statements

Note 12: Contingency

During 2019, the Foundation became a member of a self-insured group trust which provides statutory workers' compensation and employers' liability coverage to members of the trust. The trust agreement provides that liabilities of the trust are joint and several, meaning the Foundation could be required to pay if a deficit occurs during the years in which the Foundation was a member of the trust. Based upon a review of the trust's financial condition, management does not believe that there will be any additional liability related to this agreement.

Note 13: Subsequent Events

Management has evaluated subsequent events through November 23, 2021, the date when the financial statements were available to be issued.

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD
Statement of Financial Position Data

Account Number	August 31,	2021
Current Assets:		
1120	Cash - Operations	\$ 1,761,681
1125	Cash - Entity	613,987
1130	Tenant Accounts Receivable	81,518
1131	Allowance for Doubtful Accounts	(70,777)
1130N	Net Tenant Accounts Receivable	<u>10,741</u>
1137	Medicare/Medicaid/Other Insurance Receivable	309,717
1138	Allowance for Doubtful Accounts (Medicare/Medicaid/Other Insurance)	-
1137N	Net Medicare/Medicaid/Other Insurance Receivable	<u>309,717</u>
1140	Accounts and Notes Receivable - Operations	78,390
1200	Prepaid Expenses	186,218
1100T	Total Current Assets	<u>2,960,734</u>
1191	Patient Deposits Held in Trust	<u>266,679</u>
Restricted Deposits:		
1310	Escrow Deposits	129,719
1320	Replacement Reserves	396,892
1330	Other Reserves	-
1340	Residual Receipts Reserves	617,635
1300T	Total Deposits	<u>1,144,246</u>
Fixed Assets:		
1410	Land	140,323
1420	Building	20,612,974
1440	Building Equipment (Portable)	2,590,702
1460	Furnishings	820,385
1480	Motor Vehicles	255,022
1490	Miscellaneous Fixed Assets	765,812
1400T	Total Fixed Assets	<u>25,185,218</u>
1495	Accumulated Depreciation	(10,073,824)
1400N	Net Fixed Assets	<u>15,111,394</u>
Other Assets:		
1510	Investments - Operations	4,008,755
1590	Miscellaneous Other Assets	37,500
1500T	Total Other Assets	<u>4,046,255</u>
1000T	Total Assets	<u>\$ 23,529,308</u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Statement of Financial Position Data (Continued)

Account Number	August 31,	2021
Current Liabilities:		
2110	Account Payable - Operations	\$ 262,722
2120	Accrued Wages Payable	563,869
2121	Accrued Payroll Taxes Payable	18,039
2131	Accrued Interest Payable - First Mortgage	51,489
2170	Mortgage Payable - First Mortgage	268,010
2190	Miscellaneous Current Liabilities	224,237
2210	Prepaid Revenue	400,469
2122T	Total Current Liabilities	<u>1,788,835</u>
2191	Patient Deposits Held in Trust	<u>495,158</u>
Long-Term Liabilities		
2320	Mortgage Payable - First Mortgage	15,991,643
2340	Debt Issuance Costs	(468,903)
2300T	Total Long Term Liabilities	<u>15,522,740</u>
2000T	Total Liabilities	<u>17,806,733</u>
NET ASSETS		
3131	Net Assets Without Donor Restrictions	2,717,856
3133	Net Assets with Donor Restrictions	3,004,719
3130	Total Net Assets	<u>5,722,575</u>
2033T	Total Liabilities and Net Assets	<u>\$ 23,529,308</u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Statement of Activities Data

