

Harbor Homes, Inc. and Affiliates d/b/a Harbor Care

**Consolidated Financial Statements
and Supplementary Information**

*For the Year Ended June 30, 2023 With Comparative
Information for the Year Ended June 30, 2022
With Independent Auditors' Report*

Baker Newman & Noyes LLC
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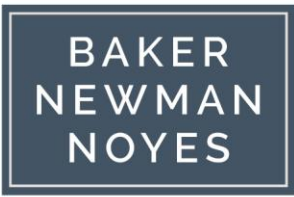
HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2023 With Comparative
Information for the Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Harbor Homes, Inc. and Affiliates d/b/a Harbor Care

Opinion

We have audited the consolidated financial statements of Harbor Homes, Inc. and Affiliates d/b/a Harbor Care (the Organization), which comprise the consolidated statement of financial position as of June 30, 2023, the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, and the results of their operations, changes in their net assets, their functional expenses and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, effective July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

To the Board of Directors
Harbor Homes, Inc. and Affiliates d/b/a Harbor Care

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Report on Summarized Comparative Information

We have previously audited the Organization's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 7, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

To the Board of Directors
Harbor Homes, Inc. and Affiliates d/b/a Harbor Care

Other Matter—Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baku Newman & Noyes LLC

Manchester, New Hampshire
October 27, 2023

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 With Summarized
Comparative Information as of June 30, 2022

	<u>ASSETS</u>			
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2023</u>	<u>2022</u>
Current assets:				
Cash and cash equivalents	\$ 5,077,887	\$608,297	\$ 5,686,184	\$ 5,373,589
Restricted cash	780,450	–	780,450	803,001
Other accounts receivable, net	1,758,375	–	1,758,375	2,794,860
Patient receivables (FQHC)	394,556	–	394,556	332,464
Due from related organizations	96,059	–	96,059	50,035
Inventory	50,462	–	50,462	92,032
Other assets	<u>84,994</u>	<u>–</u>	<u>84,994</u>	<u>137,715</u>
Total current assets	8,242,783	608,297	8,851,080	9,583,696
Property and equipment, net	24,704,350	–	24,704,350	25,173,129
Other assets:				
Investments	96,542	–	96,542	72,742
Beneficial interest in assets held by others	–	227,408	227,408	217,237
Operating lease right-of-use assets	127,113	–	127,113	–
Other assets	<u>169,206</u>	<u>–</u>	<u>169,206</u>	<u>166,698</u>
Total noncurrent assets	392,861	227,408	620,269	456,677
Total assets	<u>\$33,339,994</u>	<u>\$835,705</u>	<u>\$34,175,699</u>	<u>\$35,213,502</u>

LIABILITIES AND NET ASSETS

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>2023</u>	<u>2022</u>
Current liabilities:				
Lines of credit	\$ —	\$ —	\$ —	\$ 499,817
Current portion of notes payable	528,615	—	528,615	530,482
Current portion of operating lease liabilities	66,578	—	66,578	—
Accounts payable	1,132,643	—	1,132,643	1,007,795
Accrued payroll, vacation and related expenses	630,581	—	630,581	570,256
Other liabilities	<u>328,706</u>	<u>—</u>	<u>328,706</u>	<u>232,447</u>
Total current liabilities	2,687,123	—	2,687,123	2,840,797
Long-term liabilities:				
Accrued payroll, vacation and related expenses	655,051	—	655,051	641,349
Notes payable, net of current portion	12,987,789	—	12,987,789	13,510,698
Notes payable, tax credits	343,583	—	343,583	399,523
Notes payable, deferred	7,169,749	—	7,169,749	7,568,496
Operating lease liabilities, net of current portion	61,656	—	61,656	—
Other liabilities	<u>422,344</u>	<u>—</u>	<u>422,344</u>	<u>410,671</u>
Total long-term liabilities	<u>21,640,172</u>	<u>—</u>	<u>21,640,172</u>	<u>22,530,737</u>
 Total liabilities	 24,327,295	 —	 24,327,295	 25,371,534
Net assets:				
Without donor restrictions:				
Undesignated	9,012,699	—	9,012,699	9,002,050
With donor restrictions	<u>—</u>	<u>835,705</u>	<u>835,705</u>	<u>839,918</u>
Total net assets	<u>9,012,699</u>	<u>835,705</u>	<u>9,848,404</u>	<u>9,841,968</u>
 Total liabilities and net assets	 <u>\$33,339,994</u>	 <u>\$835,705</u>	 <u>\$34,175,699</u>	 <u>\$35,213,502</u>

See accompanying notes.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

**CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS**

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023</u>	<u>2022</u>
Support and revenues:				
Support:				
Grants:				
Federal	\$12,234,674	\$ 112,500	\$12,347,174	\$11,510,337
State	6,886,846	–	6,886,846	7,428,171
Contributions	2,269,736	463,367	2,733,103	2,107,891
Special events, net	–	–	–	(6,000)
Net assets released from restrictions - operations	<u>563,189</u>	<u>(563,189)</u>	<u>–</u>	<u>–</u>
Total support	21,954,445	12,678	21,967,123	21,040,399
Revenues:				
Patient service revenues (FQHC)	5,663,563	–	5,663,563	5,941,669
Patient service revenues (other)	4,507,336	–	4,507,336	5,974,210
Veterans Administration programs	5,430,359	–	5,430,359	4,911,456
Rental income:				
Resident payments	1,266,770	–	1,266,770	1,233,987
Other	508,201	–	508,201	372,570
Contracted services	150,773	–	150,773	154,570
Management fees	75,925	–	75,925	53,282
Other income	<u>91,146</u>	<u>–</u>	<u>91,146</u>	<u>62,356</u>
Total revenues	<u>17,694,073</u>	<u>–</u>	<u>17,694,073</u>	<u>18,704,100</u>
Total support and revenues	39,648,518	12,678	39,661,196	39,744,499
Operating expenses:				
Program services	31,988,457	–	31,988,457	31,425,006
Management and general	6,311,023	–	6,311,023	6,309,222
Fundraising and development	<u>406,135</u>	<u>–</u>	<u>406,135</u>	<u>390,897</u>
Total operating expenses before depreciation	38,705,615	–	38,705,615	38,125,125
Depreciation expense	<u>1,409,790</u>	<u>–</u>	<u>1,409,790</u>	<u>1,469,202</u>
Total operating expenses	<u>40,115,405</u>	<u>–</u>	<u>40,115,405</u>	<u>39,594,327</u>
(Loss) income from operations	(466,887)	12,678	(454,209)	150,172

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

**CONSOLIDATED STATEMENTS OF ACTIVITIES
AND CHANGES IN NET ASSETS (CONTINUED)**

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	<u>2023</u>	<u>2022</u>
Nonoperating revenue (expense):				
Gain on forgiveness of debt	\$ 398,747	\$ —	\$ 398,747	\$ —
Investment return (loss), net	<u>51,727</u>	<u>10,171</u>	<u>61,898</u>	<u>(26,376)</u>
Total nonoperating revenue (expense)	<u>450,474</u>	<u>10,171</u>	<u>460,645</u>	<u>(26,376)</u>
 (Deficiency) excess of revenues over expenses	 (16,413)	 22,849	 6,436	 123,796
 Net assets released from restrictions – capital acquisitions	 <u>27,062</u>	 <u>(27,062)</u>	 <u>—</u>	 <u>—</u>
 Change in net assets	 10,649	 (4,213)	 6,436	 123,796
 Net assets, beginning of year	 <u>9,002,050</u>	 <u>839,918</u>	 <u>9,841,968</u>	 <u>9,718,172</u>
 Net assets, end of year	 <u>\$ 9,012,699</u>	 <u>\$ 835,705</u>	 <u>\$ 9,848,404</u>	 <u>\$ 9,841,968</u>

See accompanying notes.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising and Development</u>	<u>2023</u>	<u>2022</u>
Personnel expenses:					
Salaries and wages	\$12,099,130	\$4,036,113	\$241,805	\$16,377,048	\$17,331,571
Payroll taxes	938,254	292,510	17,821	1,248,585	1,321,939
Employee benefits	2,121,941	675,264	36,996	2,834,201	2,991,381
Contract/professional services	810,608	81,838	21,983	914,429	582,052
Supplies:					
Office	125,036	19,123	2,880	147,039	275,983
Medical/dental	92,402	68	-	92,470	159,821
Building and household	170,140	23,537	258	193,935	132,805
Client services:					
Rental assistance	4,592,000	-	-	4,592,000	3,791,778
Rental application fee	611	-	-	611	550
Security deposit assistance	116,916	-	-	116,916	91,573
Utility rebate	75,621	-	-	75,621	45,139
Emergency housing	28,373	-	-	28,373	449,480
Treatment and supportive services	58,510	448	-	58,958	37,002
Training and employment assistance	4,441	-	-	4,441	10,262
Supportive services assistance	72,529	-	-	72,529	101,446
Activities, supplies and other assistance	99,109	-	-	99,109	72,367
Food, meals and nutritional assistance	269,460	-	-	269,460	262,883
Rent: office space	68,413	-	-	68,413	62,912
Condo association fees	17,524	-	-	17,524	17,003
Construction – noncapitalized	-	-	-	-	600
Building:					
Maintenance and repairs	689,920	64,255	503	754,678	581,483
Utilities	815,521	132,648	1,042	949,211	674,086
Interest:					
Mortgage	553,605	127,296	1,111	682,012	717,340
Other	-	10,181	-	10,181	25,246
Conference and conventions	69,002	2,748	2,735	74,485	19,118
Professional services	10,648	30,688	-	41,336	41,595
Accounting and audit services	66,979	50,525	-	117,504	167,501
Legal fees	6,534	92,419	-	98,953	112,526
Insurance:					
Property and liability	88,841	7,984	65	96,890	97,812
Professional	34,984	83,520	-	118,504	24,773
Other	-	319	-	319	76,579
Vehicle and transportation expenses	81,992	111	-	82,103	76,362

