



Harbor Homes Healthy at Home Keystone Hall HIV/AIDS Task Force Harbor Care
Health & Wellness Center

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

Consolidated Financial Statements
And Supplementary Information
For the Year Ended June 30, 2020

(With Independent Auditors' Report Thereon)

CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
BASIC FINANCIAL STATEMENTS:	
Consolidated Statement of Financial Position	4
Consolidated Statement of Activities	5
Consolidated Statement of Functional Expenses	6
Consolidated Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8
SUPPLEMENTARY INFORMATION	
Consolidating Statement of Financial Position	30
Consolidating Statement of Activities	31
Statement of Financial Position – Harbor Homes, Inc.	32
Statement of Activities – Harbor Homes, Inc.	5
Statement of Functional Expenses – Harbor Homes, Inc.	34
Statement of Functional Expenses - Greater Nashua Council on Alcoholism	35



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Harbor Homes, Inc. and Affiliates d/b/a Harbor Care, which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair

Nashua, New Hampshire
Manchester, New Hampshire
Andover, Massachusetts
Greenfield, Massachusetts
Ellsworth, Maine

800.282.2440 | melansoncpas.com



presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Harbor Homes, Inc. d/b/a Harbor Care as of June 30, 2020, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Harbor Homes, Inc. and Affiliates d/b/a Harbor Care's fiscal year 2019 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 21, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2020 on our consideration of Harbor Homes, Inc. and Affiliates d/b/a Harbor Care's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Harbor Homes, Inc. and Affiliates d/b/a Harbor Care's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Harbor Homes, Inc. and Affiliates d/b/a Harbor Care's internal control over financial reporting and compliance.

Melanson

Manchester, New Hampshire
December 16, 2020

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

Consolidated Statement of Financial Position
June 30, 2020
(with comparative totals as of June 30, 2019)

	2020		2020	2019
	Without Donor Restrictions	With Donor Restrictions		
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 5,828,960	\$ 58,067	\$ 5,887,027	\$ 2,255,449
Restricted cash	1,128,413	-	1,128,413	1,193,792
Receivables, net	3,070,954	-	3,070,954	2,981,834
Patient receivables (FQHC), net	422,731	-	422,731	645,963
Inventory	124,281	-	124,281	116,413
Other assets	100,992	-	100,992	34,084
Total Current Assets	10,676,331	58,067	10,734,398	7,227,535
Noncurrent Assets:				
Investments	226,159	-	226,159	228,209
Property and equipment, net	32,836,963	-	32,836,963	34,363,395
Other assets	60,300	-	60,300	53,501
Total Noncurrent Assets	33,123,422	-	33,123,422	34,645,105
TOTAL ASSETS	\$ 43,799,753	\$ 58,067	\$ 43,857,820	\$ 41,872,640
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Lines of credit	\$ 621,772	\$ -	\$ 621,772	\$ 1,068,271
Current portion of mortgages payable	627,482	-	627,482	560,466
Refundable advances	1,415,359	-	1,415,359	-
Accounts payable	1,193,386	-	1,193,386	2,116,306
Accrued payroll and related expenses	1,037,779	-	1,037,779	1,024,330
Other liabilities	348,849	-	348,849	913,916
Total Current Liabilities	5,244,627	-	5,244,627	5,683,289
Noncurrent Liabilities:				
Construction loan payable	-	-	-	3,235,875
Accrued payroll and related expenses	413,105	-	413,105	452,714
Mortgages payable, net of current portion	15,178,330	-	15,178,330	15,002,097
Mortgages payable, tax credits	487,553	-	487,553	528,793
Mortgages payable, deferred	10,093,496	-	10,093,496	9,890,996
Other liabilities	139,475	-	139,475	133,411
Total Noncurrent Liabilities	26,311,959	-	26,311,959	29,243,886
Total Liabilities	31,556,586	-	31,556,586	34,927,175
Net Assets:				
Without donor restrictions:				
Undesignated	12,242,926	-	12,242,926	6,705,159
Noncontrolling interest in Boulder Point, LLC (Note 15)	241	-	241	-
With donor restrictions:				
Purpose and time restricted	-	58,067	58,067	240,306
Total Net Assets	12,243,167	58,067	12,301,234	6,945,465
TOTAL LIABILITIES AND NET ASSETS	\$ 43,799,753	\$ 58,067	\$ 43,857,820	\$ 41,872,640

The accompanying notes are an integral part of these financial statements.

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

**Consolidated Statement of Activities
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)**

	2020		2020 <u>Total</u>	2019 <u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>		
SUPPORT AND REVENUE				
Support:				
Grants:				
Federal	\$ 6,850,223	\$ -	\$ 6,850,223	\$ 5,637,874
State	11,822,020	-	11,822,020	14,107,741
Contributions	3,076,857	83,851	3,160,708	852,256
CARES Act grant (Note 11)	2,554,938	-	2,554,938	-
Special events:				
Exchange portion (value of benefit received)	-	-	-	-
Contribution portion	80,954	-	80,954	232,180
Less cost of special events	(57,204)	-	(57,204)	(88,234)
Net special events revenue	<u>23,750</u>	<u>-</u>	<u>23,750</u>	<u>143,946</u>
Total Support	<u>24,327,788</u>	<u>83,851</u>	<u>24,411,639</u>	<u>20,741,817</u>
Revenue:				
Patient services revenues (FQHC), net	6,176,974	-	6,176,974	5,404,995
Patient services revenues (other), net	7,517,922	-	7,517,922	7,690,923
Veterans Administration programs	2,181,057	-	2,181,057	2,416,766
Rental income, net				
Rental vouchers	1,837,613	-	1,837,613	1,405,600
Resident payments	1,085,688	-	1,085,688	761,722
Other	268,200	-	268,200	347,725
Contracted services	477,190	-	477,190	624,952
Management fees	-	-	-	23,450
Other	145,627	-	145,627	96,208
Total Revenue	<u>19,690,271</u>	<u>-</u>	<u>19,690,271</u>	<u>18,772,341</u>
Net Assets Released from Restrictions	<u>266,090</u>	<u>(266,090)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>44,284,149</u>	<u>(182,239)</u>	<u>44,101,910</u>	<u>39,514,158</u>
EXPENSES				
Program services	32,520,642	-	32,520,642	34,131,359
Management and general	5,543,811	-	5,543,811	4,247,544
Fundraising and development	246,891	-	246,891	438,954
Total Expenses	<u>38,311,344</u>	<u>-</u>	<u>38,311,344</u>	<u>38,817,857</u>
Change in Net Assets From Operations	5,972,805	(182,239)	5,790,566	696,301
NONOPERATING ACTIVITIES				
Investment income (loss), net	(4,016)	-	(4,016)	12,540
Gain (loss) on disposal of fixed assets	1,290,317	-	1,290,317	689,174
Depreciation	(1,721,098)	-	(1,721,098)	(1,471,904)
Total Nonoperating Activities	<u>(434,797)</u>	<u>-</u>	<u>(434,797)</u>	<u>(770,190)</u>
CHANGE IN NET ASSETS	5,538,008	(182,239)	5,355,769	(73,889)
NET ASSETS, BEGINNING OF YEAR	<u>6,705,159</u>	<u>240,306</u>	<u>6,945,465</u>	<u>7,019,354</u>
NET ASSETS, END OF YEAR	<u>\$ 12,243,167</u>	<u>\$ 58,067</u>	<u>\$ 12,301,234</u>	<u>\$ 6,945,465</u>

The accompanying notes are an integral part of these financial statements.

