

**HUNT COMMUNITY  
FINANCIAL STATEMENTS  
YEARS ENDED APRIL 30, 2022 AND 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Hunt Community  
Nashua, New Hampshire

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

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

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

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

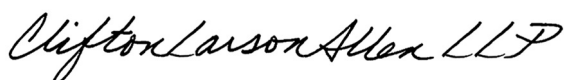
***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Hunt Community'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 Hunt Community's ability to continue as a going concern for a reasonable period of time.

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



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
June 22, 2022

**HUNT COMMUNITY  
BALANCE SHEETS  
APRIL 30, 2022 AND 2021**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,253,363	\$ 1,456,481
Accounts Receivable, Net	29,033	13,045
Inventories	24,086	37,331
Prepaid Expenses and Other Current Assets	188,308	186,332
Total Current Assets	1,494,790	1,693,189
<b>INVESTMENTS</b>	34,457,941	36,370,679
<b>ASSETS LIMITED AS TO USE</b>		
With Donor Restrictions - Scholarship Fund	100,134	110,443
With Donor Restrictions - Split Interest Agreement	2,156,171	2,268,475
With Donor Restrictions - Beneficial Interest in Trusts	517,326	586,836
Total Assets Limited As to Use	2,773,631	2,965,754
<b>PROPERTY, PLANT, AND EQUIPMENT</b>		
Land	32,163	32,163
Buildings and Improvements	39,333,872	38,543,208
Furniture and Equipment	2,866,873	2,820,447
Construction in Progress	149,011	60,984
Total	42,381,919	41,456,802
Less: Accumulated Depreciation	(23,930,362)	(22,519,206)
Total Property, Plant, and Equipment	18,451,557	18,937,596
Total Assets	\$ 57,177,919	\$ 59,967,218

See accompanying Notes to Financial Statements.

**HUNT COMMUNITY  
BALANCE SHEETS (CONTINUED)  
APRIL 30, 2022 AND 2021**

	2022	2021
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Portion of Bonds and Loan Payable	\$ 417,566	\$ 1,455,714
Accounts Payable	335,417	258,214
Accrued Interest	45,479	46,654
Accrued Payroll and Other Expenses	442,932	534,897
Refundable Advance - CARES Act Stimulus Funds	166,535	166,535
Total Current Liabilities	1,407,929	2,462,014
<b>BONDS AND LOAN PAYABLE, NET</b>	14,932,352	15,340,581
<b>DEFERRED REVENUE FROM ENTRANCE FEES</b>	11,456,429	10,788,259
<b>REFUNDABLE ENTRANCE FEES</b>	4,483,151	4,651,901
<b>RESIDENT DEPOSITS</b>	24,895	2,000
Total Liabilities	32,304,756	33,244,755
<b>NET ASSETS</b>		
Without Donor Restrictions	22,099,532	23,756,709
With Donor Restrictions	2,773,631	2,965,754
Total Net Assets	24,873,163	26,722,463
Total Liabilities and Net Assets	\$ 57,177,919	\$ 59,967,218

See accompanying Notes to Financial Statements.

**HUNT COMMUNITY**  
**STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS**  
**YEARS ENDED APRIL 30, 2022 AND 2021**

