

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

**Consolidated Financial Statements  
and Supplementary Information**

*For the Year Ended June 30, 2024 With Comparative  
Information for the Year Ended June 30, 2023  
With Independent Auditors' Report*

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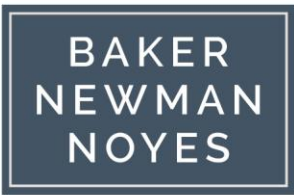
# HARBOR HOMES, INC. AND AFFILIATES d/b/a HARBOR CARE

## CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2024 With Comparative  
Information for the Year Ended June 30, 2023

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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, 2024, 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, 2024, 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.

### 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.

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.

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

### **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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 27, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, 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 23, 2024

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

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

June 30, 2024 With Summarized  
Comparative Information as of June 30, 2023

|  | <u>ASSETS</u>                    |                               |                     |                     |
|--|----------------------------------|-------------------------------|---------------------|---------------------|
|  | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | <u>2024</u>         | <u>2023</u>         |
| Current assets:                              |                                  |                               |                     |                     |
| Cash and cash equivalents                    | \$ 3,268,279                     | \$248,013                     | \$ 3,516,292        | \$ 5,686,184        |
| Restricted cash                              | 773,159                          | –                             | 773,159             | 780,450             |
| Other accounts receivable, net               | 2,631,479                        | –                             | 2,631,479           | 1,758,375           |
| Patient receivables (FQHC)                   | 366,074                          | –                             | 366,074             | 394,556             |
| Due from related organizations               | 100,201                          | –                             | 100,201             | 96,059              |
| Inventory                                    | 124,888                          | –                             | 124,888             | 50,462              |
| Other assets                                 | <u>121,484</u>                   | <u>–</u>                      | <u>121,484</u>      | <u>84,994</u>       |
| Total current assets                         | 7,385,564                        | 248,013                       | 7,633,577           | 8,851,080           |
| Property and equipment, net                  | 24,877,535                       | –                             | 24,877,535          | 24,704,350          |
| Other noncurrent assets:                     |                                  |                               |                     |                     |
| Investments                                  | 91,353                           | –                             | 91,353              | 96,542              |
| Beneficial interest in assets held by others | –                                | 248,995                       | 248,995             | 227,408             |
| Operating lease right-of-use assets          | 122,193                          | –                             | 122,193             | 127,113             |
| Other assets                                 | <u>171,189</u>                   | <u>–</u>                      | <u>171,189</u>      | <u>169,206</u>      |
| Total other noncurrent assets                | 384,735                          | 248,995                       | 633,730             | 620,269             |
| <br>   |                                  |                               |                     |                     |
| Total assets                                 | <u>\$32,647,834</u>              | <u>\$497,008</u>              | <u>\$33,144,842</u> | <u>\$34,175,699</u> |

LIABILITIES AND NET ASSETS

|  | Without<br>Donor<br><u>Restrictions</u> | With<br>Donor<br><u>Restrictions</u> | <u>2024</u>         | <u>2023</u>         |
|--|---|--------------------------------------|---------------------|---------------------|
| <b>Current liabilities:</b>                            |   |                                      |                     |                     |
| Current portion of notes payable                       | \$ 558,862                              | \$ –                                 | \$ 558,862          | \$ 528,615          |
| Current portion of operating<br>lease liabilities      | 66,928                                  | –                                    | 66,928              | 66,578              |
| Current portion of finance lease liabilities           | 19,174                                  | –                                    | 19,174              | –                   |
| Accounts payable                                       | 1,840,354                               | –                                    | 1,840,354           | 1,132,643           |
| Accrued payroll, vacation and<br>related expenses      | 605,373                                 | –                                    | 605,373             | 630,581             |
| Other liabilities                                      | <u>302,652</u>                          | <u>–</u>                             | <u>302,652</u>      | <u>328,706</u>      |
| Total current liabilities                              | 3,393,343                               | –                                    | 3,393,343           | 2,687,123           |
| <b>Long-term liabilities:</b>                          |   |                                      |                     |                     |
| Accrued payroll, vacation and<br>related expenses      | 691,657                                 | –                                    | 691,657             | 655,051             |
| Notes payable, net of current portion                  | 12,438,087                              | –                                    | 12,438,087          | 12,987,789          |
| Notes payable, tax credits                             | 287,643                                 | –                                    | 287,643             | 343,583             |
| Notes payable, deferred                                | 7,169,749                               | –                                    | 7,169,749           | 7,169,749           |
| Operating lease liabilities, net of<br>current portion | 55,365                                  | –                                    | 55,365              | 61,656              |
| Finance lease liabilities, net of<br>current portion   | 35,501                                  | –                                    | 35,501              | –                   |
| Other liabilities                                      | <u>336,358</u>                          | <u>–</u>                             | <u>336,358</u>      | <u>422,344</u>      |
| Total long-term liabilities                            | <u>21,014,360</u>                       | <u>–</u>                             | <u>21,014,360</u>   | <u>21,640,172</u>   |
| Total liabilities                                      | 24,407,703                              | –                                    | 24,407,703          | 24,327,295          |
| <b>Net assets:</b>                                     |   |                                      |                     |                     |
| Without donor restrictions:                            |   |                                      |                     |                     |
| Undesignated   | 8,240,131                               | –                                    | 8,240,131           | 9,012,699           |
| With donor restrictions                                | <u>–</u>                                | <u>497,008</u>                       | <u>497,008</u>      | <u>835,705</u>      |
| Total net assets                                       | <u>8,240,131</u>                        | <u>497,008</u>                       | <u>8,737,139</u>    | <u>9,848,404</u>    |
| Total liabilities and net assets                       | <u>\$32,647,834</u>                     | <u>\$497,008</u>                     | <u>\$33,144,842</u> | <u>\$34,175,699</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, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

|   | Without<br>Donor<br><u>Restrictions</u> | With<br>Donor<br><u>Restrictions</u> | <u>2024</u>       | <u>2023</u>       |
|---|---|--------------------------------------|-------------------|-------------------|
| Support and revenues:   |   |                                      |                   |                   |
| Support:  |   |                                      |                   |                   |
| Grants:   |   |                                      |                   |                   |
| Federal   | \$13,397,592                            | \$ —                                 | \$13,397,592      | \$12,347,174      |
| State   | 7,863,035                               | —                                    | 7,863,035         | 6,886,846         |
| Contributions   | 850,587                                 | 241,955                              | 1,092,542         | 2,733,103         |
| Net assets released from restrictions -<br>operations                       | <u>305,041</u>                          | <u>(305,041)</u>                     | <u>—</u>          | <u>—</u>          |
| Total support   | 22,416,255                              | (63,086)                             | 22,353,169        | 21,967,123        |
| Revenues:   |   |                                      |                   |                   |
| Patient service revenues (FQHC)   | 6,635,652                               | —                                    | 6,635,652         | 5,663,563         |
| Patient service revenues (other)  | 4,489,456                               | —                                    | 4,489,456         | 4,507,336         |
| Veterans Administration programs  | 4,803,605                               | —                                    | 4,803,605         | 5,430,359         |
| Rental income:  |   |                                      |                   |                   |
| Resident payments   | 1,220,893                               | —                                    | 1,220,893         | 1,266,770         |
| Other   | 616,778                                 | —                                    | 616,778           | 508,201           |
| Contracted services   | 128,904                                 | —                                    | 128,904           | 150,773           |
| Management fees   | 59,415                                  | —                                    | 59,415            | 75,925            |
| Other income  | 162,778                                 | —                                    | 162,778           | 91,146            |
| Employee retention tax credit income  | <u>1,190,628</u>                        | <u>—</u>                             | <u>1,190,628</u>  | <u>—</u>          |
| Total revenues  | <u>19,308,109</u>                       | <u>—</u>                             | <u>19,308,109</u> | <u>17,694,073</u> |
| Total support and revenues  | 41,724,364                              | (63,086)                             | 41,661,278        | 39,661,196        |
| Operating expenses:   |   |                                      |                   |                   |
| Program services  | 33,692,295                              | —                                    | 33,692,295        | 31,988,457        |
| Management and general  | 7,371,911                               | —                                    | 7,371,911         | 6,311,023         |
| Fundraising and development   | <u>637,031</u>                          | <u>—</u>                             | <u>637,031</u>    | <u>406,135</u>    |
| Total operating expenses<br>before depreciation and<br>amortization expense | 41,701,237                              | —                                    | 41,701,237        | 38,705,615        |
| Depreciation and amortization expense                                       | <u>1,425,055</u>                        | <u>—</u>                             | <u>1,425,055</u>  | <u>1,409,790</u>  |
| Total operating expenses  | <u>43,126,292</u>                       | <u>—</u>                             | <u>43,126,292</u> | <u>40,115,405</u> |
| Loss from operations  | (1,401,928)                             | (63,086)                             | (1,465,014)       | (454,209)         |