Account Number	Year Ended August 31,	2021
Revenue:		
5300	Nursing Homes/Assisted Living/Board & Care/Other Elderly Care	\$ 12,047,641
5300T	Total Nursing Homes/Assisted Living/Board & Care/ Other Elderly Care/Coop/and Other Revenues	<u>12,047,641</u>
Financial Revenue		
5430	Revenue from Investments - Residual Receipts	583
5440	Revenue from Investments - Replacement Reserve	360
5490	Revenue from Investments - Miscellaneous	583,168
5400T	Total Financial Revenue	<u>584,111</u>
Other Revenue		
5970	Gifts	817,854
5990	Miscellaneous Revenue	1,622,674
5900T	Total Other Revenue	<u>2,440,528</u>
5000T	Total Revenue	<u>15,072,280</u>
Expenses:		
Administrative Expenses		
6203	Conventions and Meetings	23,007
6210	Advertising and Marketing	84,662
6310	Office Salaries	423,700
6311	Office Expenses	54,870
6340	Legal Expense - Project	10,415
6350	Audit Expense	64,200
6351	Bookkeeping Fees/Accounting Services	43,218
6370	Bad Debts	36,000
6390	Miscellaneous Administrative Expenses	129,606
6263T	Total Administrative Expenses	<u>\$ 869,678</u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Statement of Activities Data (Continued)

Account Number	Year Ended August 31,	2021
Utilities Expenses		
6420	Fuel Oil/Coal	\$ 410
6450	Electricity	231,743
6451	Water	26,927
6452	Gas	84,212
6400T	Total Utilities Expense	<u>343,292</u>
Operating and Maintenance Expenses		
6510	Payroll	375,759
6515	Supplies	16,943
6520	Contracts	183,899
6546	Heating/Cooling Repairs and Maintenance	25,363
6570	Vehicle and Maintenance Equipment Operation and Repairs	12,776
6580	Lease Expense	47,056
6590	Miscellaneous Operating and Maintenance Expenses	28,619
6500T	Total Operating and Maintenance Expenses	<u>690,415</u>
Taxes and Insurance		
6710	Real Estate Taxes	31,810
6711	Payroll Taxes (Project's Share)	479,366
6720	Property and Liability Insurance (Hazard)	101,309
6722	Workmen's Compensation	152,287
6723	Health Insurance and Other Employee Benefits	909,911
6790	Miscellaneous Taxes, Licenses, Permits and Insurance	27,347
6700T	Total Taxes and Insurance	<u>1,702,030</u>
Financial Expenses		
6820	Interest on First Mortgage (or Bonds) Payable	637,657
6850	Mortgage Insurance Premium/ Service Charge	106,372
6800T	Total Financial Expenses	<u>\$ 744,029</u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Statement of Activities Data (Continued)

Account Number	Year Ended August 31,	2021
Nursing Homes/Assisted Living/Board & Care/Other Elderly Care Expenses		
6900	Nursing Homes/Assisted Living/ Board & Care/Other Elderly Care Expenses	\$ 8,580,484
Operating Results		
6000T	Total Cost of Operations before Depreciation	12,929,928
5060T	Profit (Loss) before Depreciation	2,142,352
6600	Depreciation Expense	896,030
5060N	Operating Profit or (Loss)	1,246,322
Other Revenue/Expenses		
7110	Officer's Salaries	194,282
7190	Other Expenses	681
7100T	Net Entity Expenses	194,963
3250	Change in Total Net Assets from Operations	\$ 1,051,359
Change in Net Assets from Operations		
3247	Change in Net Assets without Donor Restrictions	720,480
3248	Change in Net Assets with Donor Restrictions	330,879
3249	Change in Permanently Restricted Net Assets from Operations	-
3250	Change in Total Net Assets from Operations	\$ 1,051,359
S1000-010	Total mortgage principal payments required during the audit year (12 monthly payments)	\$ 258,032
S1000-020	Total of 12 monthly deposits into the Replacement Reserve account, as required by the Regulatory Agreement even if payments may be temporarily suspended or reduced.	\$ 73,824