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

Consolidated Statement of Functional Expenses
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	2020			2020	2019
	Program Services	Management and General	Fundraising and Development	Total	Total
Expenses:					
Personnel expenses:					
Salaries and wages	\$ 14,573,889	\$ 3,437,841	\$ 183,034	\$ 18,194,764	\$ 17,537,662
Employee benefits	1,808,852	491,673	13,937	2,314,462	2,452,426
Payroll taxes	1,098,136	230,315	13,947	1,342,398	1,400,021
Retirement contributions	382,747	287,696	2,200	672,643	517,158
Client services:					
Rental assistance	3,407,944	-	-	3,407,944	6,041,859
Insurance assistance	1,124,657	-	-	1,124,657	996,870
Food and nutrition services	217,051	-	-	217,051	249,821
Counseling and support services	24,015	-	-	24,015	11,923
Other client assistance	415,280	-	-	415,280	381,170
Professional services:					
Contracted services	3,336,616	14,110	5,500	3,356,226	2,247,838
Legal fees	111,198	192,660	-	303,858	132,753
Professional fees	84,293	67,967	2,065	154,325	146,308
Accounting fees	2,121	147,318	-	149,439	125,510
Advertising and promotion	52,944	7,786	1,512	62,242	62,788
Conferences, conventions, and meetings	179,123	1,611	469	181,203	273,017
Grants and donations	569,166	9,431	-	578,597	471,099
Information technology	320,466	190,204	1,197	511,867	479,718
Insurance	169,473	10,448	121	180,042	161,287
Interest expense	825,147	74,469	-	899,616	919,036
Miscellaneous	76,469	75,467	2,112	154,048	191,840
Occupancy	1,132,914	164,965	7,679	1,305,558	1,255,286
Office expenses	422,281	112,051	10,598	544,930	553,016
Supplies	1,967,402	21,240	1,928	1,990,570	1,935,680
Travel	218,458	6,559	592	225,609	273,771
	<u>\$ 32,520,642</u>	<u>\$ 5,543,811</u>	<u>\$ 246,891</u>	<u>\$ 38,311,344</u>	<u>\$ 38,817,857</u>
Total Functional Expenses	<u>\$ 32,520,642</u>	<u>\$ 5,543,811</u>	<u>\$ 246,891</u>	<u>\$ 38,311,344</u>	<u>\$ 38,817,857</u>

The accompanying notes are an integral part of these financial statements.

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

Consolidated Statement of Cash Flows
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 5,355,769	\$ (73,889)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	1,721,098	1,471,904
Amortization of tax credit liability	(69,640)	(21,044)
Unrealized gain on investments	2,050	(10,802)
Gain on disposal of fixed assets	(1,290,317)	(689,174)
Inclusion of new entity in consolidated statements	-	49,811
Changes in operating assets and liabilities:		
Receivables	(89,120)	(921,415)
Patient receivables	223,232	655,085
Inventory	(7,868)	6,665
Other assets	(73,707)	(24,306)
Accounts payable	(922,920)	1,250,916
Accrued payroll and related expenses	(26,160)	343,336
Other liabilities	(559,003)	-
Refundable advance	1,415,359	-
Net Cash Provided by Operating Activities	<u>5,678,773</u>	<u>2,037,087</u>
Cash Flows From Investing Activities:		
Purchase of fixed assets	(581,202)	(438,091)
Proceeds from sale of fixed assets	<u>1,676,853</u>	<u>1,309,000</u>
Net Cash Provided by Investing Activities	1,095,651	870,909
Cash Flows From Financing Activities:		
Borrowings from lines of credit	5,089,856	8,808,099
Payments on lines of credit	(5,536,355)	(9,025,251)
Proceeds from short-term borrowings	-	400,000
Payments on short-term borrowings	-	(400,000)
Proceeds from deferred mortgages	202,500	-
Proceeds from tax credits	128,400	-
Proceeds from long-term borrowings	98,913	-
Payments on long-term borrowings	<u>(3,191,539)</u>	<u>(818,506)</u>
Net Cash Used by Financing Activities	<u>(3,208,225)</u>	<u>(1,035,658)</u>
Net Change	3,566,199	1,872,338
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>3,449,241</u>	<u>1,576,903</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 7,015,440</u>	<u>\$ 3,449,241</u>
Supplemental disclosures of cash flow information:		
Interest paid	<u>\$ 899,616</u>	<u>\$ 919,036</u>
Non-cash financing activities - debt financed fixed assets	<u>\$ -</u>	<u>\$ 4,947,262</u>
Non-cash financing activities - construction loan refinance	<u>\$ 2,226,890</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

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

Notes to Consolidated Financial Statements
For the Year Ended June 30, 2020

1. Organization

Harbor Homes, Inc. 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 (formerly the Partnership for Successful Living)", the collaboration is an efficient and innovative approach to providing services to over 5,000 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 back-end resources whenever it is efficient to do so, and collaborate on service delivery when it leads to better client outcomes. Additionally, whenever expertise in a particular area is needed by one organization, if another has access to that, it is shared. This reduces the overall administrative costs of each organization, and ensures that more of every philanthropic dollar received goes directly to client care. 81% of total annual expenses are for providing care and services.

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 related entities. All significant inter-entity transactions have been eliminated. Unless otherwise noted, the entities included in these consolidated financial statements are hereinafter referred to collectively as the "Organization".

Harbor Homes, Inc. – Housing and Healthcare

Consists of Harbor Homes, Inc. and Harbor Homes Plymouth, LLC.

Harbor Homes, Inc. – Housing and Healthcare

Has provided supports for New Hampshire's most vulnerable citizens since 1982. It has grown from a single group home for individuals who were de-institutionalized, into a full continuum of housing, healthcare, and supportive services for communities facing low-incomes, homelessness, and disability. Housing programs provide housing for 2,000

individuals annually, and its Federally Qualified Health Center for the Homeless provides affordable healthcare to more than 3,000. In Greater Nashua over the past decade, Harbor Homes has effectively ended homelessness for veterans and for persons living with HIV/AIDS, and has decreased chronic and unsheltered homelessness substantially. Harbor Homes is on the front lines of Nashua's opioid crisis; its extensive services have reduced overdose deaths markedly.

Harbor Homes Plymouth, LLC – Housing Project Management

A single-member New Hampshire Limited Liability Company that developed and manages Boulder Point, LLC, a permanent supportive housing facility in Plymouth, New Hampshire for up to 30 low income/homeless veteran households. Harbor Homes, Inc. is the sole member and the manager of Harbor Homes Plymouth, LLC. The entity does not directly serve clients.

Boulder Point, LLC – Housing Project Development

A New Hampshire Limited Liability Company, whose purpose is to acquire, own, develop, construct and/or rehabilitate, manage, and operate a veterans housing project in Plymouth, New Hampshire. Harbor Homes Plymouth, LLC is a 0.01% investor member and the manager member. The entity does not directly serve clients.

Welcoming Light, Inc., Harbor Homes II, Inc., Harbor Homes III, Inc., and HH Ownership, Inc. – Housing Programs and Ownership

These four nonprofits provide residential services to the elderly and/or low-income individuals experiencing a chronic behavioral issues or disability, and were created by Harbor Homes, Inc.'s Board of Directors in response to federal regulations. Combined, these entities serve approximately 35 individuals annually.

Greater Nashua Council on Alcoholism d/b/a Keystone Hall – Substance Misuse Treatment

Keystone Hall is Greater Nashua's only comprehensive substance use disorder treatment center. Every year, it catalyzes change in 800 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; most clients pay nothing for services. 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. – In-Home Health Care

A Medicare-certified home health agency, Healthy at Home helps clients address physical and behavioral health challenges to live full, happy lives at home by providing consistent, compassionate care and daily-living assistance. Healthy at Home works hard

to serve clients, regardless of financial barriers. Many of its 250 clients are among the hardest to serve, as their insurance may not fully cover incurred expenses. Ultimately, services keep clients in their own homes, and out of hospitals, institutions, or nursing homes. Staff provide skilled nursing, physical therapy, occupational therapy, speech therapy, homemaking services, respite care, and Alzheimer's care and dementia care.

SARC (Salem Association for Retarded Citizens) Housing Needs Board, Inc. – Housing Programs And Ownership

SARC operates a permanent supportive housing facility (Woodview Commons) in Salem, New Hampshire for individuals with developmental or behavioral health issues. Harbor Homes, Inc.'s Board of Directors took over responsibility for this entity in fiscal year 2019. SARC serves 8 individuals annually.

Southern New Hampshire HIV/Aids Task Force, Inc. (the Task Force) – HIV/AIDS Services

A leader in HIV/AIDS services in New Hampshire that provides quality, holistic services to those with HIV/AIDS. All 200 clients are low-income, and they may face homelessness, mental illness, and substance use disorder. Outcomes are exemplary. Whereas viral suppression rate among individuals with HIV/AIDS is 45% nationally, more than 90% of the Task Force's clients are routinely virally suppressed. In partnership with its Harbor Care affiliates, the Task Force ensures that no individual with HIV or AIDS lives in homelessness in Greater Nashua. The Task Force operates in Greater Nashua and Keene, and is the State of New Hampshire's sole contractor among AIDS Service Organizations for supportive services, subcontracting to other New Hampshire AIDS Service Organizations statewide. To counter the public health risks of the opioid crisis, the Task Force initiated the Syringe Services program of the Nashua Area in 2017.

