

SOUTHERN NEW HAMPSHIRE SERVICES, INC.
AND AFFILIATE

COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JULY 31, 2022 AND 2021
AND
INDEPENDENT AUDITORS' REPORT AND
REPORTS ON COMPLIANCE AND INTERNAL CONTROL

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Southern New Hampshire Services, Inc. and Affiliate (a nonprofit organization), which comprise the combined statements of financial position as of July 31, 2022, and the related combined statements of activities and changes in net assets, functional expenses and cash flows for the year then and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Southern New Hampshire Services, Inc. and Affiliate as of July 31, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Southern New Hampshire Services, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Southern New Hampshire Services, Inc. and Affiliate's ability to continue as a going concern within one year after the date that 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 combined 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 generally accepted auditing standards and *Government Auditing Standards* 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, misrepresentation, 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 Southern New Hampshire Services, Inc. and Affiliate'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 Southern New Hampshire Services, Inc. and Affiliate'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.

Prior Period Financial Statements

The combined financial statements of Southern New Hampshire Services, Inc. as of July 31, 2021 were audited by other auditors whose report dated March 3, 2022, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended July 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Additionally, the supplementary information as required by New Hampshire Housing is presented for additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements.

The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 February 2, 2023, on our consideration of Southern New Hampshire Services, Inc. and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southern New Hampshire Services, Inc. and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southern New Hampshire Services, Inc. and Affiliate's internal control over financial reporting and compliance.

Leone McDermott & Roberts
Professional Association

Dover, New Hampshire
February 2, 2023

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**COMBINED STATEMENTS OF FINANCIAL POSITION
JULY 31, 2022 AND 2021**

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 11,441,623	\$ 8,496,942
Investments	9,696,836	10,396,716
Grants receivable	4,458,963	3,451,639
Accounts receivable	949,902	778,610
Prepaid expenses	<u>129,210</u>	<u>136,692</u>
Total current assets	<u>26,676,534</u>	<u>23,260,599</u>
PROPERTY		
Land	3,575,080	3,045,918
Buildings and improvements	13,936,225	13,565,316
Vehicles and equipment	<u>1,470,617</u>	<u>1,575,022</u>
Total property	18,981,922	18,186,256
Less: accumulated depreciation	<u>6,720,057</u>	<u>6,204,453</u>
Total fixed assets, net	<u>12,261,865</u>	<u>11,981,803</u>
OTHER ASSETS		
Restricted cash	<u>511,966</u>	<u>468,276</u>
TOTAL ASSETS	<u>\$ 39,450,365</u>	<u>\$ 35,710,678</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Current portion of long term debt	\$ 83,656	\$ 79,998
Accounts payable	991,023	691,695
Accrued payroll and related expenses	1,646,168	1,187,344
Accrued compensated absences	407,125	424,497
Other liabilities	222,094	243,122
Refundable advances	4,390,640	1,424,138
Tenant security deposits	<u>95,757</u>	<u>89,232</u>
Total current liabilities	7,836,463	4,140,026
LONG TERM LIABILITIES		
Long term debt, less current portion shown above	<u>1,905,793</u>	<u>2,878,216</u>
Total liabilities	9,742,256	7,018,242
NET ASSETS		
Without donor restrictions	<u>29,708,109</u>	<u>28,692,436</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 39,450,365</u>	<u>\$ 35,710,678</u>

See Notes to Combined Financial Statements

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
REVENUES, GAINS AND OTHER SUPPORT		
Grant revenue	\$ 131,572,939	\$ 57,659,302
Program service fees	930,848	822,662
Local funding	162,140	193,876
Rental income	1,248,788	1,227,156
Gifts and other contributions	375,231	301,421
Interest and dividend income	403,230	228,980
Unrealized (loss) gain on investments	(1,101,886)	1,066,602
Miscellaneous	162,429	744,238
In-kind revenue	992,197	1,203,823
Forgiveness of debt	900,000	-
Gain on disposal of property	8,545	3,398
	<u>135,654,461</u>	<u>63,451,458</u>
Total revenues, gains and other support		
EXPENSES		
Program services		
Child development	9,709,703	10,810,566
Community services	1,365,889	1,363,706
Economic and workforce development	4,855,488	5,786,299
Energy	15,581,785	10,666,407
Language and literacy	355,546	302,502
Housing and homeless	94,232,589	23,360,337
Nutrition and health	2,192,705	2,111,260
Special projects	1,798,981	2,317,802
Volunteer services	109,401	112,210
SNHS Management Corporation	2,458,985	2,370,028
	<u>132,661,072</u>	<u>59,201,117</u>
Total program services		
Supporting activities		
Management and general	1,977,716	1,943,894
	<u>134,638,788</u>	<u>61,145,011</u>
Total expenses		
CHANGE IN NET ASSETS	1,015,673	2,306,447
NET ASSETS, BEGINNING OF YEAR	<u>28,692,436</u>	<u>26,385,989</u>
NET ASSETS, END OF YEAR	<u>\$ 29,708,109</u>	<u>\$ 28,692,436</u>

See Notes to Combined Financial Statements

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2022**

EXPENSES	Program Services						
	<u>Child Development</u>	<u>Community Services</u>	<u>Economic and Workforce Development</u>	<u>Energy</u>	<u>Language and Literacy</u>	<u>Housing and Homeless</u>	<u>Nutrition and Health</u>
Payroll	\$ 4,662,659	\$ 558,156	\$ 1,990,951	\$ 1,547,109	\$ 236,067	\$ 2,016,252	\$ 864,686
Payroll taxes	348,302	42,274	149,819	117,947	17,294	153,374	65,249
Fringe benefits	1,503,860	97,032	429,260	421,614	26,123	363,941	241,067
Workers compensation insurance	97,375	7,094	4,336	11,681	5,631	4,375	24,217
Retirement benefits	345,542	51,651	166,504	114,842	9,313	59,619	64,339
Consultant and contractual	52,542	289,776	309,531	1,922,755	1,017	927,682	10,004
Travel and transportation	70,049	14,684	37,586	42,224	491	1,928	15,486
Conferences and meetings	-	10,660	-	5,378	-	1,016	825
Occupancy	634,228	147,065	554,837	129,718	29,924	52,641	56,192
Advertising	1,188	-	1,660	13,322	100	50	150
Supplies	269,441	24,289	15,592	105,391	12,122	81,566	254,026
Equipment rentals and maintenance	17,789	3,090	5,139	12,244	10,403	18,919	10,377
Insurance	19,075	47,462	5,982	23,078	-	2,463	4,717
Telephone	71,994	17,062	37,827	40,509	3,114	24,751	79,510
Postage	1,628	7	1,432	29,767	246	25,363	3,753
Printing and publications	1,488	4,588	-	16,531	645	-	-
Subscriptions	-	-	-	704	-	-	-
Program support	1,873	120,345	-	20,585	-	-	4,617
Interest	7,811	-	-	-	-	-	-
Depreciation	133,424	19,673	44,930	8,533	2,906	-	13,778
Assistance to clients	238,519	23,297	1,107,003	11,032,479	-	90,504,018	486,684
Other expense	346,271	2,816	4,642	10,508	-	3,203	4,744
Miscellaneous	12,952	44,591	1,036	1,696	150	2,088	1,822
In-kind expenses	992,197	-	-	-	-	-	-
SUBTOTAL	9,830,207	1,525,612	4,868,067	15,628,615	355,546	94,243,249	2,206,243
Eliminations	(120,504)	(159,723)	(12,579)	(46,830)	-	(10,660)	(13,538)
TOTAL EXPENSES	<u>\$ 9,709,703</u>	<u>\$ 1,365,889</u>	<u>\$ 4,855,488</u>	<u>\$ 15,581,785</u>	<u>\$ 355,546</u>	<u>\$ 94,232,589</u>	<u>\$ 2,192,705</u>