	2022	2021
<b>REVENUES AND OTHER SUPPORT</b>		
Resident Services:		
Monthly Fees	\$ 8,253,746	\$ 7,817,669
Amortization of Deferred Revenue	2,416,077	2,255,741
Other Operating Revenues	124,349	83,035
Net Assets Released from Restrictions	29,676	41,019
Transfer of Income Earned on Net Assets With Donor Restrictions	21,679	21,972
Total Revenues and Other Support	10,845,527	10,219,436
 <b>EXPENSES</b>		
Salaries and Benefits	6,010,582	5,995,372
Supplies and Other	2,852,482	2,686,818
Management Fees to Affiliate	289,850	279,840
Depreciation	1,925,485	1,983,967
Interest and Related Fees	571,311	585,110
Total Expenses	11,649,710	11,531,107
 <b>LOSS FROM OPERATIONS</b>	(804,183)	(1,311,671)
 <b>NONOPERATING INCOME (LOSS)</b>		
Investment Income, Net of Related Fees	581,720	475,137
Net Realized and Unrealized Gain (Loss) on Investments	(2,487,399)	8,305,066
Forgiveness of Paycheck Protection Program Loan	1,052,685	-
Total Nonoperating Income (Loss)	(852,994)	8,780,203
 <b>EXCESS (DEFICIT) OF REVENUES OVER EXPENSES</b>	(1,657,177)	7,468,532
 <b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	19,268	13,093
Change in Value of Split Interest Agreement	(112,304)	274,794
Interest Income	100	121
Net Assets Released from Restrictions	(29,676)	(41,019)
Investment Income	21,679	21,972
Increase (Decrease) in Value of Beneficial Interest in Trust	(65,871)	126,476
Unrealized Gain (Loss) on Investments	(3,640)	80
Transfer of Income Earned to Operations	(21,679)	(21,972)
Change in Net Assets With Donor Restrictions	(192,123)	373,545
 <b>INCREASE (DECREASE) IN NET ASSETS</b>	(1,849,300)	7,842,077
 Net Assets - Beginning of Year	26,722,463	18,880,386
 <b>NET ASSETS - END OF YEAR</b>	\$ 24,873,163	\$ 26,722,463

See accompanying Notes to Financial Statements.

**HUNT COMMUNITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED APRIL 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (Decrease) in Net Assets	\$ (1,849,300)	\$ 7,842,077
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,925,485	1,983,967
Amortization of Deferred Financing Costs	9,337	9,337
Amortization of Deferred Revenue	(2,416,077)	(2,255,741)
Proceeds from Entrance and Membership Fees	3,508,247	2,655,577
Entrance and Membership Fees Refunded	(592,750)	(286,920)
Realized and Unrealized (Gain) Loss on Investments, Net	2,491,039	(8,305,146)
(Increase) Decrease in Value of Split Interest Agreement	112,304	(274,794)
(Increase) Decrease in Value of Beneficial Interest in Trusts	65,871	(126,476)
Decrease in Value of Scholarship Fund	10,309	27,805
Loss on Disposition of Property, Plant, and Equipment	87,638	131,042
Forgiveness of Paycheck Protection Program Loan	(1,052,685)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(15,988)	48,565
Inventories	13,245	491
Prepaid Expenses and Other Current Assets	(1,976)	(7,784)
Accounts Payable and Accrued Expenses	(15,937)	31,954
Resident Deposits	22,895	-
Net Cash Provided by Operating Activities	2,301,657	1,473,954
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property, Plant, and Equipment	(1,527,084)	(1,351,582)
Purchases of Investments, Net	(572,416)	(542,448)
Net Cash Used by Investing Activities	(2,099,500)	(1,894,030)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of Long-Term Debt	(403,029)	(388,998)
Net Cash Used by Financing Activities	(403,029)	(388,998)
<b>DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	(200,872)	(809,074)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	1,619,191	2,428,265
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	\$ 1,418,319	\$ 1,619,191
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for Interest	\$ 563,149	\$ 576,908
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES</b>		
Purchases of Property, Plant, and Equipment	\$ 133,824	\$ 97,113
Accounts Payable and Accrued Expenses	\$ (133,824)	\$ (97,113)

See accompanying Notes to Financial Statements.



**HUNT COMMUNITY  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Hunt Community (the Community) is a nonprofit, life plan community formed in 1980 through the merger of the John M. Hunt Home and the Mary E. Hunt Home. The sole member or parent corporation of the Community is Silverstone by Hunt (Silverstone Living), a nonprofit corporation. Silverstone Living is also the sole member of another nonprofit corporation, the Huntington at Nashua (the Huntington) which is also a life plan community. Silverstone Living provides general and financial management services to its subsidiaries. These financial statements reflect the balance sheet and results of operations of the Community. The Community operates a life plan community known as Hunt Community in Nashua, New Hampshire, consisting of 116 independent living units, 25 assisted living units, and 40 nursing beds. The Community also offers a continuing care at home program.