**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, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

|   | Without<br>Donor<br>Restrictions | With<br>Donor<br>Restrictions | <u>2024</u>             | <u>2023</u>             |
|---|----------------------------------|-------------------------------|-------------------------|-------------------------|
| Nonoperating revenue:   |                                  |                               |                         |                         |
| Gain on forgiveness of debt   | \$ —                             | \$ —                          | \$ —                    | \$ 398,747              |
| Gain on sale of related organization                                | 250,000                          | —                             | 250,000                 | —                       |
| Investment return, net  | <u>82,162</u>                    | <u>21,587</u>                 | <u>103,749</u>          | <u>61,898</u>           |
| Total nonoperating revenue  | <u>332,162</u>                   | <u>21,587</u>                 | <u>353,749</u>          | <u>460,645</u>          |
| <br>(Deficiency) excess of revenues<br>over expenses                | <br>(1,069,766)                  | <br>(41,499)                  | <br>(1,111,265)         | <br>6,436               |
| <br>Net assets released from restrictions –<br>capital acquisitions | <br><u>297,198</u>               | <br><u>(297,198)</u>          | <br><u>—</u>            | <br><u>—</u>            |
| <br>Change in net assets  | <br>(772,568)                    | <br>(338,697)                 | <br>(1,111,265)         | <br>6,436               |
| <br>Net assets, beginning of year                                   | <br><u>9,012,699</u>             | <br><u>835,705</u>            | <br><u>9,848,404</u>    | <br><u>9,841,968</u>    |
| <br>Net assets, end of year   | <br><u>\$ 8,240,131</u>          | <br><u>\$ 497,008</u>         | <br><u>\$ 8,737,139</u> | <br><u>\$ 9,848,404</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, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

|   | <u>Program<br/>Services</u> | <u>Management<br/>and<br/>General</u> | <u>Fundraising<br/>and<br/>Development</u> | <u>2024</u>  | <u>2023</u>  |
|---|-----------------------------|---------------------------------------|--|--------------|--------------|
| Personnel expenses:                       |                             |                                       |  |              |              |
| Salaries and wages                        | \$11,937,558                | \$4,572,516                           | \$349,655                                  | \$16,859,729 | \$16,377,048 |
| Payroll taxes                             | 883,566                     | 306,109                               | 25,430                                     | 1,215,105    | 1,248,585    |
| Employee benefits                         | 2,396,342                   | 969,501                               | 33,316                                     | 3,399,159    | 2,834,201    |
| Contract/professional services            | 638,719                     | 195,420                               | 52,400                                     | 886,539      | 914,429      |
| Supplies:                                 |                             |                                       |  |              |              |
| Office                                    | 96,641                      | 26,291                                | 949  | 123,881      | 147,039      |
| Medical/dental                            | 92,629                      | -                                     | -  | 92,629       | 92,470       |
| Building and household                    | 203,275                     | 6,317                                 | 2,767                                      | 212,359      | 193,935      |
| Client services:                          |                             |                                       |  |              |              |
| Rental assistance                         | 5,596,326                   | -                                     | -  | 5,596,326    | 4,592,000    |
| Rental application fee                    | 1,090                       | -                                     | -  | 1,090        | 611          |
| Security deposit assistance               | 92,627                      | -                                     | -  | 92,627       | 116,916      |
| Utility rebate                            | 112,363                     | -                                     | -  | 112,363      | 75,621       |
| Emergency housing                         | 4,184                       | -                                     | -  | 4,184        | 28,373       |
| Treatment and supportive services         | 62,115                      | 325                                   | -  | 62,440       | 58,958       |
| Training and employment assistance        | 7,937                       | -                                     | -  | 7,937        | 4,441        |
| Supportive services assistance            | 59,377                      | -                                     | 230  | 59,607       | 72,529       |
| Activities, supplies and other assistance | 54,805                      | 850                                   | 55,367                                     | 111,022      | 99,109       |
| Food, meals and nutritional assistance    | 256,857                     | 1                                     | -  | 256,858      | 269,460      |
| Rent: office space                        | 69,221                      | -                                     | -  | 69,221       | 68,413       |
| Condo association fees                    | 18,968                      | -                                     | -  | 18,968       | 17,524       |
| Building:                                 |                             |                                       |  |              |              |
| Maintenance and repairs                   | 630,346                     | 81,660                                | 647  | 712,653      | 754,678      |
| Utilities                                 | 683,663                     | 73,943                                | 941  | 758,547      | 949,211      |
| Interest:                                 |                             |                                       |  |              |              |
| Mortgage                                  | 560,810                     | 95,216                                | 889  | 656,915      | 682,012      |
| Other                                     | 1,232                       | -                                     | -  | 1,232        | 10,181       |
| Conference and conventions                | 66,209                      | 12,050                                | 3,766                                      | 82,025       | 74,485       |
| Professional services                     | 14,959                      | 38,045                                | -  | 53,004       | 41,336       |
| Accounting and audit services             | 12,465                      | 116,323                               | -  | 128,788      | 117,504      |
| Legal fees                                | 6,911                       | 126,842                               | -  | 133,753      | 98,953       |
| Insurance:                                |                             |                                       |  |              |              |
| Property and liability                    | 115,248                     | 6,292                                 | 80   | 121,620      | 96,890       |
| Professional                              | 31,427                      | 249                                   | -  | 31,676       | 118,504      |
| Other                                     | -                           | 96,266                                | -  | 96,266       | 319          |
| Vehicle and transportation expenses       | 94,171                      | -                                     | -  | 94,171       | 82,103       |

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

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

|  | Program<br>Services | Management<br>and<br>General | Fundraising<br>and<br>Development | 2024                | 2023                |
|--|---------------------|------------------------------|-----------------------------------|---------------------|---------------------|
| Staff:   |                     |                              |                                   |                     |                     |
| Transportation   | \$ 125,879          | \$ 5,401                     | \$ 12                             | \$ 131,292          | \$ 159,077          |
| Education and training   | 156,126             | 52,964                       | –                                 | 209,090             | 196,698             |
| Hiring and recruiting  | 105,571             | 848                          | –                                 | 106,419             | 17,213              |
| Uniforms   | 4,176               | –                            | –                                 | 4,176               | 3,421               |
| In-kind donation   | –                   | –                            | 28,380                            | 28,380              | 13,055              |
| Operations:  |                     |                              |                                   |                     |                     |
| Communication  | 129,006             | 62,454                       | 802                               | 192,262             | 266,164             |
| Cable  | 15,761              | 544                          | 7                                 | 16,312              | 11,867              |
| Postage  | 14,131              | 8,168                        | 965                               | 23,264              | 21,257              |
| Membership and subscriptions   | 85,492              | 37,867                       | 5,207                             | 128,566             | 111,096             |
| Equipment lease and maintenance  | 60,183              | 10,362                       | 1,092                             | 71,637              | 71,721              |
| Software licenses, maintenance and fees                                      | 731,373             | 369,690                      | 307                               | 1,101,370           | 1,267,017           |
| Subrecipient and subcontracts  | 5,602,773           | 25,670                       | –                                 | 5,628,443           | 4,731,555           |
| Property taxes   | 59,413              | –                            | –                                 | 59,413              | 40,571              |
| Direct program marketing and advertising                                     | 36,083              | 1,205                        | 1,389                             | 38,677              | 50,450              |
| Marketing  | 1,219               | 4,843                        | 6,748                             | 12,810              | 20,955              |
| Fundraising publications   | 5,887               | 956                          | 60,067                            | 66,910              | 37,013              |
| Management and administrative fees   | –                   | –                            | –                                 | –                   | 22,290              |
| Service charges and fees   | 43,917              | 14,506                       | 2,617                             | 61,040              | 54,646              |
| Fines and penalties  | 143                 | –                            | –                                 | 143                 | 206                 |
| Staff and board expenses   | 12,799              | 52,704                       | 3,001                             | 68,504              | 40,262              |
| Residual receipts recapture  | 26,089              | –                            | –                                 | 26,089              | 14,254              |
| Cost of goods sold   | 1,673,746           | –                            | –                                 | 1,673,746           | 1,316,989           |
| Allocation:  |                     |                              |                                   |                     |                     |
| Support services   | <u>487</u>          | <u>(487)</u>                 | <u>–</u>                          | <u>–</u>            | <u>–</u>            |
| Total functional expenses<br>before depreciation and<br>amortization expense | 33,692,295          | 7,371,911                    | 637,031                           | 41,701,237          | 38,705,615          |
| Depreciation and amortization expense  | <u>1,074,911</u>    | <u>349,638</u>               | <u>506</u>                        | <u>1,425,055</u>    | <u>1,409,790</u>    |
| Total functional expenses  | <u>\$34,767,206</u> | <u>\$7,721,549</u>           | <u>\$637,537</u>                  | <u>\$43,126,292</u> | <u>\$40,115,405</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, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