See Notes to Combined Financial Statements

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEAR ENDED JULY 31, 2022

	Program Services				Support Services	2022 Total
	Special Projects	Volunteer Services	SNHS Management Corporation	Total Program Services	Management and General	
EXPENSES						
Payroll	\$ 70,027	\$ 66,286	\$ 680,957	\$ 12,693,150	\$ 1,258,823	\$ 13,951,973
Payroll taxes	5,334	4,777	51,276	955,646	91,302	1,046,948
Fringe benefits	5,415	17,932	124,330	3,230,574	172,052	3,402,626
Workers compensation insurance	631	146	12,763	168,249	4,964	173,213
Retirement benefits	5,851	5,739	51,873	875,273	123,402	998,675
Consultant and contractual	1,576,097	2,790	154,643	5,246,837	181,115	5,427,952
Travel and transportation	2,535	1,347	43,639	229,969	6,137	236,106
Conferences and meetings	1,867	-	36,679	56,425	2,276	58,701
Occupancy	20,274	-	653,118	2,277,997	44,863	2,322,860
Advertising	25	500	1,641	18,636	338	18,974
Supplies	9,264	3,099	22,434	797,224	44,635	841,859
Equipment rentals and maintenance	5,673	21	10,928	94,583	1,052	95,635
Insurance	3,706	1,762	46,929	155,174	16,931	172,105
Telephone	2,770	3,137	24,285	304,959	14,673	319,632
Postage	7	752	766	63,721	11,966	75,687
Printing and publications	-	-	1,477	24,729	-	24,729
Subscriptions	0	900	665	2,269	1,029	3,298
Program support	3,336	-	73,105	223,861	-	223,861
Interest	-	-	47,746	55,557	-	55,557
Depreciation	48,286	-	395,803	667,333	4,114	671,447
Assistance to clients	41,099	-	24,779	103,457,878	-	103,457,878
Other expense	-	-	7,175	379,359	1,539	380,898
Miscellaneous	120	213	66,702	131,370	209	131,579
In-kind expenses	-	-	-	992,197	-	992,197
SUBTOTAL	1,802,317	109,401	2,533,713	133,102,970	1,981,420	135,084,390
Eliminations	(3,336)	-	(74,728)	(441,898)	(3,704)	(445,602)
TOTAL EXPENSES	<u>\$ 1,798,981</u>	<u>\$ 109,401</u>	<u>\$ 2,458,985</u>	<u>\$ 132,661,072</u>	<u>\$ 1,977,716</u>	<u>\$ 134,638,788</u>

See Notes to Combined Financial Statements

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JULY 31, 2021**

EXPENSES	Program Services						
	<u>Child Development</u>	<u>Community Services</u>	<u>Economic and Workforce Development</u>	<u>Energy</u>	<u>Language and Literacy</u>	<u>Housing and Homeless</u>	<u>Nutrition and Health</u>
Payroll	\$ 5,475,948	\$ 797,163	\$ 2,740,989	\$ 1,286,379	\$ 204,412	\$ 725,285	\$ 912,550
Payroll taxes	409,962	59,844	204,551	97,778	15,619	54,970	68,761
Fringe benefits	1,677,891	138,364	623,172	382,294	23,750	112,040	242,822
Workers compensation insurance	127,833	9,424	6,924	11,934	6,245	2,469	27,215
Retirement benefits	375,917	69,893	194,325	96,055	8,755	16,206	74,893
Consultant and contractual	72,997	85,282	695,516	970,317	801	238,467	9,785
Travel and transportation	35,627	3,264	13,780	15,113	-	1,045	9,210
Conferences and meetings	-	7,250	-	2,245	-	-	1,914
Occupancy	569,678	136,788	540,570	123,460	24,409	23,349	49,916
Advertising	574	640	800	2,418	-	600	384
Supplies	286,505	32,374	12,180	61,729	7,224	53,747	25,794
Equipment rentals and maintenance	2,430	478	(4,515)	16,962	3,495	2,579	8,745
Insurance	22,375	28,204	9,341	27,769	-	527	3,822
Telephone	80,815	21,885	32,839	36,030	2,712	14,294	55,657
Postage	3,368	40	1,150	27,045	417	6,622	1,931
Printing and publications	40	-	-	6,012	1,156	-	-
Subscriptions	-	-	-	570	-	-	-
Program support	-	181,694	-	59,109	-	-	-
Interest	9,335	-	-	-	-	-	-
Depreciation	129,615	6,300	42,909	5,276	1,266	-	13,187
Assistance to clients	234,976	3,992	676,974	7,518,979	-	22,107,876	393,992
Other expense	167,824	-	10,872	2,937	-	300	224,649
Miscellaneous	37,305	1,391	915	1,424	2,241	830	1,905
In-kind expenses	<u>1,203,823</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
SUBTOTAL	10,924,838	1,584,270	5,803,292	10,751,835	302,502	23,361,206	2,127,132
Over applied indirect costs	-	-	-	-	-	-	-
Eliminations	<u>(114,272)</u>	<u>(220,564)</u>	<u>(16,993)</u>	<u>(85,428)</u>	<u>-</u>	<u>(869)</u>	<u>(15,872)</u>
TOTAL EXPENSES	<u>\$ 10,810,566</u>	<u>\$ 1,363,706</u>	<u>\$ 5,786,299</u>	<u>\$ 10,666,407</u>	<u>\$ 302,502</u>	<u>\$ 23,360,337</u>	<u>\$ 2,111,260</u>

See Notes to Combined Financial Statements

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
FOR THE YEAR ENDED JULY 31, 2021

	Program Services				Support Services	2021 Total
	Special Projects	Volunteer Services	SNHS Management Corporation	Total Program	Management and General	
EXPENSES						
Payroll	\$ 84,906	\$ 60,715	\$ 579,614	\$ 12,867,961	\$ 1,290,991	\$ 14,158,952
Payroll taxes	6,517	4,220	45,415	967,637	94,236	1,061,873
Fringe benefits	6,176	17,742	223,039	3,447,290	183,099	3,630,389
Workers compensation insurance	1,770	157	10,661	204,632	7,679	212,311
Retirement benefits	6,118	5,287	43,218	890,667	121,520	1,012,187
Consultant and contractual	2,122,049	2,780	129,628	4,327,622	106,077	4,433,699
Travel and transportation	1,141	1,973	33,587	114,740	4,283	119,023
Conferences and meetings	1,454	50	14,412	27,325	1,025	28,350
Occupancy	15,201	-	641,741	2,125,112	44,864	2,169,976
Advertising	-	1,766	3,232	10,414	25	10,439
Supplies	593	6,819	21,240	508,205	58,393	566,598
Equipment rentals and maintenance	2,645	41	8,933	41,793	1,457	43,250
Insurance	2,636	1,762	55,107	151,543	10,161	161,704
Telephone	3,079	2,633	26,997	276,941	6,779	283,720
Postage	-	605	1,470	42,648	13,123	55,771
Printing and publications	-	-	-	7,208	-	7,208
Subscriptions	-	900	630	2,100	-	2,100
Program support	560	-	45,948	287,311	-	287,311
Interest	-	-	51,209	60,544	-	60,544
Depreciation	60,191	-	405,478	664,222	2,670	666,892
Assistance to clients	2,101	-	24,342	30,963,232	-	30,963,232
Other expense	-	-	7,306	413,888	797	414,685
Miscellaneous	1,225	4,760	47,257	99,253	2,711	101,964
In-kind expenses	-	-	-	1,203,823	-	1,203,823
SUBTOTAL	2,318,362	112,210	2,420,464	59,706,111	1,949,890	61,656,001
Over applied indirect costs	-	-	-	-	(809)	(809)
Eliminations	(560)	-	(50,436)	(504,994)	(5,187)	(510,181)
TOTAL EXPENSES	<u>\$ 2,317,802</u>	<u>\$ 112,210</u>	<u>\$ 2,370,028</u>	<u>\$ 59,201,117</u>	<u>\$ 1,943,894</u>	<u>\$ 61,145,011</u>