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising and Development	2023	2022
Staff:					
Transportation	\$ 152,677	\$ 6,190	\$ 210	\$ 159,077	\$ 85,851
Education and training	147,164	49,336	198	196,698	130,107
Hiring and recruiting	15,800	1,185	228	17,213	59,525
Uniforms	3,421	-	-	3,421	3,134
In-kind donation	3,699	-	9,356	13,055	-
Operations:					
Communication	213,569	51,694	901	266,164	230,105
Cable	11,314	549	4	11,867	12,976
Postage	13,723	7,149	385	21,257	22,572
Membership and subscriptions	64,854	41,301	4,941	111,096	115,028
Equipment lease and maintenance	62,326	8,783	612	71,721	70,787
Software licenses, maintenance and fees	980,006	286,888	123	1,267,017	951,753
Subrecipient and subcontracts	4,706,027	25,528	-	4,731,555	4,918,505
Property taxes	40,571	-	-	40,571	23,378
Direct program marketing and advertising	42,519	7,837	94	50,450	28,741
Marketing	1,482	3,578	15,895	20,955	10,117
Fundraising publications	3,250	46	33,717	37,013	51,438
Management and administrative fees	-	22,290	-	22,290	111
Service charges and fees	11,947	39,854	2,845	54,646	59,315
Fines and penalties	206	-	-	206	821
Staff and board expenses	3,729	27,106	9,427	40,262	8,784
Residual receipts recapture	14,254	-	-	14,254	36,576
Cost of goods sold	1,316,989	-	-	1,316,989	952,533
Allocation:					
Support services	<u>(114)</u>	<u>114</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total functional expenses before depreciation expense	31,988,457	6,311,023	406,135	38,705,615	38,125,125
Depreciation expense	<u>1,029,607</u>	<u>379,653</u>	<u>530</u>	<u>1,409,790</u>	<u>1,469,202</u>
Total functional expenses	<u>\$33,018,064</u>	<u>\$6,690,676</u>	<u>\$406,665</u>	<u>\$40,115,405</u>	<u>\$39,594,327</u>

See accompanying notes.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 6,436	\$ 123,796
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Restricted contributions	(575,867)	(618,047)
Depreciation	1,409,790	1,469,202
Amortization of notes payable issuance costs	2,854	2,854
Amortization of tax credit liability	(55,940)	(55,940)
Unrealized (gain) loss on investments	(23,800)	15,564
Change in beneficial interest in assets held by others	(10,171)	17,971
Gain on forgiveness of debt	(398,747)	-
Noncash lease expense	1,121	-
Changes in operating assets and liabilities:		
Other accounts receivables, net	1,036,485	45,470
Patient accounts receivables	(62,092)	(39,350)
Due from related organizations	(46,024)	(2,717)
Inventory	41,570	(7,313)
Other assets	50,213	(105,112)
Accounts payable	124,848	114,217
Accrued payroll, vacation and related expenses	74,027	(374,268)
Other liabilities	<u>107,932</u>	<u>(110,267)</u>
Net cash provided by operating activities	1,682,635	476,060
Cash flows from investing activities:		
Purchase of property and equipment	<u>(941,011)</u>	<u>(442,939)</u>
Net cash used by investing activities	(941,011)	(442,939)
Cash flows from financing activities:		
Net (payments) borrowings on line of credit	(499,817)	274,697
Payments on notes and loans payable	(527,630)	(780,088)
Restricted contributions	<u>575,867</u>	<u>618,047</u>
Net cash (used) provided by financing activities	<u>(451,580)</u>	<u>112,656</u>
Net change in cash, cash equivalents and restricted cash	290,044	145,777
Cash, cash equivalents and restricted cash, beginning of year	<u>6,176,590</u>	<u>6,030,813</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$6,466,634</u>	<u>\$ 6,176,590</u>

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

	<u>2023</u>	<u>2022</u>
Reconciliation of the consolidated statements of cash flow to the consolidated statements of financial position:		
Cash and cash equivalents	\$5,686,184	\$ 5,373,589
Restricted cash	<u>780,450</u>	<u>803,001</u>
Total cash, cash equivalents and restricted cash	<u>\$6,466,634</u>	<u>\$ 6,176,590</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	<u>\$ 690,428</u>	<u>\$ 754,844</u>
Noncash investing and financing activities:		
Right-of-use assets and operating lease liabilities recorded upon adoption of ASC 842	<u>\$ 147,904</u>	<u>\$ —</u>
Right-of-use assets obtained in exchange for new operating lease liabilities	<u>\$ 40,600</u>	<u>\$ —</u>

See accompanying notes.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

1. Description of Organization and Summary of Significant Accounting Policies

Harbor Homes, Inc. (d/b/a Harbor Care) (Harbor Homes) is the largest entity included in a collaboration of independent nonprofit organizations, sharing a common volunteer Board of Directors, President/CEO, and management team, that creates an innovative network to help New Hampshire families and individuals solve many of life's most challenging issues. Known collectively as "Harbor Care," the collaboration is an efficient and innovative approach to providing services to New Hampshire community members each year. This holistic approach recognizes that individuality, dignity, good health and wellness, self-respect, and a safe place to live are key to a person's ability to contribute to society.

While each nonprofit organization in the collaboration is a separate legal entity with its own 501(c)(3) public charity status, mission, budget, and staff, they share administrative resources whenever it is efficient to do so, and collaborate on service delivery when it leads to better client outcomes.

Most importantly, by sharing resources and working as one, the collaboration is able to coordinate and better deliver a comprehensive array of interventions designed to empower individuals and families and ultimately build a stronger community. Outcomes are enhanced through this model.

The members of the collaboration, and organizations included in these consolidated financial statements, include the following entities:

- *Harbor Homes* consists of Harbor Homes, Inc. and Harbor Homes Plymouth, LLC (HH Plymouth). Today known as "Harbor Care", Harbor Homes provides housing, health care, behavioral health care and services that address social determinants of health to individuals and families who are experiencing, or at risk of, homelessness. With specialized programs for veterans, people with chronic behavioral health disorders and other disabilities, and other vulnerable populations, the agency serves approximately 5,000 individuals each year in its housing and/or Federally Qualified Health Center (FQHC) programming. Additionally, Harbor Care serves as the "Facilitating Organization" for the State of New Hampshire, providing capacity development, technical assistance, and backend administrative support to more than a dozen Recovery Community Organizations throughout New Hampshire. Outcomes include leading Greater Nashua's achievement of an effective end to veteran homelessness, effectively ending homelessness among those living with HIV/AIDS in Nashua, and substantially reducing chronic homelessness in the Greater Nashua region to the lowest level since data was first tracked.

HH Plymouth is a single-member New Hampshire Limited Liability Company that supported the development of Boulder Point, LLC (Boulder Point), a veterans housing project in Plymouth, NH. HH Plymouth is a 0.01% investor member for Boulder Point and it is managed by Harbor Homes, Inc. The entity does not directly serve clients.

Harbor Homes I, Inc. (HUD 1) and *Harbor Homes VI, Inc.* (HUD VI) – provide residential services to low-income individuals experiencing chronic behavioral issues or disability.

- *Welcoming Light, Inc.* (WLI), *Harbor Homes II, Inc.* (HH II), *Harbor Homes III, Inc.* (HH III) and *HH Ownership, Inc.* (HHO) – These four nonprofits provide residential services to the elderly and/or low-income individuals experiencing chronic behavioral issues or disability, and were created as separate entities by Harbor Homes, Inc.'s Board of Directors in response to federal regulations.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

- *Greater Nashua Council on Alcoholism d/b/a Keystone Hall (GNCA)* is the holding company for the facility and property that, through Harbor Care's programming and staff, provides Greater Nashua's only comprehensive substance use disorder treatment center. Every year, the facility's services (provided by Harbor Care) catalyzes change in hundreds of individuals, including those experiencing homelessness, those without adequate insurance, and pregnant and parenting women. No one is denied treatment due to an inability to pay. While in residential treatment, clients have all basic needs met, including food, transportation, clothing, and integrated healthcare through Harbor Care. Substance use disorder treatment services are evidence-based, gender-specific, and culturally competent, and include residential (with a specific program for pregnant and parenting women and their children), outpatient, intensive outpatient, and drug court services.
- *Healthy at Home, Inc. (HAH)* provides in-home health care services and is a Medicare-certified home health agency. HAH helps clients address physical and behavioral health challenges to live full, happy lives at home by providing consistent, compassionate care and daily-living assistance. Ultimately, services keep clients in their own homes, and out of hospitals, institutions, or nursing homes. Staff provide skilled nursing, physical therapy, occupational therapy, homemaking services, respite care, and Alzheimer's care and dementia care.
- *SARC (Salem Association for Retarded Citizens) Housing Needs Board, Inc. (SARC)* operates a permanent supportive housing facility (Woodview Commons) in Salem, New Hampshire and provides affordable, income based housing for individuals with disabilities. SARC serves eight individuals annually.
- *Southern New Hampshire HIV/Aids Task Force, Inc. (the Task Force)* provided HIV/AIDS services New Hampshire. During fiscal year 2021, the programs and employees of the Task Force were transitioned to Harbor Homes. Subsequent to fiscal year 2023, the Task Force was formally dissolved. See Note 14 related to the subsequent dissolution.

