



SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SINGLE AUDIT REPORT

YEAR ENDED JULY 31, 2020

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SINGLE AUDIT REPORT

YEAR ENDED JULY 31, 2020

TABLE OF CONTENTS

| | <i>Page</i> |
|---|-------------|
| 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 <i>Government Auditing Standards</i> | 1 |
| Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance and Schedule of Expenditures of Federal Awards Required by the Uniform Guidance | 3 |
| Schedule of Expenditures of Federal Awards | 6 |
| Notes to Schedule of Expenditures of Federal Awards | 9 |
| Schedule of Findings and Questioned Costs | 10 |
| Financial Report | |

OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Mark R. Carrier, C.P.A.
Michael R. Dunn, C.P.A.
Jonathan A. Hussey, C.P.A., M.S.T.
Steven R. Lamontagne, C.P.A.

Gary W. Soucy, C.P.A.
Gary A. Wigant, C.P.A.
C. Joseph Wolverton, Jr., C.P.A.

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 Directors
Southern New Hampshire Services, Inc. and Affiliate
Manchester, New Hampshire

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Southern New Hampshire Services, Inc. (the Organization) and affiliate, which comprise the combined statement of financial position as of July 31, 2020, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated February 8, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organizations' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organizations' 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organizations' combined 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. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern New Hampshire Services, Inc. and affiliate's combined financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*.

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 the Organizations' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organizations' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ouellette & Associates, P.A.
Certified Public Accountants

February 8, 2021
Lewiston, Maine

OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Mark R. Carrier, C.P.A.
Michael R. Dunn, C.P.A.
Jonathan A. Hussey, C.P.A., M.S.T.
Steven R. Lamontagne, C.P.A.

Gary W. Soucy, C.P.A.
Gary A. Wigant, C.P.A.
C. Joseph Wolverton, Jr., C.P.A.

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance and Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Directors
Southern New Hampshire Services, Inc. and Affiliate
Manchester, New Hampshire

Report on Compliance for Each Major Federal Program

We have audited Southern New Hampshire Services, Inc. (the Organization) and affiliate'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 Southern New Hampshire Services, Inc. and affiliate's major federal programs for the year ended July 31, 2020. Southern New Hampshire Services, Inc. and affiliate'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 Southern New Hampshire Services, Inc. and affiliate'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 of America; 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 Southern New Hampshire Services, Inc. and affiliate'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 of Southern New Hampshire Services, Inc. and affiliate's compliance.

Opinion on Each Major Federal Program

In our opinion, Southern New Hampshire Services, Inc. and affiliate 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 July 31, 2020.

Report on Internal Control over Compliance

Management of Southern New Hampshire Services, Inc. and affiliate 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 Southern New Hampshire Services, Inc. and affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on each 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 Southern New Hampshire Services, Inc. and affiliate'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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the combined financial statements of Southern New Hampshire Services, Inc. and affiliate as of and for the year ended July 31, 2020, and have issued our report thereon dated February 8, 2021, which contained an unmodified opinion on those combined financial statements. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

Ouellette & Associates, P.A.
Certified Public Accountants

February 8, 2021
Lewiston, Maine

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JULY 31, 2020

| Federal Grantor Pass-through Grantor Program or Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Subrecipient Expenditures | Federal Expenditures |
|---|---------------------------|---------------------------------------|------------------------------|-------------------------|
| FEDERAL AWARDS | | | | |
| <u>U.S. Department of Agriculture:</u> | | | | |
| <i>Pass-Through State of New Hampshire Department of Health and Human Services</i> | | | | |
| Special Supplemental Nutrition Program for Women, Infants and Children | 10.557 | 184NH703W1003 | \$ - | \$ 1,217,641 |
| | 10.557 | 174NH703W1003 | | 104,798 |
| | | | | <u>1,322,439</u> |
| <i>Pass-Through Belknap Merrimack Community Action Program</i> | | | | |
| <u>Food Distribution Cluster</u> | | | | |
| Commodity Supplemental Food Program | 10.565 | 201818Y800544 | | 67,229 |
| | 10.565 | 201919Y800544 | | 9,000 |
| Total Food Distribution Cluster | | | | <u>76,229</u> |
| <i>Pass-Through State of New Hampshire Department of Education</i> | | | | |
| Child and Adult Care Food Program | 10.558 | | | 835,132 |
| <u>Child Nutrition Cluster</u> | | | | |
| Summer Food Service Program for Children | 10.559 | | | 134,094 |
| Total U.S. Department of Agriculture | | | <u>\$ -</u> | <u>\$ 2,367,894</u> |
| <u>U.S. Department of Housing and Urban Development:</u> | | | | |
| <i>Direct Program</i> | | | | |
| <u>Section 8 Project-Based Cluster</u> | | | | |
| Section 8 Moderate Rehabilitation Single Room Occupancy | 14.249 | | \$ - | \$ 541,515 |
| <i>Pass-Through State of New Hampshire Department of Health and Human Services</i> | | | | |
| Emergency Solutions Grant Program | 14.231 | E17-DC-33-0001 | | 97,454 |
| <i>Pass-Through Belknap Merrimack Community Action Program</i> | | | | |
| Lead-Based Paint Hazard Control in Privately-Owned Housing | 14.900 | | | 1,000 |
| Total U.S. Department of Housing and Urban Development | | | <u>\$ -</u> | <u>\$ 639,969</u> |
| <u>U.S. Department of Homeland Security:</u> | | | | |
| <i>Passed-through Regional United Way Agency</i> | | | | |
| Emergency Food and Shelter National Board Program | 97.024 | | \$ - | \$ 11,000 |
| <i>Pass-Through State of New Hampshire Governor's Office of Strategic Initiatives</i> | | | | |
| Emergency Food and Shelter National Board Program | 97.024 | 592600-007 | | 12,000 |
| Total U.S. Department of Homeland Security | | | <u>\$ -</u> | <u>\$ 23,000</u> |
| Subtotal | | | <u>\$ -</u> | <u>\$ 3,030,863</u> |

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JULY 31, 2020

| Federal Grantor Pass-through Grantor Program or Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Subrecipient Expenditures | Federal Expenditures |
|---|---------------------------|---------------------------------------|------------------------------|-------------------------|
| Amount Forward | | | \$ - | \$ 3,030,863 |
| <u>U.S. Department of Labor:</u> | | | | |
| <i>Pass-Through State of New Hampshire Department of Resources and Economic Development</i> | | | | |
| <u>WIOA Cluster</u> | | | | |
| WIOA Adult Program | 17.258 | 02-6000618 | \$ 172,457 | \$ 1,420,594 |
| WIOA Dislocated Worker Formula Grants | 17.278 | 02-6000618 | 93,465 | 1,039,492 |
| WIOA Youth Activities | 17.259 | 02-6000618 | | 58,794 |
| Total WIOA Cluster | | | <u>265,922</u> | <u>2,518,880</u> |
| Senior Community Service Employment Program | 17.235 | 02-6000618 | 82,626 | 196,277 |
| Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants | 17.280 | 02-6000618 | | <u>1,133,911</u> |
| Total U.S. Department of Labor | | | <u>\$ 348,548</u> | <u>\$ 3,849,068</u> |
| <u>U.S. Department of Treasury:</u> | | | | |
| <i>Pass-Through State of New Hampshire Governor's Office of Strategic Initiatives</i> | | | | |
| Coronavirus Relief Fund | 21.019 | COVID | \$ - | \$ 297,146 |
| Total U.S. Department of Treasury: | | | <u>\$ -</u> | <u>\$ 297,146</u> |
| <u>U.S. Department of Energy:</u> | | | | |
| <i>Pass-Through State of New Hampshire Governor's Office of Strategic Initiatives</i> | | | | |
| Weatherization Assistance for Low-Income Persons | 81.042 | EE0006169 | \$ - | \$ 535,473 |
| Total U.S. Department of Energy: | | | <u>\$ -</u> | <u>\$ 535,473</u> |
| <u>U.S. Department of Education:</u> | | | | |
| <i>Pass-Through State of New Hampshire Department Of Education</i> | | | | |
| Adult Education - Basic Grants to States | 84.002 | 67011-ABE | \$ - | \$ 82,656 |
| | 84.002 | 67011-ABE | | <u>93,604</u> |
| Total U.S. Department of Education | | | <u>\$ -</u> | <u>\$ 176,260</u> |
| <u>Corporation for National and Community Services:</u> | | | | |
| <i>Direct Program</i> | | | | |
| Retired and Senior Volunteer Program | 94.002 | 20SRANH002 | \$ - | \$ 43,062 |
| | 94.002 | 17SRANH002 | | <u>77,644</u> |
| Total Corporation for National and Community Services | | | <u>\$ -</u> | <u>\$ 120,706</u> |
| Subtotal | | | <u>\$ 348,548</u> | <u>\$ 8,009,516</u> |

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JULY 31, 2020

| Federal Grantor Pass-through Grantor Program or Cluster Title | Federal CFDA Number | Pass-Through Identifying Number | Subrecipient Expenditures | Federal Expenditures |
|--|---------------------------|---------------------------------------|------------------------------|-------------------------|
| Amount Forward | | | \$ 348,548 | \$ 8,009,516 |
| <u>U.S. Department of Health and Human Services:</u> | | | | |
| <i>Direct Program</i> | | | | |
| <u>Head Start Cluster</u> | | | | |
| Head Start | 93.600 | 01CH010602-02 | \$ - | \$ 7,162,371 |
| | 93.600 | 01HP000241-01 | | 285,762 |
| | 93.600 | 01HP000241-01-C3 | | 2,998 |
| | 93.600 | 01CH010602-02-C3 | | 17,637 |
| | 93.600 | 01CH010602-02-C3 | | 72,552 |
| Total Head Start Cluster | | | | 7,541,320 |
| <i>Pass-Through State of New Hampshire Office of Strategic Initiatives</i> | | | | |
| Low-Income Home Energy Assistance | 93.568 | G-19B1NHLIEA | | 9,341,297 |
| | 93.568 | G-20B1NHLIEA | | 239,448 |
| | 93.568 | G-1901NHLIEA | | 459,544 |
| | 93.568 | G-2001NHLIEA | | 203,864 |
| | | | | 10,244,153 |
| <i>Pass-Through State of New Hampshire Department Of Health and Human Services</i> | | | | |
| Temporary Assistance for Needy Families | 93.558 | 2017G996115 | 653,641 | 2,772,159 |
| | 93.558 | 2018G996115 | 42,807 | 244,649 |
| | | | 696,448 | 3,016,808 |
| Community Services Block Grant | 93.569 | G-1901NHCOSR | | 1,525,697 |
| | 93.569 | 2001NHCOSR -COVID | | 36,149 |
| | | | | 1,561,846 |
| Community Services Block Grant Discretionary Awards | 93.570 | G-17B1NHCOSR | | 111,089 |
| <u>Aging Cluster</u> | | | | |
| Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers | 93.044 | 17AANHT3SP | | 18,611 |
| <u>CCDF Cluster</u> | | | | |
| Child Care and Development Block Grant | 93.575 | 2018G996005 | | 1,039,469 |
| | 93.575 | | | 100,821 |
| | | | | 1,140,290 |
| Child Care Mandatory and Matching Funds of The Child Care and Development Fund | 93.596 | 2019G999004 | | 1,443,500 |
| Total CCDF Cluster | | | | 2,583,790 |
| <i>Pass-Through University of New Hampshire</i> | | | | |
| Every Student Succeeds Act/Preschool Development Grants | 93.434 | 90TP0060 | | 218,492 |
| Total U.S. Department of Health and Human Services | | | \$ 696,448 | \$ 25,296,109 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | \$ 1,044,996 | \$ 33,305,625 |

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JULY 31, 2020

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southern New Hampshire Services, Inc. and affiliate under programs of the federal government for the year ended July 31, 2020. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Southern New Hampshire Services, Inc. and affiliate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southern New Hampshire Services, Inc. and affiliate.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE 3: HEAD START PROGRAMS CFDA #93.600

Due to the COVID pandemic, the Organization was unable to meet its matching requirements in accordance with terms of the grant award. The Organization received a waiver from the Department of Health and Human Services due to the pandemic to remain in compliance with the grant award during the year ended July 31, 2020.

NOTE 4: INDIRECT COST RATE

Southern New Hampshire Services, Inc. and affiliate has negotiated an indirect cost rate of 9.36% with the Department of Health and Human Services.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2020

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ Yes No

Significant deficiency(ies) identified? _____ Yes None reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____ Yes No

Significant deficiency(ies) identified? _____ Yes None reported

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

Any audit findings disclosed that are required
to be reported in accordance with CFR Section
200.156(a) of the Uniform Guidance? _____ Yes No

Identification of major programs:

| <u>Name of Federal Program or Cluster</u> | <u>CFDA Number</u> |
|---|--------------------|
| WIC Special Supplemental Nutrition Program for Women, Infants And Children | 10.557 |
| Temporary Assistance for Needy Families | 93.558 |
| Low-Income Home Energy Assistance | 93.568 |

Dollar threshold used to distinguish between
Type A and Type B programs: \$999,169

Auditee qualified as low-risk auditee? Yes No

Section II Financial Statement Findings

No matters are reportable.

Section III Federal Award Findings and Questioned Costs

No matters are reportable.



SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED JULY 31, 2020 AND 2019

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

C O N T E N T S

| | PAGE |
|---|----------------|
| INDEPENDENT AUDITOR'S REPORT | 1 - 2 |
| FINANCIAL STATEMENTS | |
| <i>Combined Statements of Financial Position</i> | <i>3</i> |
| <i>Combined Statements of Activities</i> | <i>4</i> |
| <i>Combined Statements of Functional Expenses</i> | <i>5 - 8</i> |
| <i>Combined Statements of Cash Flows</i> | <i>9</i> |
| <i>Notes to Combined Financial Statements</i> | <i>10 - 21</i> |
| INDEPENDENT AUDITOR'S REPORT SUPPLEMENTARY INFORMATION | 22 |
| COMBINING INFORMATION: | |
| <i>Schedule A - Combining Schedule of Financial Position</i> | <i>23</i> |
| <i>Schedule B - Combining Schedule of Activities</i> | <i>24</i> |
| SUPPLEMENTARY INFORMATION REQUIRED BY THE STATE OF NEW HAMPSHIRE GOVERNOR'S OFFICE OF STRATEGIC INITIATIVES: | |
| <i>Schedule of Revenues and Expenses - By Contract</i> | <i>25 - 29</i> |
| SUPPLEMENTARY INFORMATION REQUIRED BY THE NEW HAMPSHIRE HOUSING FINANCE AUTHORITY | |
| <i>Whispering Pines II</i> | <i>30 - 36</i> |
| <i>J.B. Milette Manor</i> | <i>37 - 42</i> |
| <i>Sherburne Woods</i> | <i>43 - 49</i> |

OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Mark R. Carrier, C.P.A.
Michael R. Dunn, C.P.A.
Jonathan A. Hussey, C.P.A., M.S.T.
Steven R. Lamontagne, C.P.A.