See Notes to Combined Financial Statements

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**COMBINED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,015,673	\$ 2,306,447
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	671,447	666,892
Gain on disposal of property	(8,545)	(3,398)
Unrealized loss (gain) on investments	1,101,886	(1,066,602)
Forgiveness of debt	(900,000)	-
Loss on construction	70,044	-
Decrease (increase) in assets:		
Grants receivable	(1,007,324)	(105,204)
Accounts receivable	(171,292)	(57,015)
Prepaid expenses	7,482	23,150
Increase (decrease) in liabilities:		
Accounts payable	299,328	(37,405)
Accrued payroll and related expenses	458,824	97,663
Accrued compensated absences	(17,372)	(45,804)
Other liabilities	(21,028)	9,632
Refundable advances	2,966,502	1,087,338
Tenant security deposits	<u>6,525</u>	<u>6,202</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,472,150</u>	<u>2,881,896</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property	(1,058,436)	(560,313)
Proceeds from disposal of property	45,428	48,500
Purchase of investments, reinvested dividends and capital gains	<u>(402,006)</u>	<u>(227,693)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,415,014)</u>	<u>(739,506)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term debt	<u>(68,765)</u>	<u>(91,051)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(68,765)</u>	<u>(91,051)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,988,371	2,051,339
CASH AND RESTRICTED CASH, BEGINNING OF YEAR	<u>8,965,218</u>	<u>6,913,879</u>
CASH AND RESTRICTED CASH, END OF YEAR	<u>\$ 11,953,589</u>	<u>\$ 8,965,218</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	<u>\$ 55,557</u>	<u>\$ 60,544</u>
CASH AND RESTRICTED CASH		
Cash	\$ 11,441,623	\$ 8,496,942
Restricted cash	<u>511,966</u>	<u>468,276</u>
Total cash and restricted cash	<u>\$ 11,953,589</u>	<u>\$ 8,965,218</u>

See Notes to Combined Financial Statements

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2022 AND 2021

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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

Basis of Accounting

The Organization prepares its combined financial statements utilizing the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The combined financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications. The classes of net assets are determined by the presence or absence of donor-imposed restrictions.

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

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

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

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2022 AND 2021

As of July 31, 2022 and 2021, the Organization had no net assets with donor restrictions.

Combined Financial Statements

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

Estimates

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

Cash and Cash Equivalents

For the purpose of the combined statements of cash flows, the Organization considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization has no cash equivalents as of July 31, 2022 and 2021.

Current Vulnerabilities Due to Certain Concentrations

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

Concentration of Credit Risk

The Organization maintains its cash balances at several financial institutions located in New Hampshire and Maine. The balances are insured by the Federal Deposit Insurance Organization (FDIC) up to \$250,000 per financial institution. In addition, on October 2, 2008, the Organization entered into an agreement with its principal banking partner to collateralize deposits in excess of the FDIC insurance limitation on some accounts. The balances, at times, may exceed amounts covered by the FDIC and collateralization agreements. It is the opinion of management that there is no significant risk with respect to these deposits at either July 31, 2022 and 2021.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2022 AND 2021

Accounts and Contracts Receivable

All accounts and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Receivables are recorded on the accrual basis of accounting primarily based on reimbursable contracts, grants, and agreements. Balances outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to the applicable accounts receivable. Management does not believe an allowance for uncollectible accounts receivable is necessary at July 31, 2022 and 2021.

Support and Revenue Recognition

Contracts with Customers

Program fees are reported at the amount that reflects the consideration to which the Organization expects to be entitled for providing childcare services to its clients.

Generally, the Organization bills customers and third-party payors several days after the services are performed. Revenue is recognized as performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. The Organization measures the performance obligations of its childcare services to the point when it is no longer required to provide services to the client, which is generally weekly for childcare services. These services are considered to be a single performance obligation.

Revenue for performance obligations satisfied at a point in time is recognized when services are provided, and the Organization does not believe it is required to provide additional services to the client.

Based on the nature of services provided by the Organization and due to the fact that all of the Organization's performance obligations related to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and, therefore is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

The transaction price for childcare services is based on standard charges for services provided to clients. Under the terms of the State of New Hampshire Department of Health and Human Services childcare subsidy programs, reimbursement for childcare services provided may differ from established rates. It is the Organization's policy to set its rates to be consistent with current reimbursement rates. Therefore, amounts due do not include significant variable consideration subject to retroactive revenue adjustments due to settlement of reviews and audits.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2022 AND 2021

The Organization has elected to apply the practical expedient allowed under FASB ASC 606-10-10-4 for applying the revenue standard to a portfolio of contracts with similar characteristics. The Organization accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the clients within each portfolio. The portfolios consist of major payor classes for childcare services. Based on historical collection trends and other analysis, the Organization has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

The Organization has also elected to apply the practical expedient allowed under FASB ASC 606-10-32-18 for the financing component, as the period of time between the service being provided and the time that the client or third-party payor pays for the service is typically one year or less.

Private Grant Revenue and Contributions

Private grant contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions, if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

Grants and Support

Grant revenue is derived from various federal grant agreements and various state and private entity passthrough grant agreements and contracts to provide funding support of the Organization's programs and services provided by the Organization including childcare, child development, social, health, nutrition, employment, language, energy, and special needs services to families enrolled in the Organization's programs. The Organization has evaluated its grant agreements against applicable accounting standard guidance and determined that the grant agreements are contributions (nonreciprocal transaction) conditioned upon certain performance requirements and/or incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenses in compliance with specific provisions of the grant agreements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2022 AND 2021

Refundable advances result from unexpended balances from these conditional contributions and will be subsequently recognized as contribution revenue when donor conditions are met. Federal and state grant revenue comprised approximately 95% and 93% of total revenue in the fiscal years ended July 31, 2022 and 2021, respectively.

In-Kind Donations

In-kind revenues and expenses represent fair market value of volunteer services which were donated to the Organization during the current fiscal year. All in-kind revenues in the fiscal years 2022 and 2021 were generated through the Head Start program. In-kind revenues and expenses for the years ended July 31, 2022 and 2021 are \$992,197 and \$1,203,823, respectively.

Investments

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

Property

Property acquired by the Organization are capitalized at cost if purchased or fair value if donated. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000. Major additions and renewals are capitalized, while repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which range from three to forty years. Depreciation expense for the years ended July 31, 2022 and 2021 was \$671,447 and \$666,892, respectively.

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

Advertising

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

Income Taxes

Southern New Hampshire Services, Inc. and SNHS Management Corporation are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and are not private foundations. As such, they are exempt from income tax on their exempt function income.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS FOR THE YEARS ENDED JULY 31, 2022 AND 2021

Functional Allocation of Expenses

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

Management and General – Includes all activities related to the Organization's internal management.

New Accounting Pronouncement

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; materials and supplies, such as food or clothing; 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 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 Organization adopted the new standard effective August 1, 2021.

Recent Accounting Pronouncements

Leases

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

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

NOTE 2. RESTRICTED CASH

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

NOTE 3. FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2022 and 2021.