**Future Accounting Pronouncements**

**Accounting Standards Update (ASU) 2016-02**

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheets and disclosing key information about leasing arrangements. ASU 2020-05 deferred the adoption of this guidance until the year ended April 30, 2023. Management will be evaluating the effects of this new standard.

**Accounting Standards Update (ASU) 2020-07**

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This update clarifies the presentation and disclosure of contributed nonfinancial assets, including land, buildings, and other items. The update does not change existing recognition and measurement requirements for contributed nonfinancial assets. The amendments in this update should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021, therefore the Community will adopt the standard effective for the year ended April 30, 2023.

**Use of Estimates**

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

**Cash, Cash Equivalents, and Restricted Cash**

The Community considers all highly liquid investments (except for assets limited as to use and amounts included in its investment portfolio) with an initial maturity of three months or less to be cash equivalents.

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash, Cash Equivalents, and Restricted Cash (Continued)**

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

	2022	2021
Cash and Cash Equivalents	\$ 1,253,363	\$ 1,456,481
Restricted Cash included in Assets Limited As to Use	164,956	162,710
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statements of Cash Flows	\$ 1,418,319	\$ 1,619,191

**Accounts Receivable**

The Community provides an allowance for uncollectible accounts using an analysis by management of the collectability of accounts past due. Residents are not required to provide collateral for services rendered. Payment for services is required upon receipt of an invoice. Accounts past due 30 days are individually analyzed for collectability. When all collection efforts have been exhausted, the accounts are written off against the related allowance. The allowance for doubtful accounts was \$430,819 and \$277,813 as of April 30, 2022 and 2021, respectively.

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

	Accounts Receivable
May 1, 2020	\$ 61,610
April 30, 2021	13,045
April 30, 2022	29,033

**Inventories**

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

**Investments**

Investments are comprised of primarily equity securities and debt securities and are measured at fair value in the balance sheets. Fair values are based on quoted market prices, if available, or estimated using quoted market prices for similar securities. Investment income, including realized and unrealized gains and losses on investments, and interest and dividends, are reported as investment income and included in the excess (deficit) of revenues over expenses. The cost of substantially all securities sold is based on the specific identification method.

**Assets Limited as to Use**

Assets limited as to use are pursuant to the related donor restricted funds; scholarship fund; beneficial interests in trusts; and split interest agreements.

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property, Plant, and Equipment**

Property, plant, and equipment in excess of \$1,000 is capitalized and recorded at cost. The Community's policy is to capitalize expenditures for major improvements and expense maintenance and repairs currently for expenditures that do not extend the lives of the related assets. The Community capitalizes actual interest paid on projects and additions funded with borrowings.

Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method as follows:

<u>Asset Classification</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	10 – 45 Years
Furniture and Equipment	5 – 15 Years

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in income. Depreciation expense for the years ended April 30, 2022 and 2021 was \$1,925,485 and \$1,983,967, respectively.

**Deferred Financing Costs**

Deferred financing costs represent issuance and other costs incurred in connection with securing long-term financing for the Community. Such costs are being amortized on a straight-line basis over the life of the debt, which approximates the effective interest method, over the term of the related indebtedness. Amortization expense is recorded as a component of interest expense on the statements of operations and changes in net assets.

**Net Assets**

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

*Net Assets Without Donor Restrictions* – Include net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the governing board can designate, from net assets without donor restrictions, net assets for a board-designated endowment or other purposes. At April 30, 2022 and 2021, the governing board designated \$2,789,532 and \$2,742,502, respectively, for the required New Hampshire debt reserve (see Note 9).

*Net Assets With Donor Restrictions* – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

Unconditional promises to give cash and other assets are accrued at estimated fair market value at the date each promise is received. Management reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as an increase in net assets without donor restrictions. Income earned on net assets with donor restrictions, including capital appreciation, is recognized in the period earned.

**Resident Services - Monthly Fees and Other Operating Revenues**

Resident services – monthly fees and other operating revenues are reported at the amount that reflects the consideration to which the Community expects to be entitled in exchange for providing resident services and care. These amounts are due from residents.