2. Summary of Significant Accounting Policies

Change in Accounting Principle

ASU 2014-09 and ASU 2018-08 Revenue Recognition

The Organization has adopted Accounting Standards Update (ASU) No. 2014-09 - *Revenue from Contracts with Customers (Topic 606)*, as amended, and ASU No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as management believes these standards improve the usefulness and understandability of the Organization's financial reporting. ASU 2014-09 and 2018-08 have been implemented in fiscal year 2020, and the presentation in these consolidated financial statements has been adjusted accordingly. Analysis of various provisions of these standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited consolidated financial statements (presented in these consolidated financial statements as comparative financial information) were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the new standards.

ASU 2016-01 Equity Investments

In fiscal year 2020, the Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which relates to the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements for financial instruments. The adoption of this ASU did not have a significant impact on the consolidated financial statements.

ASU 2018-13 Changes to the Disclosure Requirements for Fair Value Measurement

In fiscal year 2020, the Organization has adopted Financial Accounting Standards Board Accounting Standards Update (ASU) 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements, and removed disclosures related to transfers between Level 1 and Level 2 of the fair value hierarchy, the policy for timing transfers between levels, the valuation process of Level 3 fair value measurements, and a roll forward of Level 3 investments. The adoption of this ASU did not have a significant impact on the consolidated financial statements.

Comparative Financial Information

The accompanying consolidated financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the audited consolidated financial statements for the year ended June 30, 2019, from which the summarized information was derived.

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.

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for services and programs. The allowance for uncollectable accounts receivable is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable.

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 Statement of Activities. The allowance for uncollectable contributions is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectable. Management has determined that no allowance is necessary.

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, 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.

Patient Receivables

Patient receivables relate to health care services provided by the Organization's Federally Qualified Health Care Center (FQHC). Additions to the allowance for doubtful accounts result from the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts. The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage, and other indicators.

For receivables associated with services provided to patients who have third-party coverage, which includes patients with deductible and copayment balances due for which third-party coverage exists for part of the bill, the Organization analyzes contractually due amounts and provides an allowance for doubtful collections and a provision for doubtful collections, if necessary. For receivables associated with self-pay patients, the Organization records a significant provision for doubtful collections in the period of service on the basis of its past experience, which indicates that many patients are unable to pay the portion of their bill for which they are financially responsible. The difference between the billed rates and the amounts actually collected after all reasonable collections efforts have been exhausted is charged off against the allowance for doubtful collections.

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

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Consolidated Statement of Financial Position. Net investment income/(loss) is reported in the Consolidated Statement of Activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses. Investments include equity securities of public companies which are carried at fair value based on quoted market prices.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, if purchased, and at fair value at the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed, and any resulting gain or loss is included in the Consolidated Statement 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 2020 or 2019.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions.

Net Assets Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets with Donor Restrictions

Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity while permitting the Organization to expend the income generated by the assets in accordance with the provisions of additional donor-imposed stipulations or a Board approved spending policy. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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 refundable advances in the Consolidated Statement of Financial Position.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Revenue

The performance obligation of delivering patient services is simultaneously received and consumed by patients when services are provided, therefore the Organization recognizes patient services revenues when the services are provided. Patient services revenues, net is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered. Self-pay revenue is recorded at published charges with charitable allowances deducted to arrive at net self-pay revenue. All other patient services revenue is recorded at published charges with contractual allowances deducted to arrive at patient services, net. Reimbursement rates are subject to revisions under the provisions of reimbursement regulations. Adjustments for such revisions are recognized in the fiscal year incurred. Included in third-party receivables are the outstanding uncompensated care pool payments. 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 reported as deductions from revenue.

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 and In-Kind Contributions

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by Generally Accepted Accounting Principles. Generally Accepted Accounting Principles allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets and (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated professional services are recorded at the respective fair values of the services received. Contributed goods are recorded at fair value at the date of donation and as expenses when placed in service or distributed. Donated use of facilities is reported as a contribution and as an expense at the estimated fair value of similar space for rent under similar conditions. If the use of the space is promised unconditionally for a period greater than one year, the amount is reported as a contribution and an unconditional promise to give at the date of the gift, and the expense is reported over the term of use. No significant contributions of such goods or services were received during the years ended June 30, 2020 and 2019, respectively.

Advertising Costs

Advertising costs are expensed as incurred and are reported in the Consolidated Statement of Activities and Consolidated Statement of Functional Expenses.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the Consolidated Statement of Activities. The Consolidated Statement 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.

Measure of Operations

The Consolidated Statement of Activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing programs and services. Non-operating activities are limited to resources outside of those programs and services and are comprised of investment income, non-recurring gains and losses on sales and dispositions, and depreciation.

Income Taxes

The entities included in these consolidated financial statements (with the exception of Harbor Homes Plymouth, LLC and Boulder Point, LLC) have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Internal Revenue Code (IRC) Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for charitable contribution deductions, and have been determined not to be

private foundations. A Return of Organization Exempt from Income Tax (Form 990), is required to be filed with the IRS for each entity. In addition, net income that is derived from business activities that are unrelated to an entity's exempt purpose is subject to income tax. In fiscal year 2020, Harbor Homes, Inc. was subject to unrelated business income tax and filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

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

Boulder Point, LLC is a New Hampshire Limited Liability Company and has elected to be treated as a partnership.

Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles 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 and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with receivables is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and entities supportive of the Organization's mission. Investments are monitored regularly by the Organization.

Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the assessment of the quality, risk, or liquidity profile of the asset or liability.

New Accounting Standards to be Adopted in the Future

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases*. The ASU requires all leases with lease terms more than 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the income statement. This ASU will be effective for the Organization for the year ending June 30, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*. The ASU requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This ASU will be effective for the Organization for the fiscal year ending June 30, 2024. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. Examples of contributed nonfinancial assets include fixed assets such as land, buildings, and equipment; the use of fixed assets or utilities; material and supplies, such as food, clothing, or pharmaceuticals; intangible assets; and recognized contributed services. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the Consolidated Statement of Activities, apart from contributions of cash or other financial assets. It also requires certain disclosures for each category of contributed nonfinancial assets recognized. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021. Early adoption is permitted. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

3. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Consolidated Statement of Financial Position, are comprised of the following at June 30, 2020 and 2019:

Financial assets as year end:	2020	2019
Cash and cash equivalents	\$ 5,887,027	\$ 2,255,449
Restricted cash	1,128,413	1,193,792
Receivables	3,493,685	3,627,797
Investments	226,159	228,209
Total financial assets	<u>10,735,284</u>	<u>7,305,247</u>
Less amounts not available to be used within one year:		
Restricted cash	1,128,413	1,193,792
Investments	226,159	228,209
	<u>1,354,572</u>	<u>1,422,001</u>
Financial assets available to meet general expenditures over the next year	<u>\$ 9,380,712</u>	<u>\$ 5,883,246</u>

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

4. Restricted Cash

Restricted cash consists of accounts which are restricted for various purposes, and are comprised of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Construction escrows	\$ 35,005	\$ 471,769
Reserve for replacements*	965,745	619,194
Residual receipt deposits*	46,190	43,224
Security deposits	<u>81,473</u>	<u>59,605</u>
Total	<u>\$ 1,128,413</u>	<u>\$ 1,193,792</u>

*Required by the Department of Housing and Urban Development.