Basis of Accounting and Principles of Consolidation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting. The consolidated financial statements include the accounts of Harbor Homes, HH Plymouth, HUD I, HUD VI, WLI, HH II, HH III, HHO, GNCA, HAH, SARC and the Task Force, collectively referred to as the Organization. All significant intercompany transactions and accounts have been eliminated in consolidation.

Use of Estimates

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

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk on these accounts.

Restricted Cash

Restricted cash consists primarily of cash received by the Organization for tenant deposits and certain reserves as required by the United States Department of Housing and Urban Development (HUD) and New Hampshire Housing Finance Authority (NHHFA). The Organization maintains its restricted cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced losses in such accounts and believes it is not exposed to any significant risks on these accounts.

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for services and programs. The allowance for uncollectible accounts receivable is based on historical experience, an assessment of economic conditions and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. Accounts receivable are reflected within the accompanying consolidated statements of financial position within other accounts receivable. The allowance for uncollectible accounts receivable was not significant at June 30, 2023 or 2022.

Contributions Receivable

Unconditional contributions that are expected to be collected within one year are recorded at net realizable value. Unconditional contributions that are expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the consolidated statements of activities. The allowance for uncollectible contributions is based on historical experience, an assessment of economic conditions and a review of subsequent collections. Contributions are written off when deemed uncollectible. Management has determined that no allowance is necessary. Contributions receivable are reflected within the accompanying consolidated statements of financial position within other accounts receivable.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

Grants Receivable

Grants receivable, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Amounts recorded as grants receivable represent cost-reimbursable federal and state contracts and grants, for which the incurrence of allowable qualifying expenses and/or the performance of certain requirements have been met or performed. The allowance for uncollectible grants receivable is based on historical experience and a review of subsequent collections. Management has determined that no allowance is necessary. Grants receivable are reflected within the accompanying consolidated statements of financial position within other accounts receivable.

Patient Receivables

Patient receivables relate to health care services provided by the Organization's FQHC and other billable services. For patient accounts receivable, when an unconditional right to payment exists, subject only to the passage of time, the right is treated as a receivable. Patient accounts receivable for which the unconditional right to payment exists are receivables if the right to consideration is unconditional and only the passage of time is required before payment of that consideration is due. The estimated uncollectible amounts are generally considered implicit price concessions that are a direct reduction to accounts receivable and relate primarily to amounts due directly from patients. Estimated implicit price concessions are recorded for all uninsured accounts, regardless of the aging of those accounts. Accounts are written off when all reasonable internal and external collection efforts have been performed. The estimates for implicit price concessions are based upon management's assessment of historical writeoffs and expected net collections, business and economic conditions, and other collection indicators. Management relies on the results of detailed reviews of historical write-offs and collections as a primary source of information in estimating the collectability of its accounts receivable. Management believes its regular updates to the implicit price concession amounts provide reasonable estimates of revenues and valuations of accounts receivable. These routine, regular changes in estimates have not resulted in material adjustments to the valuations of accounts receivable or period-to-period comparisons of operations.

Inventory

Inventory is comprised primarily of pharmacy items, and is stated at the lower of cost or net realizable value determined by the first-in, first-out method. No allowance has been provided as management believes none of the inventory is obsolete.

Investments

Investments are carried at fair value in the accompanying consolidated statements of financial position. See Note 5 for fair value measurement disclosures for investments. The Organization classifies its investments as trading securities. Net investment return/loss (including realized and unrealized gains and losses on investments, interest and dividends) is reported within nonoperating revenue and expense.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

The Organization is the beneficiary of a certain trust held and administered by others. The interest in the trust is recorded at fair value and such amount is included in net assets with donor restrictions, with any resulting gains or losses reported as donor restricted investment income.

Property and Equipment

Property and equipment additions over \$10,000 for Harbor Homes and GNCA and \$5,000 for all other entities are recorded at cost, if purchased, and at fair value at the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed, and any resulting gain or loss is included in the consolidated statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment in fiscal years 2023 or 2022.

Notes Payable Issuance Costs

Costs associated with the issuance of notes payable are initially capitalized and amortized to interest expense over the respective life of the related obligation. The unamortized portion of debt issuance costs is presented as a component of long-term notes payable.

Net Assets

In accordance with GAAP, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

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. The Organization records restricted contributions whose restrictions are met in the same reporting period within net assets without donor restrictions. 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 met by actions of the Organization, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
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1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), restricted net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as either net assets released from restrictions for operations (for noncapital-related items) or net assets released from restrictions for capital-related items.

Revenue and Revenue Recognition

Support: The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue (within other liabilities) in the consolidated statements of financial position.

Revenue: The performance obligation of delivering patient services is simultaneously received and consumed by patients when services are provided, therefore the Organization recognizes patient service revenues when the services are provided. Patient service revenues are reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing patient care. The Organization provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Since the Organization does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as revenue.

The contractual relationships with patients, in most cases, also involve a third-party payor (Medicaid, Medicare, and commercial insurance companies) and the transaction prices for the services provided are dependent upon the terms provided by Medicaid, Medicare, and commercial insurance companies, the third-party payors. The payment arrangements with third-party payors for the services provided to related patients typically specify payments at amounts less than standard charges. The Organization receives reimbursement from Medicare, Medicaid and insurance companies at defined rates for services to clients covered by such third-party payor programs. Management continually reviews the revenue recognition process to consider and incorporate updates to laws and regulations and the frequent changes in managed care contractual terms resulting from contract renegotiations and renewals.

Settlements with third-party payors are considered variable consideration and are included in the determination of the estimated transaction price for providing patient care. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor and the Organization's historical settlement activity, including an assessment to ensure that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the adjustment is subsequently resolved. Estimated settlements are adjusted in future periods as adjustments become known.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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Comparative Information for the Year Ended June 30, 2022

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

The Organization recognizes revenue from Veterans Administration programs based on units of service as services are provided. Revenue related to rental income, including rental vouchers, resident payments, and other related costs, is recognized when the performance obligation of providing the space and related costs is satisfied. Revenues derived from providing contracted services are recognized as the services are provided to the recipients. All revenue paid in advance is deferred to the period to which it relates or when the underlying event or rental takes place.

Donated Services

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, no amounts have been reflected in the accompanying consolidated financial statements for such donated services, as no objective basis is available to measure the value.

Advertising Costs

Advertising costs are expensed as incurred and totaled \$20,955 and \$10,117 for the years ended June 30, 2023 and 2022, respectively.

Retirement Benefits

The Organization maintains a safe harbor contributory defined contribution retirement plan which covers substantially all employees of Harbor Homes. Eligible employees may contribute up to maximum limitations (set annually by the Internal Revenue Service) of their annual salary. After six months of employment, the employee's contributions are matched by Harbor Homes. The employer match was \$603,844 and \$626,774 for the years ended June 30, 2023 and 2022, respectively.

The Organization also had an other deferred compensation agreement with a certain executive. The amount ultimately due to the executive was to be paid upon the employee attaining certain criteria, including age. During fiscal year 2023, the amount due under the plan was paid in full and there is no remaining balance for related assets and liabilities at June 30, 2023. At June 30, 2022, the plan had assets and liabilities that were consolidated, but were not significant to the consolidated financial statements. Total plan expense was insignificant for the years ended June 30, 2023 and 2022.

Employee Fringe Benefits

The Organization has an "earned time" plan. Under this plan, each employee "earns" paid leave for each period worked. These hours of paid leave may be used for vacations, holidays and sick time. Hours earned but not used are vested with the employee and only vacation hours incurred are paid to the employee upon termination. The Organization accrues a liability for such paid leave as it is earned.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Performance Indicator

(Deficiency) excess of revenues over expenses is comprised of operating revenues and expenses and nonoperating revenue and expense. For purposes of display, transactions deemed by management to be ongoing, major or central to the Organization's programs and services are reported as operating revenue and expense. Peripheral or incidental transactions are reported as nonoperating revenue or expense, which includes net investment return/loss.

Income Taxes

The Organization consists of not-for-profit entities, with the exception of HH Plymouth, as described in Section 501(c)(3) of the Internal Revenue Code (the Code), and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization believes that it has appropriate support for the income tax positions taken and to be taken, and that its accruals for tax liabilities are adequate for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. Management evaluated the Organization's tax positions and concluded the Organization has maintained its tax-exempt status, does not have any significant unrelated business income, has taken no significant uncertain tax positions that require disclosure in the accompanying consolidated financial statements and has no material liability for unrecognized tax benefits.

HH Plymouth is a single-member, New Hampshire Limited Liability Company, with Harbor Homes as its sole member. HH Plymouth has elected to be treated as a corporation.