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

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

<u>2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Total mutual funds at fair value	<u>\$ 9,696,836</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,696,836</u>
<u>2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Total mutual funds at fair value	<u>\$10,396,716</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$10,396,716</u>

NOTE 4. INVESTMENTS

The Organization's investments are presented in the financial statements in the aggregate at fair value and consisted of the following as of July 31:

	<u>2022</u>		<u>2021</u>	
	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>
Mutual Funds	\$ 9,696,836	\$ 9,241,075	\$10,396,716	\$ 8,839,069

The Organization had an unrealized gain on investments of \$455,761 and \$1,557,647 at July 31, 2022 and 2021, respectively.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**NOTES TO COMBINED FINANCIAL STATEMENTS**
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

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

	<u>2022</u>	<u>2021</u>
Fair value – beginning of year	\$10,396,716	\$ 9,102,421
Dividends and capital gains, reinvested	402,006	227,693
Unrealized gain (loss)	<u>(1,101,886)</u>	<u>1,066,602</u>
Fair value – end of year	<u>\$ 9,696,836</u>	<u>\$10,396,716</u>

NOTE 5. LIQUIDITY AND AVAILABILITY

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

	<u>2022</u>	<u>2021</u>
Cash	\$11,441,623	\$ 8,496,942
Investments	9,696,836	10,396,716
Grants receivable	4,458,963	3,451,639
Accounts receivable	<u>949,902</u>	<u>778,610</u>
Total financial assets available within one year	<u>\$26,547,324</u>	<u>\$23,123,907</u>

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

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

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

NOTE 6. LONG TERM DEBT

The long term debt at July 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
<u>SNHS, Inc.</u>		
Mortgage payable to bank, secured by real estate located on Temple St., Nashua, NH, payable in fixed monthly principal installments of \$1,833 plus interest through 2020. The note was refinanced on October 1, 2020, payable in monthly installments of \$2,182 plus interest through 2030. Interest is at 4.00% at July 31, 2022 and 2021.	\$ 182,389	\$ 200,776
<u>SNHS Management Corporation</u>		
Mortgage payable to City of Manchester, secured by real estate located in Manchester, NH. A balloon payment of \$11,275 was due on June 30, 2010. Interest is at 0.00%. SNHS, Inc. is currently negotiating with the City of Manchester to obtain forgiveness.	11,275	11,275
Mortgage payable to New Hampshire Housing secured by real estate located on Pleasant St., Epping, NH, payable in monthly installments of \$1,084 including interest through 2042. Interest is at 3.50%.	181,569	188,106
Mortgage payable to the City of Nashua secured by real estate located on Vine St., Nashua, NH. Interest was at 10.00%, annually if requirements are not met. The mortgage was eligible for forgiveness if the real estate remained low-income housing for 30 years. This barrier was met during the year ended July 31, 2022 and the mortgage was forgiven in full and recognized into income (See Note 10).	-	900,000
Mortgage payable to the City of Nashua secured by real estate located on Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low-income housing for 30 years. Interest is at 10.00%, annually if requirements are not met.	20,000	20,000

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Mortgage payable to New Hampshire Community Loan Fund secured by real estate located on, Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low-income housing for 30 years. Interest is at 10.00%, annually if requirements are not met.	250,000	250,000
Mortgage payable to bank, secured by real estate located on West Pearl St., Nashua, NH. Mortgage will be forgiven only if real estate remains low-income housing for 40 years. Interest is at 0.00%.	170,000	170,000
Mortgage payable to MH Parsons and Sons Lumber, secured by real estate located on Crystal Ave., Derry, NH, payable in monthly installments of \$3,715 including interest through 2031. Interest is at 5.50%.	322,593	348,801
Mortgage payable to New Hampshire Housing secured by real estate located in Deerfield, NH, payable in monthly installments of \$3,327 including interest through 2033. Interest is at 7.00%.	308,698	326,332
Mortgage payable to New Hampshire Housing secured by real estate located in Deerfield, NH with annual principal repayments equal to 25% of cash surplus due through 2032. Interest is at 0.00%.	392,925	392,924
Mortgage payable to New Hampshire Housing secured by real estate located in Deerfield, NH with annual principal repayments equal to 25% of cash surplus due through 2032. Interest is at 0.00%.	<u>150,000</u>	<u>150,000</u>
	1,989,449	2,958,214
Less: current portion due within one year	<u>83,656</u>	<u>79,998</u>
	<u>\$ 1,905,793</u>	<u>\$ 2,878,216</u>

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

The schedule of maturities of long term debt at July 31, 2022 is as follows:

<u>Year Ending</u> <u>July 31</u>	<u>Amount</u>
2023	\$ 83,656
2024	76,322
2025	80,491
2026	84,899
2027	89,564
Thereafter	<u>1,574,517</u>
Total	<u>\$ 1,989,449</u>

NOTE 7. OPERATING LEASES

The Organization leases various facilities and equipment under several operating leases. Total lease payments for the years ended July 31, 2022 and 2021 equaled \$864,053 and \$865,098, respectively. The leases expire at various times through January 2024. Some of the leases contain renewal options that are contingent upon federal funding, and some contain renewal options subject to renegotiation of lease terms. Annual leases with the Organization for the years ended July 31, 2022 and 2021 totaled \$221,736 and \$222,117, respectively. These leases have been eliminated in the combined financial statements.

The schedule of future minimum lease payments at July 31, 2022 for the operating leases is as follows:

<u>Year Ending</u> <u>July 31</u>	<u>Amount</u>
2023	\$ 315,429
2024	<u>38,539</u>
Total	<u>\$ 353,968</u>

NOTE 8. ACCRUED COMPENSATED BALANCES

At July 31, 2022 and 2021 the Organization accrued a liability for future annual leave time that its employees had earned in the amount of \$407,125 and \$424,497, respectively. Any hours not used by the end of the calendar year are forfeited.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

NOTE 9. RETIREMENT BENEFITS

The Organization has an Employer-Sponsored 403(b) plan offering coverage to all of its employees. Participating employees must contribute at least 1% of their wages, while the Organization contributes 10% of their wages. The pension expense for the years ended July 31, 2022 and 2021 was \$998,675 and \$1,012,187, respectively.

NOTE 10. FORGIVENESS OF DEBT

During the year ended July 31, 2022, the Organization realized forgiveness of debt income in connection with a mortgage payable to the City of Nashua. Real estate located on Vine St. in Nashua, New Hampshire remained as low-income housing for 30 years which satisfied the criteria for debt forgiveness from the City of Nashua. Forgiveness of debt income totaled \$900,000 for the year ended July 31, 2022 on the accompanying combined statement of activities (**Note 6**).

NOTE 11. RISKS AND UNCERTAINTIES

Cotton Mill Square

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

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

The Cotton Mill Square Project was awarded the certificate of occupancy on August 22, 2014 and remains in full compliance with the required regulations as of July 31, 2022 and 2021. SNHS Management Corporation feels that it is extremely unlikely that the Project will fall into noncompliance in future periods. Therefore, SNHS Management Corporation has not recorded any contingent receivable or liability related to this transaction. The note repayment is accelerated if the units fall out of compliance.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**NOTES TO COMBINED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021**

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

Coronavirus Pandemic

The impact of the novel coronavirus (COVID-19) and measures to prevent its spread are affecting the Organization's business. The significance of the impact on the Organization's financial operational results will be dictated by the length of time that such disruptions continue.

During the years July 31, 2022 and 2021, and through the date of this report, the Organization has not experienced a significant decline in revenues, nor a significant change in its operations.

NOTE 12. RECLASSIFICATIONS

Certain reclassifications have been made to the prior year's financial statements, which were taken from the July 31, 2021 financial statements, to conform to the current year presentation.