|   | <u>2024</u>         | <u>2023</u>         |
|---|---------------------|---------------------|
| Cash flows from operating activities:   |                     |                     |
| Change in net assets  | \$ (1,111,265)      | \$ 6,436            |
| Adjustments to reconcile change in net assets to<br>net cash (used) provided by operating activities: |                     |                     |
| Restricted contributions  | (241,955)           | (575,867)           |
| Depreciation and amortization   | 1,425,055           | 1,409,790           |
| Amortization of notes payable issuance costs  | 2,854               | 2,854               |
| Amortization of tax credit liability  | (55,940)            | (55,940)            |
| Unrealized loss (gain) on investments   | 5,189               | (23,800)            |
| Change in beneficial interest in assets held by others  | (21,587)            | (10,171)            |
| Gain on forgiveness of debt   | -                   | (398,747)           |
| Gain on sale of related organization  | (250,000)           | -                   |
| Noncash lease expense   | (1,021)             | 1,121               |
| Changes in operating assets and liabilities:  |                     |                     |
| Other accounts receivables, net   | (873,104)           | 1,036,485           |
| Patient accounts receivables  | 28,482              | (62,092)            |
| Due from related organizations  | (4,142)             | (46,024)            |
| Inventory   | (74,426)            | 41,570              |
| Other assets  | (38,473)            | 50,213              |
| Accounts payable  | 707,711             | 124,848             |
| Accrued payroll, vacation and related expenses  | 11,398              | 74,027              |
| Other liabilities   | <u>(112,040)</u>    | <u>107,932</u>      |
| Net cash (used) provided by operating activities  | (603,264)           | 1,682,635           |
| Cash flows from investing activities:   |                     |                     |
| Proceeds from sale of related organization  | 250,000             | -                   |
| Purchase of property and equipment  | <u>(1,534,268)</u>  | <u>(941,011)</u>    |
| Net cash used by investing activities   | (1,284,268)         | (941,011)           |
| Cash flows from financing activities:   |                     |                     |
| Net payments on line of credit  | -                   | (499,817)           |
| Payments on notes and loans payable   | (522,309)           | (527,630)           |
| Payments on finance lease liabilities   | (9,297)             | -                   |
| Restricted contributions  | <u>241,955</u>      | <u>575,867</u>      |
| Net cash used by financing activities   | <u>(289,651)</u>    | <u>(451,580)</u>    |
| Net change in cash, cash equivalents and restricted cash  | (2,177,183)         | 290,044             |
| Cash, cash equivalents and restricted cash, beginning of year   | <u>6,466,634</u>    | <u>6,176,590</u>    |
| Cash, cash equivalents and restricted cash, end of year   | <u>\$ 4,289,451</u> | <u>\$ 6,466,634</u> |

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

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

|   | <u>2024</u>        | <u>2023</u>         |
|---|--------------------|---------------------|
| Reconciliation of the consolidated statements of cash flow<br>to the consolidated statements of financial position: |                    |                     |
| Cash and cash equivalents   | \$3,516,292        | \$ 5,686,184        |
| Restricted cash   | <u>773,159</u>     | <u>780,450</u>      |
| Total cash, cash equivalents and restricted cash  | <u>\$4,289,451</u> | <u>\$ 6,466,634</u> |
| Supplemental disclosures of cash flow information:  |                    |                     |
| Cash paid during the year for interest  | \$ <u>656,417</u>  | \$ <u>690,428</u>   |
| Noncash investing and financing activities:   |                    |                     |
| Right-of-use assets and operating lease liabilities<br>recorded upon adoption of ASC 842                            | \$ <u>N/A</u>      | \$ <u>147,904</u>   |
| Right-of-use assets obtained in exchange for new<br>operating lease liabilities                                     | \$ <u>100,647</u>  | \$ <u>40,600</u>    |
| Right-of-use assets obtained in exchange for new<br>finance lease liabilities                                       | \$ <u>63,972</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, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

### 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.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

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

- *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.
- *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) provided in-home health care services as a Medicare-certified home health agency. HAH helped 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 kept clients in their own homes, and out of hospitals, institutions, or nursing homes. Staff provided skilled nursing, physical therapy, occupational therapy, homemaking services, respite care, and Alzheimer's care and dementia care.

On March 31, 2024, HAH entered into an asset purchase agreement with an unrelated entity for the sale of HAH totaling \$250,000. Effective May 31, 2024, HAH entered into a merger agreement in which all assets and liabilities were merged with and into Harbor Homes. A Plan of Merger was filed with the State of New Hampshire and Harbor Homes became the surviving organization. Simultaneous with this transaction, Harbor Homes, as successor by merger to HAH, completed the sale with the unrelated entity. Harbor Homes received proceeds from the sale totaling \$250,000 and recognized a gain on the sale totaling \$250,000.

- *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 in New Hampshire. During fiscal year 2021, the programs and employees of the Task Force were transitioned to Harbor Homes. Effective January 31, 2024, the Task Force was formally dissolved with the State of New Hampshire and all remaining assets and liabilities were transitioned to Harbor Homes.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

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

#### 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 (through the date of merger discussed above), SARC and the Task Force (through the date of dissolution discussed above), 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.

#### 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. In accordance with Accounting Standards Topic 326, *Financial Instruments – Credit Losses*, the Organization makes ongoing estimates relating to the collectability of accounts receivable and records an allowance for estimated losses expected from the inability of its payors to make required payments. The allowance for estimated credit losses 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 estimated credit losses was not significant at June 30, 2024 or 2023.



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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

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

#### *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.

#### *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.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

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

#### 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.

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 finance leased assets or leasehold improvements, amortization is 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 and amortization 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 2024 or 2023.

#### 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.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

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

#### 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.

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.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

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

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.

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 \$12,810 and \$20,955 for the years ended June 30, 2024 and 2023, 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 \$651,266 and \$603,844 for the years ended June 30, 2024 and 2023, respectively.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

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

The Organization also had another 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 as of June 30, 2023. Total plan expense was insignificant for the year ended June 30, 2023.

#### 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.

#### Employee Retention Tax Credit Income

In August 2023, Harbor Homes was deemed eligible for the Employee Retention Credit for Employers (Employee Retention Credit) in the amount of \$1,190,628 as provided for under the *CARES Act*. Harbor Homes recognized \$1,190,628 within support and revenues in the accompanying consolidated statement of activities and changes in net assets for the year ending June 30, 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.

#### 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.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

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

#### 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

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'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.

Lease liabilities are initially recorded based on the present value of lease payments over the expected remaining lease term. Lease payments are comprised of fixed and in-substance fixed contract consideration. The Organization has made a policy election not to separate lease components, nonlease components, and noncomponents. The right-of-use asset is based on the lease liability, adjusted for certain items such as lease prepayments or lease incentives received. Finance lease assets are amortized on a straight-line basis, with interest costs reported separately, over the lesser of the useful life of the leased asset or lease term. Operating lease expense is recognized on a straight-line basis. Variable lease payments are expensed as incurred.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

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

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.

#### 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 23, 2024, which is the date the consolidated financial statements were available to be issued.

### 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, 2024:

|  |                    |
|--|--------------------|
| Cash and cash equivalents  | \$3,268,279        |
| Receivables  | <u>2,997,553</u>   |
| Financial assets available to meet general expenditures over the next year | <u>\$6,265,832</u> |

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

### 2. Liquidity and Availability (Continued)

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>2024</u>      | <u>2023</u>      |
|---|------------------|------------------|
| Operating reserves (required by HUD and NHHFA)        | \$ 76,024        | \$ 75,236        |
| Reserve for replacements (required by HUD and NHHFA)  | 590,932          | 571,740          |
| Residual receipt deposits (required by HUD and NHHFA) | 31,221           | 59,225           |
| Security deposits                                     | 27,666           | 21,055           |
| Other   | <u>47,316</u>    | <u>53,194</u>    |
|   | <u>\$773,159</u> | <u>\$780,450</u> |

### 4. Patient Accounts and Other Accounts Receivables

Other accounts receivable consist of the following at June 30:

|                        | <u>2024</u>        | <u>2023</u>        |
|------------------------|--------------------|--------------------|
| Grants                 | \$1,951,260        | \$1,211,334        |
| Medicaid/Medicare      | 319,826            | 224,743            |
| Residents and patients | 266,635            | 294,081            |
| Other                  | <u>93,758</u>      | <u>28,217</u>      |
|                        | <u>\$2,631,479</u> | <u>\$1,758,375</u> |

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

|                   | <u>2024</u>      | <u>2023</u>      |
|-------------------|------------------|------------------|
| Medicaid/Medicare | \$242,063        | \$205,078        |
| Other             | <u>124,011</u>   | <u>189,478</u>   |
|                   | <u>\$366,074</u> | <u>\$394,556</u> |



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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

### 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, 2024 and 2023, the endowment fund has a value of \$248,995 and \$227,408, 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.

For the fiscal years ended June 30, 2024 and 2023, 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>2024</u>                                  |                 |                |                  |                  |
| Equities                                     | \$44,932        | \$ —           | \$ —             | \$ 44,932        |
| Exchange traded funds                        | 29,600          | —              | —                | 29,600           |
| Mutual funds                                 | 16,821          | —              | —                | 16,821           |
| Beneficial interest in assets held by others | <u>—</u>        | <u>—</u>       | <u>248,995</u>   | <u>248,995</u>   |
|  | <u>\$91,353</u> | <u>\$ —</u>    | <u>\$248,995</u> | <u>\$340,348</u> |

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
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**5. Investments and Fair Value Measurements (Continued)**

|  | <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> |

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, 2022 | \$217,237        |
| Investment return, net of fees  | <u>10,171</u>    |
| Ending balance, June 30, 2023   | 227,408          |
| Investment return, net of fees  | <u>21,587</u>    |
| Ending balance, June 30, 2024   | <u>\$248,995</u> |

**6. Property and Equipment**

Property and equipment consists of the following at June 30:

|                                     | <u>2024</u>          | <u>2023</u>          |
|-------------------------------------|----------------------|----------------------|
| Land and land improvements          | \$ 4,513,038         | \$ 4,491,238         |
| Buildings and building improvements | 35,127,224           | 34,181,194           |
| Software                            | 535,569              | 535,569              |
| Vehicles                            | 521,686              | 499,343              |
| Furniture, fixtures and equipment   | 873,091              | 664,088              |
| Construction in progress            | <u>795,734</u>       | <u>443,546</u>       |
|                                     | 42,366,342           | 40,814,978           |
| Less accumulated depreciation       | <u>(17,488,807)</u>  | <u>(16,110,628)</u>  |
|                                     | <u>\$ 24,877,535</u> | <u>\$ 24,704,350</u> |

Depreciation and amortization expense totaled \$1,425,055 and \$1,409,790 for the years ended June 30, 2024 and 2023, respectively.