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The standard, including subsequently issued amendments, collectively referred to as Accounting Standards Codification (ASC) 842, *Leases*, established the principles that lessees and lessors will apply to report useful information to users of financial statements about the amount, timing and uncertainty of cash flows arising from a lease. ASC 842 did not have a significant impact on lessor accounting. The Organization adopted this standard using the modified retrospective transition approach as applied to leases existing as of or entered into after the adoption date (July 1, 2022) in fiscal year 2023. See Note 9 for a discussion of the Organization's adoption of this standard and its impact on the consolidated financial statements and related disclosures.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

1. **Description of Organization and Summary of Significant Accounting Policies (Continued)**

At inception of a contract, the Organization determines if a contract meets the definition of a lease. A lease is a contract, or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration. The Organization determines if the contract conveys the right to control the use of an identified asset for a period of time. The Organization assesses throughout the period of use whether the Organization has both of the following: (1) the right to obtain substantially all of the economic benefits from use of the identified asset, and (2) the right to direct the use of the identified asset. This determination is reassessed if the terms of the contract are changed. Leases are classified as operating or finance leases based on the terms of the lease agreement and certain characteristics of the identified asset. Right-of-use assets and lease liabilities are recognized at lease commencement date based on the present value of the minimum future lease payments.

The Organization leases various office space and parking under noncancellable operating leases. The Organization's policy is to not record leases with an original term of twelve months or less on its consolidated statement of financial position. The Organization recognizes lease expense for these short-term leases on a straight-line basis over the lease term.

Certain lease agreements include rental payments that are adjusted periodically for inflation or other variables. In addition to rent, the leases may require the Organization to pay additional amounts for taxes, insurance, maintenance and other expenses, which are generally referred to as nonlease components. Such adjustments to rental payments and variable nonlease components are treated as variable lease payments and recognized in the period in which the obligation for these payments was incurred. Variable lease components and variable nonlease components are not measured as part of the right-of-use asset and lease liability. Only when lease components and their associated nonlease components are fixed are they accounted for as a single lease component and are recognized as part of a right-of-use asset and lease liability. Total contract consideration is allocated to the combined fixed lease and nonlease component. This policy election applies consistently to all asset classes under lease agreements.

Certain leases contain clauses for renewal at the Organization's option with renewal terms as discussed in Note 9. Payments to be made in option periods are recognized as part of the right-of-use lease assets and lease liabilities when it is reasonably certain that the option to extend the lease will be exercised or the option to terminate the lease will not be exercised, or is not at the Organization's option. The Organization determines whether the reasonably certain threshold is met by considering contract, asset, market, and entity-based factors.

The Organization's lease agreements do not contain any significant residual value guarantees or material restrictive covenants imposed by the leases.

The Organization does not have any sublease agreements.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

1. Description of Organization and Summary of Significant Accounting Policies (Continued)

Subsequent Events

Events occurring after the consolidated statements of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through October 27, 2023, which is the date the consolidated financial statements were available to be issued. See Note 14.

2. Liquidity and Availability

Financial assets available for general expenditure within one year of the date of the consolidated statements of financial position consists of the following at June 30, 2023:

Cash and cash equivalents	\$5,077,887
Receivables	<u>2,152,931</u>
Financial assets available to meet general expenditures over the next year	<u>\$7,230,818</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. In addition to financial assets available to meet general expenditures over the next year, the Organization operates with a balanced budget and anticipates sufficient revenue to cover general expenditures not covered by donor-restricted resources. As part of its liquidity management plan, the Organization also has revolving credit lines available to meet cash flow needs.

3. Restricted Cash

Restricted cash consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Operating reserves (required by HUD and NHHFA)	\$ 75,236	\$ 74,709
Reserve for replacements (required by HUD and NHHFA)	571,740	594,520
Residual receipt deposits (required by HUD and NHHFA)	59,225	65,543
Security deposits	21,055	42,124
Other	<u>53,194</u>	<u>26,105</u>
	<u>\$780,450</u>	<u>\$803,001</u>

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

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4. Patient Accounts and Other Accounts Receivables

Other accounts receivable consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Grants	\$1,211,334	\$2,047,701
Medicaid/Medicare	224,743	455,476
Residents and patients	294,081	277,001
Other	<u>28,217</u>	<u>14,682</u>
	<u>\$1,758,375</u>	<u>\$2,794,860</u>

Patient receivables, related to the Organization's FQHC, consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Medicaid/Medicare	\$205,078	\$178,418
Other	<u>189,478</u>	<u>154,046</u>
	<u>\$394,556</u>	<u>\$332,464</u>

5. Investments and Fair Value Measurements

The Organization presents investments at fair value in compliance with the FASB in ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC Topic 820 establishes a framework for measuring fair value and requires assets and liabilities measured at fair value be segregated into the following three categories: (1) Level 1, fair values obtained from quoted prices in active markets for identical assets and liabilities; (2) Level 2, fair values obtained from significant other observable inputs, such as quoted prices for similar assets and liabilities in active markets; and (3) Level 3, fair values obtained from significant unobservable inputs. All of the Organization's investments measured at fair value are measured using Level 1 inputs.

In December 2006, the Organization transferred funds to the New Hampshire Charitable Foundation (NHCF) to establish an endowment fund with the Organization named as beneficiary. Under terms of the agreement, distributions from the fund can be made at the discretion of the NHCF Board of Directors at such times and in such amounts and for such charitable purposes, as they deem appropriate, in keeping with the purposes of the fund. The Organization elected for all distributions to be reinvested into the fund. At the time of the transfer, the Organization granted variance power to NHCF. That power gives NHCF the right to distribute the investment income to another not-for-profit organization of its choice if the Organization ceases to exist or if the governing board of NHCF votes that support of the Organization (a) is no longer necessary, (b) is incapable of fulfillment, or (c) is inconsistent with the needs of the community. At June 30, 2023 and 2022, the endowment fund has a value of \$227,408 and \$217,237, respectively, which is reported in the consolidated statements of financial position as a beneficial interest in assets held by others. The Organization's legal interest is in its pro rata portion of the trust and not the trust's underlying assets. The Organization's interest is valued based upon its pro rata ownership of the total trust. As the actual assets are not readily available to the Organization, the asset is considered to be level 3.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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5. Investments and Fair Value Measurements (Continued)

For the fiscal years ended June 30, 2023 and 2022, the application of valuation techniques applied to similar assets has been consistent.

Investments consist of the following at June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2023</u>				
Equities	\$ 55,330	\$ –	\$ –	\$ 55,330
Exchange traded funds	25,263	–	–	25,263
Mutual funds	15,949	–	–	15,949
Beneficial interest in assets held by others	<u>–</u>	<u>–</u>	<u>227,408</u>	<u>227,408</u>
	<u>\$96,542</u>	<u>\$ –</u>	<u>\$227,408</u>	<u>\$323,950</u>
<u>2022</u>				
Equities	\$ 35,810	\$ –	\$ –	\$ 35,810
Exchange traded funds	21,379	–	–	21,379
Mutual funds	15,553	–	–	15,553
Beneficial interest in assets held by others	<u>–</u>	<u>–</u>	<u>217,237</u>	<u>217,237</u>
	<u>\$72,742</u>	<u>\$ –</u>	<u>\$217,237</u>	<u>\$289,979</u>

The table below presents information about the changes in the beneficial interest in assets held by others for the years ended June 30:

Beginning balance, July 1, 2021	\$235,208
Investment loss, net of fees	<u>(17,971)</u>
Ending balance, June 30, 2022	217,237
Investment return, net of fees	<u>10,171</u>
Ending balance, June 30, 2023	<u>\$227,408</u>

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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6. Property and Equipment

Property and equipment consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Land and land improvements	\$ 4,491,238	\$ 4,480,228
Buildings and building improvements	34,181,194	33,836,903
Software	535,569	535,569
Vehicles	499,343	518,497
Furniture, fixtures and equipment	664,088	516,136
Construction in progress	<u>443,546</u>	<u>20,750</u>
	40,814,978	39,908,083
Less accumulated depreciation	<u>(16,110,628)</u>	<u>(14,734,954)</u>
	<u>\$ 24,704,350</u>	<u>\$ 25,173,129</u>

Depreciation expense totaled \$1,409,790 and \$1,469,202 for the years ended June 30, 2023 and 2022, respectively.

7. Lines of Credit

At June 30, 2023 and 2022, the Organization had the following lines of credit available:

Harbor Homes: \$3,000,000 line of credit available from Enterprise Bank secured by all business assets. The Organization is required, at a minimum, to make monthly interest payments at the Wall Street Journal Prime Rate with a floor of 3.25% (8.25% at June 30, 2023). The line of credit expires February 28, 2024. There was no outstanding balance on the credit line as of June 30, 2023. As of June 30, 2022, the credit line had an outstanding balance of \$499,817.

GNCA: \$750,000 line of credit available from Merrimack County Savings Bank, due on demand, and secured by all business assets. The Organization is required, at a minimum, to make monthly interest payments at the Wall Street Journal Prime Rate plus 1.00% (9.25% at June 30, 2023). There was no outstanding balance on the line of credit at June 30, 2023 and 2022.