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Equity Data

Account Number	<i>Year Ended August 31,</i>	2021
S1100-060	Previous Year Net Assets Without Donor Restrictions	\$ 1,997,376
3247	Change in Net Assets Without Donor Restrictions	720,480
S1100-065	Other Changes in Net Assets Without Donor Restrictions	-
3131	Net Assets Without Donor Restrictions	<u>2,717,856</u>
S-1100-080	Previous Year Net Assets With Donor Restrictions	2,673,840
3249	Change in Net Assets With Donor Restrictions	330,879
S1100-085	Other Changes in Net Assets With Donor Restrictions	-
3133	Net Assets With Donor Restrictions	<u>3,004,719</u>
S1100-050	Previous Year Total Net Assets	4,671,216
3250	Change in Total Net Assets from Operations	1,051,359
3130	Total Net Assets	<u>\$ 5,722,575</u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Statement of Cash Flows Data

Account Number	Year Ended August 31,	2021
Cash Flow from Operating Activities		
S1200-025	Gifts	\$ 593,149
S1200-030	Other Operating Receipts	<u>12,404,480</u>
S1200-040	Total Receipts	<u>12,997,629</u>
S1200-050	Administrative	(869,678)
S1200-090	Utilities	(343,292)
S1200-100	Salaries and Wages	(6,790,623)
S1200-110	Operating and Maintenance	(690,415)
S1200-120	Real Estate Taxes	(31,810)
S1200-140	Property Insurance	(101,309)
S1200-150	Miscellaneous Taxes and Insurance	(27,347)
S1200-160	Tenant Security Deposits	(13,968)
S1200-170	Other Operating Expenses	(3,444,262)
S1200-180	Interest on First Mortgage	(622,849)
S1200-210	Mortgage Insurance Premium (MIP)	(106,372)
S1200-230	Total Disbursements	<u>(13,041,925)</u>
S1200-240	Net Cash provided by (used in) Operating Activities	<u>(44,296)</u>
Cash Flow from Investing Activities		
S1200-245	Net Deposits to the Mortgage Escrow account	(61,663)
S1200-250	Net Deposits to the Reserve for Replacement account	140,530
S1200-260	Net Deposits to the Residual Receipts account	(583)
S1200-330	Net Purchase of Fixed Assets	(722,323)
S1200-340	Other Investing Activities	<u>(622,638)</u>
S1200-350	Net Cash provided by (used in) Investing Activities	<u>(1,266,677)</u>
Cash Flow from Financing Activities		
S1200-360	Principal Payments - First Mortgage	<u>(258,032)</u>
S1200-460	Net Cash provided by (used in) Financing Activities	<u>(258,032)</u>
S1200-470	Net increase (decrease) in Cash and Cash Equivalents	(1,569,005)
S1200-480	Beginning of Period Cash	<u>3,944,673</u>
S1200T	End of Period Cash	<u><u>\$ 2,375,668</u></u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Statement of Cash Flows Data

Account Number	Year Ended August 31,	2021
Reconciliation of Net Profit (Loss) to Net Cash Provided by (Used in) Operating Activities		
3250	Change in Total Net Assets	\$ 1,051,359
6600	Depreciation Expense	896,030
S1200-486	Amortization of Debt Issuance Costs	14,808
S1200-490	Decrease (increase) in Tenant Accounts Receivable	170,799
S1200-500	Decrease (increase) in Accounts Receivable - Other	(386)
S1200-520	Decrease (increase) in Prepaid Expenses	2,065
S1200-530	Decrease (increase) in Cash Restricted for Tenant Security Deposits	(247,732)
S1200-540	Increase (decrease) in Accounts Payable	117,379
S1200-560	Decrease (increase) in Accrued Liabilities	(16,769)
S1200-570	Decrease (increase) in Accrued Interest Payable	-
S1200-580	Decrease (increase) in Tenant Security Deposits held in trust	233,764
S1200-590	Decrease (increase) in Prepaid Revenue	(37,570)
S1200-600	Other adjustments to reconcile net profit (loss) to	<u>(2,228,043)</u>
S1200-610	Net Cash provided by (used in) Operating Activities	<u>\$ (44,296)</u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Schedule of 5300 Accounts