Gary W. Soucy, C.P.A.
Gary A. Wigant, C.P.A.
C. Joseph Wolverton, Jr., C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southern New Hampshire Services, Inc. and Affiliate
Manchester, New Hampshire

Report on the Financial Statements

We have audited the accompanying combined financial statements of Southern New Hampshire Services, Inc. (a nonprofit organization) and affiliate, which comprise the combined statements of financial position as of July 31, 2020 and 2019, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organizations' preparation and fair presentation of the combined 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 Organizations' 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 combined 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 combined financial statements referred to above present fairly, in all material respects, the financial position of Southern New Hampshire Services, Inc. and affiliate, as of July 31, 2020 and 2019, 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 of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2021, on our consideration of Southern New Hampshire Services, Inc. and affiliate'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 Southern New Hampshire Services, Inc. and affiliate'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 Southern New Hampshire Services, Inc. and affiliate's internal control over financial reporting and compliance.

Ouellette & Associates, P.A.
Certified Public Accountants

February 8, 2021
Lewiston, Maine

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION

JULY 31, 2020 AND 2019

| <i>ASSETS</i> | | |
|--|----------------------|----------------------|
| | <u>2020</u> | <u>2019</u> |
| CURRENT ASSETS | | |
| Cash | \$ 6,456,196 | \$ 6,986,538 |
| Investments | 9,102,421 | 8,405,690 |
| Contracts receivable | 3,346,435 | 3,488,413 |
| Accounts receivable | 721,595 | 821,565 |
| Prepaid expenses | 159,842 | 95,197 |
| Total current assets | <u>19,786,489</u> | <u>19,797,403</u> |
| FIXED ASSETS | | |
| Land | 3,050,918 | 2,697,868 |
| Buildings and improvements | 13,310,566 | 12,530,561 |
| Vehicles and equipment | 1,501,951 | 1,415,271 |
| Total fixed assets | <u>17,863,435</u> | <u>16,643,700</u> |
| Less - accumulated depreciation | 5,729,951 | 5,237,138 |
| Net fixed assets | <u>12,133,484</u> | <u>11,406,562</u> |
| OTHER ASSETS | | |
| Restricted cash | 457,683 | 411,580 |
| TOTAL ASSETS | <u>\$ 32,377,656</u> | <u>\$ 31,615,545</u> |
| <i>LIABILITIES AND NET ASSETS</i> | | |
| CURRENT LIABILITIES | | |
| Current portion of long-term debt | \$ 100,012 | \$ 109,413 |
| Accounts payable | 729,100 | 657,676 |
| Accrued payroll and payroll taxes | 1,089,681 | 1,045,805 |
| Accrued compensated absences | 470,301 | 359,819 |
| Accrued other liabilities | 53,011 | 227,703 |
| Refundable advances | 336,800 | 1,028,743 |
| Over applied overhead | 180,479 | 27,739 |
| Tenant security deposits | 83,030 | 84,231 |
| Total current liabilities | <u>3,042,414</u> | <u>3,541,129</u> |
| LONG-TERM LIABILITIES | | |
| Long-term debt, less current portion | <u>2,949,253</u> | <u>3,036,025</u> |
| TOTAL LIABILITIES | <u>5,991,667</u> | <u>6,577,154</u> |
| NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>26,385,989</u> | <u>25,038,391</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 32,377,656</u> | <u>\$ 31,615,545</u> |

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JULY 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| REVENUES, GAINS AND OTHER SUPPORT | | |
| Grant and contract revenue | \$ 38,244,769 | \$ 37,464,614 |
| Program service fees | 796,505 | 907,560 |
| Local funding | 244,926 | 242,894 |
| Rental income | 1,191,263 | 1,191,372 |
| Gifts and contributions | 201,839 | 208,728 |
| Interest and dividend income | 302,600 | 314,554 |
| Unrealized gain on investments | 398,423 | 12,233 |
| Miscellaneous | 462,291 | 720,124 |
| TOTAL REVENUES, GAINS AND OTHER SUPPORT | <u>41,842,616</u> | <u>41,062,079</u> |
| EXPENSES | | |
| Program services: | | |
| Child development | 9,330,031 | 8,589,865 |
| Community services | 1,505,420 | 1,530,674 |
| Economic and workforce development | 7,450,261 | 6,984,684 |
| Energy | 12,651,510 | 13,414,281 |
| Language and literacy | 430,934 | 436,073 |
| Housing and homeless | 490,824 | 263,240 |
| Nutrition and health | 2,307,558 | 2,527,495 |
| Special projects | 1,876,426 | 1,768,326 |
| Volunteer services | 127,449 | 125,050 |
| SNHS Management Corporation | 2,447,708 | 2,396,939 |
| Total program services | <u>38,618,121</u> | <u>38,036,627</u> |
| Support services: | | |
| Management and general | 1,876,897 | 2,038,463 |
| TOTAL EXPENSES | <u>40,495,018</u> | <u>40,075,090</u> |
| CHANGE IN NET ASSETS | 1,347,598 | 986,989 |
| NET ASSETS - BEGINNING OF YEAR | <u>25,038,391</u> | <u>24,051,402</u> |
| NET ASSETS - END OF YEAR | <u>\$ 26,385,989</u> | <u>\$ 25,038,391</u> |

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JULY 31, 2020

| | Program Services | | | | | | |
|------------------------------------|----------------------|-----------------------|--------------------------------------|----------------------|--------------------------|-------------------------|----------------------------|
| | Child Development | Community Services | Economic Workforce Development | Energy | Language and Literacy | Housing and Homeless | Nutrition and Health |
| EXPENSES | | | | | | | |
| Payroll | \$ 5,556,933 | \$ 933,868 | \$ 2,939,525 | \$ 1,521,964 | \$ 298,880 | \$ 88,866 | \$ 962,139 |
| Payroll taxes | 419,856 | 70,488 | 221,893 | 117,494 | 23,413 | 6,797 | 73,387 |
| Fringe benefits | 1,573,633 | 137,463 | 615,794 | 463,923 | 28,359 | 21,715 | 238,512 |
| Workers comp. insurance | 118,066 | 9,585 | 7,651 | 15,806 | 2,062 | 233 | 30,576 |
| Retirement benefits | 314,824 | 88,609 | 190,679 | 93,780 | 10,995 | 4,856 | 70,742 |
| Consultant and contractual | 56,270 | 70,777 | 1,775,844 | 1,802,601 | 5,095 | 370 | 14,752 |
| Travel and transportation | 87,659 | 10,526 | 55,412 | 17,022 | 600 | 1,006 | 29,296 |
| Conferences and meetings | - | 6,007 | - | 888 | - | 49 | 140 |
| Occupancy | 491,299 | 76,188 | 452,980 | 122,492 | 30,276 | 2,520 | 64,985 |
| Advertising | 2,664 | 3,955 | 2,990 | 1,171 | 50 | 8,169 | 424 |
| Supplies | 328,400 | 51,663 | 33,068 | 66,117 | 5,006 | 3,604 | 35,623 |
| Equip. rentals and maintenance | 6,553 | 2,447 | 21,351 | 12,146 | 2,943 | - | 10,096 |
| Insurance | 22,852 | 42,463 | 7,617 | 30,740 | - | 175 | 6,450 |
| Telephone | 89,596 | 16,857 | 30,761 | 31,439 | 2,726 | 2,023 | 41,068 |
| Postage | 4,825 | 165 | 1,568 | 30,220 | 330 | 385 | 3,720 |
| Printing and publications | 3,773 | - | - | 483 | 1,851 | - | - |
| Subscriptions | - | - | - | 524 | - | - | - |
| Program support | - | 20,345 | - | 60,826 | 3,676 | - | - |
| Interest | 9,529 | - | - | - | - | - | - |
| Depreciation | 72,782 | 5,656 | 41,477 | 3,191 | 938 | - | 10,294 |
| Assistance to clients | 7,850 | - | 1,084,147 | 8,336,006 | - | 349,246 | 420,251 |
| Other expense | 181,944 | 9,940 | 7,450 | 9,318 | - | 800 | 303,005 |
| Miscellaneous | 20,004 | 688 | 364 | 1,862 | 13,734 | 10 | 2,146 |
| In-kind | 1,472,831 | - | - | - | - | - | - |
| Gain on disposal of assets | - | - | - | - | - | - | - |
| SUBTOTAL | 10,842,143 | 1,557,690 | 7,490,571 | 12,740,013 | 430,934 | 490,824 | 2,317,606 |
| Over applied indirect costs | - | - | - | - | - | - | - |
| Eliminations | (1,512,112) | (52,270) | (40,310) | (88,503) | - | - | (10,048) |
| TOTAL EXPENSES | \$ 9,330,031 | \$ 1,505,420 | \$ 7,450,261 | \$ 12,651,510 | \$ 430,934 | \$ 490,824 | \$ 2,307,558 |

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
 FOR THE YEAR ENDED JULY 31, 2020

| | Program Services | | | Total Program Services | Support Services | Total Expenses |
|------------------------------------|---------------------|--------------------|-----------------------------|------------------------|------------------------|----------------------|
| | Special Projects | Volunteer Services | SNHS Management Corporation | | Management and General | |
| EXPENSES | | | | | | |
| Payroll | \$ 95,518 | \$ 80,529 | \$ 688,044 | \$ 13,166,266 | \$ 1,258,963 | \$ 14,425,229 |
| Payroll taxes | 7,446 | 6,021 | 45,518 | 992,313 | 93,381 | 1,085,694 |
| Fringe benefits | 7,355 | 16,739 | 256,823 | 3,360,316 | 184,217 | 3,544,533 |
| Workers comp. insurance | 3,120 | 214 | 11,822 | 199,135 | 7,822 | 206,957 |
| Retirement benefits | 5,385 | 3,350 | 40,945 | 824,165 | 116,327 | 940,492 |
| Consultant and contractual | 1,659,372 | 449 | 136,778 | 5,522,308 | 87,416 | 5,609,724 |
| Travel and transportation | 4,805 | 5,163 | 41,940 | 253,429 | 4,639 | 258,068 |
| Conferences and meetings | 3,531 | 50 | 28,605 | 39,270 | 2,113 | 41,383 |
| Occupancy | 15,080 | - | 595,088 | 1,850,908 | 38,053 | 1,888,961 |
| Advertising | - | 400 | 1,270 | 21,093 | - | 21,093 |
| Supplies | 2,334 | 4,524 | 17,992 | 548,331 | 39,485 | 587,816 |
| Equip. rentals and maintenance | 4,971 | 63 | 15,835 | 76,405 | 1,398 | 77,803 |
| Insurance | 3,213 | 1,616 | 51,605 | 166,731 | 13,338 | 180,069 |
| Telephone | 2,700 | 2,350 | 29,193 | 248,713 | 6,146 | 254,859 |
| Postage | 7 | 632 | 1,207 | 43,059 | 15,840 | 58,899 |
| Printing and publications | - | 84 | 8 | 6,199 | 61 | 6,260 |
| Subscriptions | - | - | 534 | 1,058 | - | 1,058 |
| Program support | 3,317 | - | 222,373 | 310,537 | - | 310,537 |
| Interest | - | - | 55,013 | 64,542 | - | 64,542 |
| Depreciation | 46,914 | - | 388,881 | 570,133 | 673 | 570,806 |
| Assistance to clients | 12,708 | - | 68,129 | 10,278,337 | - | 10,278,337 |
| Other expense | 1,798 | - | 7,853 | 522,108 | 4,435 | 526,543 |
| Miscellaneous | 169 | 5,265 | (30,823) | 13,419 | 3,242 | 16,661 |
| In-kind | - | - | - | 1,472,831 | - | 1,472,831 |
| Gain on disposal of assets | - | - | (2,450) | (2,450) | - | (2,450) |
| SUBTOTAL | 1,879,743 | 127,449 | 2,672,183 | 40,549,156 | 1,877,549 | 42,426,705 |
| Over applied indirect costs | - | - | - | - | 3 | 3 |
| Eliminations | (3,317) | - | (224,475) | (1,931,035) | (655) | (1,931,690) |
| TOTAL EXPENSES | \$ 1,876,426 | \$ 127,449 | \$ 2,447,708 | \$ 38,618,121 | \$ 1,876,897 | \$ 40,495,018 |

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JULY 31, 2019

| | Program Services | | | | | | |
|------------------------------------|----------------------|-----------------------|--------------------------------------|----------------------|--------------------------|-------------------------|----------------------------|
| | Child Development | Community Services | Economic Workforce Development | Energy | Language and Literacy | Housing and Homeless | Nutrition and Health |
| EXPENSES | | | | | | | |
| Payroll | \$ 5,063,755 | \$ 958,969 | \$ 2,792,330 | \$ 1,519,961 | \$ 294,501 | \$ 104,911 | \$ 1,000,035 |
| Payroll taxes | 406,991 | 74,606 | 220,133 | 124,867 | 24,800 | 8,511 | 80,427 |
| Fringe benefits | 1,350,633 | 134,639 | 492,014 | 389,808 | 26,683 | 22,106 | 222,241 |
| Workers comp. insurance | 102,429 | 8,625 | 6,948 | 17,712 | 736 | 262 | 30,682 |
| Retirement benefits | 273,637 | 89,527 | 182,279 | 89,727 | 7,851 | 6,689 | 62,967 |
| Consultant and contractual | 37,142 | 70,228 | 1,595,405 | 1,770,887 | 6,505 | 654 | 20,695 |
| Travel and transportation | 118,863 | 19,729 | 78,856 | 37,134 | 992 | 4,110 | 47,713 |
| Conferences and meetings | - | 10,976 | - | 7,537 | 225 | - | 3,471 |
| Occupancy | 524,894 | 58,004 | 456,078 | 125,814 | 28,957 | 1,020 | 78,801 |
| Advertising | 13,742 | 25 | 8,610 | 1,117 | 218 | - | 399 |
| Supplies | 243,037 | 19,254 | 38,322 | 57,531 | 9,422 | 192 | 47,201 |
| Equip. rentals and maintenance | 12,341 | 57 | 13,689 | 18,308 | 1,816 | - | 29,650 |
| Insurance | 19,509 | 24,941 | 4,905 | 20,099 | - | - | 6,966 |
| Telephone | 85,487 | 12,661 | 27,046 | 20,468 | 2,547 | 385 | 41,963 |
| Postage | 5,522 | 7 | 553 | 30,214 | 568 | 58 | 3,189 |
| Printing and publications | 5,268 | 630 | - | - | 1,281 | - | - |
| Subscriptions | - | - | 446 | 456 | - | - | - |
| Program support | - | 38,256 | - | 35,312 | 6,121 | - | - |
| Interest | 12,995 | - | - | - | - | - | - |
| Depreciation | 64,865 | 5,920 | 24,379 | 10,070 | 1,045 | - | 9,920 |
| Assistance to clients | 7,800 | - | 1,066,041 | 9,156,531 | - | 114,335 | 547,988 |
| Other expense | 251,015 | 34,650 | 19,523 | 7,118 | - | - | 299,023 |
| Miscellaneous | 35,436 | 736 | 1,323 | 1,813 | 21,805 | 7 | 2,024 |
| In-kind | 2,248,292 | - | - | - | - | - | - |
| Loss on disposal of assets | - | - | - | 125 | - | - | - |
| SUBTOTAL | <u>10,883,653</u> | <u>1,562,440</u> | <u>7,028,880</u> | <u>13,442,609</u> | <u>436,073</u> | <u>263,240</u> | <u>2,535,355</u> |
| Over applied indirect costs | - | - | - | - | - | - | - |
| Eliminations | <u>(2,293,788)</u> | <u>(31,766)</u> | <u>(44,196)</u> | <u>(28,328)</u> | - | - | <u>(7,860)</u> |
| TOTAL EXPENSES | <u>\$ 8,589,865</u> | <u>\$ 1,530,674</u> | <u>\$ 6,984,684</u> | <u>\$ 13,414,281</u> | <u>\$ 436,073</u> | <u>\$ 263,240</u> | <u>\$ 2,527,495</u> |