The agreements above contain certain financial and nonfinancial covenants. At year end, management has determined the Organization is in compliance under the terms of these agreements.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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8. Notes Payable

Notes Payable

Notes payable consisted of the following as of June 30:

<u>Property/Security</u>	<u>Monthly Payment Amount</u>	<u>Interest Rate</u>	<u>Interest Type</u>	<u>Maturity Date</u>	<u>2023 Principal Balance</u>	<u>2022 Principal Balance</u>
615 Amherst Street, Nashua, NH	\$ 19,631	4.00%	Adjustable	September 2042	\$ 3,178,642	\$ 3,283,031
75-77 Northeastern Boulevard, Nashua, NH	15,311	3.92%	Adjustable	February 2052	3,139,409	3,197,109
75-77 Northeastern Boulevard, Nashua, NH	6,177	5.00%	Fixed	September 2029	1,171,952	1,187,065
335 Somerville Street, Manchester, NH	7,879	6.77%	Adjustable	December 2033	1,046,776	1,069,593
335 Somerville Street Manchester, NH	6,193	4.57%	Fixed	December 2033	989,066	1,017,458
59 Factory Street, Nashua, NH	7,768	7.05%	Adjustable	October 2040	923,954	950,968
59 Factory Street, Nashua, NH	2,692	4.75%	Adjustable	October 2040	380,221	394,093
59 Factory Street, Nashua, NH	359	6.96%	Adjustable	October 2035	35,639	37,522
46 Spring Street, Nashua, NH	5,126	6.97%	Adjustable	December 2036	526,811	550,682
46 Spring Street, Nashua, NH	3,996	4.75%	Fixed	December 2036	471,165	496,083
45 High Street, Nashua, NH	5,018	3.12%	Adjustable	August 2030	386,349	433,692
12 Auburn Street, Nashua, NH	2,863	3.85%	Adjustable	December 2045	516,560	531,890
30 Allds Street, Nashua, NH	5,276	9.25%*	Fixed	December 2026	192,470	235,779
156 Chestnut Street, Nashua, NH	3,369	9.25%*	Fixed	January 2028	150,577	175,795
99 Chestnut Street, Nashua, NH	1,538	5.67%	Adjustable	April 2042	213,432	219,597
7 Trinity Street, Claremont, NH	1,401	3.75%*	Adjustable	October 2031	177,079	187,040
7 North Main Street, Antrim, NH	3,184	9.25%*	Fixed	May 2025	71,252	101,341
2 Freedom Drive, Salem, NH	2,543	9.25%*	Fixed	April 2023	-	25,525
3 Winter Street, Nashua, NH	2,385	9.25%*	Fixed	August 2022	-	4,721
					<u>13,571,354</u>	<u>14,098,984</u>
Notes payable issuance costs					(54,950)	(57,804)
Current portion					<u>(528,615)</u>	<u>(530,482)</u>
					<u>\$12,987,789</u>	<u>\$13,510,698</u>

* HUD issued and backed

Aggregate principal payments on the notes payable due within the next five years and thereafter are as follows for the years ending June 30:

2024	\$ 528,615
2025	559,196
2026	553,936
2027	555,717
2028	529,417
Thereafter	<u>10,844,473</u>
	<u>\$13,571,354</u>

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

8. Notes Payable (Continued)

Certain of the above notes payable contain various financial and nonfinancial covenants. Management asserts all debt covenant requirements have been met as of year end. The adjustable rate notes payable adjust at various times during the life of the respective note and are primarily based off the Federal Home Loan Amortizing Advance Rate, plus basis points ranging from 175 to 300 basis points.

Notes Payable, Tax Credits

Notes payable, tax credits consist of notes held by the Community Development Finance Authority through the Community Development Investment Program, through the sale of tax credits to donor organizations. At June 30, 2023 and 2022, these tax credits totaled \$343,583 and \$399,523, respectively. The tax credits self-amortize over the term of the notes, which is generally 10 years.

Notes Payable, Deferred

The Organization has deferred notes outstanding, secured by real property. These loans are interest free, and are not required to be repaid unless the Organization is in default with the terms of the loan agreements or, for certain loans, if an operating surplus occurs within that program. The deferred loans are subordinate to any nondeferred loan on the related property. Management asserts all debt covenant requirements have been met for 2023.

Deferred notes payable are as follows at June 30:

	<u>2023</u>	<u>2022</u>
City of Manchester:		
Somerville Street property	\$ 300,000	\$ 300,000
City of Nashua:		
Factory Street property	580,000	580,000
Spring Street property	491,000	491,000
Strawberry Bank condominium	80,000	80,000
High Street fire system	<u>65,000</u>	<u>65,000</u>
Total City of Nashua	1,216,000	1,216,000
HUD:		
Strawberry Bank condominium	436,400	436,400
Federal Home Loan Bank (FHLB):		
Factory Street property	400,000	400,000
Somerville Street property	400,000	400,000
Spring Street property	-	398,747
Amherst Street property	<u>385,000</u>	<u>385,000</u>
Total FHLB	1,185,000 ⁽¹⁾	1,583,747 ⁽¹⁾

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

8. Notes Payable (Continued)

	<u>2023</u>	<u>2022</u>
New Hampshire Housing Finance Authority (NHHFA):		
Amherst Street property	\$ 1,500,000	\$ 1,500,000
Factory Street property	982,349	982,349
Spring Street property	550,000	550,000
Somerville Street property	<u>1,000,000</u>	<u>1,000,000</u>
Total NHHFA	<u>4,032,349⁽²⁾</u>	<u>4,032,349⁽²⁾</u>
	<u>\$7,169,749</u>	<u>\$7,568,496</u>

- (1) Will be automatically forgiven at the end of the term
(2) Nonrecourse

During fiscal year 2023, the FHLB Spring Street property deferred loan totaling \$398,747 was discharged by the mortgage holder as the project had reached the end of the Affordable Housing Program (AHP) retention period and satisfied the terms of the AHP subsidy agreement. Accordingly, the Organization recognized a gain on forgiveness of debt totaling \$398,747 within nonoperating revenue in the accompanying consolidated statement of activities and changes in net assets for the year ending June 30, 2023.

9. Leases

Adoption of ASC Topic 842, Leases (ASC 842)

The Organization has various leases as further discussed below. ASC 842 became effective for the Organization on July 1, 2022 and was adopted using the modified retrospective method for all leases that had commenced as of the effective date, along with certain available practical expedients. The Organization elected to recognize any effects of applying the new standard as a cumulative-effect adjustment to the opening balance of net assets in the period of adoption, which there were none. In addition, the Organization elected to adopt the package of practical expedients permitted under the transition guidance within the new standard. The practical expedient package applied to leases that commenced prior to the effective date of the new standard and permits a reporting entity not to: i) reassess whether any expired or existing contracts are or contain leases, ii) reassess the historical lease classification for any expired or existing leases, and iii) reassess initial direct costs for any existing leases. The reporting results for fiscal year 2023 reflect the application of ASC 842 guidance while the historical results for fiscal year 2022 were prepared under the guidance of ASC 840. The adoption of the new standard did not have a significant impact upon the Organization's consolidated statements of activities and changes in net assets and cash flows. The adoption of the new standard resulted in the following impact: the recording of right-of-use assets and corresponding lease liabilities pertaining to the Organization's operating leases on the accompanying 2023 consolidated statement of financial position.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

9. Leases (Continued)

Operating Leases

The Organization leases various office space and parking under noncancellable operating leases. The original lease terms are one to five years with certain options for the Organization to renew the leases for specific periods subsequent to the original lease terms. The monthly payments during 2023 ranged from \$750 to \$3,400 and the leases expire at various periods through October 2027.

Operating lease right-of-use assets and operating lease liabilities are reported in the Organization's 2023 consolidated statement of financial positions as follows:

Operating lease right-of-use assets	<u>\$127,113</u>
Current portion of operating lease liabilities	\$ 66,578
Operating lease liabilities, less current portion	<u>61,656</u>
Total operating lease liabilities	<u>\$128,234</u>

During the year ended June 30, 2023, the total lease cost associated with the Organization's operating leases was \$63,798.

Supplemental Cash Flow Information

Supplemental cash flow information is as follows for the fiscal year ended June 30, 2023:

Operating leases – operating cash flows (fixed payments)	\$ 62,677
Operating leases - right-of-use assets and operating lease liabilities recorded upon adoption of ASU 842	147,904
Operating leases - right-of-use assets obtained in exchange for new operating lease liabilities	40,600

Lease Term and Discount Rate

Lease term and discount rate are as follows for the fiscal year ended June 30, 2023:

Weighted-average remaining lease term (in years)	2.4
Weighted-average discount rate	3.24%

At the lease commencement date, the discount rate implicit in the lease is used to discount the lease liability if readily determinable. If not readily determinable or leases do not contain an implicit rate, the Organization has made a policy election to use a risk-free rate as the discount rate for all classes of underlying assets.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

9. Leases (Continued)

As of June 30, 2023, maturities of operating lease liabilities for each of the following five years were as follows:

2024	\$ 69,648
2025	43,000
2026	9,000
2027	9,000
2028	<u>3,000</u>
Total minimum future lease payments	133,648
Less imputed interest	<u>(5,414)</u>
Total lease liabilities	<u>\$128,234</u>

Rent expense for the year ended June 30, 2022 was not significant.

Lease Income

The Organization has entered into various agreements to lease certain office space and parking to other organizations. These leases generally contain rent escalation clauses, unless either party provides advance written notice of termination. All leases are determined to be operating leases. In 2023 and 2022, rental income (included in other rental income) was approximately \$444,000 and \$312,000, respectively.