NOTE 13. SUBSEQUENT EVENTS

Management has made an evaluation of subsequent events through February 2, 2023, which represents the date on which the combined financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these combined financial statements.

SUPPLEMENTAL INFORMATION

(See Independent Auditors' Report)

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE**COMBINING SCHEDULE OF FINANCIAL POSITION
JULY 31, 2022**

	<u>SNHS, Inc.</u>	<u>SNHS Management Corporation</u>	<u>Sub-Total</u>	<u>Elimination</u>	<u>Total</u>
<u>ASSETS</u>					
CURRENT ASSETS					
Cash	\$ 936,692	\$ 10,504,931	\$ 11,441,623	\$ -	\$ 11,441,623
Investments	-	9,696,836	9,696,836	-	9,696,836
Grants receivable	4,456,511	2,452	4,458,963	-	4,458,963
Accounts receivable	-	949,902	949,902	-	949,902
Prepaid expenses	71,614	57,596	129,210	-	129,210
Due from related parties	<u>6,883,413</u>	<u>(4,487,557)</u>	<u>2,395,856</u>	<u>(2,395,856)</u>	<u>-</u>
Total current assets	<u>12,348,230</u>	<u>16,724,160</u>	<u>29,072,390</u>	<u>(2,395,856)</u>	<u>26,676,534</u>
PROPERTY					
Land	646,805	2,928,275	3,575,080	-	3,575,080
Buildings and improvements	2,535,854	11,400,371	13,936,225	-	13,936,225
Vehicles and equipment	<u>1,275,872</u>	<u>194,745</u>	<u>1,470,617</u>	<u>-</u>	<u>1,470,617</u>
Total property	<u>4,458,531</u>	<u>14,523,391</u>	<u>18,981,922</u>	<u>-</u>	<u>18,981,922</u>
Less: accumulated depreciation	<u>1,834,900</u>	<u>4,885,157</u>	<u>6,720,057</u>	<u>-</u>	<u>6,720,057</u>
Total property, net	<u>2,623,631</u>	<u>9,638,234</u>	<u>12,261,865</u>	<u>-</u>	<u>12,261,865</u>
OTHER ASSETS					
Restricted cash	<u>30,521</u>	<u>481,445</u>	<u>511,966</u>	<u>-</u>	<u>511,966</u>
TOTAL ASSETS	<u>\$ 15,002,382</u>	<u>\$ 26,843,839</u>	<u>\$ 41,846,221</u>	<u>\$ (2,395,856)</u>	<u>\$ 39,450,365</u>
<u>LIABILITIES AND NET ASSETS</u>					
CURRENT LIABILITIES					
Current portion of long term debt	\$ 19,185	\$ 64,471	\$ 83,656	\$ -	\$ 83,656
Accounts payable	769,090	221,933	991,023	-	991,023
Accrued payroll and related expenses	258,248	1,387,920	1,646,168	-	1,646,168
Accrued compensated absences	-	407,125	407,125	-	407,125
Other liabilities	222,094	-	222,094	-	222,094
Refundable advances	4,378,507	12,133	4,390,640	-	4,390,640
Tenant security deposits	30,486	65,271	95,757	-	95,757
Due to other corporations	<u>2,455,141</u>	<u>(59,285)</u>	<u>2,395,856</u>	<u>(2,395,856)</u>	<u>-</u>
Total current liabilities	<u>8,132,751</u>	<u>2,099,568</u>	<u>10,232,319</u>	<u>(2,395,856)</u>	<u>7,836,463</u>
NONCURRENT LIABILITIES					
Long term debt, less current portion shown above	<u>163,204</u>	<u>1,742,589</u>	<u>1,905,793</u>	<u>-</u>	<u>1,905,793</u>
Total liabilities	<u>8,295,955</u>	<u>3,842,157</u>	<u>12,138,112</u>	<u>(2,395,856)</u>	<u>9,742,256</u>
NET ASSETS					
Without donor restrictions	<u>6,706,427</u>	<u>23,001,682</u>	<u>29,708,109</u>	<u>-</u>	<u>29,708,109</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,002,382</u>	<u>\$ 26,843,839</u>	<u>\$ 41,846,221</u>	<u>\$ (2,395,856)</u>	<u>\$ 39,450,365</u>

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATECOMBINING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JULY 31, 2022

	<u>SNHS, Inc.</u>	<u>SNHS Management Corporation</u>	<u>Sub-Total</u>	<u>Elimination</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT					
Grant revenue	\$ 131,572,939	\$ -	\$ 131,572,939	\$ -	\$ 131,572,939
Program service fees	304,206	850,507	1,154,713	(223,865)	930,848
Local funding	-	162,140	162,140	-	162,140
Rental income	-	1,470,525	1,470,525	(221,737)	1,248,788
Gifts and other contributions	269,675	105,556	375,231	-	375,231
Interest and dividend income	95	403,135	403,230	-	403,230
Unrealized loss on investments	-	(1,101,886)	(1,101,886)	-	(1,101,886)
Miscellaneous	132,760	29,669	162,429	-	162,429
Forgiveness of debt	-	900,000	900,000	-	900,000
Gain (loss) on disposal of property	(2,813)	11,358	8,545	-	8,545
In-kind contributions	992,197	-	992,197	-	992,197
Total revenues, gains and other support	<u>133,269,059</u>	<u>2,831,004</u>	<u>136,100,063</u>	<u>(445,602)</u>	<u>135,654,461</u>
EXPENSES					
Program services					
Child development	9,830,207	-	9,830,207	(120,504)	9,709,703
Community services	1,525,612	-	1,525,612	(159,723)	1,365,889
Economic and workforce development	4,868,067	-	4,868,067	(12,579)	4,855,488
Energy	15,628,615	-	15,628,615	(46,830)	15,581,785
Language and literacy	355,546	-	355,546	-	355,546
Housing and homeless	94,243,249	-	94,243,249	(10,660)	94,232,589
Nutrition and health	2,206,243	-	2,206,243	(13,538)	2,192,705
Special projects	1,802,317	-	1,802,317	(3,336)	1,798,981
Volunteer services	109,401	-	109,401	-	109,401
SNHS Management Corporation	-	2,533,713	2,533,713	(74,728)	2,458,985
Total program services	<u>130,569,257</u>	<u>2,533,713</u>	<u>133,102,970</u>	<u>(441,898)</u>	<u>132,661,072</u>
Supporting activities					
Management and general	<u>1,981,420</u>	<u>-</u>	<u>1,981,420</u>	<u>(3,704)</u>	<u>1,977,716</u>
Total expenses	<u>132,550,677</u>	<u>2,533,713</u>	<u>135,084,390</u>	<u>(445,602)</u>	<u>134,638,788</u>
CHANGE IN NET ASSETS	<u>718,382</u>	<u>297,291</u>	<u>1,015,673</u>	<u>-</u>	<u>1,015,673</u>
NET ASSETS, BEGINNING OF YEAR	<u>5,988,045</u>	<u>22,704,391</u>	<u>28,692,436</u>	<u>-</u>	<u>28,692,436</u>
NET ASSETS, END OF YEAR	<u>\$ 6,706,427</u>	<u>\$ 23,001,682</u>	<u>\$ 29,708,109</u>	<u>\$ -</u>	<u>\$ 29,708,109</u>