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
 FOR THE YEAR ENDED JULY 31, 2019

| | Program Services | | | | Support Services | Total Expenses |
|------------------------------------|---------------------|--------------------|-----------------------------|------------------------|------------------------|----------------------|
| | Special Projects | Volunteer Services | SNHS Management Corporation | Total Program Services | Management and General | |
| EXPENSES | | | | | | |
| Payroll | \$ 74,200 | \$ 73,480 | \$ 492,484 | \$ 12,374,626 | \$ 1,313,585 | \$ 13,688,211 |
| Payroll taxes | 6,191 | 6,004 | 33,947 | 986,477 | 99,061 | 1,085,538 |
| Fringe benefits | 11,699 | 11,872 | 209,681 | 2,871,376 | 181,973 | 3,053,349 |
| Workers comp. insurance | 2,644 | 184 | 10,549 | 180,771 | 4,483 | 185,254 |
| Retirement benefits | 2,834 | 2,369 | 33,859 | 751,739 | 110,189 | 861,928 |
| Consultant and contractual | 1,579,582 | 478 | 154,356 | 5,235,932 | 90,851 | 5,326,783 |
| Travel and transportation | 4,649 | 6,554 | 58,681 | 377,281 | 14,194 | 391,475 |
| Conferences and meetings | 3,727 | 220 | 16,307 | 42,463 | 1,675 | 44,138 |
| Occupancy | 18,040 | - | 600,154 | 1,891,762 | 32,663 | 1,924,425 |
| Advertising | 460 | 2,444 | 1,050 | 28,065 | 75 | 28,140 |
| Supplies | 3,624 | 6,599 | 17,685 | 442,867 | 40,709 | 483,576 |
| Equip. rentals and maintenance | 4,167 | 177 | 21,671 | 101,876 | 768 | 102,644 |
| Insurance | 2,007 | 1,206 | 40,184 | 119,817 | 19,901 | 139,718 |
| Telephone | 2,253 | 1,453 | 19,545 | 213,808 | 2,167 | 215,975 |
| Postage | 42 | 535 | 1,505 | 42,193 | 15,912 | 58,105 |
| Printing and publications | - | 175 | - | 7,354 | - | 7,354 |
| Subscriptions | - | 900 | 130 | 1,932 | 360 | 2,292 |
| Program support | 4,077 | - | 43,787 | 127,553 | - | 127,553 |
| Interest | - | - | 59,264 | 72,259 | - | 72,259 |
| Depreciation | 35,345 | - | 347,894 | 499,438 | 536 | 499,974 |
| Assistance to clients | 1,492 | - | 88,251 | 10,982,438 | - | 10,982,438 |
| Other expense | 11,056 | 1,550 | 21,821 | 645,756 | 13,055 | 658,811 |
| Miscellaneous | 237 | 8,850 | 120,753 | 192,984 | 1,283 | 194,267 |
| In-kind | - | - | - | 2,248,292 | - | 2,248,292 |
| Loss on disposal of assets | - | - | 3,381 | 3,506 | - | 3,506 |
| SUBTOTAL | <u>1,768,326</u> | <u>125,050</u> | <u>2,396,939</u> | <u>40,442,565</u> | <u>1,943,440</u> | <u>42,386,005</u> |
| Over applied indirect costs | - | - | - | - | 95,023 | 95,023 |
| Eliminations | - | - | - | (2,405,938) | - | (2,405,938) |
| TOTAL EXPENSES | <u>\$ 1,768,326</u> | <u>\$ 125,050</u> | <u>\$ 2,396,939</u> | <u>\$ 38,036,627</u> | <u>\$ 2,038,463</u> | <u>\$ 40,075,090</u> |

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | <u>\$ 1,347,598</u> | <u>\$ 986,989</u> |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 570,806 | 499,974 |
| (Gain) loss on disposal of assets | (2,450) | 3,506 |
| Donation of low-income housing projects | - | - |
| Unrealized gain on investments | (398,423) | (12,233) |
| (Increase) decrease in operating assets: | | |
| Contracts receivable | 141,978 | 677,107 |
| Accounts receivable | 99,970 | 14,609 |
| Prepaid expenses | (64,645) | (5,034) |
| Under applied overhead | - | 67,750 |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable | 71,424 | 199,288 |
| Accrued payroll and payroll taxes | 43,876 | (56,907) |
| Accrued compensated absences | 110,482 | 13,852 |
| Accrued other liabilities | (174,692) | (10,309) |
| Refundable advances | (691,943) | (280,355) |
| Over applied overhead | 152,740 | 27,739 |
| Tenant security deposits | (1,201) | 2,430 |
| Total adjustments | <u>(142,078)</u> | <u>1,141,417</u> |
| NET CASH FLOWS FROM OPERATING ACTIVITIES | <u>1,205,520</u> | <u>2,128,406</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of fixed assets | (1,304,678) | (1,430,211) |
| Proceeds from sale of fixed assets | 9,400 | 16,500 |
| Purchase of investments, reinvested dividends, and capital gains | (298,308) | (307,794) |
| Proceeds from sale of investments | - | 1,000,000 |
| Deposit to restricted cash accounts | (46,103) | (8,842) |
| NET CASH FLOWS FROM INVESTING ACTIVITIES | <u>(1,639,689)</u> | <u>(730,347)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Payments on long-term debt | (96,173) | (111,363) |
| CHANGE IN CASH AND CASH EQUIVALENTS | (530,342) | 1,286,696 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>6,986,538</u> | <u>5,699,842</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$ 6,456,196</u></u> | <u><u>\$ 6,986,538</u></u> |
| SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION | | |
| Cash paid during the year for interest | <u><u>\$ 64,542</u></u> | <u><u>\$ 72,259</u></u> |

See independent auditor's report and accompanying notes to the financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

JULY 31, 2020 AND 2019

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Nature of the Organization**

Southern New Hampshire Services, Inc. (SNHS) is an umbrella corporation that offers an array of services to the elderly, disabled, and low-income households in New Hampshire's Hillsborough County and Rockingham County. The Organization's programs provide assistance in the areas of education, child development, employment, energy and its conservation, housing and homelessness prevention. The Organization is committed to providing respectful support services and assisting individuals and families in achieving self-sufficiency by helping them overcome the causes of poverty. The primary source of revenues is derived from governmental contracts. Services are provided through Southern New Hampshire Services, Inc. and SNHS Management Corporation.

Basis of Accounting and Presentation

The Organization prepares its combined financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; and accordingly reflect all significant receivables, payables, and other liabilities. The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets with Donor Restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be fulfilled and removed by actions of the Organization pursuant to those stipulations or by passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

The Organization has no net assets with donor restrictions at July 31, 2020 and 2019.

Combined Financial Statements

All significant intercompany items and transactions have been eliminated from the basic combined financial statements. The combined financial statements include the accounts of SNHS Management Corporation because Southern New Hampshire Services, Inc. controls more than 50% of the voting power.

Use of Estimates

The preparation of combined financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results may differ from these amounts.

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**Cash and Cash Equivalents**

For the purpose of the combined statements of cash flows, the Organization considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization has no cash equivalents at July 31, 2020 and 2019.

Current Vulnerabilities Due to Certain Concentrations

The Organization maintains its cash balances at several financial institutions located in New Hampshire and Maine. The balances are insured by the Federal Deposit Insurance Organization (FDIC) up to \$250,000 per financial institution. In addition, on October 2, 2008, the Organization entered into an agreement with its principal banking partner to collateralize deposits in excess of the FDIC insurance limitation on some accounts. The balances, at times, may exceed amounts covered by the FDIC and collateralization agreements. It is the opinion of management that there is no significant risk with respect to these deposits at either July 31, 2020 and 2019.

Accounts and Contracts Receivable

All accounts and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Receivables are recorded on the accrual basis of accounting primarily based on reimbursable contracts, grants and agreements. Balances outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to the applicable accounts receivable. Management does not believe an allowance for uncollectible accounts receivable is necessary at July 31, 2020 and 2019.

Revenue Recognition

The Organization's revenue is recognized primarily from federal and state grants and contracts generally structured as reimbursed contracts for services and therefore revenue is recognized based on when their individual allowable budgeted expenditures occur. Refundable advances result from unexpended balances from these exchange transactions. Federal and state grant revenue comprised approximately 91% of total revenue in the fiscal years ended July 31, 2020 and 2019.

Contributions and In-Kind Donations

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions, if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions. In-kind revenues and expenses represent fair market value of volunteer services and non-paid goods which were donated to the Organization during the current fiscal year. All in-kind revenues in the fiscal year 2020 and 2019 were generated through the Head Start and Economic Workforce Development programs. Since the recognition criteria is not met, no in-kind revenues are recognized as contributions in the combined financial statements and the in-kind expenses have been eliminated.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the combined statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying combined statements of activities.

Fixed Assets

Fixed assets acquired by the Organization are capitalized at cost if purchased or fair value if donated. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000. Major additions and renewals are capitalized, while repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line basis over the estimated useful lives of the assets, which range from three to forty years. Depreciation expense for July 31, 2020 and 2019 was \$570,806 and \$499,974, respectively.

Fixed assets purchased with grant funds are owned by the Organization while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the fixed assets purchased with grant funds. The disposition of fixed assets, as well as the ownership of any proceeds is subject to funding source regulations.

Advertising

The Organization uses advertising to promote programs among the people it serves. The production costs of advertising are expensed as incurred.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Other expenses, that are common to several functions, are allocated by management based on effort. Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Management and General - includes all activities related to the Organization's internal management.

Subsequent Events

Management has made an evaluation of subsequent events through February 8, 2021, which represents the date on which the combined financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these combined financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Accounting Pronouncements

In November 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. ASU 2016-18 clarifies the classification and presentation requirements specific to changes in restricted cash on the statement of cash flows. The guidance is effective for non-public entities fiscal years beginning after December 15, 2018 with early adoption permitted. Management has evaluated the impact of the ASU on the Organization's statement of cash flows and decided not to adopt it as the change was determined not to be significant to the users of the combined financial statements.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards. The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU was effective for fiscal periods beginning after December 15, 2018, however ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) – Effective Dates for Certain Entities*, allowed for a one-year deferral for implementation. Therefore, the Organization will implement the guidance in its June 31, 2021 consolidated financial statements. Management is currently evaluating the impact of adoption on the Organization's financial statements.

Leases

In February 2016, the FASB released ASU 2016-02, *Leases (Topic 842)*, which provides users of the financial statements a more accurate picture of the assets and the long-term financial obligations of organizations that lease. The standard is for a dual-model approach; a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial condition of the organization for leases with a term exceeding 12 months. Lessors will see changes as well, primarily made to align with the revised model. The guidance is effective for non-public entities for fiscal years beginning after December 15, 2021, with early adoption permitted. The Organization will implement the guidance in its July 31, 2023 consolidated financial statements. Management is currently evaluating the impact of adoption on the Organization's financial statements.

NOTE 2: RESTRICTED CASH

The Organization, as stipulated in many of the loan agreements associated with the housing projects included in SNHS Management Corporation, is required to maintain separate accounts and make monthly deposits into certain restricted reserves for the replacement of property and other expenditures. In addition, the Organization is required to maintain separate accounts for tenant security deposits and any surplus cash that may result from annual operations. These accounts are also not available for operating purposes and generally need additional approval from oversight agencies before withdrawal and use of these funds can occur.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 3: FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements*, are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs that are unobservable for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2020 and 2019.