Scheduled future lease payments, excluding opportunities for future renewals, consist of the following at June 30, 2023:

2024	\$480,073
2025	409,749
2026	346,115
2027	332,658
2028	133,165

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

10. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following at June 30:

	<u>2023</u>	<u>2022</u>
Purpose:		
Capital improvements	\$365,727	\$ 10,000
Veterans programs	10,751	14,253
Miscellaneous	97,107	26,001
Special events	1,933	1,933
Consulting	–	23,610
Recruitment/retention/training	108,240	459,678
Client assistance	24,539	11,492
HIV services	–	57,527
Vaccines	–	18,187
	<u>608,297</u>	<u>622,681</u>
Perpetuity:		
Beneficial interest in assets held by others	<u>227,408</u>	<u>217,237</u>
	<u>\$835,705</u>	<u>\$839,918</u>

11. Patient Service Revenues

The Organization recognizes patient service revenue associated with services provided through its FQHC to patients who have Medicaid, Medicare, third-party payor, and managed care plans coverage on the basis of contractual rates for services rendered. For uninsured self-pay patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided or on the basis of discounted rates if negotiated or provided by the Organization's policy. The Organization accepts patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies, which define charity services as those costs for which no payment is anticipated. The Organization uses federally established poverty guidelines to assess the level of discount provided to the patient. The Organization is required to provide a full discount to patients with annual incomes at or below 100% of the poverty guidelines, but may charge a nominal fee. If the patient is unable to pay the nominal fee, the amount is written off to charity care. All patients are charged in accordance with a sliding fee discount program based on household size and household income. No discounts may be provided to patients with incomes over 200% of federal poverty guidelines.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

11. Patient Service Revenues (Continued)

Patient service revenues (FQHC) consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Medicaid	\$3,317,574	\$3,376,968
Medicare	1,659,551	1,699,353
Third party	451,005	637,252
Sliding fee/free care	110,088	87,392
Self-pay	<u>125,345</u>	<u>140,704</u>
	<u>\$5,663,563</u>	<u>\$5,941,669</u>

Other patient service revenues consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Medicaid	\$4,363,779	\$5,733,275
Medicare	92,055	164,567
Third party	33,377	47,577
Self-pay	<u>18,125</u>	<u>28,791</u>
	<u>\$4,507,336</u>	<u>\$5,974,210</u>

12. Functional Expenses

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, those expenses require allocation on a reasonable basis that is consistently applied. The majority of expenses are direct costs that are charged to the applicable cost center, program, grant, and/or function. Costs that are not directly related to a cost center, program, grant, and/or function, or allocated as noted below, are accumulated into an indirect cost pool and charged using direct salaries, wages, and benefits as the allocation base. Certain individual cost elements are charged on a direct allocation basis, as follows:

Salaries, Wages and Benefits

Except for certain key members of management, employees charge their time directly to specific grants, contracts, or other activities. Charges are supported by labor distribution reports and timesheet records, which reflect the actual activities under each. Fringe benefits include unemployment insurance, workers' compensation, FICA, health insurance, dental insurance, short-term and long-term disability, and matching retirement contributions. Benefits are also directly charged, using a methodology similar to that used for salaries and wages.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

12. **Functional Expenses (Continued)**

Occupancy Costs

Occupancy costs are allocated as follows:

- Interest on debt-financed property is allocated based on the purpose/use of the property.
- Rent is allocated based on square footage.
- Utilities are charged based on the purpose/use of the property.
- Depreciation is allocated based on the purpose/use of the property.

13. **Related Party Transactions**

Boulder Point is a related party to the Organization. The following is a summary of transactions between the Organization and Boulder Point:

- Boulder Point and Harbor Homes entered into a ground lease agreement in 2018. The lease called for a one-time payment of \$285,000 at inception of the lease. The lease terminates in June 2116 with optional one-year renewals. At June 30, 2023 and 2022, Harbor Homes has recorded \$270,459 and \$273,367, respectively, in deferred rent revenue, which is reflected within other long-term liabilities in the accompanying consolidated statements of financial position.
- Harbor Homes has an amount due from Boulder Point for project developer fees. At the end of each fiscal year, Boulder Point repays Harbor Homes to the extent the project produces sufficient cash flow. At June 30, 2023 and 2022, Harbor Homes has recorded \$157,504 related to developer fees receivable, which is reflected within other long-term assets in the accompanying consolidated statements of financial position.
- Harbor Homes recognized approximately \$76,000 and \$53,000 in management fee revenue from Boulder Point for the years ended June 30, 2023 and 2022, respectively, and has also reflected approximately \$96,000 and \$50,000, respectively, as due from Boulder Point within due from related organizations in the accompanying consolidated statements of financial position at June 30, 2023 and 2022.
- Harbor Homes provides a guaranty of operating deficits of the Boulder Point project in the amount of \$275,000. Accordingly, in the event the project were to experience financial distress, Harbor Homes would have a contingent liability for operating deficits up to \$275,000. This risk has been mitigated in part through the establishment of an operating reserve.
- There is a loan between HH Plymouth and Boulder Point totaling \$1,271,105. The loan is due to HH Plymouth in a balloon payment in 2039 and is the last priority of note payable. The Organization determined that the likelihood of repayment of this loan is low and collectability is not reasonably assured and therefore, the note receivable is fully reserved for by HH Plymouth as of June 30, 2023 and 2022.

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2023 With Summarized
Comparative Information for the Year Ended June 30, 2022

14. Subsequent Events

In July 2023, the Task Force was formally dissolved with the State of New Hampshire and all remaining assets and liabilities were transitioned to Harbor Homes.

In August 2023, Harbor Homes was deemed eligible for the Employee Retention Credit for Employers in the amount of \$1,190,628 as provided for under the CARES Act and will recognize this amount in fiscal year 2024. The Employee Retention Credit is a fully refundable payroll tax credit, totaling \$1,190,628 based on qualified wages from January 1, 2021 through June 30, 2021. The Organization is following the guidance in International Accounting Standards No. 20, *Accounting for Government Grants and Disclosure of Government Assistance* (IAS 20). While management believes they have complied with all terms and representations necessary to qualify for the Employee Retention Credit, the claims remain subject to possible audit by the IRS. The *Consolidated Appropriations Act* extended the IRS statutory deadline for auditing Employee Retention Tax Credit claims to 5 years. The results on the Organization's consolidated financial statements of potential future audits and investigations, if any, remain uncertain.

Supplementary Information

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

June 30, 2023 With Summarized Comparative Information for June 30, 2022

	Harbor Homes*	Harbor Homes II, Inc.	Harbor Homes III Inc.	HH Ownership, Inc.	Greater Nashua Council on Alcoholism	Healthy at Home, Inc.	Welcoming Light, Inc.	SARC Housing Needs Board, Inc.	Southern NH HIV/AIDS Task Force, Inc.	Eliminations	2023	2022
Assets												
Current assets:												
Cash and cash equivalents	\$ 3,653,801	\$ 4,094	\$ 23,272	\$ 1,362	\$ 1,357,410	\$ 329,208	\$ 10,229	\$ 18,665	\$ 288,143	\$ –	\$ 5,686,184	\$ 5,373,589
Restricted cash	448,659	31,167	52,128	26,983	93,091	–	22,902	105,520	–	–	780,450	803,001
Other accounts receivable, net	1,540,218	2,661	571	212	–	211,812	1,834	1,067	–	–	1,758,375	2,794,860
Patient receivables (FQHC)	394,556	–	–	–	–	–	–	–	–	–	394,556	332,464
Due from related organizations	3,315,737	–	–	–	738,526	–	–	–	(58)	(3,958,146)	96,059	50,035
Inventory	50,462	–	–	–	–	–	–	–	–	–	50,462	92,032
Other assets	84,994	–	–	–	–	–	–	–	–	–	84,994	137,715
Total current assets	9,488,427	37,922	75,971	28,557	2,189,027	541,020	34,965	125,252	288,085	(3,958,146)	8,851,080	9,583,696
Property and equipment, net	18,824,946	223,034	192,461	240,060	4,342,327	–	791,366	90,156	–	–	24,704,350	25,173,129
Other assets:												
Investments	96,542	–	–	–	–	–	–	–	–	–	96,542	72,742
Beneficial interest in assets held by others	227,408	–	–	–	–	–	–	–	–	–	227,408	217,237
Operating lease right-of-use assets	2,387,801	–	–	–	–	13,251	–	–	–	(2,273,939)	127,113	–
Other assets	168,606	–	–	–	–	–	–	–	600	–	169,206	166,698
Total other assets	2,880,357	–	–	–	–	13,251	–	–	600	(2,273,939)	620,269	456,677
Total assets	\$31,193,730	\$ 260,956	\$ 268,432	\$ 268,617	\$ 6,531,354	\$ 554,271	\$ 826,331	\$ 215,408	\$ 288,685	\$(6,232,085)	\$34,175,699	\$35,213,502
Liabilities and Net Assets												
Current liabilities:												
Lines of credit	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 499,817
Current portion of notes payable	295,155	47,489	27,652	–	110,600	–	47,719	–	–	–	528,615	530,482
Current portion of operating lease liabilities	360,384	–	–	–	–	–	–	–	–	(293,806)	66,578	–
Due to related organizations	2,887,046	273,090	13,831	14,322	–	547,039	205,267	17,551	–	(3,958,146)	–	–
Accounts payable	1,054,218	4,465	40,196	520	247	6,609	3,649	22,739	–	–	1,132,643	1,007,795
Accrued payroll, vacation and related expenses	606,775	–	–	–	–	23,806	–	–	–	–	630,581	570,256
Other liabilities	312,239	1,965	1,261	1,159	–	7,810	4,272	–	–	–	328,706	232,447
Total current liabilities	5,515,817	327,009	82,940	16,001	110,847	585,264	260,907	40,290	–	(4,251,952)	2,687,123	2,840,797
Long-term liabilities:												
Accrued payroll, vacation and related expenses	640,431	–	–	–	–	14,620	–	–	–	–	655,051	641,349
Notes payable, net of current portion	9,166,698	144,981	122,925	–	3,013,092	–	540,093	–	–	–	12,987,789	13,510,698
Notes payable, tax credits	343,583	–	–	–	–	–	–	–	–	–	343,583	399,523
Notes payable, deferred	4,768,349	–	–	516,400	1,885,000	–	–	–	–	–	7,169,749	7,568,496
Operating lease liabilities, net of current portion	2,028,538	–	–	–	–	13,251	–	–	–	(1,980,133)	61,656	–
Other liabilities	323,916	4,194	2,912	1,182	–	–	7,299	1,971	80,870	–	422,344	410,671
Total long-term liabilities	17,271,515	149,175	125,837	517,582	4,898,092	27,871	547,392	1,971	80,870	(1,980,133)	21,640,172	22,530,737
Total liabilities	22,787,332	476,184	208,777	533,583	5,008,939	613,135	808,299	42,261	80,870	(6,232,085)	24,327,295	25,371,534
Net assets (deficit):												
Without donor restrictions	7,701,131	(215,228)	59,655	(264,966)	1,522,415	(184,723)	18,032	168,568	207,815	–	9,012,699	9,002,050
With donor restrictions	705,267	–	–	–	–	125,859	–	4,579	–	–	835,705	839,918
Total net assets (deficit)	8,406,398	(215,228)	59,655	(264,966)	1,522,415	(58,864)	18,032	173,147	207,815	–	9,848,404	9,841,968
Total liabilities and net assets	\$31,193,730	\$ 260,956	\$ 268,432	\$ 268,617	\$ 6,531,354	\$ 554,271	\$ 826,331	\$ 215,408	\$ 288,685	\$(6,232,085)	\$34,175,699	\$35,213,502