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

STATEMENTS OF FINANCIAL POSITION
JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 16,249	\$ 30,530
Prepaid expenses	<u>6,648</u>	<u>7,405</u>
Total current assets	<u>22,897</u>	<u>37,935</u>
RESTRICTED CASH		
Insurance escrow	3,120	2,911
Tax escrow	4,959	5,228
Replacement reserves	27,778	21,712
Operating reserve	<u>79,495</u>	<u>79,373</u>
Total restricted cash	<u>115,352</u>	<u>109,224</u>
PROPERTY		
Land	166,600	166,600
Buildings and improvements	<u>598,178</u>	<u>592,108</u>
Total property	764,778	758,708
Less accumulated depreciation	<u>93,216</u>	<u>75,722</u>
Property, net	<u>671,562</u>	<u>682,986</u>
OTHER ASSETS		
Tenant security deposits	<u>14,643</u>	<u>12,884</u>
TOTAL ASSETS	<u>\$ 824,454</u>	<u>\$ 843,029</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of mortgage note payable	\$ 6,769	\$ 6,537
Accounts payable	5,448	2,488
Accrued expenses	<u>49</u>	<u>38</u>
Total current liabilities	<u>12,266</u>	<u>9,063</u>
LONG TERM LIABILITIES		
Due to affiliate	29,575	29,019
Mortgage note payable, less current portion as shown above	174,800	181,569
Tenant security deposits	<u>14,643</u>	<u>12,884</u>
Total long term liabilities	<u>219,018</u>	<u>223,472</u>
Total liabilities	231,284	232,535
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>593,170</u>	<u>610,494</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 824,454</u>	<u>\$ 843,029</u>

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

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
INCOME		
Rental income	\$ 175,309	\$ 170,685
Interest income	11	12
Interest income restricted	172	211
Other income	<u>5,400</u>	<u>4,159</u>
Total income	<u>180,892</u>	<u>175,067</u>
OPERATING EXPENSES		
Administrative	39,451	31,548
Utilities	45,744	45,016
Maintenance	62,802	62,604
General	<u>26,246</u>	<u>26,772</u>
Total operating expenses	<u>174,243</u>	<u>165,940</u>
INTEREST EXPENSE	<u>6,479</u>	<u>6,704</u>
INCOME BEFORE DEPRECIATION	170	2,423
Depreciation	<u>17,494</u>	<u>16,421</u>
CHANGE IN NET ASSETS	(17,324)	(13,998)
NET ASSETS, BEGINNING OF YEAR	<u>610,494</u>	<u>624,492</u>
NET ASSETS, END OF YEAR	<u>\$ 593,170</u>	<u>\$ 610,494</u>

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

SCHEDULES OF RENTAL OPERATIONS EXPENSES
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ADMINISTRATIVE EXPENSES		
Management fee	\$ 14,400	\$ 14,400
Salaries and wages	6,816	6,781
Fringe benefits	2,043	2,033
Legal	3,971	56
Investment and management fee	6,120	-
Telephone	1,687	3,153
Other administrative expenses	<u>4,414</u>	<u>5,125</u>
Total administrative expenses	<u>39,451</u>	<u>31,548</u>
UTILITIES		
Electricity	17,056	19,887
Fuel	15,579	8,177
Water and sewer	11,630	15,713
Other utility expense	<u>1,479</u>	<u>1,239</u>
Total utility expenses	<u>45,744</u>	<u>45,016</u>
MAINTENANCE		
Trash removal	2,533	2,245
Snow removal	12,496	10,153
Elevator repairs and contract	3,756	3,718
Custodial supplies	295	72
Repairs, materials	35,522	37,829
Repairs, contract	<u>8,200</u>	<u>8,587</u>
Total maintenance expense	<u>62,802</u>	<u>62,604</u>
INTEREST, NHH MORTGAGE NOTE	<u>6,479</u>	<u>6,704</u>
DEPRECIATION	<u>17,494</u>	<u>16,421</u>
GENERAL EXPENSE		
Real estate taxes	19,648	19,163
Payroll taxes	515	516
Retirement benefits	50	631
Workman's compensation	351	385
Insurance	<u>5,682</u>	<u>6,077</u>
Total general expense	<u>26,246</u>	<u>26,772</u>
TOTAL RENTAL OPERATIONS EXPENSES	<u>\$ 198,216</u>	<u>\$ 189,065</u>

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

SCHEDULES OF RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SOURCES OF FUNDS:		
Rental operations		
INCOME		
Tenant paid rent	\$ 157,575	\$ 156,712
HAP rent subsidy	<u>17,734</u>	<u>13,973</u>
Total rental receipts	175,309	170,685
Interest income	11	12
Service income	2,635	2,475
Other income	<u>2,765</u>	<u>1,684</u>
Total rental operations receipts	<u>180,720</u>	<u>174,856</u>
EXPENSES		
Administrative	39,008	30,687
Utilities	41,718	45,016
Maintenance	62,966	65,664
General	25,539	26,772
Interest	<u>6,479</u>	<u>6,704</u>
Total rental operations disbursements	<u>175,710</u>	<u>174,843</u>
CASH PROVIDED BY RENTAL OPERATIONS BEFORE AMORTIZATION OF MORTGAGE	5,010	13
AMORTIZATION OF MORTGAGE	<u>(6,537)</u>	<u>(6,312)</u>
CASH USED IN RENTAL OPERATIONS AFTER DEBT SERVICE	(1,527)	(6,299)
OTHER DISBURSEMENTS		
Net receipts (payments) from management agent	(556)	10,707
Net withdrawals (deposits) from reserve accounts	(6,128)	22,153
Purchase of property	<u>(6,070)</u>	<u>(11,350)</u>
NET INCREASE (DECREASE) IN CASH	(14,281)	15,211
CASH, BEGINNING OF YEAR	<u>30,530</u>	<u>15,319</u>
CASH, END OF YEAR	<u>\$ 16,249</u>	<u>\$ 30,530</u>

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

SCHEDULES OF RESTRICTED CASH RESERVES AND ESCROWS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

<u>DESCRIPTION OF FUND:</u>	Balance Beginning of <u>Year</u>	<u>Deposits</u>		<u>Withdrawals</u>	Balance End of <u>Year</u>
		<u>Funding of Reserves</u>	<u>Interest Earned</u>	<u>Expenditures</u>	
<u>Restricted Accounts:</u>					
<u>For the Year Ended July 31, 2022</u>					
Operating reserve	\$ 79,373	\$ -	\$ 122	\$ -	\$ 79,495
Insurance escrow	2,911	6,443	5	(6,239)	3,120
Tax escrow	5,228	19,010	9	(19,288)	4,959
Replacement reserve	<u>21,712</u>	<u>11,850</u>	<u>36</u>	<u>(5,820)</u>	<u>27,778</u>
TOTAL RESTRICTED CASH RESERVES AND ESCROWS	<u>\$ 109,224</u>	<u>\$ 37,303</u>	<u>\$ 172</u>	<u>\$ (31,347)</u>	<u>\$ 115,352</u>
<u>For the Year Ended July 31, 2021</u>					
Operating reserve	\$ 79,253	\$ -	\$ 120	\$ -	\$ 79,373
Insurance escrow	2,791	7,840	7	(7,727)	2,911
Tax escrow	8,531	28,375	21	(31,699)	5,228
Replacement reserve	<u>40,591</u>	<u>10,200</u>	<u>63</u>	<u>(29,142)</u>	<u>21,712</u>
TOTAL RESTRICTED CASH RESERVES AND ESCROWS	<u>\$ 131,166</u>	<u>\$ 46,415</u>	<u>\$ 211</u>	<u>\$ (68,568)</u>	<u>\$ 109,224</u>