5. Receivables

Receivables consist of the following at June 30, 2020 and 2019:

	<u>2020</u>			<u>2019</u>		
	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Grants	\$ 2,319,925	\$ -	\$ 2,319,925	\$ 1,798,715	\$ -	\$ 1,798,715
Medicaid/Medicare	779,277	(130,068)	649,209	731,267	(55,043)	676,224
Residents and patients	130,018	(38,178)	91,840	288,680	(51,849)	236,831
Security deposits	2,247	-	2,247	1,428	-	1,428
Other	<u>7,733</u>	<u>-</u>	<u>7,733</u>	<u>271,506</u>	<u>(2,870)</u>	<u>268,636</u>
Total	<u>\$ 3,239,200</u>	<u>\$ (168,246)</u>	<u>\$ 3,070,954</u>	<u>\$ 3,091,596</u>	<u>\$ (109,762)</u>	<u>\$ 2,981,834</u>

6. Patient Receivables (FQHC)

Patient receivables, related to the Organization's Federally Qualified Health Care Center (FQHC), consist of the following at June 30, 2020 and 2019:

	<u>2020</u>			<u>2019</u>		
	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>	<u>Receivable</u>	<u>Allowance</u>	<u>Net</u>
Medicaid/Medicare	\$ 254,755	\$ (2,867)	\$ 251,888	\$ 233,671	\$ (28,884)	\$ 204,787
Other	<u>280,894</u>	<u>(110,051)</u>	<u>170,843</u>	<u>561,134</u>	<u>(119,958)</u>	<u>441,176</u>
Total	<u>\$ 535,649</u>	<u>\$ (112,918)</u>	<u>\$ 422,731</u>	<u>\$ 794,805</u>	<u>\$ (148,842)</u>	<u>\$ 645,963</u>

7. Investments

Investments are stated at fair value and consist of the following at June 30, 2020 and 2019:

	<u>2020</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
Equities	\$ 25,910	\$ 25,910	\$ -
Beneficial interest	175,512	-	175,512
Charitable annuity	<u>24,737</u>	<u>-</u>	<u>24,737</u>
Total	<u>\$ 226,159</u>	<u>\$ 25,910</u>	<u>\$ 200,249</u>
	<u>2019</u>		
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 3</u>
Equities	\$ 26,530	\$ 26,530	\$ -
Beneficial interest	177,003	-	177,003
Charitable annuity	<u>24,676</u>	<u>-</u>	<u>24,676</u>
Total	<u>\$ 228,209</u>	<u>\$ 26,530</u>	<u>\$ 201,679</u>

8. Property and Equipment

Property and equipment is comprised of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 4,194,626	\$ 4,327,743
Land improvements	788,229	54,944
Buildings	31,974,586	27,337,257
Building improvements	7,147,668	7,171,172
Software	883,740	1,075,408
Vehicles	454,477	404,192
Furniture, fixtures, and equipment	769,131	759,036
Medical and dental equipment	236,976	236,976
Leasehold improvements	7,542	7,542
Construction in progress	<u>-</u>	<u>6,048,375</u>
Subtotal	46,456,975	47,422,645
Less accumulated depreciation	<u>(13,620,012)</u>	<u>(13,059,250)</u>
Total	<u>\$ 32,836,963</u>	<u>\$ 34,363,395</u>

Depreciation expense totaled \$1,721,098 and \$1,471,904 for the years ended June 30, 2020 and 2019, respectively.

9. Accrued Payroll and Related Liabilities

Accrued payroll and related liabilities at June 30, 2020 and 2019 include the following:

	2020			2019		
	Current	Long-Term		Current	Long-Term	Total
Compensated absences	\$ 137,701	\$ 413,105	\$ 550,806	\$ 224,387	\$ 452,714	\$ 677,101
Payroll and related liabilities	<u>900,078</u>	<u>-</u>	<u>900,078</u>	<u>799,943</u>	<u>-</u>	<u>799,943</u>
Total	<u>\$ 1,037,779</u>	<u>\$ 413,105</u>	<u>\$ 1,450,884</u>	<u>\$ 1,024,330</u>	<u>\$ 452,714</u>	<u>\$ 1,477,044</u>

10. Lines of Credit

At June 30, 2020, the Organization had the following lines of credit available:

Harbor Homes, Inc.

\$1,600,000 of credit available from TD Bank, N. A. due January 28, 2021, secured by all business assets. The Organization is required, at a minimum, to make monthly interest payments to TD Bank, N. A. at the Wall Street Journal Prime Rate plus 1.00% adjusted daily. As of June 30, 2020, the credit line had an outstanding balance of \$621,772 at an interest rate of 6.50%. As a result of the lack of clear guidance on the inclusion of Paycheck Protection Program loans in the debt covenant calculations, the bank has opted to issue a waiver in the interim. The Organization believes that once clarification is received with respect to the treatment of Paycheck Protection Program loans in the debt covenant calculation that it will be in compliance with all covenant requirements.

Harbor Homes, Inc.

\$500,000 line of credit available from TD Bank, N. A. due January 31, 2021, secured by all business assets, fully paid and closed at June 30, 2020. Prior to closing, the Organization was required, at a minimum, to make monthly interest payments to TD Bank, N. A. at the Wall Street Journal Prime Rate plus 1.00% adjusted daily (6.50% at June 30, 2020). As a result of the lack of clear guidance on the inclusion of Paycheck Protection Program loans in the debt covenant calculations, the bank has opted to issue a waiver in the interim. The Organization believes that once clarification is received with respect to the treatment of Paycheck Protection Program loans in the debt covenant calculation that it will be in compliance with all covenant requirements.

Greater Nashua Council on Alcoholism

\$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% (6.50% at June 30, 2020) to Merrimack County Savings Bank. As of June 30, 2020, the credit line had an outstanding balance of \$0. Debt covenant requirements have been met in fiscal year 2020.

Healthy at Home, Inc.

\$250,000 of credit available from TD Bank, N. A., due January 31, 2021, secured by all business assets, fully paid and closed at June 30, 2020. Prior to closing, the interest rate was the Wall Street Journal Prime Rate plus 1.00% (6.50% at June 30, 2020). Debt covenant requirements were met during fiscal year 2020.

11. CARES Act Refundable Advance

In April 2020, the Organization received \$3,820,397 under the Small Business Administration (SBA) Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was enacted March 27, 2020, provides for loans to qualifying organizations for amounts up to 2.5 times the average monthly payroll expenses. The loans and accrued interest may be forgiven after eight weeks for awards to Greater Nashua Council on Alcoholism and Healthy at Home or twenty-four weeks for awards to Harbor Homes, Inc. and Southern New Hampshire HIV/AIDS Task Force providing the Organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains certain payroll levels. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the eight week period.

Any unforgiven portion of the PPP loan is payable over two years at an interest rate of 1% with deferral of payments for the first ten months. The Organization believes that at June 30, 2020 a majority of the proceeds had been used for purposes consistent with the PPP requirements. Further, it is expected that the remaining proceeds will be used for purposes consistent with PPP requirements in fiscal year 2021 however, while the Organization believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, the Organization cannot guarantee that the loan will be forgiven, in whole or in part. In accordance with Generally Accepted Accounting Principles, the Organization has recognized \$2,554,938 of the PPP loan as revenue as a result of qualifying expenses incurred in fiscal year 2020. The remaining balance of the PPP loan, in the amount of \$1,265,459 is reflected as a refundable advance in the Consolidated Statement of Financial Position.

In June 2020, the Harbor Homes, Inc. entered into an Economic Injury Disaster Loan (EIDL) with the U.S. Small Business Administration (SBA) in the amount of \$149,900. Proceeds are to be used to alleviate economic injury caused by the disaster. Monthly payments of \$641, including principal and interest at 2.75%, will begin in June 2021.

12. Mortgages Payable

Mortgages payable as of June 30, 2020 consisted of the following:

	<u>Principal Balance</u>	<u>Payment Amount</u>	<u>Payment Frequency</u>	<u>Interest Rate</u>	<u>Maturity</u>	<u>Property/Security</u>
\$	3,480,404	\$ 19,635	Monthly	4.00%	09/15/42	615 Amherst Street in Nashua, NH
	3,333,962	-	Interest only	4.38%	10/15/29	75-77 Northeastern Boulevard in Nashua, NH
	1,110,847	7,879	Monthly	6.77%	12/05/33	335 Somerville Street in Manchester, NH
	1,215,175	-	Interest only	5.00%	09/15/29	75-77 Northeastern Boulevard in Nashua, NH
	1,070,491	6,193	Monthly	4.57%	12/05/33	335 Somerville Street in Manchester, NH
	999,606	7,768	Monthly	7.05%	10/01/40	59 Factory Street in Nashua, NH
	745,728	4,855	Monthly	6.73%	03/03/26	Boulder Point Dr., Plymouth, NH
	593,725	5,126	Monthly	6.97%	12/12/36	46 Spring Street in Nashua, NH
	523,824	5,324	Monthly	4.38%	08/12/30	45 High Street in Nashua, NH
	542,511	3,996	Monthly	4.75%	12/12/36	46 Spring Street in Nashua, NH
	419,935	2,692	Monthly	4.75%	10/01/40	59 Factory Street in Nashua, NH
	376,763	2,040	Monthly	5.00%	03/03/26	Boulder Point Dr., Plymouth, NH
	311,295	5,276	Monthly	9.25% (1)	12/01/26	Allds Street in Nashua, NH
	219,768	3,369	Monthly	9.25% (1)	01/01/28	Chestnut Street in Nashua, NH
	232,193	1,425	Monthly	4.75%	04/06/42	99 Chestnut Street in Nashua, NH
	201,811	1,731	Monthly	7.00% (1)	09/28/36	7 Trinity Street in Claremont, NH
	150,716	3,184	Monthly	9.25% (1)	05/01/25	North Main St and Grove St in Antrim, NH
	84,590	3,419	Monthly	1.00%	04/05/22	Mobile van
	81,759	3,419	Monthly	1.00%	03/05/22	615 Amherst Street in Nashua, NH
	76,749	2,543	Monthly	9.25% (1)	04/01/23	Salem, NH property
	55,988	2,385	Monthly	9.25% (1)	08/01/22	3 Winter Street in Nashua, NH
	41,484	299	Monthly	3.89%	10/01/35	59 Factory Street in Nashua, NH
\$	15,869,324	Subtotal				
	(63,512)	Debt issuance costs				
	(627,482)	Payments due in the next fiscal year				
\$	<u>15,178,330</u>	Mortgages payable, net of current portion and unamortized debt issuance costs				

(1) HUD issued and backed.