Account Number	<i>Year Ended August 31,</i>	2021
5301	Private Pay Room and Board	\$ 8,175,568
5302	Private Pay Ancillary	15,342
5303	Contractual Adjustments	(17,760)
5305	Medicare Room and Board	1,484,786
5306	Medicare Ancillary	1,212,248
5307	Medicare Contractual Adjustments	(369,955)
5309	Medicaid Room and Board	2,085,814
5312	Medicaid Contractual Adjustments	(1,159,201)
5325	Other Public Room and Board	173,775
5326	Other Public Ancillary	8,431
5327	Other Public Adjustment	(1,953)
5332	Food	160
5360	Drugs/Medical Supplies and Pharmaceuticals	390
5380	Recreation and Rehabilitation	575
5390	Other Service Revenue	439,421
5300	Total 5300 Accounts	<u>\$ 12,047,641</u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Schedule of 6900 Accounts

Account Number	Year Ended August 31,	2021
6930	Dietary Salaries	\$ 863,589
6931	Dietary Purchased Services	19,200
6932	Food	581,943
6933	Dietary Supplies	71,198
6940	Registered Nurses Payroll	538,937
6941	Licensed Practical Nurses Payroll	773,395
6942	Other Nursing Salaries	2,374,994
6943	Director of Nurses Salaries	290,882
6944	Nursing Purchase Services	312,169
6950	Housekeeping Salaries	349,973
6951	Housekeeping Supplies	108,024
6962	Other Medical	8,181
6963	Medical Supplies	382,468
6964	Medical Purchased Services	124,677
6967	Pharmacy Purchased Services	112,686
6970	Laundry and Linen	-
6971	Laundry Salaries	54,830
6975	Medical Records Salaries	58,791
6980	Recreation and Rehabilitation	496,223
6984	Rehabilitation Supplies	810
6985	Rehabilitation Purchased Services	592,267
6990	Other Service Expenses	465,247
6900	Total 6900 Accounts	<u>\$ 8,580,484</u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Schedule of Reserve for Replacements and Residual Receipts

Replacement Reserve:

1320P	Balance at beginning of year	\$ 537,422
1320DT	Monthly deposits (\$6,152 X 12)	73,824
1320WT	Authorized withdrawals	(214,714)
1320INT	Interest earned	360
<hr/>		
1320	Balance at end of year	\$ 396,892

Residual Receipts:

1340P	Balance at beginning of year	\$ 617,052
1340DT	Required deposit	-
1340INT	Interest earned	583
<hr/>		
1340	Balance at end of year	\$ 617,635

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
 Computation of Surplus Cash, Distributions, and Residual Receipts

		<u>Annual</u>	
		<u>CASH</u>	
S1300-010	Cash		\$ 2,028,360
S1300-040	Total Cash		<u>2,028,360</u>

CURRENT OBLIGATIONS

S1300-050	Accrued Mortgage Interest Payable		51,489
S1300-075	Accounts Payable - 30 days		262,722
S1300-100	Accrued Expenses		581,908
2210	Prepaid Revenue		400,469
2191	Tenant/Patient Deposits Held in Trust (Contra)		495,158
S1300-110	Other Current Obligations		<u>224,237</u>
S1300-140	Total Current Obligations		<u>2,015,983</u>
S1300-150	Surplus Cash		<u>\$ 12,377</u>
S1300-200	Amount Available for distribution during next fiscal period		<u>\$ 12,377</u>

		<u>Mid-Year</u>	
		<u>CASH</u>	
S1400-010	Semi-Annual Period Ended		2/28/2021
S1400-010	Cash		\$ 2,866,188
S1400-050	Total Cash		<u>2,866,188</u>