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 7. Lines of Credit

At June 30, 2024 and 2023, 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% (8.50% at June 30, 2024). The line of credit expires February 28, 2025. There was no outstanding balance on the credit line as of June 30, 2024 and 2023.

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% (9.50% at June 30, 2024). The line of credit provides the bank with a first lien on accounts receivable as collateral. There was no outstanding balance on the line of credit at June 30, 2024 and 2023.

The agreements above contain certain financial and nonfinancial covenants. Management asserts all debt covenant requirements have been met or waived as of year end.

### 8. Notes Payable

#### Notes Payable

Notes payable consisted of the following as of June 30:

| <u>Property/Security</u>                    | <u>Monthly<br/>Payment<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Interest<br/>Type</u> | <u>Maturity<br/>Date</u> | <u>2024<br/>Principal<br/>Balance</u> | <u>2023<br/>Principal<br/>Balance</u> |
|---|---------------------------------------|--------------------------|--------------------------|--------------------------|---------------------------------------|---------------------------------------|
| 615 Amherst Street, Nashua, NH              | \$ 19,631                             | 4.00%                    | Adjustable               | September 2042           | \$ 3,070,285                          | \$ 3,178,642                          |
| 75-77 Northeastern Boulevard,<br>Nashua, NH | 15,311                                | 3.92%                    | Adjustable               | February 2052            | 3,079,713                             | 3,139,409                             |
| 75-77 Northeastern Boulevard,<br>Nashua, NH | 6,177                                 | 5.00%                    | Fixed                    | September 2029           | 1,156,068                             | 1,171,952                             |
| 335 Somerville Street,<br>Manchester, NH    | 7,879                                 | 6.77%                    | Adjustable               | December 2033            | 1,023,789                             | 1,046,776                             |
| 335 Somerville Street<br>Manchester, NH     | 6,193                                 | 4.57%                    | Fixed                    | December 2033            | 959,350                               | 989,066                               |
| 59 Factory Street, Nashua, NH               | 7,768                                 | 7.05%                    | Adjustable               | October 2040             | 894,973                               | 923,954                               |
| 59 Factory Street, Nashua, NH               | 2,692                                 | 4.75%                    | Adjustable               | October 2040             | 365,675                               | 380,221                               |
| 59 Factory Street, Nashua, NH               | 359                                   | 6.96%                    | Adjustable               | October 2035             | 33,751                                | 35,639                                |
| 46 Spring Street, Nashua, NH                | 5,126                                 | 6.97%                    | Adjustable               | December 2036            | 501,227                               | 526,811                               |
| 46 Spring Street, Nashua, NH                | 3,996                                 | 4.75%                    | Fixed                    | December 2036            | 445,041                               | 471,165                               |
| 45 High Street, Nashua, NH                  | 5,018                                 | 3.12%                    | Adjustable               | August 2030              | 337,511                               | 386,349                               |
| 12 Auburn Street, Nashua, NH                | 2,863                                 | 3.85%                    | Adjustable               | December 2045            | 501,833                               | 516,560                               |
| 30 Allds Street, Nashua, NH                 | 5,276                                 | 9.25%*                   | Fixed                    | December 2026            | 144,981                               | 192,470                               |
| 156 Chestnut Street, Nashua, NH             | 3,369                                 | 9.25%*                   | Fixed                    | January 2028             | 122,924                               | 150,577                               |
| 99 Chestnut Street, Nashua, NH              | 1,538                                 | 5.67%                    | Adjustable               | April 2042               | 206,909                               | 213,432                               |
| 7 Trinity Street, Claremont, NH             | 1,401                                 | 3.75%*                   | Adjustable               | October 2031             | 166,755                               | 177,079                               |
| 7 North Main Street, Antrim, NH             | 3,184                                 | 9.25%*                   | Fixed                    | May 2025                 | 38,260                                | 71,252                                |
|   |                                       |                          |                          |                          | <u>13,049,045</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, 2024 With Summarized  
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**8. Notes Payable (Continued)**

| <u>Property/Security</u>     | <u>Monthly<br/>Payment<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Interest<br/>Type</u> | <u>Maturity<br/>Date</u> | <u>2024<br/>Principal<br/>Balance</u> | <u>2023<br/>Principal<br/>Balance</u> |
|------------------------------|---------------------------------------|--------------------------|--------------------------|--------------------------|---------------------------------------|---------------------------------------|
| Notes payable issuance costs |                                       |                          |                          |                          | \$ (52,096)                           | \$ (54,950)                           |
| Current portion              |                                       |                          |                          |                          | <u>(558,862)</u>                      | <u>(528,615)</u>                      |
|                              |                                       |                          |                          |                          | <u>\$12,438,087</u>                   | <u>\$12,987,789</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:

|            |                     |
|------------|---------------------|
| 2025       | \$ 558,862          |
| 2026       | 553,936             |
| 2027       | 555,717             |
| 2028       | 529,417             |
| 2029       | 530,775             |
| Thereafter | <u>10,320,338</u>   |
|            | <u>\$13,049,045</u> |

Certain of the above notes payable contain various financial and nonfinancial covenants. Management asserts all debt covenant requirements have been met or waived 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, 2024 and 2023, these tax credits totaled \$287,643 and \$343,583, 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 2024.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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**8. Notes Payable (Continued)**

Deferred notes payable are as follows at June 30:

|  | <u>2024</u>                    | <u>2023</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                        |
| Amherst Street property                          | <u>385,000</u>                 | <u>385,000</u>                 |
| Total FHLB                                       | 1,185,000 <sup>(1)</sup>       | 1,185,000 <sup>(1)</sup>       |
| 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<sup>(2)</sup></u> | <u>4,032,349<sup>(2)</sup></u> |
|  | <u>\$7,169,749</u>             | <u>\$7,169,749</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.

**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, 2023

**9. 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 2024 ranged from \$750 to \$3,500 and the leases expire at various periods through October 2027.

The Organization leases various vehicles under finance leases. The original lease terms are approximately three years, with monthly payments ranging from \$276 to \$784 through March 2027.

Right-of-use assets and lease liabilities are reported in the Organization's consolidated statements of financial position as follows:

|   | <u>2024</u>       | <u>2023</u>       |
|---|-------------------|-------------------|
| Operating leases:                                 |                   |                   |
| Operating lease right-of-use assets               | \$ <u>122,193</u> | \$ <u>127,113</u> |
| Current portion of operating lease liabilities    | \$ 66,928         | \$ 66,578         |
| Operating lease liabilities, less current portion | <u>55,365</u>     | <u>61,656</u>     |
| Total operating lease liabilities                 | <u>\$122,293</u>  | <u>\$128,234</u>  |
| Finance leases:                                   |                   |                   |
| Property and equipment, net                       | \$ <u>54,130</u>  | \$ <u>—</u>       |
| Current portion of finance lease liabilities      | \$ 19,174         | \$ —              |
| Finance lease liabilities, less current portion   | <u>35,501</u>     | <u>—</u>          |
| Total finance lease liabilities                   | <u>\$ 54,675</u>  | <u>\$ —</u>       |

| <u>Description</u>                  | <u>Consolidated Statements of<br/>Functional Expenses Classification</u> |                        |
|-------------------------------------|--|------------------------|
| Operating lease expense             | Rent: office space   | \$ 67,924    \$ 63,978 |
| Finance lease costs:                |  |                        |
| Amortization of right-of-use assets | Depreciation and amortization  | \$ 9,842    \$ —       |
| Interest on lease liabilities       | Interest expense – other   | 1,232        —         |

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

### 9. Leases (Continued)

#### Supplemental Cash Flow Information

Supplemental cash flow information is as follows for the fiscal years ended June 30:

|  | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Operating leases – operating cash flows (fixed payments)   | \$ 67,824   | \$ 62,677   |
| Finance leases – finance cash flows (liability reduction)  | 9,297       | –           |
| Operating leases - right-of-use assets and operating lease liabilities recorded upon adoption of ASU 842 | N/A         | 147,904     |
| Operating leases - right-of-use assets obtained in exchange for new operating lease liabilities          | 100,647     | 40,600      |
| Finance leases - right-of-use assets obtained in exchange for new finance lease liabilities              | 63,972      | –           |

#### Lease Term and Discount Rate

Lease term and discount rate are as follows for the fiscal years ended June 30:

|  | <u>2024</u> | <u>2023</u> |
|--|-------------|-------------|
| Operating leases:                                |             |             |
| Weighted-average remaining lease term (in years) | 2.0         | 2.4         |
| Weighted-average discount rate                   | 4.82%       | 3.24%       |
| Finance leases:                                  |             |             |
| Weighted-average remaining lease term (in years) | 2.8         | N/A         |
| Weighted-average discount rate                   | 4.10%       | N/A         |

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

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Comparative Information for the Year Ended June 30, 2023

#### 9. Leases (Continued)

As of June 30, 2024, maturities of operating and finance lease liabilities for each of the following four years were as follows:

|                                     | <u>Finance<br/>Leases</u> | <u>Operating<br/>Leases</u> |
|-------------------------------------|---------------------------|-----------------------------|
| 2025                                | \$21,058                  | \$ 71,045                   |
| 2026                                | 21,058                    | 45,000                      |
| 2027                                | 15,793                    | 9,000                       |
| 2028                                | <u>—</u>                  | <u>3,000</u>                |
| Total minimum future lease payments | 57,909                    | 128,045                     |
| Less imputed interest               | <u>(3,234)</u>            | <u>(5,752)</u>              |
| Total lease liabilities             | <u>\$54,675</u>           | <u>\$122,293</u>            |

#### 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 2024 and 2023, rental income (included in other rental income) was approximately \$503,000 and \$444,000, respectively.