Mutual Funds: Valued at the net asset value of shares held on the last trading day of the fiscal year, which is the basis for transactions at that date.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of July 31, 2020 and 2019:

| | <u>2020</u> | | | |
|---------------------|---------------------------|--------------------|--------------------|---------------------------|
| | <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> | <u>Total</u> |
| Mutual Funds | <u>\$9,102,421</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$9,102,421</u> |
| | <u>2019</u> | | | |
| | <u>(Level 1)</u> | <u>(Level 2)</u> | <u>(Level 3)</u> | <u>Total</u> |
| Mutual Funds | <u>\$8,405,690</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$8,405,690</u> |

NOTE 4: INVESTMENTS

The following is a summary of investments as of July 31:

| | <u>2020</u> | | | <u>2019</u> | | |
|--------------|--------------------|--------------------------|-------------------------|--------------------|--------------------------|-------------------------|
| | <u>Cost</u> | <u>Fair Market Value</u> | <u>Unrealized Gains</u> | <u>Cost</u> | <u>Fair Market Value</u> | <u>Unrealized Gains</u> |
| Mutual Funds | <u>\$8,611,376</u> | <u>\$9,102,421</u> | <u>\$ 491,045</u> | <u>\$8,313,068</u> | <u>\$8,405,690</u> | <u>\$ 92,622</u> |

The activities of the Organization's investment account are summarized as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------|--------------------|--------------------|
| Fair Value - Beginning of Year | <u>\$8,405,690</u> | \$9,085,663 |
| Dividends and Capital Gains | <u>298,308</u> | 307,794 |
| Sale of Investments | - | (1,000,000) |
| Unrealized Gains | <u>398,423</u> | <u>12,233</u> |
| Fair Value - End of Year | <u>\$9,102,421</u> | <u>\$8,405,690</u> |

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 5: AVAILABILITY AND LIQUIDITY

The Organization's financial assets available for expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date comprise the following as of July 31:

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| Cash and Cash Equivalents | \$ 6,456,196 | \$ 6,986,538 |
| Investments | 9,102,421 | 8,405,690 |
| Contracts Receivable | 3,346,435 | 3,488,413 |
| Accounts Receivable | <u>721,595</u> | <u>821,565</u> |
| Total financial assets available within one year | <u>\$19,626,647</u> | <u>\$19,702,206</u> |

None of the financial assets are subject to donor or other contractual restrictions. Accordingly, all such funds are available to meet the needs of the Organization in the next 12 months. In addition, the Organization maintains several reserve funds for property taxes, insurance expenses, and repair and replacement or emergency needs which are required by financing authorities. These funds may be withdrawn only with the approval of the financing authority and are not considered by the Organization to have donor restrictions.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

NOTE 6: LONG-TERM DEBT

The following is a summary of long-term debt as of July 31:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| <u>SNHS, Inc.</u> | | |
| Mortgage payable to City of Manchester, secured by real estate located in Manchester, NH. A balloon payment of \$11,275 was due on June 30, 2010. Interest is at 0.000%. SNHS, Inc. is currently negotiating with the City of Manchester to write off this debt. | \$ 11,275 | \$ 11,275 |
| Mortgage payable to bank, secured by real estate located on Temple St., Nashua, NH, payable in fixed monthly principal installments of \$1,833 plus interest through 2020. The note was refinanced on October 1, 2020, payable in monthly installments of \$2,182 plus interest through 2030. Interest is at 4.000% at July 31, 2020 and 2019. | <u>218,502</u> | <u>238,669</u> |
| <u>Subtotal</u> | <u>\$ 229,777</u> | <u>\$ 249,944</u> |

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 6: LONG-TERM DEBT (Continued)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------------|--------------------|
| <u>Subtotal Carried Forward</u> | <u>\$ 229,777</u> | <u>\$ 249,944</u> |
| <u>SNHS Management Corporation</u> | | |
| Mortgage payable to New Hampshire Housing Authority secured by real estate located on Pleasant St., Epping, NH, payable in monthly installments of \$1,084 including interest through 2042. Interest is at 3.500%. | 194,418 | 200,514 |
| Mortgage payable to City of Nashua secured by real estate located on Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low-income housing for 30 years. Interest is at 10.000%, forgiven annually. | 900,000 | 900,000 |
| Note payable to City of Nashua secured by real estate located on Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low-income housing for 30 years. Interest is at 10.000%, forgiven annually. | 20,000 | 20,000 |
| Mortgage payable to New Hampshire Community Loan Fund secured by real estate located on, Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low-income housing for 30 years. Interest is at 10.000%, forgiven annually. | 250,000 | 250,000 |
| Mortgage payable to bank, secured by real estate located on West Pearl St., Nashua, NH. Mortgage will be forgiven only if real estate remains low-income housing for 40 years. Interest is at 0.000%. | 170,000 | 170,000 |
| Mortgage payable to bank, secured by real estate located on Allds St., Nashua, NH, payable in fixed monthly principal installments of \$2,613 plus interest through 2021. Interest is at 2.906% and 4.980% at July 31, 2020 and 2019. | 26,131 | 57,487 |
| Mortgage payable to MH Parsons and Sons Lumber, secured by real estate located on Crystal Ave., Derry, NH, payable in monthly installments of \$3,715 including interest through 2031. Interest is at 5.500%. | 373,238 | 396,455 |
| Mortgage payable to New Hampshire Housing Authority secured by real estate located in Deerfield, NH, payable in monthly installments of \$3,327 including interest through 2033. Interest is at 7.000%. | <u>342,777</u> | <u>358,114</u> |
| <u>Subtotal</u> | <u>\$2,506,341</u> | <u>\$2,602,514</u> |

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 6: LONG-TERM DEBT (Continued)

| | <u>2020</u> | <u>2019</u> |
|--|--------------------|--------------------|
| <u>Subtotal Carried Forward</u> | <u>\$2,506,341</u> | <u>\$2,602,514</u> |
| Mortgage payable to New Hampshire Housing Authority secured by real estate located in Deerfield, NH with annual principal repayments equal to 25% of cash surplus due through 2032. Interest is at 0.000%. | 392,924 | 392,924 |
| Mortgage payable to New Hampshire Housing Authority secured by real estate located in Deerfield, NH with annual principal repayments equal to 25% of cash surplus due through 2032. Interest is at 0.000%. | <u>150,000</u> | <u>150,000</u> |
| | 3,049,265 | 3,145,438 |
| Less: Current Portion | <u>100,012</u> | <u>109,413</u> |
| Long-term debt, net of current portion | <u>\$2,949,253</u> | <u>\$3,036,025</u> |

Principal maturities of long-term debt are as follows as of July 31:

| | |
|------------|--------------------|
| 2021 | \$ 100,012 |
| 2022 | 68,662 |
| 2023 | 72,391 |
| 2024 | 76,332 |
| 2025 | 80,502 |
| Thereafter | <u>2,651,366</u> |
| Total | <u>\$3,049,265</u> |

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 7: OPERATING LEASES

The Organization leases various facilities and equipment under several operating leases. Total lease payments for the years ended July 31, 2020 and 2019 equaled \$681,354 and \$686,840, respectively. The leases expire at various times through August 2022. Some of the leases contain renewal options that are contingent upon federal funding and some contain renewal options subject to renegotiation of lease terms.

The following is a schedule of future minimum lease payments for the operating leases as of July 31:

| | |
|-------|-------------------|
| 2021 | \$ 105,268 |
| 2022 | 12,700 |
| 2023 | <u>575</u> |
| Total | <u>\$ 118,543</u> |

NOTE 8: RETIREMENT BENEFITS

The Organization has an Employer-Sponsored 403(b) plan offering coverage to all of its employees. Participating employees must contribute at least 1% of their wages, while the Organization contributes 10% of their wages. The pension expense for the years ended July 31, 2020 and 2019 was \$940,492 and \$861,928, respectively.

NOTE 9: RISKS AND UNCERTAINTIES

The Organization is operated in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules, and regulations are subject to change by an act of Congress or Legislature. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE 10: CONTINGENCIES AND CONTINGENT LIABILITIES

The Organization receives contract funding from various sources. Under the terms of these agreements, the Organization is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Organization might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not yet been determined.

Cotton Mill Square

In 2015, SNHS Management Corporation entered into a contract as part of the Community Development Investment Tax Credit Program with the Community Development Finance Authority (CDFA) and was awarded \$1,000,000 to provide funding for the development and adaptive reuse of an abandoned historic cotton mill in downtown Nashua, NH. Under this program, the Project (Cotton Mill Square) created 109 units of housing and was required to reserve 55 of these units for low to moderate income households.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS
(Continued)

JULY 31, 2020 AND 2019

NOTE 10: CONTINGENCIES AND CONTINGENT LIABILITIES (Continued)

Cotton Mill Square (Continued)

As stipulated by the contract and after a 20% program fee retained by the CDFA, SNHS Management Corporation entered into a subrecipient agreement with the owners of the Project (Cotton Mill Square LLC) to provide a promissory note and mortgage of the remaining award amount of \$800,000. The 20 year note to Cotton Mill Square LLC is non-interest bearing and the principal is forgivable at a rate of 5% each year the Project maintains the required minimum of 55 low to moderate income household units.

The Cotton Mill Square Project was awarded the certificate of occupancy on August 22, 2014 and remains in full compliance with the required regulations as of July 31, 2020 and 2019. SNHS Management Corporation feels that it is extremely unlikely that the Project will fall into noncompliance in future periods. Therefore, SNHS Management Corporation has not recorded any contingent receivable or liability related to this transaction. The note repayment is accelerated if the units fall out of compliance.

In October of 2017, the subrecipient agreement with Cotton Mill Square LLC was amended to cease the annual 5% debt forgiveness. This modification effectively holds the promissory note balance at \$720,000 which will now be forgiven in full at the end of the agreement as long as the Project maintains compliance with the original agreement's terms. This modification did not change the contingent receivable or liability with SNHS Management Corporation.

J. Brown Homestead Property

On July 1, 2011, Rockingham Community Acton (RCA) was acquired by SNHS. As part of this merger, SNHS assumed all the assets, liabilities and obligations of RCA which included the J. Brown Homestead Property.

The J. Brown Homestead Property was conveyed to RCA in 1999 by the Town of Raymond for \$1 and a mortgage lien of \$604,418. The property contains four apartments limited to low-income seniors, office space for the Outreach operations, space for the Food Pantry operation, and a common meeting room for use by Town of Raymond organizations. The Town of Raymond included a requirement that the property be used for a social service center for a period of 20 years, called the benefit period, after which this requirement terminates.

In the event that SNHS sells or otherwise conveys the property within the benefit period, the remaining lien will be either paid from the proceeds of the sale or remain with the land to any subsequent purchaser for the remaining benefit period.

This mortgage lien has no scheduled principal or interest payments and is forgivable at a rate of 5% each year of the benefit period until it is completely forgiven in year 2019. The value of this lien at July 31, 2020 and 2019 is \$0 and \$30,221, respectively. SNHS has no plans to sell or transfer this property. Therefore, the contingent mortgage lien liability has not been included in the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2020 AND 2019

NOTE 10: CONTINGENCIES AND CONTINGENT LIABILITIES (Continued)

Coronavirus Pandemic

An outbreak of a novel strain coronavirus (COVID-19) has spread to the U.S. and in March 2020, the World Health Organization characterized COVID-19 as a pandemic. The Organization was unable to meet its matching requirements in accordance with the terms of its Head Start Programs grant award due to the COVID-19 pandemic but received a waiver from DHHS to remain in compliance. Many programs that historically had direct contact with participants were closed or changed significantly while staff was retained. However, the extent of the future impact of COVID-19 on the Organization's operational and financial performance is not known as of the date these financial statements were issued.

OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Mark R. Carrier, C.P.A.
Michael R. Dunn, C.P.A.
Jonathan A. Hussey, C.P.A., M.S.T.
Steven R. Lamontagne, C.P.A.

Gary W. Soucy, C.P.A.
Gary A. Wigant, C.P.A.
C. Joseph Wolverton, Jr., C.P.A.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Southern New Hampshire Services, Inc. and Affiliate
Manchester, New Hampshire

We have audited the combined financial statements of Southern New Hampshire Services, Inc. (a nonprofit organization) and affiliate as of and for the years ended July 31, 2020 and 2019, and our report thereon dated February 8, 2021, which contained an unmodified opinion on those combined financial statements, appears on page 1. Our audits were performed for the purpose of forming an opinion on the combined financial statements as a whole.

The combining information in Schedules A and B (pages 23-24), the schedules of revenues and expenses - by contract (pages 25-29), required by the State of New Hampshire Governor's Office of Strategic Initiatives, and the required schedules and financial information for Whispering Pines II, J.B. Milette Manor, and Sherburne Woods (pages 30-49), required by the New Hampshire Housing Finance Authority are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Ouellette & Associates, P.A.
Certified Public Accountants

February 8, 2021
Lewiston, Maine

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
COMBINING SCHEDULE OF FINANCIAL POSITION
JULY 31, 2020

| | SNHS, Inc. | SNHS Management Corporation | Sub-Total | Elimination | Total |
|--|---------------------|-----------------------------------|----------------------|-----------------------|----------------------|
| ASSETS | | | | | |
| CURRENT ASSETS | | | | | |
| Cash | \$ 70,760 | \$ 6,385,436 | \$ 6,456,196 | \$ - | \$ 6,456,196 |
| Investments | - | 9,102,421 | 9,102,421 | - | 9,102,421 |
| Contracts receivable | 3,100,475 | 245,960 | 3,346,435 | - | 3,346,435 |
| Accounts receivable | - | 721,595 | 721,595 | - | 721,595 |
| Prepaid expenses | 96,285 | 63,557 | 159,842 | - | 159,842 |
| Due from other corporations | 2,755,709 | (108,554) | 2,647,155 | (2,647,155) | - |
| Total current assets | <u>6,023,229</u> | <u>16,410,415</u> | <u>22,433,644</u> | <u>(2,647,155)</u> | <u>19,786,489</u> |
| FIXED ASSETS | | | | | |
| Land | 619,910 | 2,431,008 | 3,050,918 | - | 3,050,918 |
| Buildings and improvements | 2,044,340 | 11,266,226 | 13,310,566 | - | 13,310,566 |
| Vehicles and equipment | 1,237,244 | 264,707 | 1,501,951 | - | 1,501,951 |
| Total fixed assets | <u>3,901,494</u> | <u>13,961,941</u> | <u>17,863,435</u> | <u>-</u> | <u>17,863,435</u> |
| Less - accumulated depreciation | 1,527,067 | 4,202,884 | 5,729,951 | - | 5,729,951 |
| Net fixed assets | <u>2,374,427</u> | <u>9,759,057</u> | <u>12,133,484</u> | <u>-</u> | <u>12,133,484</u> |
| OTHER ASSETS | | | | | |
| Restricted cash | 32,321 | 425,362 | 457,683 | - | 457,683 |
| TOTAL ASSETS | <u>\$ 8,429,977</u> | <u>\$ 26,594,834</u> | <u>\$ 35,024,811</u> | <u>\$ (2,647,155)</u> | <u>\$ 32,377,656</u> |
| LIABILITIES AND NET ASSETS | | | | | |
| CURRENT LIABILITIES | | | | | |
| Current portion of long-term debt | \$ 26,458 | \$ 73,554 | \$ 100,012 | \$ - | \$ 100,012 |
| Accounts payable | 665,598 | 63,502 | 729,100 | - | 729,100 |
| Accrued payroll and payroll taxes | 271,965 | 817,716 | 1,089,681 | - | 1,089,681 |
| Accrued compensated absences | - | 470,301 | 470,301 | - | 470,301 |
| Accrued other liabilities | 51,275 | 1,736 | 53,011 | - | 53,011 |
| Refundable advances | 216,801 | 119,999 | 336,800 | - | 336,800 |
| Over applied overhead | 180,479 | - | 180,479 | - | 180,479 |
| Tenant security deposits | 28,710 | 54,320 | 83,030 | - | 83,030 |
| Due to other corporations | 1,451,915 | 1,195,240 | 2,647,155 | (2,647,155) | - |
| Total current liabilities | <u>2,893,201</u> | <u>2,796,368</u> | <u>5,689,569</u> | <u>(2,647,155)</u> | <u>3,042,414</u> |
| LONG-TERM LIABILITIES | | | | | |
| Long-term debt, less current portion | 203,319 | 2,745,934 | 2,949,253 | - | 2,949,253 |
| TOTAL LIABILITIES | <u>3,096,520</u> | <u>5,542,302</u> | <u>8,638,822</u> | <u>(2,647,155)</u> | <u>5,991,667</u> |
| NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>5,333,457</u> | <u>21,052,532</u> | <u>26,385,989</u> | <u>-</u> | <u>26,385,989</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 8,429,977</u> | <u>\$ 26,594,834</u> | <u>\$ 35,024,811</u> | <u>\$ (2,647,155)</u> | <u>\$ 32,377,656</u> |