* Consists of Harbor Homes, Inc., HH Plymouth, HUD I and HUD VI

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

CONSOLIDATING STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended June 30, 2023 With Summarized Comparative Information for the Year Ended June 30, 2022

	Harbor Homes*	Harbor Homes II, Inc.	Harbor Homes III Inc.	HH Ownership, Inc.	Greater Nashua Council on Alcoholism	Healthy at Home, Inc.	Welcoming Light, Inc.	SARC Housing Needs Board, Inc.	Southern NH HIV/AIDS Task Force, Inc.	Eliminations	2023	2022
Support and Revenues												
Support:												
Grants:												
Federal	\$ 11,812,881	\$ 138,613	\$ 118,816	\$ 28,775	\$ –	\$ –	\$ 157,288	\$ 90,801	\$ –	\$ –	\$ 12,347,174	\$ 11,510,337
State	6,886,846	–	–	–	–	–	–	–	–	–	6,886,846	7,428,171
Contributions	2,645,838	25,344	–	–	692	94,048	23,697	–	(56,516)	–	2,733,103	2,107,891
Special events, net	–	–	–	–	–	–	–	–	–	–	–	(6,000)
Total support	21,345,565	163,957	118,816	28,775	692	94,048	180,985	90,801	(56,516)	–	21,967,123	21,040,399
Revenues:												
Patient service revenues (FQHC)	5,672,653	–	–	–	–	–	–	–	–	(9,090)	5,663,563	5,941,669
Patient service revenues (other)	3,319,697	–	–	–	1,240	1,186,399	–	–	–	–	4,507,336	5,974,210
Veterans Administration programs	5,430,359	–	–	–	–	–	–	–	–	–	5,430,359	4,911,456
Rental income:												
Resident payments	938,993	56,599	35,557	32,960	–	–	155,673	46,988	–	–	1,266,770	1,233,987
Other income	534,861	–	–	–	342,000	–	250	–	–	(368,910)	508,201	372,570
Contracted services	150,773	–	–	–	–	75,450	–	–	–	(75,450)	150,773	154,570
Management fees	105,097	–	–	–	–	–	–	–	–	(29,172)	75,925	53,282
Other income	90,052	161	48	–	–	15	695	175	–	–	91,146	62,356
Total revenues	16,242,485	56,760	35,605	32,960	343,240	1,261,864	156,618	47,163	–	(482,622)	17,694,073	18,704,100
Total support and revenues	37,588,050	220,717	154,421	61,735	343,932	1,355,912	337,603	137,964	(56,516)	(482,622)	39,661,196	39,744,499
Operating expenses:												
Program services	29,966,157	173,700	110,894	51,829	140,074	1,662,364	209,883	126,726	280	(453,450)	31,988,457	31,425,006
Management and general	6,109,537	15,023	12,699	7,713	3,521	166,489	14,073	11,015	125	(29,172)	6,311,023	6,309,222
Fundraising and development	399,092	6,250	–	–	301	225	250	–	17	–	406,135	390,897
Total operating expenses before depreciation expense	36,474,786	194,973	123,593	59,542	143,896	1,829,078	224,206	137,741	422	(482,622)	38,705,615	38,125,125
Depreciation expense	1,112,450	23,834	22,369	14,349	208,901	292	22,820	4,775	–	–	1,409,790	1,469,202
Total operating expenses	37,587,236	218,807	145,962	73,891	352,797	1,829,370	247,026	142,516	422	(482,622)	40,115,405	39,594,327
(Loss) income from operations	814	1,910	8,459	(12,156)	(8,865)	(473,458)	90,577	(4,552)	(56,938)	–	(454,209)	150,172
Nonoperating revenue (expense):												
Gain on forgiveness of debt	398,747	–	–	–	–	–	–	–	–	–	398,747	–
Investment return (loss), net	47,951	164	314	153	12,506	–	127	683	–	–	61,898	(26,376)
Total nonoperating revenue (expense)	446,698	164	314	153	12,506	–	127	683	–	–	460,645	(26,376)
Change in net assets	447,512	2,074	8,773	(12,003)	3,641	(473,458)	90,704	(3,869)	(56,938)	–	6,436	123,796
Net assets (deficit), beginning of year	7,958,886	(217,302)	50,882	(252,963)	1,518,774	414,594	(72,672)	177,016	264,753	–	9,841,968	9,718,172
Net assets (deficit), end of year	\$ 8,406,398	\$ (215,228)	\$ 59,655	\$ (264,966)	\$ 1,522,415	\$ (58,864)	\$ 18,032	\$ 173,147	\$ 207,815	\$ –	\$ 9,848,404	\$ 9,841,968

* Consists of Harbor Homes, Inc., HH Plymouth, HUD I and HUD VI

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

STATEMENTS OF FINANCIAL POSITION – HARBOR HOMES, INC.

June 30, 2023 With Summarized Comparative Information for June 30, 2022

	Harbor Homes, Inc.	HUD I, Inc.	HUD VI, Inc.	HH Plymouth, LLC	2023	2022
Assets						
Current assets:						
Cash and cash equivalents	\$ 3,634,146	\$ 18,650	\$ 1,005	\$ –	\$ 3,653,801	\$ 2,916,755
Restricted cash	340,314	78,746	29,599	–	448,659	481,650
Other accounts receivable, net	1,539,599	495	124	–	1,540,218	2,586,427
Patient receivables (FQHC)	394,556	–	–	–	394,556	332,464
Due from related organizations	3,315,737	–	–	–	3,315,737	2,544,285
Inventory	50,462	–	–	–	50,462	92,032
Other assets	84,994	–	–	–	84,994	136,427
Total current assets	<u>9,359,808</u>	<u>97,891</u>	<u>30,728</u>	<u>–</u>	<u>9,488,427</u>	<u>9,090,040</u>
Property and equipment, net	18,428,727	99,129	297,090	–	18,824,946	19,063,577
Other assets:						
Investments	96,542	–	–	–	96,542	72,742
Beneficial interest in assets held by others	227,408	–	–	–	227,408	217,237
Operating lease right-of-use assets	2,387,801	–	–	–	2,387,801	–
Other assets	168,606	–	–	–	168,606	166,098
Total other assets	<u>2,880,357</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,880,357</u>	<u>456,077</u>
Total assets	<u>\$ 30,668,892</u>	<u>\$ 197,020</u>	<u>\$ 327,818</u>	<u>\$ –</u>	<u>\$ 31,193,730</u>	<u>\$ 28,609,694</u>
Liabilities and Net Assets						
Current liabilities:						
Lines of credit	\$ –	\$ –	\$ –	\$ –	\$ –	\$ 499,817
Current portion of notes payable	284,803	–	10,352	–	295,155	285,902
Current portion of operating lease liabilities	360,384	–	–	–	360,384	–
Due to related organizations	1,418,196	4,775	192,970	1,271,105	2,887,046	2,199,787
Accounts payable	1,034,966	17,465	1,787	–	1,054,218	968,565
Accrued payroll, vacation and related expenses	606,775	–	–	–	606,775	522,817
Other liabilities	310,416	1,210	613	–	312,239	218,116
Total current liabilities	<u>4,015,540</u>	<u>23,450</u>	<u>205,722</u>	<u>1,271,105</u>	<u>5,515,817</u>	<u>4,695,004</u>
Long-term liabilities:						
Accrued payroll and related expenses	640,431	–	–	–	640,431	615,558
Notes payable, net of current portion	8,999,971	–	166,727	–	9,166,698	9,459,720
Notes payable, tax credits	343,583	–	–	–	343,583	399,523
Notes payable, deferred	4,768,349	–	–	–	4,768,349	5,167,096
Operating lease liabilities, net of current portion	2,028,538	–	–	–	2,028,538	–
Other liabilities	320,233	2,433	1,250	–	323,916	313,907
Total long-term liabilities	<u>17,101,105</u>	<u>2,433</u>	<u>167,977</u>	<u>–</u>	<u>17,271,515</u>	<u>15,955,804</u>
Total liabilities	<u>21,116,645</u>	<u>25,883</u>	<u>373,699</u>	<u>1,271,105</u>	<u>22,787,332</u>	<u>20,650,808</u>
Net assets (deficit):						
Without donor restrictions	8,846,980	171,137	(45,881)	(1,271,105)	7,701,131	7,654,900
With donor restrictions	705,267	–	–	–	705,267	303,986
Total net assets (deficit)	<u>9,552,247</u>	<u>171,137</u>	<u>(45,881)</u>	<u>(1,271,105)</u>	<u>8,406,398</u>	<u>7,958,886</u>
Total liabilities and net assets (deficit)	<u>\$ 30,668,892</u>	<u>\$ 197,020</u>	<u>\$ 327,818</u>	<u>\$ –</u>	<u>\$ 31,193,730</u>	<u>\$ 28,609,694</u>