CURRENT OBLIGATIONS

S1400-060	Accrued Mortgage Interest Payable		51,489
S1400-090	Accounts Payable - 30 days		130,865
S1400-120	Accrued Expenses		536,313
S1400-130	Prepaid Revenue		59,416
S1400-140	Tenant/Patient Deposits Held in Trust (Contra)		234,534
S1400-150	Other Current Obligations		<u>1,239,584</u>
S1400-180	Total Current Obligations		<u>2,252,201</u>
S1400-190	Surplus Cash		<u>\$ 613,987</u>
S1400-240	Amount Available for distribution during next fiscal period		<u>\$ 613,987</u>

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)

Schedule of Fixed Assets and Detail of Miscellaneous Accounts

Account Number	August 31,	2020			2021
		Beginning Balance	Additions	Disposals	Ending Balance
1410	Land	\$ 140,323	\$ -	\$ -	\$ 140,323
1420	Buildings	20,174,495	465,652	27,173	20,612,974
1440	Building Equipment (Portable)	2,446,793	185,101	41,192	2,590,702
1460	Furnishings	821,965		1,580	820,385
1480	Motor Vehicles	247,534	45,285	37,797	255,022
1490	Miscellaneous Fixed Assets	739,527	26,285	-	765,812
1400T	Total	24,570,637	722,323	107,742	25,185,218
1495	Ending Balance for Accumulated Depreciation	9,285,536	896,030	107,742	10,073,824
1400N	Total Net Book Value				<u>\$ 15,111,394</u>
Detail of Account 5490 Miscellaneous Revenue from Investments					
	Unrealized gain (loss) on investments	408,622			
	Realized gain on investments	123,719			
	Bank interest	50,827			
		<u>583,168</u>			
Detail of Account 5990 Miscellaneous Revenue					
	Payroll Protection Program Loan	1,462,597			
	Telecommunications	48,930			
	Beauty Parlor	28,958			
	Transportation	9,383			
	Health Supplies	33,811			
	Fundraising	21,700			
	Other Charges	17,295			
		<u>1,622,674</u>			
Detail of Account 6390 Miscellaneous Administrative Expenses					
	Data processing fees	96,955			
	Employee background checks	4,150			
	Bank and investment fees	28,501			
		<u>129,606</u>			
Detail of Account 6590 Miscellaneous Operating and Maintenance Expenses					
	Minor equipment and enhancements	22,664			
	Landscaping	5,955			
		<u>28,619</u>			
Detail of Account 6790 Miscellaneous Taxes, Licenses, Permits and Insurance					
	Licenses and dues	27,347			
		<u>27,347</u>			

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Additional Disclosures Regarding the Independent Accountant Required by HUD

The EIN of Wipfli, LLP, Certified Public Accountants, is 39-0758449

The engagement partner is Lance Turgeon

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Supplemental Information Required by HUD (Continued)
Nursing Home Supplemental Data

Account Number	August 31,	2021
S1900-010	Total Licensed Beds	138
S1900-020	Capacity	50,370
S1900-030	Medicare Pay Patient Days	3,593
S1900-040	Medicare Pay Patient Days Percentage	9.92%
S1900-050	Medicaid Pay Patient Days	5,585
S1900-060	Medicaid Pay Patient Days Percentage	15.41%
S1900-070	Private Pay Patient Days	26,603
S1900-080	Private Pay Patient Days Percentage	73.43%
S1900-110	Other Pay Patient Days	450
S1900-120	Other Pay Patient Days Percentage	1.24%
S1900-130	Actual Patient Days	36,231
S1900-140	Utilization	71.93%

See Independent Auditor's Report

Rannie Webster Foundation
FHA Project No. 024-22112
Schedule of Expenditures of Federal Awards
For the Year Ended August 31, 2021