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINING SCHEDULE OF ACTIVITIES
 FOR THE YEAR ENDED JULY 31, 2020

| | SNHS, Inc. | SNHS Management Corporation | Sub-Total | Elimination | Total |
|--|---------------------|-----------------------------------|----------------------|--------------------|----------------------|
| REVENUES, GAINS AND OTHER SUPPORT | | | | | |
| Grant/contract revenue | \$ 38,425,444 | \$ 144,980 | \$ 38,570,424 | \$ (325,655) | \$ 38,244,769 |
| Program service fees | 17,400 | 779,105 | 796,505 | - | 796,505 |
| Local funding | - | 244,926 | 244,926 | - | 244,926 |
| Rental income | - | 1,191,263 | 1,191,263 | - | 1,191,263 |
| Gifts and contributions | 131,706 | 70,133 | 201,839 | - | 201,839 |
| Interest Income | 177 | 302,423 | 302,600 | - | 302,600 |
| Unrealized gain on investments | - | 398,423 | 398,423 | - | 398,423 |
| In-kind | 1,472,831 | - | 1,472,831 | (1,472,831) | - |
| Miscellaneous | 393,809 | 201,686 | 595,495 | (133,204) | 462,291 |
| TOTAL REVENUES, GAINS AND OTHER SUPPORT | 40,441,367 | 3,332,939 | 43,774,306 | (1,931,690) | 41,842,616 |
| EXPENSES | | | | | |
| Program services: | | | | | |
| Child Development | 10,842,143 | - | 10,842,143 | (1,512,112) | 9,330,031 |
| Community Services | 1,557,690 | - | 1,557,690 | (52,270) | 1,505,420 |
| Economic and Workforce Dev. | 7,490,571 | - | 7,490,571 | (40,310) | 7,450,261 |
| Energy | 12,740,013 | - | 12,740,013 | (88,503) | 12,651,510 |
| Language and Literacy | 430,934 | - | 430,934 | - | 430,934 |
| Housing and Homeless | 490,824 | - | 490,824 | - | 490,824 |
| Nutrition and Health | 2,317,606 | - | 2,317,606 | (10,048) | 2,307,558 |
| Special Projects | 1,879,743 | - | 1,879,743 | (3,317) | 1,876,426 |
| Volunteer Services | 127,449 | - | 127,449 | - | 127,449 |
| SNHS Management Corporation | - | 2,672,183 | 2,672,183 | (224,475) | 2,447,708 |
| Total program services | 37,876,973 | 2,672,183 | 40,549,156 | (1,931,035) | 38,618,121 |
| Support services: | | | | | |
| Management and general | 1,877,552 | - | 1,877,552 | (655) | 1,876,897 |
| TOTAL EXPENSES | 39,754,525 | 2,672,183 | 42,426,708 | (1,931,690) | 40,495,018 |
| CHANGE IN NET ASSETS | 686,842 | 660,756 | 1,347,598 | - | 1,347,598 |
| NET ASSETS - BEGINNING OF YEAR | 4,646,615 | 20,391,776 | 25,038,391 | - | 25,038,391 |
| NET ASSETS - END OF YEAR | \$ 5,333,457 | \$ 21,052,532 | \$ 26,385,989 | \$ - | \$ 26,385,989 |

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2020

State of NH Governor's Office of Strategic Initiatives

Headstart Program

For the Period

August 1, 2019 to July 31, 2020

Fund # 305

REVENUES

| | |
|--|------------------|
| Program funding | \$ 5,673,912 |
| In-kind | 1,296,196 |
| Allocated corporate unrestricted revenue | (232,744) |
| Total revenue | <u>6,737,364</u> |

EXPENSES

| | |
|--------------------------------|------------------|
| Payroll | 2,935,664 |
| Payroll taxes | 222,088 |
| Fringe benefits | 915,047 |
| Workers comp. insurance | 68,815 |
| Retirement benefits | 169,897 |
| Consultant and contractual | 21,717 |
| Travel and transportation | 40,971 |
| Occupancy | 275,640 |
| Advertising | 1,395 |
| Supplies | 188,445 |
| Equip. rentals and maintenance | 2,445 |
| Insurance | 14,562 |
| Telephone | 33,811 |
| Postage | 1,418 |
| Printing and publications | 2,931 |
| Depreciation | 12,210 |
| Assistance to clients | 5,850 |
| Other expense | 55,126 |
| Miscellaneous | 7,141 |
| In-kind | 1,296,196 |
| Administrative costs | 465,995 |
| Total expenses | <u>6,737,364</u> |

Excess of expenses over revenue

\$ -

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2020

State of NH Governor's Office of Strategic Initiatives
 LIHEAP Program
 For the Period
 October 1, 2019 to July 31, 2020
 Fund # 630-20

REVENUES

| | |
|--|--------------|
| Program funding | \$ 9,024,873 |
| Other revenue | 7,267 |
| Allocated corporate unrestricted revenue | 2,466 |
| Total revenue | 9,034,606 |

EXPENSES

| | |
|--------------------------------|-----------|
| Payroll | 393,031 |
| Payroll taxes | 29,952 |
| Fringe benefits | 138,744 |
| Workers comp. insurance | 1,200 |
| Retirement benefits | 20,705 |
| Consultant and contractual | 20,146 |
| Travel and transportation | 5,040 |
| Conference and meetings | 27 |
| Occupancy | 43,485 |
| Advertising | 150 |
| Supplies | 26,083 |
| Equip. rentals and maintenance | 2,783 |
| Insurance | 1,509 |
| Telephone | 14,212 |
| Postage | 18,345 |
| Subscriptions | 262 |
| Program support | 30,381 |
| Depreciation | 2,404 |
| Assistance to clients | 8,213,248 |
| Miscellaneous | 812 |
| Administrative costs | 72,087 |
| Total expenses | 9,034,606 |

| | |
|---------------------------------|------|
| Excess of expenses over revenue | \$ - |
|---------------------------------|------|

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2020

State of NH Governor's Office of Strategic Initiatives
 LIHEAP Program
 For the Period
 August 1, 2019 to September 30, 2019
 Fund # 630-19

REVENUES

| | |
|-----------------|----------------|
| Program funding | \$ 173,486 |
| Total revenue | <u>173,486</u> |

EXPENSES

| | |
|----------------------------|----------------|
| Payroll | 77,520 |
| Payroll taxes | 6,104 |
| Fringe benefits | 31,195 |
| Workers comp. insurance | 218 |
| Retirement benefits | 4,196 |
| Consultant and contractual | 6,373 |
| Travel and transportation | 1,036 |
| Conference and meetings | 15 |
| Occupancy | 10,114 |
| Advertising | 25 |
| Supplies | 5,720 |
| Insurance | 702 |
| Telephone | 2,001 |
| Postage | 786 |
| Program support | 7,165 |
| Printing and publications | 483 |
| Assistance to clients | 13,190 |
| Miscellaneous | 155 |
| Administrative costs | 6,488 |
| Total expenses | <u>173,486</u> |

| | |
|---------------------------------|-------------|
| Excess of expenses over revenue | <u>\$ -</u> |
|---------------------------------|-------------|

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2020

State of NH Governor's Office of Strategic Initiatives
 Early Headstart Program
 For the Period
 August 1, 2019 to July 31, 2020
 Fund # 300

REVENUES

| | |
|--|------------------|
| Program funding | \$ 1,488,459 |
| In-kind | 116,095 |
| Allocated corporate unrestricted revenue | (105,146) |
| Total revenue | <u>1,499,408</u> |

EXPENSES

| | |
|--------------------------------|------------------|
| Payroll | 739,965 |
| Payroll taxes | 56,426 |
| Fringe benefits | 192,055 |
| Workers comp. insurance | 17,331 |
| Retirement benefits | 39,757 |
| Consultant and contractual | 3,481 |
| Travel and transportation | 4,761 |
| Occupancy | 80,061 |
| Advertising | 200 |
| Supplies | 39,910 |
| Equip. rentals and maintenance | 1,091 |
| Insurance | 2,837 |
| Telephone | 31,533 |
| Postage | 45 |
| Printing and publications | 842 |
| Interest | 9,529 |
| Depreciation | 24,953 |
| Other expense | 17,737 |
| Miscellaneous | 3,417 |
| In-kind | 116,095 |
| Administrative costs | 117,382 |
| Total expenses | <u>1,499,408</u> |

| | |
|---------------------------------|--------------------|
| Excess of expenses over revenue | <u><u>\$ -</u></u> |
|---------------------------------|--------------------|

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2020

Electric Energy Assistance

For the Period

August 1, 2019 to July 31, 2020

Fund # 665

REVENUES

| | |
|--|----------------|
| Other revenue | \$ 812,431 |
| Allocated corporate unrestricted revenue | 9,845 |
| Total revenue | <u>822,276</u> |

EXPENSES

| | |
|--------------------------------|----------------|
| Payroll | 423,007 |
| Payroll taxes | 32,553 |
| Fringe benefits | 140,031 |
| Workers comp. insurance | 1,484 |
| Retirement benefits | 18,531 |
| Consultant and contractual | 23,656 |
| Travel and transportation | 3,236 |
| Conference and meetings | 42 |
| Occupancy | 51,313 |
| Advertising | 175 |
| Supplies | 30,428 |
| Equip. rentals and maintenance | 3,088 |
| Insurance | 2,033 |
| Telephone | 11,805 |
| Postage | 10,894 |
| Subscriptions | 262 |
| Depreciation | 787 |
| Miscellaneous | 443 |
| Administrative costs | 68,508 |
| Total expenses | <u>822,276</u> |

| | |
|---------------------------------|--------------------|
| Excess of expenses over revenue | <u><u>\$ -</u></u> |
|---------------------------------|--------------------|

WHISPERING PINES II
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)
(PROJECT No. A199991-046)

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2020 AND 2019

| <i>ASSETS</i> | | |
|--|--------------------|--------------------|
| | <i>2020</i> | <i>2019</i> |
| CURRENT ASSETS | | |
| Cash - Operations | \$ 15,319 | 18,732 |
| Prepaid Expenses | 8,433 | 6,035 |
| Total Current Assets | 23,752 | 24,767 |
| DEPOSITS HELD IN TRUST, FUNDED | | |
| Tenant Security Deposits | 11,484 | 13,294 |
| RESTRICTED DEPOSITS AND FUNDED RESERVES | | |
| Replacement Reserve | 40,591 | 30,028 |
| Operating Reserve | 79,253 | 78,399 |
| Tax Escrow | 8,531 | 23,456 |
| Insurance Escrow | 2,791 | 4,858 |
| Total Restricted Deposits and Funded Reserves | 131,166 | 136,741 |
| RENTAL PROPERTY | | |
| Land | 166,600 | 166,600 |
| Building and Building Improvements | 580,758 | 580,758 |
| Total Rental Property | 747,358 | 747,358 |
| Less Accumulated Depreciation | 59,301 | 43,447 |
| Net Rental Property | 688,057 | 703,911 |
| TOTAL ASSETS | \$ 854,459 | \$ 878,713 |
| <i>LIABILITIES AND NET ASSETS</i> | | |
| CURRENT LIABILITIES | | |
| Current Portion of Mortgage Loan Payable | \$ 6,312 | \$ 6,096 |
| Accounts Payable | 5,548 | 1,734 |
| Accrued Expenses | 205 | 944 |
| Total Current Liabilities | 12,065 | 8,774 |
| DEPOSIT LIABILITIES | | |
| Tenant Security Deposit Liability | 11,484 | 13,294 |
| LONG-TERM LIABILITIES | | |
| Due to Affiliate | 18,312 | 32,103 |
| Mortgage Loan Payable, Net of Current Portion | 188,106 | 194,418 |
| Total Long-Term Liabilities | 206,418 | 226,521 |
| Total Liabilities | 229,967 | 248,589 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS | 624,492 | 630,124 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 854,459 | \$ 878,713 |

WHISPERING PINES II
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)
(PROJECT No. A199991-046)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JULY 31, 2020 AND 2019

| | 2020 | 2019 |
|---------------------------------------|-------------------|-------------------|
| RENTAL OPERATIONS | | |
| <i>Income</i> | | |
| Tenant Rental Income | \$ 171,842 | \$ 172,681 |
| Laundry Income | 2,275 | 2,235 |
| Other Income | 1,466 | 1,470 |
| Interest Income - Unrestricted | 14 | 15 |
| Interest Income - Restricted | 1,345 | 2,490 |
| Total Income | 176,942 | 178,891 |
| <i>Expenses (See Schedule)</i> | | |
| Administrative | 42,309 | 50,777 |
| Utilities | 42,448 | 43,570 |
| Maintenance | 39,165 | 41,670 |
| Depreciation | 15,853 | 15,380 |
| Interest - NHHFA Mortgage Note | 6,921 | 7,130 |
| General Expenses | 35,878 | 33,608 |
| Total Expenses | 182,574 | 192,135 |
| CHANGE IN NET ASSETS | (5,632) | (13,244) |
| NET ASSETS - BEGINNING OF YEAR | 630,124 | 643,368 |
| NET ASSETS - END OF YEAR | \$ 624,492 | \$ 630,124 |

WHISPERING PINES II
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)
(PROJECT No. A199991-046)

SCHEDULES OF RENTAL OPERATIONS EXPENSES

FOR THE YEARS ENDED JULY 31, 2020 AND 2019

| EXPENSES: | <u>2020</u> | <u>2019</u> |
|---------------------------------------|--------------------------|--------------------------|
| <u>Administrative</u> | | |
| Management Fees | \$ 14,400 | \$ 14,400 |
| Salaries and Wages | 16,704 | 20,002 |
| Fringe Benefits | 4,701 | 3,415 |
| Investment Fee | - | 6,120 |
| Telephone | 2,953 | 3,128 |
| Other Administrative Expense | 3,551 | 3,712 |
| TOTAL ADMINISTRATIVE EXPENSE | <u>42,309</u> | <u>50,777</u> |
| <u>Utilities</u> | | |
| Electricity | 20,098 | 19,750 |
| Fuel | 9,677 | 13,124 |
| Water and Sewer | 11,613 | 10,214 |
| Other Utility Expense | 1,060 | 482 |
| TOTAL UTILITY EXPENSE | <u>42,448</u> | <u>43,570</u> |
| <u>Maintenance</u> | | |
| Custodial Supplies | 318 | 692 |
| Trash Removal | 2,064 | 2,160 |
| Snow Removal | 10,951 | 10,296 |
| Grounds/Landscaping | 17 | - |
| Elevator Repairs and Contract | 5,045 | 2,764 |
| Repairs (Materials) | 17,218 | 25,758 |
| Operation (Contract) | 3,552 | - |
| TOTAL MAINTENANCE EXPENSE | <u>39,165</u> | <u>41,670</u> |
| <u>Depreciation</u> | <u>15,853</u> | <u>15,380</u> |
| <u>Interest - NHHFA Mortgage Note</u> | <u>6,921</u> | <u>7,130</u> |
| <u>General Expenses</u> | | |
| Real Estate Taxes | 26,490 | 24,293 |
| Payroll Taxes | 1,273 | 1,612 |
| Retirement Benefits | 1,670 | 1,871 |
| Workman's Compensation | 915 | 1,064 |
| Insurance | 5,530 | 4,768 |
| TOTAL GENERAL EXPENSES | <u>35,878</u> | <u>33,608</u> |
| TOTAL EXPENSES | <u><u>\$ 182,574</u></u> | <u><u>\$ 192,135</u></u> |