Performance obligations are determined based on the nature of the services provided by the Community. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Community believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving skilled nursing or other services within the facility or residents receiving services within or outside of the facility. The Community measures the performance obligation from admission into the facility or commencement of services to the point when the Community is no longer required to provide services to that resident, which is generally at the time of discharge or termination of the resident contract. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (e.g., guest meals) and the Community does not believe it is required to provide additional goods or services related to that sale.

The Community determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments and discounts provided to residents in accordance with the Community's policy and/or implicit price concessions provided to residents. The Community determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Community determines its estimate of implicit price concessions based on its historical collection experience. Substantially all of the Community's revenue is from private pay and delivered based on the terms of the resident contract.

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The composition of resident services – monthly fees and other operating revenues based on its service lines, method of reimbursement, and timing of revenue recognition are as follows for the years ended April 30:

	<u>2022</u>	<u>2021</u>
Service Lines:		
Independent Living	\$ 4,440,965	\$ 4,338,964
Nursing Facility	2,051,506	1,965,758
Assisted Living	1,885,624	1,595,982
Total	<u>\$ 8,378,095</u>	<u>\$ 7,900,704</u>
Method of Reimbursement:		
Fee for Service	\$ 8,253,758	\$ 7,817,669
Retail Sales	124,337	83,035
Total	<u>\$ 8,378,095</u>	<u>\$ 7,900,704</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 8,253,758	\$ 7,817,669
Sales at Point in Time	124,337	83,035
Total	<u>\$ 8,378,095</u>	<u>\$ 7,900,704</u>

**Deferred Revenue, Refundable Entrance Fees, and Deposits**

The Community has entered into Resident Agreements with current residents of the Community. The majority of Resident Agreements provide for payment of an entrance fee and ongoing monthly fees for the use of an apartment selected by the resident and certain related ancillary services. For these contracts, the Community also provides assisted living and/or nursing home services, if required, although the Community charges a higher monthly fee for these services. The Community also sells a lifecare contract, under which the resident pays an entrance fee and a nonrefundable lifecare fee and is then entitled to move into the assisted living or nursing facilities and continue to pay the same rate being charged for their independent apartment. In addition, the Community also sells a no entrance fee contract with a higher monthly fee. Once a resident occupies a unit, the entrance fee generally becomes nonrefundable, either immediately (0% refundable contract) or under a declining refund percentage over 50 months (2% amortizing contract). The Community has also entered into resident agreements which allow for 75% of the entrance fee to be refunded upon the resident leaving the facility and the unit being occupied by a new resident.

The Community has entered into Membership Agreements in conjunction with providing services to its At Home by Hunt members. Home site services will be provided as determined to be appropriate by the Care Coordination Team. Each member will pay a membership fee upon the execution of the agreement and monthly service fees. The membership fee generally becomes nonrefundable.

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Deferred Revenue, Refundable Entrance Fees, and Deposits (Continued)**

Nonrefundable entrance fees and membership fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident’s life expectancy using a time-based measurement similar to the output method. Refundable fees are refunded subject to reoccupancy and are recorded as a liability on the balance sheets.

The opening and closing balances in deferred revenue from entrance fees were as follows:

	Deferred Revenue from Entrance Fees
May 1, 2020	\$ 10,702,654
April 30, 2021	10,788,259
April 30, 2022	11,456,429

Residents who have exhausted their financial resources after admission may, after review of financial resources, per the residency agreement, become subsidized residents.

The amount of free care, based upon the cost of providing care, provided by the Community was approximately \$367,000 and \$313,000 during the years ended April 30, 2022 and 2021, respectively, and has been reflected as a reduction of resident services revenues in the accompanying statements of operations and changes in net assets.

Deposits consist of fees paid by the residents upon application for residence. Residents’ deposits are applied to their initial entry fee upon entrance to the Community.