Scheduled future lease payments, excluding opportunities for future renewals, consist of the following at June 30, 2024:

|      |           |
|------|-----------|
| 2025 | \$555,540 |
| 2026 | 497,680   |
| 2027 | 391,590   |
| 2028 | 184,689   |
| 2029 | 52,035    |



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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

### 10. Net Assets With Donor Restrictions

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

|  | <u>2024</u>      | <u>2023</u>      |
|--|------------------|------------------|
| Purpose:                                     |                  |                  |
| Capital improvements                         | \$ 5,498         | \$365,727        |
| Veterans programs                            | 75,891           | 10,751           |
| Miscellaneous                                | 15,733           | 97,107           |
| Special events                               | –                | 1,933            |
| Recruitment/retention/training               | –                | 108,240          |
| Housing                                      | 62,009           | –                |
| Program support                              | 51,917           | –                |
| Client assistance                            | <u>36,965</u>    | <u>24,539</u>    |
|  | 248,013          | 608,297          |
| Perpetuity:                                  |                  |                  |
| Beneficial interest in assets held by others | <u>248,995</u>   | <u>227,408</u>   |
|  | <u>\$497,008</u> | <u>\$835,705</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, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

#### 11. Patient Service Revenues (Continued)

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

|                       | <u>2024</u>        | <u>2023</u>        |
|-----------------------|--------------------|--------------------|
| Medicaid              | \$4,086,882        | \$3,317,574        |
| Medicare              | 1,626,257          | 1,659,551          |
| Third party           | 686,139            | 451,005            |
| Sliding fee/free care | 91,450             | 110,088            |
| Self-pay              | <u>144,924</u>     | <u>125,345</u>     |
|                       | <u>\$6,635,652</u> | <u>\$5,663,563</u> |

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

|             | <u>2024</u>        | <u>2023</u>        |
|-------------|--------------------|--------------------|
| Medicaid    | \$4,343,507        | \$4,363,779        |
| Medicare    | 78,031             | 92,055             |
| Third party | 24,936             | 33,377             |
| Self-pay    | <u>42,982</u>      | <u>18,125</u>      |
|             | <u>\$4,489,456</u> | <u>\$4,507,336</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, 2024 With Summarized  
Comparative Information for the Year Ended June 30, 2023

### 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, 2024 and 2023, Harbor Homes has recorded \$267,551 and \$270,459, 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, 2024 and 2023, 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 \$59,000 and \$76,000 in management fee revenue from Boulder Point for the years ended June 30, 2024 and 2023, respectively, and has also reflected approximately \$100,000 and \$96,000, respectively, as due from Boulder Point within due from related organizations in the accompanying consolidated statements of financial position at June 30, 2024 and 2023.
- 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, 2024 and 2023.

## **Supplementary Information**

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

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

June 30, 2024 With Summarized Comparative Information for June 30, 2023

|   | Harbor<br>Homes*    | Harbor<br>Homes II,<br>Inc. | Harbor<br>Homes III<br>Inc. | HH<br>Ownership,<br>Inc. | Greater<br>Nashua<br>Council on<br>Alcoholism | Healthy at<br>Home, Inc. | Welcoming<br>Light, Inc. | SARC<br>Housing<br>Needs<br>Board, Inc. | Southern NH<br>HIV/AIDS<br>Task Force,<br>Inc. | Eliminations         | 2024                | 2023                |
|---|---------------------|-----------------------------|-----------------------------|--------------------------|---|--------------------------|--------------------------|---|--|----------------------|---------------------|---------------------|
| <b>Assets</b>                                       |                     |                             |                             |                          |   |                          |                          |   |  |                      |                     |                     |
| <b>Current assets:</b>                              |                     |                             |                             |                          |   |                          |                          |   |  |                      |                     |                     |
| Cash and cash equivalents                           | \$ 2,269,718        | \$ 1,447                    | \$ 3,287                    | \$ 2,830                 | \$ 1,224,307                                  | \$ –                     | \$ 5,855                 | \$ 8,848                                | \$ –   | \$ –                 | \$ 3,516,292        | \$ 5,686,184        |
| Restricted cash                                     | 464,689             | 25,175                      | 48,830                      | 15,359                   | 105,274                                       | –                        | 39,310                   | 74,522                                  | –  | –                    | 773,159             | 780,450             |
| Other accounts receivable, net                      | 2,621,762           | 2,248                       | 288                         | 782                      | –   | –                        | 5,962                    | 437                                     | –  | –                    | 2,631,479           | 1,758,375           |
| Patient receivables (FQHC)                          | 366,074             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 366,074             | 394,556             |
| Due from related organizations                      | 3,810,327           | –                           | –                           | –                        | 1,078,157                                     | –                        | –                        | –                                       | –  | (4,788,283)          | 100,201             | 96,059              |
| Inventory   | 124,888             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 124,888             | 50,462              |
| Other assets  | 121,484             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 121,484             | 84,994              |
| Total current assets                                | 9,778,942           | 28,870                      | 52,405                      | 18,971                   | 2,407,738                                     | –                        | 51,127                   | 83,807                                  | –  | (4,788,283)          | 7,633,577           | 8,851,080           |
| Property and equipment, net                         | 19,212,102          | 215,722                     | 167,875                     | 239,524                  | 4,148,582                                     | –                        | 774,726                  | 119,004                                 | –  | –                    | 24,877,535          | 24,704,350          |
| <b>Other noncurrent assets:</b>                     |                     |                             |                             |                          |   |                          |                          |   |  |                      |                     |                     |
| Investments   | 91,353              | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 91,353              | 96,542              |
| Beneficial interest in assets held by others        | 248,995             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 248,995             | 227,408             |
| Operating lease right-of-use assets                 | 2,102,326           | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | (1,980,133)          | 122,193             | 127,113             |
| Other assets  | 171,189             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 171,189             | 169,206             |
| Total other noncurrent assets                       | 2,613,863           | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | (1,980,133)          | 633,730             | 620,269             |
| <b>Total assets</b>                                 | <b>\$31,604,907</b> | <b>\$ 244,592</b>           | <b>\$ 220,280</b>           | <b>\$ 258,495</b>        | <b>\$ 6,556,320</b>                           | <b>\$ –</b>              | <b>\$ 825,853</b>        | <b>\$ 202,811</b>                       | <b>\$ –</b>                                    | <b>\$(6,768,416)</b> | <b>\$33,144,842</b> | <b>\$34,175,699</b> |
| <b>Liabilities and Net Assets</b>                   |                     |                             |                             |                          |   |                          |                          |   |  |                      |                     |                     |
| <b>Current liabilities:</b>                         |                     |                             |                             |                          |   |                          |                          |   |  |                      |                     |                     |
| Current portion of notes payable                    | \$ 309,881          | \$ 52,073                   | \$ 30,322                   | \$ –                     | \$ 115,106                                    | \$ –                     | \$ 51,480                | \$ –                                    | \$ –   | \$ –                 | \$ 558,862          | \$ 528,615          |
| Current portion of operating lease liabilities      | 355,786             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | (288,858)            | 66,928              | 66,578              |
| Current portion of finance lease liabilities        | 19,174              | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 19,174              | –                   |
| Due to related organizations                        | 4,316,595           | 286,086                     | 39,272                      | 23,952                   | –   | –                        | 114,708                  | 7,670                                   | –  | (4,788,283)          | –                   | –                   |
| Accounts payable                                    | 1,819,353           | 838                         | 245                         | –                        | –   | –                        | 2,414                    | 17,504                                  | –  | –                    | 1,840,354           | 1,132,643           |
| Accrued payroll, vacation and related expenses      | 605,373             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 605,373             | 630,581             |
| Other liabilities                                   | 297,070             | 2,364                       | 1,176                       | 986                      | –   | –                        | 998                      | 58                                      | –  | –                    | 302,652             | 328,706             |
| Total current liabilities                           | 7,723,232           | 341,361                     | 71,015                      | 24,938                   | 115,106                                       | –                        | 169,600                  | 25,232                                  | –  | (5,077,141)          | 3,393,343           | 2,687,123           |
| <b>Long-term liabilities:</b>                       |                     |                             |                             |                          |   |                          |                          |   |  |                      |                     |                     |
| Accrued payroll, vacation and related expenses      | 691,657             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 691,657             | 655,051             |
| Notes payable, net of current portion               | 8,860,879           | 92,908                      | 92,602                      | –                        | 2,903,085                                     | –                        | 488,613                  | –                                       | –  | –                    | 12,438,087          | 12,987,789          |
| Notes payable, tax credits                          | 287,643             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 287,643             | 343,583             |
| Notes payable, deferred                             | 4,768,349           | –                           | –                           | 516,400                  | 1,885,000                                     | –                        | –                        | –                                       | –  | –                    | 7,169,749           | 7,169,749           |
| Operating lease liabilities, net of current portion | 1,746,640           | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | (1,691,275)          | 55,365              | 61,656              |
| Finance lease liabilities, net of current portion   | 35,501              | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 35,501              | –                   |
| Other liabilities                                   | 312,291             | 4,777                       | 3,081                       | 817                      | –   | –                        | 13,358                   | 2,034                                   | –  | –                    | 336,358             | 422,344             |
| Total long-term liabilities                         | 16,702,960          | 97,685                      | 95,683                      | 517,217                  | 4,788,085                                     | –                        | 501,971                  | 2,034                                   | –  | (1,691,275)          | 21,014,360          | 21,640,172          |
| Total liabilities                                   | 24,426,192          | 439,046                     | 166,698                     | 542,155                  | 4,903,191                                     | –                        | 671,571                  | 27,266                                  | –  | (6,768,416)          | 24,407,703          | 24,327,295          |
| <b>Net assets (deficit):</b>                        |                     |                             |                             |                          |   |                          |                          |   |  |                      |                     |                     |
| Without donor restrictions                          | 6,681,707           | (194,454)                   | 53,582                      | (283,660)                | 1,653,129                                     | –                        | 154,282                  | 175,545                                 | –  | –                    | 8,240,131           | 9,012,699           |
| With donor restrictions                             | 497,008             | –                           | –                           | –                        | –   | –                        | –                        | –                                       | –  | –                    | 497,008             | 835,705             |
| Total net assets (deficit)                          | 7,178,715           | (194,454)                   | 53,582                      | (283,660)                | 1,653,129                                     | –                        | 154,282                  | 175,545                                 | –  | –                    | 8,737,139           | 9,848,404           |
| <b>Total liabilities and net assets</b>             | <b>\$31,604,907</b> | <b>\$ 244,592</b>           | <b>\$ 220,280</b>           | <b>\$ 258,495</b>        | <b>\$ 6,556,320</b>                           | <b>\$ –</b>              | <b>\$ 825,853</b>        | <b>\$ 202,811</b>                       | <b>\$ –</b>                                    | <b>\$(6,768,416)</b> | <b>\$33,144,842</b> | <b>\$34,175,699</b> |