Future maturities are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 627,482
2022	628,889
2023	560,367
2024	561,152
2025	590,505
Thereafter	<u>12,900,929</u>
Total	<u>\$ 15,869,324</u>

13. Mortgages Payable, Tax Credits

Mortgages payable, tax credits consist of mortgages 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, 2020, these tax credits totaled \$487,553. The tax credits self-amortize over the mortgage term.

14. Mortgages Payable, Deferred

The Organization has deferred mortgages outstanding, secured by real property, totaling \$10,093,496 and \$9,890,996 at June 30, 2020 and 2019, respectively. 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 non-deferred loan on the related property.

Deferred mortgages payable at June 30, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
City of Manchester:		
Somerville Street property	\$ <u>300,000</u>	\$ <u>300,000</u>
Total City of Manchester	300,000	300,000
City of Nashua:		
Factory Street property	580,000	580,000
Spring Street property	491,000	491,000
Strawberry Bank condominiums	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
Department of Housing and Urban Development:		
Strawberry Bank condominiums	<u>436,400</u>	<u>436,400</u>
Total Department of Housing and Urban Development	436,400	436,400
Federal Home Loan Bank (FHLB):		
Boulder Point property	500,000	500,000
Factory Street property	400,000	400,000
Somerville Street property	400,000	400,000
Spring Street property	398,747	398,747
Amherst Street property	<u>385,000</u>	<u>385,000</u>
Total FHLB	2,083,747 (1)	2,083,747 (1)
NHHFA:		
Boulder Point property	2,025,000	1,822,500
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	6,057,349 (2)	5,854,849 (2)
Total Mortgages Payable, Deferred	\$ <u>10,093,496</u>	\$ <u>9,890,996</u>

(1) Will be automatically forgiven at the end of the term.

(2) Non-recourse.

15. Changes in Net Assets Without Donor Restrictions Attributable to Noncontrolling Interest in Boulder Point LLC

Net assets without donor restrictions reported in the consolidated financial statements include both the controlling and noncontrolling interests in Boulder Point, LLC. At June 30, 2020 Harbor Homes, Inc. was the sole member of Harbor Homes Plymouth, LLC. who had a 0.01% investment in, and controlling interest as the managing member of Boulder Point, LLC. Changes in consolidated net assets without donor restrictions attributable to Boulder Point, LLC. are as follows for the year ended June 30, 2020:

	Boulder Point, LLC		
	<u>Noncontrolling Interest (0.01%)</u>	<u>Controlling Interest (99.99%)</u>	<u>Total</u>
Beginning of year	\$ (1)	\$ (12,190)	\$ (12,191)
Capital contribution	270	2,698,855	2,699,125
Change in net assets*	<u>(28)</u>	<u>(275,537)</u>	<u>(275,565)</u>
End of year	<u>\$ 241</u>	<u>\$ 2,411,128</u>	<u>\$ 2,411,369</u>

*Change in net asset above excludes capital contributions included in the Consolidated Statement of Activities (reported as contributions).

16. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following at June 30, 2020 and 2019:

<u>Purpose</u>	<u>2020</u>	<u>2019</u>
Capital improvements	\$ -	\$ 25,000
Client services	7,070	18,122
Dental	15,000	12,500
Housing	18,500	125,000
Miscellaneous	15,564	32,700
Special events	<u>1,933</u>	<u>26,984</u>
Total	<u>\$ 58,067</u>	<u>\$ 240,306</u>

Net assets are released from restrictions by incurring expenses satisfying the restricted purpose or by the passage of time.

17. Patient Services Revenue (FQHC)

The Organization recognizes patient services 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. Charity care services are computed using a sliding fee scale based on patient income and family size. On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Organization records a provision for bad debts related to uninsured patients in the period the services are provided.

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 copay. If the patient is unable to pay the copay, 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.

Patient services revenue (FQHC), net of provision for bad debts and contractual allowances and discounts, consists of the following for fiscal years 2020 and 2019:

	2020			2019	
	Gross Charges	Contractual Allowances	Charitable Care Allowances	Net Patient Service Revenue	Net Patient Service Revenue
Medicaid	\$ 4,624,317	\$ (573,287)	\$ -	\$ 4,051,030	\$ 3,058,594
Medicare	2,655,216	(978,969)	-	1,676,247	1,544,433
Third-party	1,033,535	(507,773)	-	525,762	766,989
Sliding fee/free care	339,771	-	(300,446)	39,325	125,576
Self-pay	136,823	-	(8,333)	128,490	177,869
Subtotal	\$ <u>8,789,662</u>	\$ <u>(2,060,029)</u>	\$ <u>(308,779)</u>	6,420,854	5,673,461
Provision for bad debts				(243,880)	(268,466)
Total				\$ <u>6,176,974</u>	\$ <u>5,404,995</u>

18. Grants

The Organization has been awarded cost-reimbursable grants of \$272,469 that have not been recognized at June 30, 2020 because qualifying expenditures have not yet been

incurred. No amounts have been received in advance, and accordingly no amounts are reported in the Consolidated Statement of Financial Position as a refundable advance.

Grant revenue from federal agencies is subject to independent audit under the Office of Management and Budget's Uniform Guidance, and review by grantor agencies. This review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, the Organization's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of the Organization.

19. Functionalized 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.

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.

20. Deferred Compensation Plan

The Organization had a 401(k) retirement plan to qualifying employees. Upon meeting the eligibility criteria, employees can contribute a portion of their wages to the 401(k) plan. The Organization matches a percentage of the employee contribution based on years of service. Total matching contributions paid by the Organization for the years ended June 30, 2020 and 2019 were \$672,643 and \$463,822, respectively.

The Organization also maintains a deferred compensation plan for certain directors (the SA Plan). The deferred compensation liability under the SA Plan was \$59,700 and \$44,400 at June 30, 2020 and June 30, 2019, respectively, and is recorded as a long-term liability. This liability is offset by a corresponding long-term asset.

21. Concentration of Risk

A material portion of the Organization's revenue is dependent upon government sources, the loss of which would have a materially adverse effect on the Organization.

22. Commitments and Contingencies

Patient Services

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government activity continues to increase with respect to investigations and allegations concerning possible violations by healthcare providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments for patient service previously billed. Management is not aware of any material incidents of noncompliance; however, the possible future financial effects of this matter on the Organization, if any, are not presently determinable.

COVID-19

The COVID-19 outbreak in the United States has resulted in economic uncertainties. The disruption is expected to be temporary, but there is considerable uncertainty around the duration and scope. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on those we serve, our funders, employees, and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact our financial condition or result of operations is uncertain.

23. Supplemental Disclosure of Cash Flow Information

The following table provides a reconciliation of cash and cash equivalents, and restricted cash reported in the Consolidated Statement of Financial Position to the same such amounts reported in the Consolidated Statement of Cash Flows.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 5,887,027	\$ 2,255,449
Restricted cash	<u>1,128,413</u>	<u>1,193,792</u>
Total Cash, Cash Equivalents, and Restricted Cash shown in the Consolidated Statement of Cash Flows	<u>\$ 7,015,440</u>	<u>\$ 3,449,241</u>

24. Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

25. Subsequent Events

Subsequent events have been evaluated through December 16, 2020, which is the date the consolidated financial statements were available to be issued.

Welcoming Light, Inc. entered into an agreement to purchase property located at 12 Auburn Street in Nashua, New Hampshire for \$551,000 with an expected closing date on or before January 2021. The acquisition will be used to provide low income housing programs for mainstream, transitional, and/or permanent housing programs.