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

**Obligation to Provide Future Services**

An independent actuary engaged by the Community periodically calculates the present value of the net cost of future services and the use of facilities to be provided to current residents and compares that amount with the balance of deferred entrance fee revenue. If the present value of the net cost of future services and use of facilities exceeds the deferred entrance fee revenue, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. The obligation is discounted at 5.5% based on the expected long-term rate of return on investments as of April 30, 2022 and 2021.

As of April 30, 2022 and 2021, no obligation to provide future services was required to be recognized. Monthly service fees are increased annually based on the projected needs of the Community. The fees may be raised more often if it is determined that such an increase is necessary to meet the Community’s obligations.

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Refundable Advance – Cares Act Stimulus Funds**

On March 27, 2020, United States Congress appropriated funding to reimburse eligible health care providers for health care related expenses or lost revenues attributable to coronavirus. During the year ended April 30, 2021, the Community received \$166,535 of payment distributions administered by the U.S. Department of Health and Human Services (HSS) agency, Health Resources and Services Administration (HRSA), under the Provider Relief Fund (PRF) program, funded through appropriations in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Retention and use of these funds are subject to certain terms and conditions under this program and payments are not required to be paid back if all terms and conditions are met. The Community has recorded the funds received during fiscal year 2021 as a contract liability (refundable advance) on the balance sheets for both the years ended April 30, 2022 and 2021. Management believes the amounts have been recognized appropriately as of April 30, 2022 and 2021. The Community did not receive any additional funds for the year ended April 30, 2022. In March 2022, the Community submitted the required reporting to HRSA and received confirmation of receipt. However, the Community has not yet received validation that all terms and conditions have been met in order for the funds to not have to be paid back.

**Performance Indicator**

The Community's performance indicator is the excess (deficit) of revenues over expenses. For purposes of display, transactions deemed by management to be ongoing, major, or central to the provision of residential living and related health care services are reported as revenues or expenses. Peripheral or incidental transactions are reported as nonoperating income and include investment income, realized gains and losses, unrealized gains and losses on the fair value of investments and assets limited as to use, and forgiveness of Paycheck Protection Program loan.

**Income Taxes**

The Community is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies as a public charity under Section 509(a)(2). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Community follows the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The guidance clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements.

The guidance further prescribes recognition and measurement of tax provisions taken or expected to be taken on a tax return that are not certain to be realized. The application of this standard has no impact on the Community's financial statements.

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

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Concentration of Credit Risk**

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

**Subsequent Events**

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

**NOTE 2 LIQUIDITY AND AVAILABILITY**

As of April 30, 2022, the Community has 1,348 days cash on hand.

Financial assets available for general expenditure within one year of the balance sheet date of April 30, 2022 and 2021, consist of the following:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 1,253,363	\$ 1,456,481
Accounts Receivable, net	29,033	13,045
Investments	<u>34,457,941</u>	<u>36,370,679</u>
Total Financial Assets	35,740,337	37,840,205
Less Amounts Not Available to be Used Within One Year:		
Internally Designated by Board with Liquidity Horizons Greater Than One Year	<u>2,789,532</u>	<u>2,742,502</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u><u>\$ 32,950,805</u></u>	<u><u>\$ 35,097,703</u></u>

The Community has certain investments which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the information above. The Community has other assets limited to use for donor-restricted purposes including a scholarship fund, split interest agreement, and beneficial interest in trusts. Additionally, certain other board-designated assets are designated for the New Hampshire debt reserve. These assets limited to use, which are more fully described in Note 3 and Note 9, are not available for general expenditure within the next year and are not reflected in the amounts above. However, the board-designated amounts could be made available, if necessary.



**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE**

Investments and assets limited as to use are comprised of a variety of financial instruments. The fair values reported in the balance sheets are subject to various risks including changes in the equity markets, the interest rate environment, and general economic conditions. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported in the accompanying financial statements could change materially in the near term.