Federal Grantor/Pass-through Grantor/Program Title	Additional Award Identification	Federal Assistance Listing Number	Federal Expenditures	Passed- Through to Subrecipients
Department of Health and Human Services:				
Provider Relief Fund	COVID-19	93.498	\$ 458,683	\$0
Total Department of Health and Human Services:			\$ 458,683	\$0
Department of Homeland Security:				
Pass-through from:				
State of New Hampshire Department of Safety				
Disaster Grants - Public Assistance	COVID-19	97.036	\$ 77,539	\$0
Total Department of Homeland Security:			\$ 77,539	\$0
U.S. Department of Housing and Urban Development:				
Section 232 Mortgage Insurance Nursing Homes, Intermediate Care Facilities, Board and Care Homes, and Assisted Living Facilities				
Total U.S. Department of Housing and Urban Development:			\$ 16,517,685	\$0
Total			<u>\$ 17,053,907</u>	

Note 1 - The accompanying Schedule of Expenditures of Federal Awards (the Schedule) has been prepared using the accrual basis of accounting and in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements of Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The purpose of the Schedule is to present a summary of those activities of Rannie Webster Foundation (the Foundation) for the year ended August 31, 2021, which have been financed by the U.S. Government (Federal awards). For purposes of the Schedule, Federal awards include all Federal assistance entered into directly or indirectly between the Federal government and the Foundation. Because the Schedule presents only a selected portion of the activities of the Foundation, it is not intended to and does not present the financial position, changes in net assets and cash flows of the Foundation. Pass-through entity identifying numbers are presented when available.

Note 2 - The loan agreement fully insured by the U.S. Department of Housing and Urban Development (HUD) under Section 232, had an outstanding balance of \$16,259,653 at August 31, 2021.

Note 3 - The Foundation has not elected the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
Rannie Webster Foundation
Rye, New Hampshire

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Rannie Webster Foundation (a nonprofit organization), which comprise the statement of financial position as of August 31, 2021 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 23, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Rannie Webster Foundation's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Rannie Webster Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Rannie Webster Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Rannie Webster Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Rannie Webster Foundations' Response to Findings

Rannie Webster Foundation's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rannie Webster Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Rannie Webster Foundation's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Rannie Webster Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP

Bedford, New Hampshire

November 23, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Trustees
Rannie Webster Foundation
Rye, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited Rannie Webster Foundation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021. Rannie Webster Foundation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Rannie Webster Foundation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Rannie Webster Foundation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Rannie Webster Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Rannie Webster Foundation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

Rannie Webster Foundation's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Rannie Webster Foundation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Rannie Webster Foundation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Rannie Webster Foundation's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Rannie Webster Foundation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be significant deficiencies.

Rannie Webster Foundation's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Rannie Webster Foundation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP
Wipfli LLP
Bedford, New Hampshire

November 23, 2021

Rannie Webster Foundation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified
<u>Internal control over financial reporting:</u>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	None Reported

Federal Awards

Type of auditor’s report issued on compliance for major programs:	Unmodified
---	------------

<u>Internal control over major programs:</u>	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	Yes
--	-----

Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.129	Mortgage Insurance Nursing Homes, Intermediate Care Facilities, Board And Care Homes, and Assisted Living Facilities
93.498	Department of Health and Human Services Provider Relief Fund

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
--	-----------

Auditee qualified as low-risk auditee?	No
--	----

Rannie Webster Foundation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2021

Section II – Financial Statement Findings

Financial Statement Finding 2021-001

Criteria: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with generally accepted accounting principles. This is a repeat finding and was reported as finding 2020-001 in the prior year.

Condition: Rannie Webster Foundation's internal control over financial reporting does not end at the general ledger but extends to the financial statements and notes. As part of our professional services for the year ending August 31, 2021, Wipfli LLP assisted in drafting the financial statements and notes. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations. Because Rannie Webster Foundation relies on Wipfli LLP to provide the necessary understanding of current accounting and disclosure principles in the preparation of the financial statements and notes, a significant deficiency exists in Rannie Webster Foundation's internal controls.