\* 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, 2024 With Summarized Comparative Information for the Year Ended June 30, 2023

|   | Harbor<br>Homes* | Harbor<br>Homes II,<br>Inc. | Harbor<br>Homes III<br>Inc. | HH<br>Ownership,<br>Inc. | Greater<br>Nashua<br>Council on<br>Alcoholism | Healthy at<br>Home, Inc.** | Welcoming<br>Light, Inc. | SARC<br>Housing<br>Needs<br>Board, Inc. | Southern NH<br>HIV/AIDS<br>Task Force,<br>Inc. | Eliminations | 2024          | 2023          |
|---|------------------|-----------------------------|-----------------------------|--------------------------|---|----------------------------|--------------------------|---|--|--------------|---------------|---------------|
| <b>Support and Revenues</b>   |                  |                             |                             |                          |   |                            |                          |   |  |              |               |               |
| Support:  |                  |                             |                             |                          |   |                            |                          |   |  |              |               |               |
| Grants:   |                  |                             |                             |                          |   |                            |                          |   |  |              |               |               |
| Federal   | \$ 12,772,875    | \$ 143,051                  | \$ 119,535                  | \$ 35,545                | \$ –  | \$ –                       | \$ 157,448               | \$ 88,268                               | \$ 80,870                                      | \$ –         | \$ 13,397,592 | \$ 12,347,174 |
| State   | 7,863,035        | –                           | –                           | –                        | –   | –                          | –                        | –                                       | –  | –            | 7,863,035     | 6,886,846     |
| Contributions   | 919,001          | 11,561                      | –                           | –                        | 114,599                                       | 17,477                     | 29,832                   | –                                       | 72   | –            | 1,092,542     | 2,733,103     |
| Total support   | 21,554,911       | 154,612                     | 119,535                     | 35,545                   | 114,599                                       | 17,477                     | 187,280                  | 88,268                                  | 80,942   | –            | 22,353,169    | 21,967,123    |
| Revenues:   |                  |                             |                             |                          |   |                            |                          |   |  |              |               |               |
| Patient service revenues (FQHC)                                       | 6,637,772        | –                           | –                           | –                        | –   | –                          | –                        | –                                       | –  | (2,120)      | 6,635,652     | 5,663,563     |
| Patient service revenues (other)                                      | 3,298,355        | –                           | –                           | –                        | –   | 1,191,701                  | –                        | –                                       | (600)  | –            | 4,489,456     | 4,507,336     |
| Veterans Administration programs                                      | 4,803,605        | –                           | –                           | –                        | –   | –                          | –                        | –                                       | –  | –            | 4,803,605     | 5,430,359     |
| Rental income:  |                  |                             |                             |                          |   |                            |                          |   |  |              |               |               |
| Resident payments   | 851,924          | 55,353                      | 37,307                      | 27,896                   | –   | –                          | 193,618                  | 54,795                                  | –  | –            | 1,220,893     | 1,266,770     |
| Other income  | 641,216          | –                           | –                           | –                        | 342,000                                       | –                          | –                        | –                                       | –  | (366,438)    | 616,778       | 508,201       |
| Contracted services   | 128,904          | –                           | –                           | –                        | –   | 33,000                     | –                        | –                                       | –  | (33,000)     | 128,904       | 150,773       |
| Management fees   | 111,212          | –                           | –                           | –                        | –   | –                          | –                        | –                                       | –  | (51,797)     | 59,415        | 75,925        |
| Other income  | 161,607          | (66)                        | 422                         | –                        | 6   | –                          | 809                      | –                                       | –  | –            | 162,778       | 91,146        |
| Employee retention tax credit income                                  | 1,190,628        | –                           | –                           | –                        | –   | –                          | –                        | –                                       | –  | –            | 1,190,628     | –             |
| Total revenues  | 17,825,223       | 55,287                      | 37,729                      | 27,896                   | 342,006                                       | 1,224,701                  | 194,427                  | 54,795                                  | (600)  | (453,355)    | 19,308,109    | 17,694,073    |
| Total support and revenues  | 39,380,134       | 209,899                     | 157,264                     | 63,441                   | 456,605                                       | 1,242,178                  | 381,707                  | 143,063                                 | 80,342   | (453,355)    | 41,661,278    | 39,661,196    |
| Operating expenses:   |                  |                             |                             |                          |   |                            |                          |   |  |              |               |               |
| Program services  | 32,412,596       | 136,439                     | 118,376                     | 53,428                   | 151,970                                       | 908,542                    | 173,213                  | 114,843                                 | 8  | (377,120)    | 33,692,295    | 31,988,457    |
| Management and general  | 6,718,416        | 23,618                      | 21,676                      | 13,676                   | 3,608   | 596,926                    | 48,273                   | 21,953                                  | –  | (76,235)     | 7,371,911     | 6,311,023     |
| Fundraising and development   | 627,099          | 6,050                       | –                           | –                        | 3,832   | –                          | 50                       | –                                       | –  | –            | 637,031       | 406,135       |
| Total operating expenses before depreciation and amortization expense | 39,758,111       | 166,107                     | 140,052                     | 67,104                   | 159,410                                       | 1,505,468                  | 221,536                  | 136,796                                 | 8  | (453,355)    | 41,701,237    | 38,705,615    |
| Depreciation and amortization expense                                 | 1,130,522        | 23,962                      | 24,586                      | 15,536                   | 199,953                                       | –                          | 24,349                   | 6,147                                   | –  | –            | 1,425,055     | 1,409,790     |
| Total operating expenses  | 40,888,633       | 190,069                     | 164,638                     | 82,640                   | 359,363                                       | 1,505,468                  | 245,885                  | 142,943                                 | 8  | (453,355)    | 43,126,292    | 40,115,405    |
| (Loss) income from operations   | (1,508,499)      | 19,830                      | (7,374)                     | (19,199)                 | 97,242  | (263,290)                  | 135,822                  | 120                                     | 80,334   | –            | (1,465,014)   | (454,209)     |
| Nonoperating revenue (expense):                                       |                  |                             |                             |                          |   |                            |                          |   |  |              |               |               |
| Gain on forgiveness of debt   | –                | –                           | –                           | –                        | –   | –                          | –                        | –                                       | –  | –            | –             | 398,747       |
| Gain on sale of related organization                                  | 250,000          | –                           | –                           | –                        | –   | –                          | –                        | –                                       | –  | –            | 250,000       | –             |
| Investment return, net  | 64,816           | 944                         | 1,301                       | 505                      | 33,472  | 5                          | 428                      | 2,278                                   | –  | –            | 103,749       | 61,898        |
| Net assets transfer   | (34,000)         | –                           | –                           | –                        | –   | 322,149                    | –                        | –                                       | (288,149)                                      | –            | –             | –             |
| Total nonoperating revenue (expense)                                  | 280,816          | 944                         | 1,301                       | 505                      | 33,472  | 322,154                    | 428                      | 2,278                                   | (288,149)                                      | –            | 353,749       | 460,645       |
| Change in net assets  | (1,227,683)      | 20,774                      | (6,073)                     | (18,694)                 | 130,714                                       | 58,864                     | 136,250                  | 2,398                                   | (207,815)                                      | –            | (1,111,265)   | 6,436         |
| Net assets (deficit), beginning 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     |
| Net assets (deficit), end of year                                     | \$ 7,178,715     | \$ (194,454)                | \$ 53,582                   | \$ (283,660)             | \$ 1,653,129                                  | \$ –                       | \$ 154,282               | \$ 175,545                              | \$ –   | \$ –         | \$ 8,737,139  | \$ 9,848,404  |

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

\*\* Through date of merger and sale effective May 31, 2024

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

STATEMENTS OF FINANCIAL POSITION – HARBOR HOMES, INC.