The aggregate cost and fair value of investments are summarized as follows:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	\$ 1,125,342	\$ 1,125,342	\$ 1,310,209	\$ 1,310,209
Marketable Equity Services	23,686,569	20,905,557	26,316,929	18,320,763
Government Obligations	3,507,552	3,762,247	3,238,501	3,240,958
Corporate Bonds	4,872,626	5,260,401	4,373,666	4,097,737
Foreign Bonds	848,458	896,586	691,960	632,454
Commodity and Real Estate Fund	417,394	602,388	439,414	430,535
Total	<u>\$ 34,457,941</u>	<u>\$ 32,552,521</u>	<u>\$ 36,370,679</u>	<u>\$ 28,032,656</u>

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

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Cash and Cash Equivalents	\$ 164,956	\$ 164,956	\$ 162,710	\$ 162,710
Marketable Equity Services	1,407,891	1,220,629	1,626,391	1,187,610
Government Obligations	780,484	815,455	720,726	699,654
Corporate Bonds	347,347	376,637	450,496	442,352
Foreign Bonds	72,135	64,741	4,613	4,575
Commodity and Real Estate Fund	818	-	818	-
Total	<u>\$ 2,773,631</u>	<u>\$ 2,642,418</u>	<u>\$ 2,965,754</u>	<u>\$ 2,496,901</u>

The principal components of investment earnings include:

	2022	2021
Interest and Dividend Income, Net	\$ 603,499	\$ 497,230
Realized Gains on Investments	3,526,680	1,624,787
Unrealized Gains (Losses) on Investments	(6,017,719)	6,680,359
Total	<u>\$ (1,887,540)</u>	<u>\$ 8,802,376</u>

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE (CONTINUED)**

The Community entered into a commitment to invest \$1.5 million into a private equity fund of which \$1,268,403 has been paid through April 30, 2021. The Community may only redeem any or all of its investment with the written consent of the directors of the fund, at a value as determined by the directors in accordance with the fund agreement. During the year ended April 30, 2021, the investment was terminated, and no further payments of this commitment are expected. Distributions totaling approximately \$-0- and \$134,000 in 2022 and 2021, respectively, are treated as realized gain. The fair value of this investment is \$-0- for both the years ended April 30, 2022 and 2021.

The Community is the beneficiary of perpetual trusts held by a bank. The Community receives distributions from the trusts of an amount based on the income earned by the trust. The Community received \$21,679 and \$21,972 for the fiscal years ended April 30, 2022 and 2021, respectively. The change in value of the beneficial interest in trusts is recorded within changes in net assets with donor restrictions in the statements of operations and changes in net assets.

The fair market value of the trusts, which is based upon quoted market prices of the underlying securities and approximates the present value of future benefits expected to be received, was \$517,326 and \$586,836 at April 30, 2022 and 2021, respectively.

The Community is the beneficiary of a split-interest agreement under the terms of an irrevocable trust. Under the terms of the trust agreement, the Community will receive the corpus of the trust, including gains and losses of the assets, and the income of the trust will be distributed annually to a third-party beneficiary during their lifetime. The fair value of the trust is reported in the balance sheet and is adjusted for the Community's share of the change in the net assets with donor restrictions. The fair value of the trust at April 30, 2022 and 2021 is \$2,156,171 and \$2,268,475, respectively.

The Community has established a scholarship fund for Community employees and their dependents which is funded primarily with donor-restricted funds from residents. The fair value of this fund at April 30, 2022 and 2021 is \$100,134 and \$110,443, respectively.

**NOTE 4 BONDS AND LOAN PAYABLE**

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

<u>Description</u>	<u>2022</u>	<u>2021</u>
NHHEFA Fixed Rate Revenue Bonds Series 2018	\$ 15,592,687	\$ 15,995,716
Paycheck Protection Program Loan	-	1,052,685
Less: Unamortized Debt Issuance Costs	(242,769)	(252,106)
Less: Current Portion of Bonds Payable	<u>(417,566)</u>	<u>(1,455,714)</u>
Bonds and Loan Payable, Net of Current Portion	<u>\$ 14,932,352</u>	<u>\$ 15,340,581</u>

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 4 BONDS AND LOAN PAYABLE (CONTINUED)**

The Series 2018 bonds were issued by New Hampshire Health and Education Facilities Authority (NHHEFA), with final payment due on September 1, 2048. The bonds bear interest at a fixed rate of 3.5% which is payable monthly. The proceeds of the Series 2018 bonds were utilized to refund all of the Series 1996 bonds, to pay the costs of improving and renovating the facilities at the Community and to pay certain expenses incurred in connection with the issuance of the Series 2018 bonds. The bond agreement requires the Community to meet a minimum debt service coverage ratio, as defined. The bonds are secured by a pledge of gross receipts and a mortgage on substantially all property and equipment of the Community.