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

SCHEDULES OF SURPLUS CASH
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Net loss	\$ (17,324)	\$ (13,998)
<u>Add:</u>		
Depreciation	17,494	16,421
Expenditures from reserve accounts not capitalized	-	29,142
<u>Deduct:</u>		
Interest income from reserve accounts	(172)	(211)
Required principal payments	(6,537)	(6,312)
Required payments to replacement reserves	(11,850)	(10,200)
<u>Add other NHHFA approved items:</u>		
Investor services fee	<u>6,120</u>	<u>-</u>
Cash surplus (deficit)	<u>\$ (12,269)</u>	<u>\$ 14,842</u>

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

YEAR-TO-DATE COMPIATION OF OWNERS' FEE/DISTRIBUTION
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

<u>Year</u>	<u>Maximum Allowable Distribution</u>	<u>Distributions Received</u>	<u>Balance</u>
12/31/2001	\$ 243,855	\$ -	\$ 243,855
12/31/2002	243,855	-	487,710
12/31/2003	243,855	5,895	725,670
12/31/2004	243,855	7,200	962,325
12/31/2005	243,855	-	1,206,180
12/31/2006	243,855	6,120	1,443,915
12/31/2007	243,855	-	1,687,770
12/31/2008	243,855	-	1,931,625
12/31/2009	243,855	-	2,175,480
12/31/2010	243,855	-	2,419,335
12/31/2011	243,855	-	2,663,190
12/31/2012	243,855	-	2,907,045
12/31/2013	243,855	7,200	3,143,700
12/31/2014	243,855	-	3,387,555
12/31/2015	243,855	-	3,631,410
7/31/2016	142,249	-	3,773,659
7/31/2017	243,855	-	4,017,514
7/31/2018	243,855	-	4,261,369
7/31/2019	243,855	-	4,505,224
7/31/2020	243,855	-	4,749,079
7/31/2021	243,855	-	4,992,934
7/31/2022	243,855	-	5,236,789

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

STATEMENTS OF FINANCIAL POSITION
JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 20,017	\$ 17,999
Prepaid expenses	<u>10,768</u>	<u>9,077</u>
Total current assets	<u>30,785</u>	<u>27,076</u>
RESTRICTED CASH		
Tax escrow	6,556	6,552
Replacement reserves	115,584	99,929
Operating reserves	<u>70,051</u>	<u>70,015</u>
Total restricted cash	<u>192,191</u>	<u>176,496</u>
PROPERTY		
Land	176,000	176,000
Buildings and improvements	<u>1,174,605</u>	<u>1,157,330</u>
Total property	1,350,605	1,333,330
Less accumulated depreciation	<u>185,773</u>	<u>153,032</u>
Property, net	<u>1,164,832</u>	<u>1,180,298</u>
OTHER ASSETS		
Tenant security deposits	<u>18,408</u>	<u>16,746</u>
TOTAL ASSETS	<u>\$ 1,406,216</u>	<u>\$ 1,400,616</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts payable	3,944	2,203
Accrued expenses	<u>1,105</u>	<u>1,081</u>
Total current liabilities	<u>5,049</u>	<u>3,284</u>
LONG TERM LIABILITIES		
Due to affiliate	119,202	49,710
Mortgage note payable	270,000	1,170,000
Tenant security deposits	<u>18,408</u>	<u>16,763</u>
Total long term liabilities	<u>407,610</u>	<u>1,236,473</u>
Total liabilities	412,659	1,239,757
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>993,557</u>	<u>160,859</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,406,216</u>	<u>\$ 1,400,616</u>

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

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
INCOME		
Rental income	\$ 195,796	\$ 206,568
Interest income	10	15
Interest income restricted	93	118
Other income	<u>985</u>	<u>1,527</u>
Total income	<u>196,884</u>	<u>208,228</u>
OPERATING EXPENSES		
Administrative	74,425	53,300
Utilities	59,878	61,643
Maintenance	59,321	48,678
General	<u>37,821</u>	<u>34,420</u>
Total operating expenses	<u>231,445</u>	<u>198,041</u>
INCOME BEFORE DEPRECIATION AND FORGIVENESS OF DEBT	(34,561)	10,187
Depreciation	(32,741)	(31,755)
Forgiveness of debt	<u>900,000</u>	<u>-</u>
CHANGE IN NET ASSETS	832,698	(21,568)
NET ASSETS, BEGINNING OF YEAR	<u>160,859</u>	<u>182,427</u>
NET ASSETS, END OF YEAR	<u>\$ 993,557</u>	<u>\$ 160,859</u>

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

SCHEDULES OF RENTAL OPERATIONS EXPENSES
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ADMINISTRATIVE EXPENSES		
Management fee	\$ 17,688	\$ 17,688
Salaries and wages	42,968	27,751
Fringe benefits	3,843	3,582
Legal	4,563	20
Telephone	1,540	1,446
Other administrative expenses	<u>3,823</u>	<u>2,813</u>
Total administrative expenses	<u>74,425</u>	<u>53,300</u>
UTILITIES		
Electricity	30,929	33,466
Fuel	15,424	14,900
Water and sewer	11,912	11,865
Other utility expense	<u>1,613</u>	<u>1,412</u>
Total utility expenses	<u>59,878</u>	<u>61,643</u>
MAINTENANCE		
Trash removal	2,969	2,862
Snow removal	9,360	7,971
Elevator repairs and contract	5,789	6,238
Custodial supplies	826	1,115
Repairs, materials	33,772	26,098
Repairs, contract	<u>6,605</u>	<u>4,394</u>
Total maintenance expense	<u>59,321</u>	<u>48,678</u>
DEPRECIATION	<u>32,741</u>	<u>31,755</u>
GENERAL EXPENSE		
Real estate taxes	21,938	22,098
Payroll taxes	3,281	2,121
Retirement benefits	2,077	645
Workman's compensation	1,487	1,120
Insurance	<u>9,038</u>	<u>8,436</u>
Total general expense	<u>37,821</u>	<u>34,420</u>
TOTAL RENTAL OPERATIONS EXPENSES	<u><u>\$ 264,186</u></u>	<u><u>\$ 229,796</u></u>

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

SCHEDULES OF RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SOURCES OF FUNDS:		
Rental operations		
INCOME		
Tenant paid rent	\$ 172,359	\$ 186,697
HAP rent subsidy	<u>23,437</u>	<u>19,871</u>
Total rental receipts	195,796	206,568
Interest income	10	15
Service income	<u>985</u>	<u>1,527</u>
Total rental operations receipts	<u>196,791</u>	<u>208,110</u>
EXPENSES		
Administrative	74,686	52,844
Utilities	60,838	61,643
Maintenance	56,276	49,371
General	<u>39,512</u>	<u>34,420</u>
Total rental operations disbursements	<u>231,312</u>	<u>198,278</u>
CASH PROVIDED BY (USED IN) RENTAL OPERATIONS	(34,521)	9,832
OTHER DISBURSEMENTS		
Net receipts (payments) from management agent	69,492	3,876
Net withdrawals (deposits) from reserve accounts	(15,695)	(15,600)
Transfer to tenant security deposit account	17	2
Purchase of property	<u>(17,275)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	2,018	(1,890)
CASH, BEGINNING OF YEAR	<u>17,999</u>	<u>19,889</u>
CASH, END OF YEAR	<u>\$ 20,017</u>	<u>\$ 17,999</u>