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

STATEMENTS OF ACTIVITIES – HARBOR HOMES, INC.

For the Year Ended June 30, 2023 With Summarized Comparative Information for the Year Ended June 30, 2022

	Harbor Homes, Inc.	HUD I, Inc.	HUD VI, Inc.	HH Plymouth, LLC	2023	2022
Support and Revenues						
Support:						
Grants:						
Federal	\$ 11,654,454	\$ 88,233	\$ 70,194	\$ –	\$ 11,812,881	\$ 10,941,946
State	6,886,846	–	–	–	6,886,846	7,428,730
Contributions	2,645,838	–	–	–	2,645,838	1,345,469
Special events, net	–	–	–	–	–	(6,000)
Total support	<u>21,187,138</u>	<u>88,233</u>	<u>70,194</u>	<u>–</u>	<u>21,345,565</u>	<u>19,710,145</u>
Revenues:						
Patient service revenues (FQHC)	5,672,653	–	–	–	5,672,653	5,960,856
Patient service revenues (other)	3,319,697	–	–	–	3,319,697	4,564,899
Veterans Administration programs	5,430,359	–	–	–	5,430,359	4,911,456
Rental income:						
Resident payments	876,229	40,577	22,187	–	938,993	925,308
Other	534,861	–	–	–	534,861	399,230
Contracted services	150,773	–	–	–	150,773	192,221
Management fees	105,097	–	–	–	105,097	100,766
Other income	90,052	–	–	–	90,052	62,341
Total revenues	<u>16,179,721</u>	<u>40,577</u>	<u>22,187</u>	<u>–</u>	<u>16,242,485</u>	<u>17,117,077</u>
Total support and revenues	<u>37,366,859</u>	<u>128,810</u>	<u>92,381</u>	<u>–</u>	<u>37,588,050</u>	<u>36,827,222</u>
Operating expenses:						
Program services	29,790,546	79,832	95,779	–	29,966,157	29,666,970
Management and general	6,089,095	11,419	9,023	–	6,109,537	5,925,228
Fundraising and development	399,092	–	–	–	399,092	379,175
Total operating expenses before depreciation expense	<u>36,278,733</u>	<u>91,251</u>	<u>104,802</u>	<u>–</u>	<u>36,474,786</u>	<u>35,971,373</u>
Depreciation expense	1,089,376	5,672	17,402	–	1,112,450	1,082,239
Total operating expenses	<u>37,368,109</u>	<u>96,923</u>	<u>122,204</u>	<u>–</u>	<u>37,587,236</u>	<u>37,053,612</u>
Income (loss) from operations	(1,250)	31,887	(29,823)	–	814	(226,390)
Nonoperating revenue (expense):						
Gain on forgiveness of debt	398,747	–	–	–	398,747	–
Investment return (loss), net	47,443	490	18	–	47,951	(30,229)
Total nonoperating revenue (expense)	<u>446,190</u>	<u>490</u>	<u>18</u>	<u>–</u>	<u>446,698</u>	<u>(30,229)</u>
Change in net assets	444,940	32,377	(29,805)	–	447,512	(256,619)
Net assets (deficit), beginning of year	<u>9,107,307</u>	<u>138,760</u>	<u>(16,076)</u>	<u>(1,271,105)</u>	<u>7,958,886</u>	<u>8,215,505</u>
Net assets (deficit), end of year	<u>\$ 9,552,247</u>	<u>\$ 171,137</u>	<u>\$ (45,881)</u>	<u>\$ (1,271,105)</u>	<u>\$ 8,406,398</u>	<u>\$ 7,958,886</u>

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

STATEMENTS OF FUNCTIONAL EXPENSES – HARBOR HOMES, INC.

For the Year Ended June 30, 2023 With Summarized Comparative Information for the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising and Development	2023	2022
Personnel expenses:					
Salaries and wages	\$ 10,780,204	\$ 3,915,951	\$ 241,805	\$ 14,937,960	\$ 15,763,583
Payroll taxes	839,412	284,013	17,821	1,141,246	1,205,775
Employee benefits	1,954,228	657,132	36,996	2,648,356	2,823,964
Contract/professional services	771,423	80,128	21,983	873,534	671,592
Supplies:					
Office	122,656	18,488	2,880	144,024	269,342
Medical/dental	85,660	65	–	85,725	150,620
Building and household	156,047	22,635	258	178,940	121,169
Client services:					
Rental assistance	4,592,000	–	–	4,592,000	3,791,778
Rental application fee	611	–	–	611	550
Security deposit assistance	116,916	–	–	116,916	91,573
Utility rebate	75,621	–	–	75,621	45,139
Emergency housing	28,373	–	–	28,373	449,480
Treatment and supportive services	58,019	447	–	58,466	36,898
Training and employment assistance	4,441	–	–	4,441	10,262
Supportive services assistance	72,529	–	–	72,529	101,446
Activities, supplies and other assistance	97,185	–	–	97,185	70,349
Food, meals and nutritional assistance	269,280	–	–	269,280	262,883
Rent: office space	410,413	–	–	410,413	404,912
Construction – noncapitalized	–	–	–	–	600
Building:					
Maintenance and repairs	531,561	61,836	503	593,900	464,770
Utilities	692,777	127,684	1,042	821,503	573,315
Interest:					
Mortgage	359,828	124,441	1,111	485,380	509,088
Other	–	10,181	–	10,181	26,678
Conference and conventions	64,904	2,632	2,735	70,271	17,236
Professional services	9,614	30,688	–	40,302	41,460
Accounting and audit services	32,300	42,010	–	74,310	110,125
Legal fees	5,251	92,419	–	97,670	112,526
Insurance:					
Property and liability	73,951	7,684	65	81,700	79,930
Professional	30,449	80,875	–	111,324	23,698
Other	–	304	–	304	74,603
Vehicle and transportation expenses	81,992	111	–	82,103	76,362
Staff:					
Transportation	117,073	6,137	210	123,420	53,192
Education and training	137,697	47,363	198	185,258	129,263
Hiring and recruiting	14,599	1,153	228	15,980	58,717
Uniforms	3,421	–	–	3,421	3,134

HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

STATEMENTS OF FUNCTIONAL EXPENSES – HARBOR HOMES, INC. (CONTINUED)

For the Year Ended June 30, 2023 With Summarized Comparative Information for the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising and Development	2023	2022
In-kind donation	\$ 3,699	\$ –	\$ 9,356	\$ 13,055	\$ –
Operations:					
Communication	194,438	50,253	901	245,592	208,834
Cable	7,736	529	4	8,269	9,680
Postage	12,307	6,867	385	19,559	21,107
Membership and subscriptions	58,699	40,613	4,941	104,253	107,132
Equipment lease and maintenance	55,012	8,543	612	64,167	63,504
Software licenses, maintenance and fees	926,875	280,339	123	1,207,337	902,147
Subrecipient and subcontracts	4,706,027	25,528	–	4,731,555	4,918,505
Property taxes	37,571	–	–	37,571	20,606
Direct program marketing and advertising	42,477	7,798	94	50,369	28,435
Marketing	225	3,578	15,895	19,698	8,228
Fundraising publications	–	46	26,742	26,788	31,557
Management and administrative fees	–	13,906	–	13,906	11,478
Service charges and fees	10,504	29,944	2,777	43,225	52,800
Fines and penalties	206	–	–	206	66
Staff and board expenses	3,071	27,102	9,427	39,600	8,749
Cost of goods sold	1,316,989	–	–	1,316,989	952,533
Allocation:					
Indirect charges	(114)	114	–	–	–
Total functional expense before depreciation expense	29,966,157	6,109,537	399,092	36,474,786	35,971,373
Depreciation expense	741,015	370,905	530	1,112,450	1,082,239
Total functional expenses	<u>\$ 30,707,172</u>	<u>\$ 6,480,442</u>	<u>\$ 399,622</u>	<u>\$ 37,587,236</u>	<u>\$ 37,053,612</u>