June 30, 2024 With Summarized Comparative Information for June 30, 2023

|   | <b>Harbor<br/>Homes, Inc.</b> | <b>HUD I,<br/>Inc.</b> | <b>HUD VI,<br/>Inc.</b> | <b>HH Plymouth,<br/>LLC</b> | <b>2024</b>          | <b>2023</b>          |
|---|-------------------------------|------------------------|-------------------------|-----------------------------|----------------------|----------------------|
| <b>Assets</b>                                       |                               |                        |                         |                             |                      |                      |
| Current assets:                                     |                               |                        |                         |                             |                      |                      |
| Cash and cash equivalents                           | \$ 2,233,147                  | \$ 32,184              | \$ 4,387                | \$ –                        | \$ 2,269,718         | \$ 3,653,801         |
| Restricted cash                                     | 349,557                       | 69,177                 | 45,955                  | –                           | 464,689              | 448,659              |
| Other accounts receivable, net                      | 2,616,828                     | 2,199                  | 2,735                   | –                           | 2,621,762            | 1,540,218            |
| Patient receivables (FQHC)                          | 366,074                       | –                      | –                       | –                           | 366,074              | 394,556              |
| Due from related organizations                      | 3,810,327                     | –                      | –                       | –                           | 3,810,327            | 3,315,737            |
| Inventory   | 124,888                       | –                      | –                       | –                           | 124,888              | 50,462               |
| Other assets  | 121,484                       | –                      | –                       | –                           | 121,484              | 84,994               |
| Total current assets                                | <u>9,622,305</u>              | <u>103,560</u>         | <u>53,077</u>           | <u>–</u>                    | <u>9,778,942</u>     | <u>9,488,427</u>     |
| Property and equipment, net                         | 18,815,042                    | 117,733                | 279,327                 | –                           | 19,212,102           | 18,824,946           |
| Other noncurrent assets:                            |                               |                        |                         |                             |                      |                      |
| Investments   | 91,353                        | –                      | –                       | –                           | 91,353               | 96,542               |
| Beneficial interest in assets held by others        | 248,995                       | –                      | –                       | –                           | 248,995              | 227,408              |
| Operating lease right-of-use assets                 | 2,102,326                     | –                      | –                       | –                           | 2,102,326            | 2,387,801            |
| Other assets  | 171,189                       | –                      | –                       | –                           | 171,189              | 168,606              |
| Total other noncurrent assets                       | <u>2,613,863</u>              | <u>–</u>               | <u>–</u>                | <u>–</u>                    | <u>2,613,863</u>     | <u>2,880,357</u>     |
| Total assets  | <u>\$ 31,051,210</u>          | <u>\$ 221,293</u>      | <u>\$ 332,404</u>       | <u>\$ –</u>                 | <u>\$ 31,604,907</u> | <u>\$ 31,193,730</u> |
| <b>Liabilities and Net Assets</b>                   |                               |                        |                         |                             |                      |                      |
| Current liabilities:                                |                               |                        |                         |                             |                      |                      |
| Current portion of notes payable                    | \$ 299,134                    | \$ –                   | \$ 10,747               | \$ –                        | \$ 309,881           | \$ 295,155           |
| Current portion of operating lease liabilities      | 355,786                       | –                      | –                       | –                           | 355,786              | 360,384              |
| Current portion of finance lease liabilities        | 19,174                        | –                      | –                       | –                           | 19,174               | –                    |
| Due to related organizations                        | 2,800,154                     | 12,295                 | 233,041                 | 1,271,105                   | 4,316,595            | 2,887,046            |
| Accounts payable                                    | 1,798,535                     | 20,734                 | 84                      | –                           | 1,819,353            | 1,054,218            |
| Accrued payroll, vacation and related expenses      | 605,373                       | –                      | –                       | –                           | 605,373              | 606,775              |
| Other liabilities                                   | 296,048                       | 328                    | 694                     | –                           | 297,070              | 312,239              |
| Total current liabilities                           | <u>6,174,204</u>              | <u>33,357</u>          | <u>244,566</u>          | <u>1,271,105</u>            | <u>7,723,232</u>     | <u>5,515,817</u>     |
| Long-term liabilities:                              |                               |                        |                         |                             |                      |                      |
| Accrued payroll and related expenses                | 691,657                       | –                      | –                       | –                           | 691,657              | 640,431              |
| Notes payable, net of current portion               | 8,704,871                     | –                      | 156,008                 | –                           | 8,860,879            | 9,166,698            |
| Notes payable, tax credits                          | 287,643                       | –                      | –                       | –                           | 287,643              | 343,583              |
| Notes payable, deferred                             | 4,768,349                     | –                      | –                       | –                           | 4,768,349            | 4,768,349            |
| Operating lease liabilities, net of current portion | 1,746,640                     | –                      | –                       | –                           | 1,746,640            | 2,028,538            |
| Finance lease liabilities, net of current portion   | 35,501                        | –                      | –                       | –                           | 35,501               | –                    |
| Other liabilities                                   | 308,642                       | 2,568                  | 1,081                   | –                           | 312,291              | 323,916              |
| Total long-term liabilities                         | <u>16,543,303</u>             | <u>2,568</u>           | <u>157,089</u>          | <u>–</u>                    | <u>16,702,960</u>    | <u>17,271,515</u>    |
| Total liabilities                                   | <u>22,717,507</u>             | <u>35,925</u>          | <u>401,655</u>          | <u>1,271,105</u>            | <u>24,426,192</u>    | <u>22,787,332</u>    |
| Net assets (deficit):                               |                               |                        |                         |                             |                      |                      |
| Without donor restrictions                          | 7,836,695                     | 185,368                | (69,251)                | (1,271,105)                 | 6,681,707            | 7,701,131            |
| With donor restrictions                             | 497,008                       | –                      | –                       | –                           | 497,008              | 705,267              |
| Total net assets (deficit)                          | <u>8,333,703</u>              | <u>185,368</u>         | <u>(69,251)</u>         | <u>(1,271,105)</u>          | <u>7,178,715</u>     | <u>8,406,398</u>     |
| Total liabilities and net assets (deficit)          | <u>\$ 31,051,210</u>          | <u>\$ 221,293</u>      | <u>\$ 332,404</u>       | <u>\$ –</u>                 | <u>\$ 31,604,907</u> | <u>\$ 31,193,730</u> |

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

STATEMENTS OF ACTIVITIES – HARBOR HOMES, INC.

For the Year Ended June 30, 2024 With Summarized Comparative Information for the Year Ended June 30, 2023

|  | <b>Harbor<br/>Homes, Inc.</b> | <b>HUD I,<br/>Inc.</b> | <b>HUD VI,<br/>Inc.</b> | <b>HH Plymouth,<br/>LLC</b> | <b>2024</b>         | <b>2023</b>         |
|--|-------------------------------|------------------------|-------------------------|-----------------------------|---------------------|---------------------|
| <b>Support and Revenues</b>  |                               |                        |                         |                             |                     |                     |
| Support:   |                               |                        |                         |                             |                     |                     |
| Grants:  |                               |                        |                         |                             |                     |                     |
| Federal  | \$ 12,614,454                 | \$ 92,624              | \$ 65,797               | \$ –                        | \$ 12,772,875       | \$ 11,812,881       |
| State  | 7,863,035                     | –                      | –                       | –                           | 7,863,035           | 6,886,846           |
| Contributions  | 919,001                       | –                      | –                       | –                           | 919,001             | 2,645,838           |
| Total support  | <u>21,396,490</u>             | <u>92,624</u>          | <u>65,797</u>           | <u>–</u>                    | <u>21,554,911</u>   | <u>21,345,565</u>   |
| Revenues:  |                               |                        |                         |                             |                     |                     |
| Patient service revenues (FQHC)  | 6,637,772                     | –                      | –                       | –                           | 6,637,772           | 5,672,653           |
| Patient service revenues (other)   | 3,298,355                     | –                      | –                       | –                           | 3,298,355           | 3,319,697           |
| Veterans Administration programs   | 4,803,605                     | –                      | –                       | –                           | 4,803,605           | 5,430,359           |
| Rental income:   |                               |                        |                         |                             |                     |                     |
| Resident payments  | 785,135                       | 42,889                 | 23,900                  | –                           | 851,924             | 938,993             |
| Other  | 641,216                       | –                      | –                       | –                           | 641,216             | 534,861             |
| Contracted services  | 128,904                       | –                      | –                       | –                           | 128,904             | 150,773             |
| Management fees  | 111,212                       | –                      | –                       | –                           | 111,212             | 105,097             |
| Other income   | 159,094                       | 2,513                  | –                       | –                           | 161,607             | 90,052              |
| Employee retention tax credit income                                     | 1,190,628                     | –                      | –                       | –                           | 1,190,628           | –                   |
| Total revenues   | <u>17,755,921</u>             | <u>45,402</u>          | <u>23,900</u>           | <u>–</u>                    | <u>17,825,223</u>   | <u>16,242,485</u>   |
| Total support and revenues   | <u>39,152,411</u>             | <u>138,026</u>         | <u>89,697</u>           | <u>–</u>                    | <u>39,380,134</u>   | <u>37,588,050</u>   |
| Operating expenses:  |                               |                        |                         |                             |                     |                     |
| Program services   | 32,235,152                    | 96,369                 | 81,075                  | –                           | 32,412,596          | 29,966,157          |
| Management and general   | 6,682,387                     | 21,762                 | 14,267                  | –                           | 6,718,416           | 6,109,537           |
| Fundraising and development  | 627,099                       | –                      | –                       | –                           | 627,099             | 399,092             |
| Total operating expenses before<br>depreciation and amortization expense | <u>39,544,638</u>             | <u>118,131</u>         | <u>95,342</u>           | <u>–</u>                    | <u>39,758,111</u>   | <u>36,474,786</u>   |
| Depreciation and amortization expense                                    | 1,105,054                     | 7,705                  | 17,763                  | –                           | 1,130,522           | 1,112,450           |
| Total operating expenses   | <u>40,649,692</u>             | <u>125,836</u>         | <u>113,105</u>          | <u>–</u>                    | <u>40,888,633</u>   | <u>37,587,236</u>   |
| (Loss) income from operations  | (1,497,281)                   | 12,190                 | (23,408)                | –                           | (1,508,499)         | 814                 |
| Nonoperating revenue (expense):  |                               |                        |                         |                             |                     |                     |
| Gain on forgiveness of debt  | –                             | –                      | –                       | –                           | –                   | 398,747             |
| Gain on sale of related organization                                     | 250,000                       | –                      | –                       | –                           | 250,000             | –                   |
| Investment return, net   | 62,737                        | 2,041                  | 38                      | –                           | 64,816              | 47,951              |
| Net asset transfers  | (34,000)                      | –                      | –                       | –                           | (34,000)            | –                   |
| Total nonoperating revenue (expense)                                     | <u>278,737</u>                | <u>2,041</u>           | <u>38</u>               | <u>–</u>                    | <u>280,816</u>      | <u>446,698</u>      |
| Change in net assets   | (1,218,544)                   | 14,231                 | (23,370)                | –                           | (1,227,683)         | 447,512             |
| Net assets (deficit), beginning 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>    |
| Net assets (deficit), end of year  | <u>\$ 8,333,703</u>           | <u>\$ 185,368</u>      | <u>\$ (69,251)</u>      | <u>\$ (1,271,105)</u>       | <u>\$ 7,178,715</u> | <u>\$ 8,406,398</u> |