Cause: Rannie Webster Foundation relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Effects or Potential Effects: The completeness of the financial statement disclosures and the accuracy of the overall financial presentation is negatively impacted as external auditors do not have the same comprehensive understanding of Rannie Webster Foundation as its internal staff.

Auditor's Recommendation: Management should continue to review and approve the annual financial statements and the related footnote disclosures.

View of responsible officials and planned corrective actions: Rannie Webster Foundation does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

Section III – Federal Award Findings and Questioned Costs

Federal Award Finding 2021-002

Criteria: Rannie Webster Foundation's Regulatory Agreement with HUD requires the Foundation to maintain a debt service coverage ratio of 1.0.

Condition: Rannie Webster Foundation's debt service coverage ratio was calculated as below 1.0

Questioned Costs: None

Rannie Webster Foundation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended August 31, 2021

Cause: Rannie Webster Foundation experienced losses in revenues as a result of a lower census population during the year.

Effects or Potential Effects: Rannie Webster Foundation's patient/resident census has been impacted by the COVID pandemic.

Auditor's Recommendation: Management should evaluate and consider cost-cutting measures or additional marketing or promotions to bring the census levels to a more favorable position.

View of responsible officials and planned corrective actions: Rannie Webster Foundation was impacted by the COVID pandemic but continues to advertise and seek cost-cutting measures to maintain the debt service coverage ratio. If the forgiveness of the Payroll Protection Program had been considered in the ratio, Rannie Webster Foundation would have been in compliance.

Section IV – Prior Year Findings

2020-001 Financial Accounting and Reporting

Statement of Condition: Rannie Webster Foundation's internal control over financial reporting does not end at the general ledger but extends to the financial statements and notes. Wipfli LLP assisted in drafting the financial statements and notes. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Current Status: Outstanding

Narrative: Rannie Webster Foundation does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes. This has been repeated as financial statement finding 2021-001.



Skilled Rehabilitation, Nursing Care and Assisted Living Community

Corrective Action Plan

Department of Housing and Urban Development

Rannie Webster Foundation submits the following corrective action plan for the fiscal year ending August 31, 2021.

Name and address of independent public accounting firm:

Wipfli LLP
43 Constitution Drive, Suite 100
Bedford, NH 03110

Audit Period: September 1, 2020 to August 31, 2021

The findings from the August 31, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Findings - Financial Statement Audit:

Finding 2021-001

Recommendation: Management and those charged with governance continue to evaluate whether to accept the degree of risk associated with not having staff with the capability to prepare complete financial statement notes.

Corrective Action Plan: Rannie Webster Foundation does not have the resources and staff to prepare the financial statements and notes but will continue to oversee the auditor's services and review and approve the financial statements and notes.

Findings - Compliance:

Finding 2021-002

Auditor's Recommendation: Management should evaluate and consider cost-cutting measures or additional marketing or promotions to bring the census levels to a more favorable position.

Corrective Action Plan: Rannie Webster Foundation has experienced decreases in the census as a result of the pandemic. Additionally, the ability to hire staff has been impacted by the pandemic increasing the usage of expensive contracted nursing services. Rannie Webster Foundation has attempted to supplement the loss in revenues through added grant funding from the State of New Hampshire, the Department of Health and Human Services and the Department of Homeland Security. These three sources have been integral to the success of Rannie Webster Foundation. Rannie Webster Foundation also received a Payroll Protection Program loan that contributed to the overall increase in net assets of \$1,051,359. The Foundation has applied for the Department of Health and Human Services Phase 4 provider relief funding and will be applying for the Employee Retention Tax Credit.

The Foundation will continue to seek strengthening the census and hiring staff. In the spring of 2021, the Foundation began working with LNA Health Careers that provides classes and on-site training which has assisted with recruiting new staff. This program will continue and will be a resource for strengthening the staffing. Additionally, wage increases in the spring of 2021 were implemented for nursing, dietary and housekeeping staff.

Person Responsible: Thomas Argue, CEO