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

**Consolidating Statement of Financial Position
June 30, 2020
(with comparative totals as of June 30, 2019)**

	Harbor Homes*	Boulder Point, LLC	Harbor Homes II, Inc.	Harbor Homes III, Inc.	HH Ownership, Inc.	Greater Nashua Council on Alcoholism	Healthy at Home, Inc.	Welcoming Light, Inc.	SARC Housing Needs Board, Inc.	Southern NH HIV/AIDS Task Force, Inc.	Subtotal	Eliminations	2020 Total	2019 Total
ASSETS														
Current Assets:														
Cash and cash equivalents	\$ 3,878,259	\$ 185,729	\$ 1,050	\$ 761	\$ 490	\$ 1,520,897	\$ 61,777	\$ 7,054	\$ 41,057	\$ 189,953	\$ 5,887,027	\$ -	\$ 5,887,027	\$ 2,255,449
Restricted cash	426,415	247,276	24,200	28,679	19,944	271,993	-	35,838	74,068	-	1,128,413	-	1,128,413	1,193,792
Receivables, net	2,317,824	17,807	2,676	949	7,444	430,314	160,701	3,291	-	279,948	3,220,954	(150,000)	3,070,954	2,981,834
Patient receivables, net	422,731	-	-	-	-	-	-	-	-	-	422,731	-	422,731	645,963
Due from related organizations	2,160,393	153,919	-	-	-	-	-	-	-	-	2,314,312	(2,314,312)	-	-
Inventory	124,281	-	-	-	-	-	-	-	-	-	124,281	-	124,281	116,413
Other assets	1,769	65,884	-	-	-	19,603	2,423	-	-	11,313	100,992	-	100,992	34,084
Total Current Assets	9,331,672	670,615	27,926	30,389	27,878	2,242,807	224,901	46,183	115,125	481,214	13,198,710	(2,464,312)	10,734,398	7,227,535
Noncurrent Assets:														
Investments	226,159	-	-	-	-	-	-	-	-	-	226,159	-	226,159	228,209
Property and equipment, net	20,542,926	6,894,203	280,183	223,763	283,106	5,139,717	5,011	203,926	94,408	3,017	33,670,260	(833,297)	32,836,963	34,363,395
Deferred notes receivable	1,271,105	-	-	-	-	-	-	-	-	-	1,271,105	(1,271,105)	-	-
Other assets	224,000	279,184	-	-	-	-	-	-	-	599	503,783	(443,483)	60,300	53,501
Total Noncurrent Assets	22,264,190	7,173,387	280,183	223,763	283,106	5,139,717	5,011	203,926	94,408	3,616	35,671,307	(2,547,885)	33,123,422	34,645,105
TOTAL ASSETS	\$ 31,595,862	\$ 7,844,002	\$ 308,109	\$ 254,152	\$ 310,984	\$ 7,382,524	\$ 229,912	\$ 250,109	\$ 209,533	\$ 484,830	\$ 48,870,017	\$ (5,012,197)	\$ 43,857,820	\$ 41,872,640
LIABILITIES AND NET ASSETS														
Current Liabilities:														
Lines of credit	\$ 621,772	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 621,772	\$ -	\$ 621,772	\$ 1,068,271
Current portion of mortgages payable	322,999	11,843	36,020	20,974	-	134,540	-	24,357	76,749	-	627,482	-	627,482	560,466
Refundable advances	1,331,628	-	-	-	-	-	-	-	-	83,731	1,415,359	-	1,415,359	-
Due to related organizations	1,392,519	175,293	179,506	23,581	11,901	21,104	172,934	260,538	1,339	75,597	2,314,312	(2,314,312)	-	-
Accounts payable	1,001,188	179,708	1,238	1,097	-	32,881	9,570	1,514	7,826	108,364	1,343,386	(150,000)	1,193,386	2,116,306
Accrued payroll and related expenses	763,717	-	-	-	-	201,918	50,159	-	-	21,985	1,037,779	-	1,037,779	1,024,330
Other liabilities	306,727	-	3,998	2,043	3	6,374	-	1,671	16,008	12,025	348,849	-	348,849	913,916
Total Current Liabilities	5,740,550	366,844	220,762	47,695	11,904	396,817	232,663	288,080	101,922	301,702	7,708,939	(2,464,312)	5,244,627	5,683,289
Noncurrent Liabilities:														
Construction loan payable	-	-	-	-	-	-	-	-	-	-	-	-	-	3,235,875
Accrued payroll and related expenses	319,888	-	-	-	-	70,931	11,682	-	-	10,604	413,105	-	413,105	452,714
Mortgages payable, net of current portion	10,103,141	1,110,650	275,275	198,794	-	3,364,111	-	126,359	-	-	15,178,330	-	15,178,330	15,002,097
Mortgages payable, tax credits	487,553	-	-	-	-	-	-	-	-	-	487,553	-	487,553	528,793
Mortgages payable, deferred	5,167,096	2,525,000	-	-	516,400	1,885,000	-	-	-	-	10,093,496	-	10,093,496	9,890,996
Deferred notes payable	-	1,271,105	-	-	-	-	-	-	-	-	1,271,105	(1,271,105)	-	-
Other liabilities	399,607	171,226	3,553	2,673	1,283	-	-	1,945	2,671	-	582,958	(443,483)	139,475	133,411
Total Noncurrent Liabilities	16,477,285	5,077,981	278,828	201,467	517,683	5,320,042	11,682	128,304	2,671	10,604	28,026,547	(1,714,588)	26,311,959	29,243,886
Total Liabilities	22,217,835	5,444,825	499,590	249,162	529,587	5,716,859	244,345	416,384	104,593	312,306	35,735,486	(4,178,900)	31,556,586	34,927,175
Net Assets:														
Without donor restrictions	9,319,960	2,399,177	(191,481)	4,990	(218,603)	1,665,665	(14,433)	(166,275)	104,940	172,524	13,076,464	(833,297)	12,243,167	6,705,159
With donor restrictions	58,067	-	-	-	-	-	-	-	-	-	58,067	-	58,067	240,306
Total Net Assets	9,378,027	2,399,177	(191,481)	4,990	(218,603)	1,665,665	(14,433)	(166,275)	104,940	172,524	13,134,531	(833,297)	12,301,234	6,945,465
TOTAL LIABILITIES AND NET ASSETS	\$ 31,595,862	\$ 7,844,002	\$ 308,109	\$ 254,152	\$ 310,984	\$ 7,382,524	\$ 229,912	\$ 250,109	\$ 209,533	\$ 484,830	\$ 48,870,017	\$ (5,012,197)	\$ 43,857,820	\$ 41,872,640

*Harbor Homes consists of Harbor Homes, Inc. and HH Plymouth, LLC – See Note 1.

See Independent Auditors' Report.