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

**STATEMENTS OF FUNCTIONAL EXPENSES – HARBOR HOMES, INC.**

For the Year Ended June 30, 2024 With Summarized Comparative Information for the Year Ended June 30, 2023

|   | <b>Program<br/>Services</b> | <b>Management<br/>and<br/>General</b> | <b>Fundraising<br/>and<br/>Development</b> | <b>2024</b>   | <b>2023</b>   |
|---|-----------------------------|---------------------------------------|--|---------------|---------------|
| Personnel expenses:                       |                             |                                       |  |               |               |
| Salaries and wages                        | \$ 11,063,334               | \$ 4,264,191                          | \$ 349,655                                 | \$ 15,677,180 | \$ 14,937,960 |
| Payroll taxes                             | 818,306                     | 282,758                               | 25,430                                     | 1,126,494     | 1,141,246     |
| Employee benefits                         | 2,265,842                   | 922,447                               | 33,316                                     | 3,221,605     | 2,648,356     |
| Contract/professional services            | 673,368                     | 30,673                                | 52,400                                     | 756,441       | 873,534       |
| Supplies:                                 |                             |                                       |  |               |               |
| Office                                    | 95,167                      | 25,930                                | 949  | 122,046       | 144,024       |
| Medical/dental                            | 90,265                      | –                                     | –  | 90,265        | 85,725        |
| Building and household                    | 180,766                     | 6,212                                 | 2,767                                      | 189,745       | 178,940       |
| Client services:                          |                             |                                       |  |               |               |
| Rental assistance                         | 5,596,326                   | –                                     | –  | 5,596,326     | 4,592,000     |
| Rental application fee                    | 1,090                       | –                                     | –  | 1,090         | 611           |
| Security deposit assistance               | 92,627                      | –                                     | –  | 92,627        | 116,916       |
| Utility rebate                            | 112,363                     | –                                     | –  | 112,363       | 75,621        |
| Emergency housing                         | 4,184                       | –                                     | –  | 4,184         | 28,373        |
| Treatment and supportive services         | 62,056                      | 325                                   | –  | 62,381        | 58,466        |
| Training and employment assistance        | 7,937                       | –                                     | –  | 7,937         | 4,441         |
| Supportive services assistance            | 59,377                      | –                                     | 230  | 59,607        | 72,529        |
| Activities, supplies and other assistance | 53,722                      | 850                                   | 55,367                                     | 109,939       | 97,185        |
| Food, meals and nutritional assistance    | 256,857                     | 1                                     | –  | 256,858       | 269,280       |
| Rent: office space                        | 411,221                     | –                                     | –  | 411,221       | 410,413       |
| Building:                                 |                             |                                       |  |               |               |
| Maintenance and repairs                   | 499,529                     | 80,721                                | 647  | 580,897       | 593,900       |
| Utilities                                 | 580,686                     | 72,625                                | 941  | 654,252       | 821,503       |
| Interest:                                 |                             |                                       |  |               |               |
| Mortgage                                  | 380,935                     | 92,361                                | 889  | 474,185       | 485,380       |
| Other                                     | 1,232                       | –                                     | –  | 1,232         | 10,181        |
| Conference and conventions                | 66,209                      | 11,897                                | 3,766                                      | 81,872        | 70,271        |
| Professional services                     | 14,959                      | 37,795                                | –  | 52,754        | 40,302        |
| Accounting and audit services             | 2,654                       | 80,647                                | –  | 83,301        | 74,310        |
| Legal fees                                | 4,955                       | 126,842                               | –  | 131,797       | 97,670        |
| Insurance:                                |                             |                                       |  |               |               |
| Property and liability                    | 93,680                      | 6,181                                 | 80   | 99,941        | 81,700        |
| Professional                              | 30,272                      | 249                                   | –  | 30,521        | 111,324       |
| Other                                     | –                           | 94,565                                | –  | 94,565        | 304           |
| Vehicle and transportation expenses       | 94,171                      | –                                     | –  | 94,171        | 82,103        |
| Staff:                                    |                             |                                       |  |               |               |
| Transportation                            | 114,153                     | 5,224                                 | 12   | 119,389       | 123,420       |
| Education and training                    | 155,718                     | 50,495                                | –  | 206,213       | 185,258       |
| Hiring and recruiting                     | 104,231                     | 833                                   | –  | 105,064       | 15,980        |
| Uniforms                                  | 4,176                       | –                                     | –  | 4,176         | 3,421         |

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

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

For the Year Ended June 30, 2024 With Summarized Comparative Information for the Year Ended June 30, 2023

|  | <b>Program<br/>Services</b> | <b>Management<br/>and<br/>General</b> | <b>Fundraising<br/>and<br/>Development</b> | <b>2024</b>          | <b>2023</b>          |
|--|-----------------------------|---------------------------------------|--|----------------------|----------------------|
| In-kind donation   | \$ –                        | \$ –                                  | \$ 28,380                                  | \$ 28,380            | \$ 13,055            |
| Operations:  |                             |                                       |  |                      |                      |
| Communication  | 113,259                     | 61,391                                | 802  | 175,452              | 245,592              |
| Cable  | 11,736                      | 535                                   | 7  | 12,278               | 8,269                |
| Postage  | 13,213                      | 8,047                                 | 965  | 22,225               | 19,559               |
| Membership and subscriptions   | 78,562                      | 37,303                                | 5,207                                      | 121,072              | 104,253              |
| Equipment lease and maintenance  | 51,801                      | 10,238                                | 1,092                                      | 63,131               | 64,167               |
| Software licenses, maintenance and fees                                  | 725,268                     | 306,591                               | 307  | 1,032,166            | 1,207,337            |
| Subrecipient and subcontracts  | 5,602,773                   | 25,670                                | –  | 5,628,443            | 4,731,555            |
| Property taxes   | 56,413                      | –                                     | –  | 56,413               | 37,571               |
| Direct program marketing and advertising                                 | 35,945                      | 1,203                                 | 1,389                                      | 38,537               | 50,369               |
| Marketing  | 757                         | 3,555                                 | 6,748                                      | 11,060               | 19,698               |
| Fundraising publications   | 181                         | 956                                   | 50,167                                     | 51,304               | 26,788               |
| Management and administrative fees                                       | –                           | 12,518                                | –  | 12,518               | 13,906               |
| Service charges and fees   | 43,145                      | 4,371                                 | 2,585                                      | 50,101               | 43,225               |
| Fines and penalties  | 143                         | –                                     | –  | 143                  | 206                  |
| Staff and board expenses   | 12,799                      | 52,703                                | 3,001                                      | 68,503               | 39,600               |
| Cost of goods sold   | 1,673,746                   | –                                     | –  | 1,673,746            | 1,316,989            |
| Allocation:  |                             |                                       |  |                      |                      |
| Indirect charges   | 487                         | (487)                                 | –  | –                    | –                    |
| Total functional expense before depreciation<br>and amortization expense | 32,412,596                  | 6,718,416                             | 627,099                                    | 39,758,111           | 36,474,786           |
| Depreciation and amortization expense                                    | 780,378                     | 349,638                               | 506  | 1,130,522            | 1,112,450            |
| Total functional expenses  | <u>\$ 33,192,974</u>        | <u>\$ 7,068,054</u>                   | <u>\$ 627,605</u>                          | <u>\$ 40,888,633</u> | <u>\$ 37,587,236</u> |