In March 2020, the Coronavirus Aid, Relief and Economic Security Act (CARES Act) was signed into law in response to the economic effects of the COVID-19 virus. The CARES Act includes a Paycheck Protection Program (PPP), which offers loans for qualified businesses to maintain payroll and related benefits, interest on mortgages and other debts, leases and utility payments. In April 2020, the Community received a PPP loan in the amount of \$1,052,685. The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5) and was due over twenty-four months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement.

The PPP Loan bore interest at a fixed rate of 1.0% per annum, had a term of two years, and was unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest was deferred until the date on which the amount of forgiveness was remitted to the lender or, if the Community failed to apply for forgiveness within 10 months after the covered period, then payment of principal and interest were to begin on that date. For the year ended April 30, 2021, the Community classified the loan as current in accordance with the terms of the law.

Management applied for loan forgiveness on July 14, 2021. On August 4, 2021, the Community received forgiveness of the loan principal of \$1,052,685 from the SBA. This amount is recognized as other income on the statements of operations and changes in net assets as of April 30, 2022.

The annual bond and loan principal payments on long-term debt (fiscal year) are as follows:

<u>Year Ending April 30,</u>	<u>Amount</u>
2023	\$ 417,566
2024	431,182
2025	448,180
2026	464,345
2027	481,094
Thereafter	<u>13,350,320</u>
Total	<u><u>\$ 15,592,687</u></u>

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 5 RELATED PARTY TRANSACTIONS**

The Community has entered into a management agreement with Silverstone Living to provide general management and financial services to the Community. The Community was charged management fees totaling approximately \$290,000 and \$280,000 for the years ended April 30, 2022 and 2021, respectively.

**NOTE 6 PENSION PLAN**

The Community participates in a defined contribution plan (the Plan) sponsored by its parent company, Silverstone Living. The Community may make discretionary match contributions to be determined by the Plan sponsor after the plan year ends. The Community's contribution was approximately \$33,000 and \$42,000 for the years ended April 30, 2022 and 2021, respectively.

**NOTE 7 FUNCTIONAL EXPENSES**

The Community provides housing, at home services, long-term care, meals and other related services to its residents. The functional allocation of expenses related to these services were as follows as of April 30:

	2022		
	Program Services	Support Services	Total
Wages	\$ 4,098,688	\$ 829,343	\$ 4,928,031
Taxes/Benefits/Employer Costs	1,274,228	98,166	1,372,394
Contract Services	661,162	39,470	700,632
Professional Fees	44,891	-	44,891
Advertising and Public Relations	276	177,191	177,467
Medical Supplies	29,078	-	29,078
Food	531,251	7,052	538,303
Utilities	493,028	31,013	524,041
Bond Interest Expense	537,992	33,319	571,311
Supplies/Equipment	212,242	16,745	228,987
Repairs/Maintenance	60,790	2,788	63,578
Insurance	123,562	7,787	131,349
Depreciation	1,810,772	114,713	1,925,485
Property Taxes	235,576	14,847	250,423
Other	163,060	680	163,740
Total	<u>\$ 10,276,596</u>	<u>\$ 1,373,114</u>	<u>\$ 11,649,710</u>

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 7 FUNCTIONAL EXPENSES (CONTINUED)**