WHISPERING PINES II
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)
(PROJECT No. A199991-046)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PROJECT OPERATING ACCOUNT

FOR THE YEAR ENDED JULY 31, 2020

SOURCE OF FUNDS

Rental Operations

Income

| | | |
|------------------|------------|--|
| Tenant Paid Rent | \$ 148,881 | |
| HAP Rent Subsidy | 22,961 | |

| | | |
|----------------------------|--|------------|
| <u>Total Rental Income</u> | | \$ 171,842 |
|----------------------------|--|------------|

| | | |
|-------------------|-------|--|
| Service Income | 2,275 | |
| Interest Income | 14 | |
| Commercial Income | - | |
| Other Income | 1,466 | |

| | | |
|---|--|---------|
| <u>Total Rental Operations Receipts</u> | | 175,597 |
|---|--|---------|

Expenses

| | | |
|--------------------------------|--------|--|
| Administrative | 45,446 | |
| Utilities | 42,448 | |
| Maintenance | 35,351 | |
| Interest - NHHFA Mortgage Note | 6,921 | |
| Interest - Other Notes | - | |
| General | 35,878 | |
| Other | - | |

| | | |
|--|--|-----------|
| <u>Total Rental Operations Disbursements</u> | | (166,044) |
|--|--|-----------|

| | | |
|---|--|-------|
| <u>Cash Provided by Rental Operations</u> | | 9,553 |
|---|--|-------|

| | | |
|---------------------------------|-------|--|
| <u>Amortization of Mortgage</u> | 6,095 | |
|---------------------------------|-------|--|

| | | |
|--|--|-------|
| <u>Cash Provided by Rental Operations After Debt Service</u> | | 3,458 |
|--|--|-------|

OTHER RECEIPTS

| | | |
|--------------------------------|----------|--|
| <u>Due to Management Agent</u> | (13,791) | |
|--------------------------------|----------|--|

| | | |
|-----------------------|---|--|
| <u>Owner Advances</u> | - | |
|-----------------------|---|--|

| | | |
|---|--------|--|
| <u>Transfer from Restricted Cash Reserves and Escrows</u> | 50,659 | |
| | - | |

| | | |
|--|--|--------|
| | | 36,868 |
|--|--|--------|

OTHER DISBURSEMENTS OR TRANSFERS

| | | |
|--|--------|--|
| <u>Transfers to Restricted Cash Reserves and Escrows</u> | 43,739 | |
|--|--------|--|

| | | |
|---------------------------------|---|--|
| <u>Purchase of Fixed Assets</u> | - | |
|---------------------------------|---|--|

| | | |
|------------------------------------|---|--|
| <u>Repayment of Owner Advances</u> | - | |
|------------------------------------|---|--|

| | | |
|-----------------------------------|---|--|
| <u>Other Partnership Expenses</u> | - | |
|-----------------------------------|---|--|

| | | |
|---|---|--|
| <u>Transfers to Tenant Security Deposit Account</u> | - | |
|---|---|--|

| | | |
|--|--|--------|
| | | 43,739 |
|--|--|--------|

| | | |
|---|--|---------|
| <u>Net Increase or (Decrease) in Project Account Cash</u> | | (3,413) |
|---|--|---------|

| | | |
|--|--|--------|
| <u>Project Account Cash Balance at Beginning of Year</u> | | 18,732 |
|--|--|--------|

| | | |
|--|--|--------|
| <u>Project Account Cash Balance at End of Year</u> | | 15,319 |
|--|--|--------|

| | | |
|---|--|--------|
| <u>Composition of Project Account Cash Balance at End of Year</u> | | 15,319 |
|---|--|--------|

| | | |
|-------------------|---|--|
| <u>Petty Cash</u> | - | |
|-------------------|---|--|

Unrestricted Reserve (if applicable)

| | | |
|--------------------|---|--|
| Decorating Reserve | - | |
| Operating Reserve | - | |
| Other Reserve | - | |

| | | |
|---|--|---|
| <u>Total Petty Cash and Unrestricted Reserves</u> | | - |
|---|--|---|

| | | |
|--|--|-----------|
| <u>Total Project Account Cash at End of Year</u> | | \$ 15,319 |
|--|--|-----------|

WHISPERING PINES II
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)
(PROJECT No. A199991-046)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PROJECT OPERATING ACCOUNT

FOR THE YEAR ENDED JULY 31, 2019

SOURCE OF FUNDS

Rental Operations

Income

| | | |
|------------------|------------|--|
| Tenant Paid Rent | \$ 153,454 | |
| HAP Rent Subsidy | 19,736 | |

Total Rental Income \$ 173,190

| | | |
|-------------------|-------|--|
| Service Income | 2,235 | |
| Interest Income | 15 | |
| Commercial Income | - | |
| Other Income | 1,470 | |

Total Rental Operations Receipts 176,910

Expenses

| | | |
|--------------------------------|--------|--|
| Administrative | 49,895 | |
| Utilities | 43,570 | |
| Maintenance | 42,665 | |
| Interest - NHHFA Mortgage Note | 7,130 | |
| Interest - Other Notes | - | |
| General | 33,608 | |
| Other | - | |

Total Rental Operations Disbursements (176,868)

Cash Provided by Rental Operations 42

Amortization of Mortgage 5,886

Cash Provided by Rental Operations
After Debt Service (5,844)

OTHER RECEIPTS

Due to Management Agent 16,156

Owner Advances -

Transfer from Restricted Cash Reserves 46,320

and Escrows -

Total Other Receipts 62,476

OTHER DISBURSEMENTS OR TRANSFERS

Transfers to Restricted Cash Reserves
and Escrows 55,176

Purchase of Fixed Assets 11,359

Repayment of Owner Advances -

Other Partnership Expenses -

Transfers to Tenant Security Deposit Account -

Total Other Disbursements or Transfers 66,535

Net Increase or (Decrease) in Project Account Cash (9,903)

Project Account Cash Balance at Beginning of Year 28,635

Project Account Cash Balance at End of Year 18,732

Composition of Project Account Cash

Balance at End of Year 18,732

Petty Cash -

Unrestricted Reserve (if applicable)

Decorating Reserve -

Operating Reserve -

Other Reserve -

Total Petty Cash and Unrestricted Reserves -

Total Project Account Cash
at End of Year \$ 18,732

WHISPERING PINES II
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)
(PROJECT No. A199991-046)

SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS

FOR THE YEAR ENDED JULY 31, 2020

| <u>Description of Fund</u> | <u>Balance</u> Beginning of <u>Period</u> | <u>Deposits</u> Transfers From Operations <u>Account</u> | <u>Interest</u> <u>Earned</u> | <u>Withdrawals</u> Transfers to Operations <u>Account</u> | <u>Balance</u> End of <u>Period</u> |
|---|---|--|----------------------------------|--|---|
| <u>Restricted Accounts:</u> | | | | | |
| Insurance Escrow | \$ 4,858 | \$ 4,767 | \$ 39 | \$ 6,873 | \$ 2,791 |
| Tax Escrow | 23,456 | 28,772 | 89 | 43,786 | 8,531 |
| Replacement Reserve | 30,028 | 10,200 | 363 | - | 40,591 |
| Operating Reserve | 78,399 | - | 854 | - | 79,253 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Restricted Cash Reserves and Escrows | \$ 136,741 | \$ 43,739 | \$ 1,345 | \$ 50,659 | \$ 131,166 |

SCHEDULE OF SURPLUS CASH CALCULATION

JULY 31, 2020

| | |
|--|-----------------------------|
| NET LOSS | \$ (5,632) |
| ADD: DEPRECIATION | 15,853 |
| DEDUCT REQUIRED PRINCIPAL REPAYMENTS | 6,095 |
| DEDUCT REQUIRED PAYMENTS TO REPLACEMENT RESERVES | 10,200 |
| ADD/DEDUCT NHHFA APPROVED ITEMS Repair and Maintenance Expenses Reimbursed Through Replacement Reserves | <hr/> - |
| SURPLUS CASH (DEFICIT) | <hr/><hr/>\$ (6,074) |

WHISPERING PINES II
(FORMERLY: EPPING SENIOR HOUSING ASSOCIATES LIMITED PARTNERSHIP)
(PROJECT No. A199991-046)

YEAR-TO-DATE COMPILATION OF OWNERS' FEE/DISTRIBUTION
FOR THE YEAR ENDED JULY 31, 2020

| <u>YEAR</u> | <u>MAXIMUM ALLOWABLE DISTRIBUTION</u> | <u>DISTRIBUTION RECEIVED</u> | <u>BALANCE</u> |
|-------------|---|----------------------------------|----------------|
| 12/31/2001 | \$ 243,855 | \$ - | \$ 243,855 |
| 12/31/2002 | \$ 243,855 | \$ - | \$ 487,710 |
| 12/31/2003 | \$ 243,855 | \$ 5,895 | \$ 725,670 |
| 12/31/2004 | \$ 243,855 | \$ 7,200 | \$ 962,325 |
| 12/31/2005 | \$ 243,855 | \$ - | \$ 1,206,180 |
| 12/31/2006 | \$ 243,855 | \$ 6,120 | \$ 1,443,915 |
| 12/31/2007 | \$ 243,855 | \$ - | \$ 1,687,770 |
| 12/31/2008 | \$ 243,855 | \$ - | \$ 1,931,625 |
| 12/31/2009 | \$ 243,855 | \$ - | \$ 2,175,480 |
| 12/31/2010 | \$ 243,855 | \$ - | \$ 2,419,335 |
| 12/31/2011 | \$ 243,855 | \$ - | \$ 2,663,190 |
| 12/31/2012 | \$ 243,855 | \$ - | \$ 2,907,045 |
| 12/31/2013 | \$ 243,855 | \$ 7,200 | \$ 3,143,700 |
| 12/31/2014 | \$ 243,855 | \$ - | \$ 3,387,555 |
| 12/31/2015 | \$ 243,855 | \$ - | \$ 3,631,410 |
| 7/31/2016 | \$ 142,249 | \$ - | \$ 3,773,659 |
| 7/31/2017 | \$ 243,855 | \$ - | \$ 4,017,514 |
| 7/31/2018 | \$ 243,855 | \$ - | \$ 4,261,369 |
| 7/31/2019 | \$ 243,855 | \$ - | \$ 4,505,224 |
| 7/30/2020 | \$ 243,855 | \$ - | \$ 4,749,079 |

J.B. MILETTE MANOR
(FORMERLY: J.B. MILETTE LIMITED PARTNERSHIP)

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2020 AND 2019

| <i>ASSETS</i> | | |
|--|----------------------------|----------------------------|
| | <u>2020</u> | <u>2019</u> |
| CURRENT ASSETS | | |
| Cash - Operations | \$ 19,889 | \$ 17,001 |
| Prepaid Expenses | 9,178 | 6,880 |
| Total Current Assets | <u>29,067</u> | <u>23,881</u> |
| DEPOSITS HELD IN TRUST, FUNDED | | |
| Tenant Security Deposits | <u>16,316</u> | <u>15,764</u> |
| RESTRICTED DEPOSITS AND FUNDED RESERVES | | |
| Replacement Reserve | 84,264 | 154,554 |
| Operating Reserve | 69,966 | 96,431 |
| Tax Escrow | 6,548 | 6,543 |
| Total Restricted Deposits and Funded Reserves | <u>160,778</u> | <u>257,528</u> |
| RENTAL PROPERTY | | |
| Land | 176,000 | 176,000 |
| Building and Building Improvements | 1,157,330 | 1,071,375 |
| Total Rental Property | <u>1,333,330</u> | <u>1,247,375</u> |
| Less Accumulated Depreciation | 121,276 | 89,879 |
| Net Rental Property | <u>1,212,054</u> | <u>1,157,496</u> |
| TOTAL ASSETS | <u><u>\$ 1,418,215</u></u> | <u><u>\$ 1,454,669</u></u> |
| <i>LIABILITIES AND NET ASSETS</i> | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | \$ 2,908 | \$ 1,355 |
| Accrued Expenses | 714 | 430 |
| Total Current Liabilities | <u>3,622</u> | <u>1,785</u> |
| DEPOSIT LIABILITIES | | |
| Tenant Security Deposit Liability | <u>16,332</u> | <u>15,781</u> |
| LONG-TERM LIABILITIES | | |
| Due to Affiliate | 45,834 | 45,617 |
| Mortgage Loan Payable, Net of Current Portion | 1,170,000 | 1,170,000 |
| Total Long-Term Liabilities | <u>1,215,834</u> | <u>1,215,617</u> |
| Total Liabilities | <u>1,235,788</u> | <u>1,233,183</u> |
| NET ASSETS WITHOUT DONOR RESTRICTIONS | <u>182,427</u> | <u>221,486</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 1,418,215</u></u> | <u><u>\$ 1,454,669</u></u> |

J.B. MILETTE MANOR
(FORMERLY: J.B. MILETTE LIMITED PARTNERSHIP)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JULY 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|--------------------------|--------------------------|
| RENTAL OPERATIONS | | |
| <i>Income</i> | | |
| Tenant Rental Income | \$ 209,157 | \$ 208,237 |
| Laundry Income | 1,355 | 1,274 |
| Other Income | 150 | - |
| Interest Income - Unrestricted | 21 | 15 |
| Interest Income - Restricted | 124 | 175 |
| Total Income | <u>210,807</u> | <u>209,701</u> |
| <i>Expenses (See Schedule)</i> | | |
| Administrative | 60,452 | 71,428 |
| Utilities | 59,251 | 59,196 |
| Maintenance | 66,329 | 59,672 |
| Depreciation | 31,397 | 27,458 |
| General Expenses | 32,437 | 29,058 |
| Total Expenses | <u>249,866</u> | <u>246,812</u> |
| CHANGE IN NET ASSETS | (39,059) | (37,111) |
| NET ASSETS - BEGINNING OF YEAR | <u>221,486</u> | <u>258,597</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 182,427</u></u> | <u><u>\$ 221,486</u></u> |