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

**Consolidating Statement of Activities
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)**

	Harbor Homes*	Boulder Point, LLC	Harbor Homes II, Inc.	Harbor Homes III, Inc.	HH Ownership, Inc.	Greater Nashua Council on Alcoholism	Healthy at Home, Inc.	Welcoming Light, Inc.	SARC Housing Needs Board, Inc.	Southern NH HIV/AIDS Task Force, Inc.	Milford Regional Counseling Services, Inc.	Subtotal	Eliminations	2020 Total	2019 Total
SUPPORT AND REVENUE															
Support:															
Grants:															
Federal	\$ 6,299,947	\$ -	\$ -	\$ -	\$ -	\$ 2,000	\$ 3,000	\$ -	\$ -	\$ 731,350	\$ -	\$ 7,036,297	\$ (186,074)	\$ 6,850,223	\$ 5,637,874
State	7,883,442	-	-	-	-	2,036,331	62,550	392	-	1,839,697	-	11,822,020	-	11,822,020	14,107,741
Contributions	383,693	2,699,125	-	-	-	50,068	449	-	-	26,981	-	3,160,708	-	3,160,708	852,256
Cares Act funding	1,726,072	-	-	-	-	567,200	244,960	-	-	16,706	-	2,554,938	-	2,554,938	-
Special events:															
Contribution portion	75,999	-	-	-	-	-	-	-	-	4,955	-	80,954	-	80,954	232,180
Less cost of special events	(55,870)	-	-	-	-	-	(750)	-	-	(584)	-	(57,204)	-	(57,204)	(88,234)
Net special events revenue	20,129	-	-	-	-	-	(750)	-	-	4,371	-	23,750	-	23,750	143,946
Total Support	16,313,283	2,699,125	-	-	-	2,655,599	310,209	392	-	2,619,105	-	24,597,713	(186,074)	24,411,639	20,741,817
Revenue:															
Patient services revenues (FQHC), net	6,176,974	-	-	-	-	-	-	-	-	-	-	6,176,974	-	6,176,974	5,404,995
Patient services revenues (other), net	2,915,253	-	-	-	-	3,145,825	1,451,510	-	-	-	5,334	7,517,922	-	7,517,922	7,690,923
Veterans Administration programs	2,181,057	-	-	-	-	-	-	-	-	-	-	2,181,057	-	2,181,057	2,416,766
Rental income, net															
Rental vouchers	1,369,393	-	128,050	106,548	37,604	-	-	101,516	94,502	-	-	1,837,613	-	1,837,613	1,405,600
Resident payments	677,747	260,929	43,922	30,824	18,192	-	-	21,709	32,365	-	-	1,085,688	-	1,085,688	761,722
Other	403,103	-	-	-	-	5,987	-	-	-	-	-	409,090	(140,890)	268,200	347,725
Developer fees	763,297	-	-	-	-	-	-	-	-	-	-	763,297	(763,297)	-	-
Contracted services	338,653	-	-	-	-	157,809	188,983	-	-	-	7,650	693,095	(215,905)	477,190	624,952
Management fees	83,127	-	-	-	-	-	-	-	-	-	-	83,127	(83,127)	-	23,450
Other	189,115	46,338	15	-	-	4,861	4,491	-	3,091	4,338	-	252,249	(106,622)	145,627	96,208
Total Revenue	15,097,719	307,267	171,987	137,372	55,796	3,314,482	1,644,984	123,225	129,958	4,338	12,984	21,000,112	(1,309,841)	19,690,271	18,772,341
Total Support and Revenue	31,411,002	3,006,392	171,987	137,372	55,796	5,970,081	1,955,193	123,617	129,958	2,623,443	12,984	45,597,825	(1,495,915)	44,101,910	39,514,158
EXPENSES															
Program services	24,974,798	274,081	121,289	97,553	28,558	3,665,135	1,327,400	81,446	57,515	2,533,283	9,075	33,170,133	(649,491)	32,520,642	34,131,359
Management and general	3,793,660	46,861	21,898	20,024	16,835	1,213,780	357,665	35,905	8,779	106,239	5,292	5,626,938	(83,127)	5,543,811	4,247,544
Fundraising and development	223,349	-	-	-	-	17,936	1,623	-	-	3,983	-	246,891	-	246,891	438,954
Total Expenses	28,991,807	320,942	143,187	117,577	45,393	4,896,851	1,686,688	117,351	66,294	2,643,505	14,367	39,043,962	(732,618)	38,311,344	38,817,857
Change in Net Assets From Operations	2,419,195	2,685,450	28,800	19,795	10,403	1,073,230	268,505	6,266	63,664	(20,062)	(1,383)	6,553,863	(763,297)	5,790,566	696,301
NONOPERATING ACTIVITIES															
Investment income (loss)	(4,678)	172	12	11	4	155	-	15	149	144	-	(4,016)	-	(4,016)	12,540
Gain (loss) on disposal of fixed assets	1,292,946	-	-	-	-	(2,629)	-	-	-	-	-	1,290,317	-	1,290,317	689,174
Depreciation	(1,045,603)	(274,254)	(24,852)	(21,313)	(14,349)	(294,801)	(10,901)	(26,134)	(5,875)	(3,016)	-	(1,721,098)	-	(1,721,098)	(1,471,904)
Total Nonoperating Activities	242,665	(274,082)	(24,840)	(21,302)	(14,345)	(297,275)	(10,901)	(26,119)	(5,726)	(2,872)	-	(434,797)	-	(434,797)	(770,190)
CHANGE IN NET ASSETS	2,661,860	2,411,368	3,960	(1,507)	(3,942)	775,955	257,604	(19,853)	57,938	(22,934)	(1,383)	6,119,066	(763,297)	5,355,769	(73,889)
NET ASSETS (DEFICIT), BEGINNING OF YEAR	6,716,167	(12,191)	(195,441)	6,497	(214,661)	889,710	(272,037)	(146,422)	47,002	195,458	1,383	7,015,465	(70,000)	6,945,465	7,019,354
NET ASSETS (DEFICIT), END OF YEAR	\$ 9,378,027	\$ 2,399,177	\$ (191,481)	\$ 4,990	\$ (218,603)	\$ 1,665,665	\$ (14,433)	\$ (166,275)	\$ 104,940	\$ 172,524	\$ -	\$ 13,134,531	\$ (833,297)	\$ 12,301,234	\$ 6,945,465

*Harbor Homes consists of Harbor Homes, Inc. and HH Plymouth, LLC – See Note 1.

See Independent Auditors' Report.

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

Statement of Financial Position – Harbor Homes, Inc.
June 30, 2020

	Harbor Homes	HUD I	HUD VI	HH Plymouth, LLC	Harbor Homes*
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 3,877,143	\$ 603	\$ 513	\$ -	\$ 3,878,259
Restricted cash	300,233	62,116	64,066	-	426,415
Receivables, net	2,314,931	1,343	1,550	-	2,317,824
Patient receivables, net	422,731	-	-	-	422,731
Due from related organizations	2,160,393	-	-	-	2,160,393
Inventory	124,281	-	-	-	124,281
Other assets	<u>1,769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,769</u>
Total Current Assets	9,201,481	64,062	66,129	-	9,331,672
Noncurrent Assets:					
Investments	226,159	-	-	-	226,159
Property and equipment, net	20,166,465	83,723	292,738	-	20,542,926
Deferred notes receivable	-	-	-	1,271,105	1,271,105
Other assets	<u>224,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>224,000</u>
Total Noncurrent Assets	<u>20,616,624</u>	<u>83,723</u>	<u>292,738</u>	<u>1,271,105</u>	<u>22,264,190</u>
TOTAL ASSETS	<u>\$ 29,818,105</u>	<u>\$ 147,785</u>	<u>\$ 358,867</u>	<u>\$ 1,271,105</u>	<u>\$ 31,595,862</u>
LIABILITIES AND NET ASSETS					
Current Liabilities:					
Lines of credit	\$ 621,772	\$ -	\$ -	\$ -	\$ 621,772
Current portion of mortgages payable	247,749	24,456	50,794	-	322,999
Refundable advances	1,331,628	-	-	-	1,331,628
Due to related organizations	-	6,530	114,884	1,271,105	1,392,519
Accounts payable	997,773	950	2,465	-	1,001,188
Accrued payroll and related expenses	763,717	-	-	-	763,717
Other liabilities	<u>305,118</u>	<u>432</u>	<u>1,177</u>	<u>-</u>	<u>306,727</u>
Total Current Liabilities	4,267,757	32,368	169,320	1,271,105	5,740,550
Noncurrent Liabilities:					
Construction loan payable	-	-	-	-	-
Accrued payroll and related expenses	319,888	-	-	-	319,888
Mortgages payable, net of current portion	9,920,593	31,532	151,016	-	10,103,141
Mortgages payable, tax credits	487,553	-	-	-	487,553
Mortgages payable, deferred	5,167,096	-	-	-	5,167,096
Deferred notes payable	-	-	-	-	-
Other liabilities	<u>396,353</u>	<u>2,189</u>	<u>1,065</u>	<u>-</u>	<u>399,607</u>
Total Noncurrent Liabilities	<u>16,291,483</u>	<u>33,721</u>	<u>152,081</u>	<u>-</u>	<u>16,477,285</u>
Total Liabilities	20,559,240	66,089	321,401	1,271,105	22,217,835
Net Assets:					
Without donor restrictions	9,200,798	81,696	37,466	-	9,319,960
With donor restrictions	<u>58,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,067</u>
Total Net Assets	<u>9,258,865</u>	<u>81,696</u>	<u>37,466</u>	<u>-</u>	<u>9,378,027</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 29,818,105</u>	<u>\$ 147,785</u>	<u>\$ 358,867</u>	<u>\$ 1,271,105</u>	<u>\$ 31,595,862</u>

*Harbor Homes consists of Harbor Homes, Inc. and HH Plymouth, LLC – See Note 1.

See Independent Auditors' Report.