	2021		
	Program Services	Support Services	Total
Wages	\$ 3,994,277	\$ 844,533	\$ 4,838,810
Taxes/Benefits/Employer Costs	1,322,984	113,416	1,436,400
Contract Services	506,957	28,080	535,037
Professional Fees	45,323	-	45,323
Advertising and Public Relations	-	140,859	140,859
Medical Supplies	40,202	-	40,202
Food	483,921	435	484,356
Utilities	468,846	29,496	498,342
Bond Interest Expense	550,973	34,127	585,100
Supplies/Equipment	303,492	4,831	308,323
Repairs/Maintenance	47,981	1,489	49,470
Insurance	104,414	6,581	110,995
Depreciation	1,865,787	118,180	1,983,967
Property Taxes	242,551	15,287	257,838
Other	215,475	610	216,085
Total	<u>\$ 10,193,183</u>	<u>\$ 1,337,924</u>	<u>\$ 11,531,107</u>

All natural classes of expenses that are not directly related to the Community's programs are allocated to management and supporting functions based on the estimates of time and effort involved.

**NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Community emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

*Level 1* – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Community has the ability to access.

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

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

	Total	Level 1	Level 2	Level 3
April 30, 2022:				
Investments:				
Marketable Equity Services	\$ 23,686,569	\$ 23,686,569	\$ -	\$ -
Government Obligations	3,507,552	-	3,507,552	-
Corporate Bonds	4,872,626	-	4,872,626	-
Foreign Bonds	848,458	-	848,458	-
Commodity Fund and Real Estate	417,394	417,394	-	-
Assets Limited as to Use:				
Split Interest Agreement	2,113,690	-	2,113,690	-
Beneficial Interest in Trust	494,985	-	494,985	-
Total	<u>\$ 35,941,274</u>	<u>\$ 24,103,963</u>	<u>\$ 11,837,311</u>	<u>\$ -</u>

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

	Total	Level 1	Level 2	Level 3
April 30, 2021:				
Investments:				
Marketable Equity Services	\$ 26,316,929	\$ 26,316,929	\$ -	\$ -
Government Obligations	3,238,501	-	3,238,501	-
Corporate Bonds	4,373,666	-	4,373,666	-
Foreign Bonds	691,960	-	691,960	-
Commodity Fund and Real Estate	439,414	439,414	-	-
Assets Limited as to Use:				
Split Interest Agreement	2,222,757	-	2,222,757	-
Beneficial Interest in Trust	580,287	-	580,287	-
Subtotal	<u>37,863,514</u>	<u>\$ 26,756,343</u>	<u>\$ 11,107,171</u>	<u>\$ -</u>

**HUNT COMMUNITY  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2022 AND 2021**

**NOTE 8 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**Investments**

The fair value of investment equities are based upon quoted prices in active markets for identical assets and are reflected as Level 1. The fair value of bonds was determined based upon market information from inactive markets or based upon averages of three market sources and have been included in Level 2. The beneficial interest in trust fair value was based upon the values of the underlying securities, all of which are traded in active markets and are reflected as Level 2. The split interest agreement fair value was based upon the values of the underlying securities which approximates the net present value of the estimated future amount to be received and is reflected as Level 2.

**NOTE 9 FUNDS HELD FOR NEW HAMPSHIRE DEBT RESERVE**

The Community has received a license to operate as a New Hampshire Life Plan Community under the provisions of New Hampshire law RSA 420-D. Under this law, the Community must maintain minimum liquid reserves equal to 12 months' principal and interest payments plus that portion of two months' operating expenses as defined. These reserves are invested in U.S. Government obligations and corporate debt obligations rated A or better. The board of trustees have board designated these funds and the funds are recorded as without donor restrictions.

Reserve requirements at April 30 are as follows:

	2022	2021
Operating Expense Reserve	\$ 1,824,000	\$ 1,776,960
Interest and Principal Reserve	965,532	965,542
Board Designated Funds for Reserve	<u>\$ 2,789,532</u>	<u>\$ 2,742,502</u>

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

**Insurance**

The Community insures its general and professional risks on a claims-made basis. At April 30, 2022, there were no known claims outstanding which, in the opinion of management, will be settled for amounts in excess of insurance coverage nor are there any unasserted claims or incidents which require loss accrual.

**Compliance**

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