J.B. MILETTE MANOR
(FORMERLY: J.B. MILETTE LIMITED PARTNERSHIP)

SCHEDULES OF RENTAL OPERATIONS EXPENSES

FOR THE YEARS ENDED JULY 31, 2020 AND 2019

| EXPENSES: | <i>2020</i> | <i>2019</i> |
|-------------------------------------|-------------------|-------------------|
| <u>Administrative</u> | | |
| Advertising | \$ 25 | \$ 350 |
| Management Fees | 17,688 | 17,688 |
| Salaries and Wages | 28,918 | 31,953 |
| Fringe Benefits | 8,636 | 10,362 |
| Audit and Accounting Expense | - | 400 |
| Legal Expenses | 446 | 253 |
| Telephone | 1,352 | 1,431 |
| Other Administrative Expense | 3,387 | 8,991 |
| TOTAL ADMINISTRATIVE EXPENSE | 60,452 | 71,428 |
| <u>Utilities</u> | | |
| Electricity | 32,400 | 33,814 |
| Fuel | 15,602 | 15,853 |
| Water and Sewer | 10,067 | 8,733 |
| Other Utility Expense | 1,182 | 796 |
| TOTAL UTILITY EXPENSE | 59,251 | 59,196 |
| <u>Maintenance</u> | | |
| Custodial Supplies | 689 | 1,726 |
| Trash Removal | 2,617 | 3,615 |
| Snow Removal | 4,170 | 4,242 |
| Grounds/Landscaping | - | 3,100 |
| Elevator Repairs and Contract | 6,047 | 4,835 |
| Repairs (Materials) | 48,763 | 42,154 |
| Repairs (Contract) | 4,043 | - |
| TOTAL MAINTENANCE EXPENSE | 66,329 | 59,672 |
| <u>Depreciation</u> | | |
| | 31,397 | 27,458 |
| <u>General Expenses</u> | | |
| Real Estate Taxes | 20,974 | 17,040 |
| Payroll Taxes | 2,225 | 2,613 |
| Workman's Compensation | 827 | 1,102 |
| Insurance | 8,411 | 8,303 |
| TOTAL GENERAL EXPENSES | 32,437 | 29,058 |
| TOTAL EXPENSES | \$ 249,866 | \$ 246,812 |

J.B. MILETTE MANOR
(FORMERLY: J.B. MILETTE LIMITED PARTNERSHIP)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PROJECT OPERATING ACCOUNT

FOR THE YEAR ENDED JULY 31, 2020

SOURCE OF FUNDS

Rental Operations

Income

| | | |
|------------------|------------|--|
| Tenant Paid Rent | \$ 180,736 | |
| HAP Rent Subsidy | 28,421 | |

| | | |
|----------------------------|--|-------------------|
| <u>Total Rental Income</u> | | <u>\$ 209,157</u> |
|----------------------------|--|-------------------|

| | | |
|-------------------|-------|--|
| Service Income | 1,355 | |
| Interest Income | 21 | |
| Commercial Income | - | |
| Other Income | 150 | |

| | | |
|---|--|----------------|
| <u>Total Rental Operations Receipts</u> | | <u>210,683</u> |
|---|--|----------------|

Expenses

| | | |
|--------------------------------|--------|--|
| Administrative | 62,467 | |
| Utilities | 59,251 | |
| Maintenance | 64,776 | |
| Interest - NHHFA Mortgage Note | - | |
| Interest - Other Notes | - | |
| General | 32,437 | |
| Other | - | |

| | | |
|--|--|------------------|
| <u>Total Rental Operations Disbursements</u> | | <u>(218,931)</u> |
|--|--|------------------|

| | | |
|---|--|----------------|
| <u>Cash Provided by Rental Operations</u> | | <u>(8,248)</u> |
|---|--|----------------|

Amortization of Mortgage

-

Cash Provided by Rental Operations

| | | |
|---------------------------|--|----------------|
| <u>After Debt Service</u> | | <u>(8,248)</u> |
|---------------------------|--|----------------|

OTHER RECEIPTS

| | | |
|--------------------------------|-----|--|
| <u>Due to Management Agent</u> | 217 | |
|--------------------------------|-----|--|

| | | |
|-----------------------|---|--|
| <u>Owner Advances</u> | - | |
|-----------------------|---|--|

| | | |
|---|---------|--|
| <u>Transfer from Restricted Cash Reserves</u> | 112,474 | |
|---|---------|--|

| | | |
|--------------------|---|--|
| <u>and Escrows</u> | - | |
|--------------------|---|--|

| | | |
|-----------------------------|--|----------------|
| <u>Total Other Receipts</u> | | <u>112,691</u> |
|-----------------------------|--|----------------|

OTHER DISBURSEMENTS OR TRANSFERS

| | | |
|--|--------|--|
| <u>Transfers to Restricted Cash Reserves</u> | 15,600 | |
| <u>and Escrows</u> | | |

| | | |
|---------------------------------|--------|--|
| <u>Purchase of Fixed Assets</u> | 85,955 | |
|---------------------------------|--------|--|

| | | |
|------------------------------------|---|--|
| <u>Repayment of Owner Advances</u> | - | |
|------------------------------------|---|--|

| | | |
|-----------------------------------|---|--|
| <u>Other Partnership Expenses</u> | - | |
|-----------------------------------|---|--|

| | | |
|---|---|--|
| <u>Transfers to Tenant Security Deposit Account</u> | - | |
|---|---|--|

| | | |
|---|--|----------------|
| <u>Total Other Disbursements or Transfers</u> | | <u>101,555</u> |
|---|--|----------------|

| | | |
|---|--|--------------|
| <u>Net Increase or (Decrease) in Project Account Cash</u> | | <u>2,888</u> |
|---|--|--------------|

| | | |
|--|--|---------------|
| <u>Project Account Cash Balance at Beginning of Year</u> | | <u>17,001</u> |
|--|--|---------------|

| | | |
|--|--|---------------|
| <u>Project Account Cash Balance at End of Year</u> | | <u>19,889</u> |
|--|--|---------------|

Composition of Project Account Cash

| | | |
|-------------------------------|--|---------------|
| <u>Balance at End of Year</u> | | <u>19,889</u> |
|-------------------------------|--|---------------|

| | | |
|-------------------|---|--|
| <u>Petty Cash</u> | - | |
|-------------------|---|--|

Unrestricted Reserve (if applicable)

| | | |
|--------------------|---|--|
| Decorating Reserve | - | |
|--------------------|---|--|

| | | |
|-------------------|---|--|
| Operating Reserve | - | |
|-------------------|---|--|

| | | |
|---------------|---|--|
| Other Reserve | - | |
|---------------|---|--|

| | | |
|---|--|----------|
| <u>Total Petty Cash and Unrestricted Reserves</u> | | <u>-</u> |
|---|--|----------|

Total Project Account Cash

| | | |
|-----------------------|--|------------------|
| <u>at End of Year</u> | | <u>\$ 19,889</u> |
|-----------------------|--|------------------|

J.B. MILETTE MANOR
(FORMERLY: J.B. MILETTE LIMITED PARTNERSHIP)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PROJECT OPERATING ACCOUNT

FOR THE YEAR ENDED JULY 31, 2019

SOURCE OF FUNDS

Rental Operations

Income

| | | |
|------------------|------------|--|
| Tenant Paid Rent | \$ 177,824 | |
| HAP Rent Subsidy | 30,413 | |

| | | |
|----------------------------|--|-------------------|
| <u>Total Rental Income</u> | | <u>\$ 208,237</u> |
|----------------------------|--|-------------------|

| | | |
|-------------------|-------|--|
| Service Income | 1,274 | |
| Interest Income | 15 | |
| Commercial Income | - | |
| Other Income | - | |

| | | |
|---|--|----------------|
| <u>Total Rental Operations Receipts</u> | | <u>209,526</u> |
|---|--|----------------|

Expenses

| | | |
|--------------------------------|--------|--|
| Administrative | 69,543 | |
| Utilities | 59,196 | |
| Maintenance | 61,862 | |
| Interest - NHHFA Mortgage Note | - | |
| Interest - Other Notes | - | |
| General | 29,058 | |
| Other | - | |

| | | |
|--|--|------------------|
| <u>Total Rental Operations Disbursements</u> | | <u>(219,659)</u> |
|--|--|------------------|

| | | |
|---|--|-----------------|
| <u>Cash Provided by Rental Operations</u> | | <u>(10,133)</u> |
|---|--|-----------------|

Amortization of Mortgage

-

Cash Provided by Rental Operations

After Debt Service

(10,133)

OTHER RECEIPTS

| | | |
|--------------------------------|-------|--|
| <u>Due to Management Agent</u> | 4,960 | |
|--------------------------------|-------|--|

| | | |
|-----------------------|---|--|
| <u>Owner Advances</u> | - | |
|-----------------------|---|--|

| | | |
|---|---------|--|
| <u>Transfer from Restricted Cash Reserves</u> | 112,474 | |
|---|---------|--|

| | | |
|--------------------|---|--|
| <u>and Escrows</u> | - | |
|--------------------|---|--|

117,434

OTHER DISBURSEMENTS OR TRANSFERS

| | | |
|--|--------|--|
| <u>Transfers to Restricted Cash Reserves</u> | 15,600 | |
| <u>and Escrows</u> | | |

| | | |
|---------------------------------|---|--|
| <u>Purchase of Fixed Assets</u> | - | |
|---------------------------------|---|--|

| | | |
|------------------------------------|---|--|
| <u>Repayment of Owner Advances</u> | - | |
|------------------------------------|---|--|

| | | |
|-----------------------------------|---|--|
| <u>Other Partnership Expenses</u> | - | |
|-----------------------------------|---|--|

| | | |
|---|---|--|
| <u>Transfers to Tenant Security Deposit Account</u> | - | |
|---|---|--|

15,600

| | | |
|---|--|---------------|
| <u>Net Increase or (Decrease) in Project Account Cash</u> | | <u>91,701</u> |
|---|--|---------------|

| | | |
|--|--|---------------|
| <u>Project Account Cash Balance at Beginning of Year</u> | | <u>37,774</u> |
|--|--|---------------|

| | | |
|--|--|----------------|
| <u>Project Account Cash Balance at End of Year</u> | | <u>129,475</u> |
|--|--|----------------|

Composition of Project Account Cash

| | | |
|-------------------------------|--|---------------|
| <u>Balance at End of Year</u> | | <u>17,001</u> |
|-------------------------------|--|---------------|

| | | |
|-------------------|---|--|
| <u>Petty Cash</u> | - | |
|-------------------|---|--|

Unrestricted Reserve (if applicable)

| | | |
|--------------------|---|--|
| Decorating Reserve | - | |
|--------------------|---|--|

| | | |
|-------------------|---|--|
| Operating Reserve | - | |
|-------------------|---|--|

| | | |
|---------------|---|--|
| Other Reserve | - | |
|---------------|---|--|

| | | |
|---|--|----------|
| <u>Total Petty Cash and Unrestricted Reserves</u> | | <u>-</u> |
|---|--|----------|

Total Project Account Cash

| | | |
|-----------------------|--|------------------|
| <u>at End of Year</u> | | <u>\$ 17,001</u> |
|-----------------------|--|------------------|

J.B. MILETTE MANOR
(FORMERLY: J.B. MILETTE LIMITED PARTNERSHIP)

SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS

FOR THE YEAR ENDED JULY 31, 2020

| <u>Description of Fund</u> | <u>Balance</u> <u>Beginning of</u> <u>Period</u> | <u>Deposits</u> <u>Transfers</u> <u>From</u> <u>Operations</u> <u>Account</u> | <u>Interest</u> <u>Earned</u> | <u>Withdrawals</u> <u>Transfers to</u> <u>Operations</u> <u>Account</u> | <u>Balance</u> <u>End of</u> <u>Period</u> |
|---|--|---|----------------------------------|--|--|
| <u>Restricted Accounts:</u> | | | | | |
| Tax Escrow | \$ 6,543 | \$ - | \$ 5 | \$ - | \$ 6,548 |
| Replacement Reserve | 154,554 | 15,600 | 65 | 85,955 | 84,264 |
| Operating Reserve | 96,431 | - | 54 | 26,519 | 69,966 |
| Total Restricted Cash Reserves and Escrows | \$ 257,528 | \$ 15,600 | \$ 124 | \$ 112,474 | \$ 160,778 |

SCHEDULE OF SURPLUS CASH CALCULATION

JULY 31, 2020

| | |
|---|------------------|
| NET LOSS | \$ (39,059) |
| ADD: DEPRECIATION | 31,397 |
| DEDUCT REQUIRED PRINCIPAL REPAYMENTS | - |
| DEDUCT REQUIRED PAYMENTS TO REPLACEMENT RESERVES | 15,600 |
| ADD/DEDUCT NHHFA APPROVED ITEMS | |
| Repair and Maintenance Expenses Reimbursed Through Replacement Reserves | 85,955 |
| SURPLUS CASH (DEFICIT) | <u>\$ 62,693</u> |

SHERBURNE WOODS
(FORMERLY: SNHS DEERFIELD ELDERLY HOUSING LIMITED PARTNERSHIP)
(PROJECT No. HAP PBA 901-02-05)

STATEMENTS OF FINANCIAL POSITION

JULY 31, 2020 AND 2019

| ASSETS | | |
|--|---------------------|---------------------|
| | 2020 | 2019 |
| CURRENT ASSETS | | |
| Cash - Operations | \$ 100,810 | \$ 91,630 |
| Prepaid Expenses | 7,936 | 6,318 |
| Total Current Assets | 108,746 | 97,948 |
| DEPOSITS HELD IN TRUST, FUNDED | | |
| Tenant Security Deposits | 14,871 | 15,855 |
| RESTRICTED DEPOSITS AND FUNDED RESERVES | | |
| Replacement Reserve | 153,325 | 124,871 |
| Operating Reserve | 67,842 | 67,111 |
| Tax Escrow | 5,927 | 11,877 |
| Insurance Escrow | 3,480 | 3,581 |
| Total Restricted Deposits and Funded Reserves | 230,574 | 207,440 |
| RENTAL PROPERTY | | |
| Land | 211,000 | 211,000 |
| Building and Building Improvements | 907,200 | 907,200 |
| Total Rental Property | 1,118,200 | 1,118,200 |
| Less Accumulated Depreciation | 52,355 | 28,775 |
| Net Rental Property | 1,065,845 | 1,089,425 |
| TOTAL ASSETS | \$ 1,420,036 | \$ 1,410,668 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Current Portion of Mortgage Loan Payable | \$ 16,453 | \$ 15,344 |
| Accounts Payable | 370 | 4,240 |
| Accrued Expenses | - | 194 |
| Total Current Liabilities | 16,823 | 19,778 |
| DEPOSIT LIABILITIES | | |
| Tenant Security Deposit Liability | 14,822 | 15,805 |
| LONG-TERM LIABILITIES | | |
| Due to Affiliate | 133,513 | 131,432 |
| Mortgage Loan Payable, Net of Current Portion | 869,248 | 885,694 |
| Total Long-Term Liabilities | 1,002,761 | 1,017,126 |
| Total Liabilities | 1,034,406 | 1,052,709 |
| NET ASSETS WITHOUT DONOR RESTRICTIONS | 385,630 | 357,959 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,420,036 | \$ 1,410,668 |