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

Statement of Activities – Harbor Homes, Inc.
For the Year Ended June 30, 2020

	Harbor <u>Homes</u>	HUD I	HUD VI	HH Plymouth, <u>LLC</u>	Harbor <u>Homes*</u>
SUPPORT AND REVENUE					
Support:					
Grants:					
Federal	\$ 6,299,947	\$ -	\$ -	\$ -	\$ 6,299,947
State	7,883,442	-	-	-	7,883,442
Contributions	377,793	-	5,900	-	383,693
Cares Act funding	1,726,072	-	-	-	1,726,072
Special events:					
Contribution portion	75,999	-	-	-	75,999
Less cost of special events	<u>(55,870)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,870)</u>
Net special events revenue	20,129	-	-	-	20,129
Total Support	<u>16,307,383</u>	<u>-</u>	<u>5,900</u>	<u>-</u>	<u>16,313,283</u>
Revenue:					
Patient services revenues (FQHC), net	6,176,974	-	-	-	6,176,974
Patient services revenues (other), net	2,915,253	-	-	-	2,915,253
Veterans Administration programs	2,181,057	-	-	-	2,181,057
Rental income, net					
Rental vouchers	1,203,194	100,135	66,064	-	1,369,393
Resident payments	624,783	32,499	20,465	-	677,747
Other	403,103	-	-	-	403,103
Developer fees	763,297	-	-	-	763,297
Contracted services	338,653	-	-	-	338,653
Management fees	83,127	-	-	-	83,127
Other	<u>189,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>189,115</u>
Total Revenue	<u>14,878,556</u>	<u>132,634</u>	<u>86,529</u>	<u>-</u>	<u>15,097,719</u>
Total Support and Revenue	31,185,939	132,634	92,429	-	31,411,002
EXPENSES					
Program services	24,829,239	82,303	63,256	-	24,974,798
Management and general	3,759,344	18,536	15,780	-	3,793,660
Fundraising and development	<u>223,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>223,349</u>
Total Expenses	<u>28,811,932</u>	<u>100,839</u>	<u>79,036</u>	<u>-</u>	<u>28,991,807</u>
Change in Net Assets From Operations	2,374,007	31,795	13,393	-	2,419,195
NONOPERATING ACTIVITIES					
Investment income (loss)	(4,730)	30	22	-	(4,678)
Gain (loss) on disposal of fixed assets	1,292,946	-	-	-	1,292,946
Depreciation	<u>(1,025,756)</u>	<u>(5,956)</u>	<u>(13,891)</u>	<u>-</u>	<u>(1,045,603)</u>
Total Nonoperating Activities	<u>262,460</u>	<u>(5,926)</u>	<u>(13,869)</u>	<u>-</u>	<u>242,665</u>
CHANGE IN NET ASSETS	2,636,467	25,869	(476)	-	2,661,860
NET ASSETS (DEFICIT), BEGINNING OF YEAR	<u>6,622,398</u>	<u>55,827</u>	<u>37,942</u>	<u>-</u>	<u>6,716,167</u>
NET ASSETS (DEFICIT), END OF YEAR	<u>\$ 9,258,865</u>	<u>\$ 81,696</u>	<u>\$ 37,466</u>	<u>\$ -</u>	<u>\$ 9,378,027</u>

*Harbor Homes consists of Harbor Homes, Inc. and HH Plymouth, LLC – See Note 1.

See Independent Auditors' Report.

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

Statement of Functional Expenses - Harbor Homes, Inc.
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	2020				2019			
	Program Services	Management and General	Fundraising and Development	2020 Total	Program Services	Management and General	Fundraising and Development	2019 Total
Expenses:								
Personnel expenses:								
Salaries and wages	\$ 10,874,875	\$ 2,250,357	\$ 164,427	\$ 13,289,659	\$ 11,113,207	\$ 1,699,343	\$ 296,055	\$ 13,108,605
Employee benefits	1,441,729	349,777	11,512	1,803,018	1,577,956	321,257	35,225	1,934,438
Payroll taxes	819,462	149,689	12,552	981,703	869,841	121,941	23,190	1,014,972
Retirement contributions	285,890	214,028	1,207	501,125	246,643	133,607	5,163	385,413
Client services:								
Rental assistance	3,359,884	-	-	3,359,884	6,041,859	-	-	6,041,859
Food and nutrition services	79,684	-	-	79,684	124,453	2,809	-	127,262
Counseling and support services	9,503	-	-	9,503	4,463	623	-	5,086
Other client assistance	91,300	-	-	91,300	21,488	-	-	21,488
Professional services:								
Contracted services	3,508,193	4,659	5,500	3,518,352	2,233,907	3,540	-	2,237,447
Legal fees	24,266	149,477	-	173,743	8,372	106,852	-	115,224
Professional fees	65,735	47,804	2,065	115,604	132,618	7,939	-	140,557
Accounting fees	2,121	60,093	-	62,214	-	48,698	-	48,698
Advertising and promotion	44,627	3,955	1,512	50,094	40,401	6,634	8,777	55,812
Conferences, conventions, and meetings	158,983	1,278	469	160,730	242,332	2,717	400	245,449
Grants and donations	193,845	9,161	-	203,006	106,313	16	-	106,329
Information technology	259,964	122,517	1,197	383,678	254,246	122,966	3,910	381,122
Insurance	113,788	7,509	121	121,418	101,546	3,926	-	105,472
Interest expense	548,983	56,806	-	605,789	571,635	56,162	1,854	629,651
Miscellaneous	65,624	54,913	2,112	122,649	129,444	37,761	-	167,205
Occupancy	611,820	155,776	7,679	775,275	762,318	63,546	3,195	829,059
Office expenses	282,647	97,563	10,476	390,686	296,844	96,571	18,197	411,612
Supplies	1,851,859	19,151	1,928	1,872,938	1,818,947	2,921	-	1,821,868
Travel	134,457	4,831	592	139,880	168,512	5,072	539	174,123
Total Functional Expenses	\$ 24,829,239	\$ 3,759,344	\$ 223,349	\$ 28,811,932	\$ 26,867,345	\$ 2,844,901	\$ 396,505	\$ 30,108,751

See Independent Auditors' Report.

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

Statement of Functional Expenses – Greater Nashua Council on Alcoholism, Inc.
For the Year Ended June 30, 2020
(with comparative totals for the year ended June 30, 2019)

	2020				2019			
	Program Services	Management and General	Fundraising and Development	2020 Total	Program Services	Management and General	Fundraising and Development	2019 Total
Expenses:								
Personnel expenses:								
Salaries and wages	\$ 2,224,936	\$ 828,854	\$ 14,118	\$ 3,067,908	\$ 2,107,541	\$ 518,072	\$ 9,445	\$ 2,635,058
Employee benefits	227,727	98,553	1,861	328,141	231,635	95,765	1,508	328,908
Payroll taxes	168,230	52,823	1,041	222,094	165,622	51,532	724	217,878
Retirement contributions	60,300	61,527	794	122,621	53,339	28,424	415	82,178
Client services:								
Rental assistance	70,967	-	-	70,967	-	-	-	-
Food and nutrition services	125,509	-	-	125,509	110,099	345	-	110,444
Counseling and support services	-	-	-	-	-	-	-	-
Other client assistance	196,198	-	-	196,198	309,427	-	-	309,427
Professional services:								
Contracted services	8,111	8,845	-	16,956	6,602	10,000	-	16,602
Legal fees	-	31,890	-	31,890	1,269	5,819	-	7,088
Professional fees	6,489	885	-	7,374	-	-	-	-
Accounting fees	-	19,326	-	19,326	-	13,546	-	13,546
Advertising and promotion	2,402	3,368	-	5,770	1,061	1,025	-	2,086
Conferences, conventions, and meetings	19,347	113	-	19,460	22,436	2,398	-	24,834
Grants and donations	-	-	-	-	-	-	-	-
Information technology	10,398	61,696	-	72,094	-	27,083	-	27,083
Insurance	23,888	741	-	24,629	20,370	1,296	-	21,666
Interest expense	138,873	8,118	-	146,991	157,167	18,267	-	175,434
Miscellaneous	4,407	17,307	-	21,714	9,650	5,041	-	14,691
Occupancy	182,376	8,108	-	190,484	217,935	13,547	-	231,482
Office expenses	70,505	9,755	122	80,382	55,404	6,740	-	62,144
Supplies	91,209	1,008	-	92,217	78,112	5,272	-	83,384
Travel	33,263	863	-	34,126	47,523	300	-	47,823
Total Functional Expenses	\$ 3,665,135	\$ 1,213,780	\$ 17,936	\$ 4,896,851	\$ 3,595,192	\$ 804,472	\$ 12,092	\$ 4,411,756

See Independent Auditors' Report.