SHERBURNE WOODS
(FORMERLY: SNHS DEERFIELD ELDERLY HOUSING LIMITED PARTNERSHIP)
(PROJECT No. HAP PBA 901-02-05)

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JULY 31, 2020 AND 2019

| | <i>2020</i> | <i>2019</i> |
|---|-----------------------|-----------------------|
| RENTAL OPERATIONS | | |
| <i>Income</i> | | |
| Tenant Rental Income | \$ 250,537 | \$ 260,808 |
| Laundry Income | 2,545 | 2,640 |
| Other Income | 1,084 | 1,070 |
| Interest Income - Unrestricted | 68 | 56 |
| Interest Income - Restricted | 2,320 | 3,633 |
| Total Income | 256,554 | 268,207 |
| <i>Expenses (See Schedule)</i> | | |
| Administrative | 44,581 | 38,625 |
| Utilities | 33,892 | 35,850 |
| Maintenance | 68,243 | 55,722 |
| Depreciation | 23,580 | 23,180 |
| Interest - NHHFA Mortgage Note | 24,582 | 25,616 |
| General Expenses | 34,005 | 31,348 |
| Total Expenses | 228,883 | 210,341 |
| CHANGE IN NET ASSETS | 27,671 | 57,866 |
| NET ASSETS - BEGINNING OF YEAR | 357,959 | 300,093 |
| NET ASSETS - END OF YEAR | \$ 385,630 | \$ 357,959 |

SHERBURNE WOODS
(FORMERLY: SNHS DEERFIELD ELDERLY HOUSING LIMITED PARTNERSHIP)
(PROJECT No. HAP PBA 901-02-05)

SCHEDULES OF RENTAL OPERATIONS EXPENSES
FOR THE YEARS ENDED JULY 31, 2020 AND 2019

| EXPENSES: | 2020 | 2019 |
|---------------------------------------|-------------------|-------------------|
| <u>Administrative</u> | | |
| Advertising | \$ 150 | \$ 125 |
| Management Fees | 18,000 | 20,872 |
| Salaries and Wages | 16,085 | 8,526 |
| Fringe Benefits | 4,911 | 3,021 |
| Audit and Accounting Expense | - | 75 |
| Telephone | 2,299 | 2,291 |
| Other Administrative Expense | 3,136 | 3,715 |
| TOTAL ADMINISTRATIVE EXPENSE | 44,581 | 38,625 |
| <u>Utilities</u> | | |
| Electricity | 20,299 | 20,577 |
| Fuel | 9,276 | 8,898 |
| Water and Sewer | 2,425 | 4,597 |
| Other Utility Expense | 1,892 | 1,778 |
| TOTAL UTILITY EXPENSE | 33,892 | 35,850 |
| <u>Maintenance</u> | | |
| Custodial Supplies | 121 | - |
| Trash Removal | 3,170 | 1,523 |
| Snow Removal | 21,724 | 25,123 |
| Grounds/Landscaping | - | 292 |
| Repairs (Materials) | 43,228 | 28,784 |
| TOTAL MAINTENANCE EXPENSE | 68,243 | 55,722 |
| <u>Depreciation</u> | 23,580 | 23,180 |
| <u>Interest - NHHFA Mortgage Note</u> | 24,582 | 25,616 |
| <u>General Expenses</u> | | |
| Real Estate Taxes | 26,673 | 25,184 |
| Payroll Taxes | 1,237 | 714 |
| Workman's Compensation | 788 | 454 |
| Retirement benefits | 276 | 228 |
| Insurance | 5,031 | 4,768 |
| TOTAL GENERAL EXPENSES | 34,005 | 31,348 |
| TOTAL EXPENSES | \$ 228,883 | \$ 210,341 |

SHERBURNE WOODS
(FORMERLY: SNHS DEERFIELD ELDERLY HOUSING LIMITED PARTNERSHIP)
(PROJECT No. HAP PBA 901-02-05)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PROJECT OPERATING ACCOUNT

FOR THE YEAR ENDED JULY 31, 2020

SOURCE OF FUNDS

Rental Operations

Income

| | | |
|------------------|------------|--|
| Tenant Paid Rent | \$ 113,921 | |
| HAP Rent Subsidy | 136,616 | |

| | | |
|----------------------------|--|------------|
| <u>Total Rental Income</u> | | \$ 250,537 |
|----------------------------|--|------------|

| | | |
|-------------------|-------|--|
| Service Income | 2,545 | |
| Interest Income | 68 | |
| Commercial Income | - | |
| Other Income | 1,084 | |

| | | |
|---|--|---------|
| <u>Total Rental Operations Receipts</u> | | 254,234 |
|---|--|---------|

Expenses

| | | |
|--------------------------------|--------|--|
| Administrative | 46,393 | |
| Utilities | 33,892 | |
| Maintenance | 72,113 | |
| Interest - NHHFA Mortgage Note | 24,582 | |
| Interest - Other Notes | - | |
| General | 34,005 | |
| Other | - | |

| | | |
|--|--|-----------|
| <u>Total Rental Operations Disbursements</u> | | (210,985) |
|--|--|-----------|

| | | |
|---|--|--------|
| <u>Cash Provided by Rental Operations</u> | | 43,249 |
|---|--|--------|

| | | |
|---------------------------------|--------|--|
| <u>Amortization of Mortgage</u> | 15,337 | |
|---------------------------------|--------|--|

| | | |
|--|--|--------|
| <u>Cash Provided by Rental Operations After Debt Service</u> | | 27,912 |
|--|--|--------|

OTHER RECEIPTS

| | | |
|--------------------------------|---|--|
| <u>Due to Management Agent</u> | - | |
|--------------------------------|---|--|

| | | |
|-----------------------|---|--|
| <u>Owner Advances</u> | - | |
|-----------------------|---|--|

| | | |
|---|--------|--|
| <u>Transfer from Restricted Cash Reserves and Escrows</u> | 37,340 | |
| | - | |

| | | |
|--|--|--------|
| | | 37,340 |
|--|--|--------|

OTHER DISBURSEMENTS OR TRANSFERS

| | | |
|--|--------|--|
| <u>Transfers to Restricted Cash Reserves and Escrows</u> | 58,154 | |
|--|--------|--|

| | | |
|---------------------------------|---|--|
| <u>Purchase of Fixed Assets</u> | - | |
|---------------------------------|---|--|

| | | |
|------------------------------------|---------|--|
| <u>Repayment of Owner Advances</u> | (2,081) | |
|------------------------------------|---------|--|

| | | |
|-----------------------------------|-----|--|
| <u>Other Partnership Expenses</u> | (1) | |
|-----------------------------------|-----|--|

| | | |
|---|---|--|
| <u>Transfers to Tenant Security Deposit Account</u> | - | |
|---|---|--|

| | | |
|--|--|--------|
| | | 56,072 |
|--|--|--------|

| | | |
|---|--|-------|
| <u>Net Increase or (Decrease) in Project Account Cash</u> | | 9,180 |
|---|--|-------|

| | | |
|--|--|--------|
| <u>Project Account Cash Balance at Beginning of Year</u> | | 91,630 |
|--|--|--------|

| | | |
|--|--|---------|
| <u>Project Account Cash Balance at End of Year</u> | | 100,810 |
|--|--|---------|

| | | |
|---|--|---------|
| <u>Composition of Project Account Cash Balance at End of Year</u> | | 100,810 |
|---|--|---------|

| | | |
|-------------------|---|--|
| <u>Petty Cash</u> | - | |
|-------------------|---|--|

| | | |
|---|--|--|
| <u>Unrestricted Reserve (if applicable)</u> | | |
|---|--|--|

| | | |
|--------------------|---|--|
| Decorating Reserve | - | |
|--------------------|---|--|

| | | |
|-------------------|---|--|
| Operating Reserve | - | |
|-------------------|---|--|

| | | |
|---------------|---|--|
| Other Reserve | - | |
|---------------|---|--|

| | | |
|---|--|---|
| <u>Total Petty Cash and Unrestricted Reserves</u> | | - |
|---|--|---|

| | | |
|--|--|------------|
| <u>Total Project Account Cash at End of Year</u> | | \$ 100,810 |
|--|--|------------|

SHERBURNE WOODS
(FORMERLY: SNHS DEERFIELD ELDERLY HOUSING LIMITED PARTNERSHIP)
(PROJECT No. HAP PBA 901-02-05)

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PROJECT OPERATING ACCOUNT

FOR THE YEAR ENDED JULY 31, 2019

SOURCE OF FUNDS

Rental Operations

Income

| | | |
|------------------|------------|--|
| Tenant Paid Rent | \$ 119,235 | |
| HAP Rent Subsidy | 141,573 | |

Total Rental Income \$ 260,808

| | | |
|-------------------|-------|--|
| Service Income | 2,640 | |
| Interest Income | 56 | |
| Commercial Income | - | |
| Other Income | 1,070 | |

Total Rental Operations Receipts 264,574

Expenses

| | | |
|--------------------------------|--------|--|
| Administrative | 38,243 | |
| Utilities | 35,850 | |
| Maintenance | 53,892 | |
| Interest - NHHFA Mortgage Note | 25,616 | |
| Interest - Other Notes | - | |
| General | 31,348 | |
| Other | - | |

Total Rental Operations Disbursements (184,949)

Cash Provided by Rental Operations 79,625

Amortization of Mortgage 14,302

Cash Provided by Rental Operations
After Debt Service 65,323

OTHER RECEIPTS

Due to Management Agent -

Owner Advances -

Transfer from Restricted Cash Reserves
and Escrows 43,443

Total Other Receipts 43,443

OTHER DISBURSEMENTS OR TRANSFERS

Transfers to Restricted Cash Reserves
and Escrows 56,778

Purchase of Fixed Assets 12,000

Repayment of Owner Advances 5,266

Other Partnership Expenses 50

Transfers to Tenant Security Deposit Account -

Total Other Disbursements or Transfers 74,094

Net Increase or (Decrease) in Project Account Cash 34,672

Project Account Cash Balance at Beginning of Year 56,958

Project Account Cash Balance at End of Year 91,630

Composition of Project Account Cash
Balance at End of Year 91,630

Petty Cash -

Unrestricted Reserve (if applicable)

| | | |
|--------------------|---|--|
| Decorating Reserve | - | |
| Operating Reserve | - | |
| Other Reserve | - | |

Total Petty Cash and Unrestricted Reserves -

Total Project Account Cash
at End of Year \$ 91,630

SHERBURNE WOODS
(FORMERLY: SNHS DEERFIELD ELDERLY HOUSING LIMITED PARTNERSHIP)
(PROJECT No. HAP PBA 901-02-05)

SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS

FOR THE YEAR ENDED JULY 31, 2020

| <u>Description of Fund</u> | <u>Balance</u> Beginning of <u>Period</u> | <u>Deposits</u> Transfers From Operations <u>Account</u> | <u>Interest</u> <u>Earned</u> | <u>Withdrawals</u> Transfers to Operations <u>Account</u> | <u>Balance</u> End of <u>Period</u> |
|---|---|--|----------------------------------|--|---|
| <u>Restricted Accounts:</u> | | | | | |
| Insurance Escrow | \$ 3,581 | \$ 5,077 | \$ 41 | \$ 5,219 | \$ 3,480 |
| Tax Escrow | 11,877 | 26,077 | 94 | 32,121 | 5,927 |
| Replacement Reserve | 124,871 | 27,000 | 1,454 | - | 153,325 |
| Operating Reserve | 67,111 | - | 731 | - | 67,842 |
| Total Restricted Cash Reserves and Escrows | \$ 207,440 | \$ 58,154 | \$ 2,320 | \$ 37,340 | \$ 230,574 |

SCHEDULE OF SURPLUS CASH CALCULATION

JULY 31, 2020

| | |
|--|-----------------|
| NET INCOME | \$ 27,671 |
| ADD: DEPRECIATION | 23,580 |
| DEDUCT REQUIRED PRINCIPAL REPAYMENTS | 15,337 |
| DEDUCT REQUIRED PAYMENTS TO REPLACEMENT RESERVES | 27,000 |
| ADD/DEDUCT NHHFA APPROVED ITEMS Repair and Maintenance Expenses Reimbursed Through Replacement Reserves | - |
| SURPLUS CASH (DEFICIT) | \$ 8,914 |

SHERBURNE WOODS
(FORMERLY: SNHS DEERFIELD ELDERLY HOUSING LIMITED PARTNERSHIP)
(PROJECT No. HAP PBA 901-02-05)

YEAR-TO-DATE COMPILATION OF OWNERS' FEE/DISTRIBUTION
FOR THE YEAR ENDED JULY 31, 2020

| <u>YEAR</u> | <u>MAXIMUM ALLOWABLE DISTRIBUTION</u> | <u>DISTRIBUTION RECEIVED</u> | <u>BALANCE</u> |
|-------------|---|----------------------------------|----------------|
| 12/31/2003 | \$ 113,850 | \$ - | \$ 113,850 |
| 12/31/2004 | \$ 113,850 | \$ - | \$ 227,700 |
| 12/31/2005 | \$ 113,850 | \$ - | \$ 341,550 |
| 12/31/2006 | \$ 113,850 | \$ - | \$ 455,400 |
| 12/31/2007 | \$ 113,850 | \$ - | \$ 569,250 |
| 12/31/2008 | \$ 113,850 | \$ - | \$ 683,100 |
| 12/31/2009 | \$ 113,850 | \$ - | \$ 796,950 |
| 12/31/2010 | \$ 113,850 | \$ - | \$ 910,800 |
| 12/31/2011 | \$ 113,850 | \$ - | \$ 1,024,650 |
| 12/31/2012 | \$ 113,850 | \$ - | \$ 1,138,500 |
| 12/31/2013 | \$ 113,850 | \$ - | \$ 1,252,350 |
| 12/31/2014 | \$ 113,850 | \$ - | \$ 1,366,200 |
| 12/31/2015 | \$ 113,850 | \$ - | \$ 1,480,050 |
| 12/30/2016 | \$ 113,850 | \$ - | \$ 1,593,900 |
| 12/30/2017 | \$ 113,850 | \$ - | \$ 1,707,750 |
| 7/31/2018 | \$ 66,413 | \$ - | \$ 1,774,163 |
| 7/31/2019 | \$ 113,850 | \$ - | \$ 1,888,013 |
| 7/30/2020 | \$ 113,850 | \$ - | \$ 2,001,863 |