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

SCHEDULES OF RESTRICTED CASH RESERVES AND ESCROWS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

<u>DESCRIPTION OF FUND:</u>	Balance Beginning of Year	<u>Deposits</u>		<u>Withdrawals</u>		Balance End of Year
		<u>Funding of Reserves</u>	<u>Interest Earned</u>	<u>Expenditures</u>		
<u>Restricted Accounts:</u>						
<u>For the Year Ended July 31, 2022</u>						
Operating reserve	\$ 70,015	\$ -	\$ 36	\$ -		\$ 70,051
Tax escrow	6,552	-	4	-		6,556
Replacement reserve	<u>99,929</u>	<u>15,600</u>	<u>55</u>	<u>-</u>		<u>115,584</u>
TOTAL RESTRICTED CASH RESERVES AND ESCROWS	<u>\$ 176,496</u>	<u>\$ 15,600</u>	<u>\$ 95</u>	<u>\$ -</u>		<u>\$ 192,191</u>
<u>For the Year Ended July 31, 2021</u>						
Operating reserve	\$ 69,966	\$ -	\$ 49	\$ -		\$ 70,015
Tax escrow	6,548	-	4	-		6,552
Replacement reserve	<u>84,264</u>	<u>15,600</u>	<u>65</u>	<u>-</u>		<u>99,929</u>
TOTAL RESTRICTED CASH RESERVES AND ESCROWS	<u>\$ 160,778</u>	<u>\$ 15,600</u>	<u>\$ 118</u>	<u>\$ -</u>		<u>\$ 176,496</u>

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

SCHEDULES OF SURPLUS CASH
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Net income (loss)	\$ 832,698	\$ (21,568)
<u>Add:</u>		
Depreciation	32,741	31,755
<u>Deduct:</u>		
Interest income from reserve accounts	(93)	(118)
Required payments to replacement reserves	(15,600)	(15,600)
<u>Add other NHHFA approved items:</u>		
Forgiveness of debt income	<u>(900,000)</u>	<u>-</u>
Cash deficit	<u>\$ (50,254)</u>	<u>\$ (5,531)</u>

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

STATEMENTS OF FINANCIAL POSITION
JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 99,295	\$ 80,916
Prepaid expenses	<u>8,701</u>	<u>7,851</u>
Total current assets	<u>107,996</u>	<u>88,767</u>
RESTRICTED CASH		
Insurance escrow	2,761	3,046
Tax escrow	6,414	6,707
Replacement reserves	207,873	180,572
Operating reserves	<u>68,049</u>	<u>67,945</u>
Total restricted cash	<u>285,097</u>	<u>258,270</u>
PROPERTY		
Land	211,000	211,000
Buildings and improvements	<u>932,700</u>	<u>907,200</u>
Total property	1,143,700	1,118,200
Less accumulated depreciation	<u>99,515</u>	<u>75,935</u>
Property, net	<u>1,044,185</u>	<u>1,042,265</u>
OTHER ASSETS		
Tenant security deposits	<u>16,261</u>	<u>15,517</u>
TOTAL ASSETS	<u>\$ 1,453,539</u>	<u>\$ 1,404,819</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Current portion of mortgage note payable	\$ 18,908	\$ 17,642
Accounts payable	29,355	2,214
Accrued expenses	823	38
Deferred revenue	<u>11,695</u>	<u>-</u>
Total current liabilities	<u>60,781</u>	<u>19,894</u>
LONG TERM LIABILITIES		
Due to affiliate	84,358	94,862
Mortgage note payable, less current portion as shown above	832,715	851,614
Tenant security deposits	<u>16,261</u>	<u>15,467</u>
Total long term liabilities	<u>933,334</u>	<u>961,943</u>
Total liabilities	994,115	981,837
NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>459,424</u>	<u>422,982</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,453,539</u>	<u>\$ 1,404,819</u>

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

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
INCOME		
Rental income	\$ 267,614	\$ 266,018
Interest income	44	53
Interest income restricted	435	370
Other income	<u>3,876</u>	<u>3,960</u>
Total income	<u>271,969</u>	<u>270,401</u>
OPERATING EXPENSES		
Administrative	45,122	29,540
Utilities	35,470	34,566
Maintenance	76,135	89,353
General	<u>32,936</u>	<u>32,537</u>
Total operating expenses	<u>189,663</u>	<u>185,996</u>
INTEREST EXPENSE	<u>22,284</u>	<u>23,473</u>
INCOME BEFORE DEPRECIATION	60,022	60,932
Depreciation	<u>23,580</u>	<u>23,580</u>
CHANGE IN NET ASSETS	36,442	37,352
NET ASSETS, BEGINNING OF YEAR	<u>422,982</u>	<u>385,630</u>
NET ASSETS, END OF YEAR	<u>\$ 459,424</u>	<u>\$ 422,982</u>

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

SCHEDULES OF RENTAL OPERATIONS EXPENSES
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ADMINISTRATIVE EXPENSES		
Advertising	\$ 63	\$ 25
Management fee	18,000	18,000
Salaries and wages	13,605	1,909
Fringe benefits	2,476	104
Legal	506	284
Telephone	2,180	2,372
Other administrative expenses	<u>8,292</u>	<u>6,846</u>
Total administrative expenses	<u>45,122</u>	<u>29,540</u>
UTILITIES		
Electricity	20,171	20,810
Fuel	9,093	7,886
Water and sewer	5,064	4,339
Other utility expense	<u>1,142</u>	<u>1,531</u>
Total utility expenses	<u>35,470</u>	<u>34,566</u>
MAINTENANCE		
Trash removal	3,007	2,789
Snow removal	27,185	28,761
Custodial supplies	396	-
Repairs, materials	31,512	37,218
Repairs, contract	<u>14,035</u>	<u>20,585</u>
Total maintenance expense	<u>76,135</u>	<u>89,353</u>
INTEREST	<u>22,284</u>	<u>23,473</u>
DEPRECIATION	<u>23,580</u>	<u>23,580</u>
GENERAL EXPENSE		
Real estate taxes	25,449	26,926
Payroll taxes	1,041	146
Retirement benefits	50	144
Workman's compensation	701	105
Insurance	<u>5,695</u>	<u>5,216</u>
Total general expense	<u>32,936</u>	<u>32,537</u>
TOTAL RENTAL OPERATIONS EXPENSES	<u>\$ 235,527</u>	<u>\$ 233,049</u>

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

SCHEDULES OF RECEIPTS AND DISBURSEMENTS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
SOURCES OF FUNDS:		
Rental operations		
INCOME		
Tenant paid rent	\$ 137,382	\$ 123,489
HAP rent subsidy	<u>141,927</u>	<u>142,529</u>
Total rental receipts	279,309	266,018
Interest income	44	53
Service income	2,435	2,670
Other income	<u>1,441</u>	<u>1,290</u>
Total rental operations receipts	<u>283,229</u>	<u>270,031</u>
EXPENSES		
Administrative	45,102	29,444
Utilities	33,401	34,566
Maintenance	75,290	87,482
General	33,759	32,537
Interest	<u>22,284</u>	<u>23,473</u>
Total rental operations disbursements	<u>209,836</u>	<u>207,502</u>
CASH PROVIDED BY RENTAL OPERATIONS BEFORE AMORTIZATION OF MORTGAGE	73,393	62,529
AMORTIZATION OF MORTGAGE	<u>(17,633)</u>	<u>(16,445)</u>
CASH PROVIDED BY RENTAL OPERATIONS AFTER DEBT SERVICE	55,760	46,084
OTHER DISBURSEMENTS		
Net receipts (payments) from management agent	(10,504)	(38,652)
Net withdrawals (deposits) from reserve accounts	(26,827)	(27,326)
Transfer tenant security deposits	<u>(50)</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH	18,379	(19,894)
CASH, BEGINNING OF YEAR	<u>80,916</u>	<u>100,810</u>
CASH, END OF YEAR	<u>\$ 99,295</u>	<u>\$ 80,916</u>

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

SCHEDULES OF RESTRICTED CASH RESERVES AND ESCROWS
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

<u>DESCRIPTION OF FUND:</u>	<u>Balance Beginning of Year</u>	<u>Deposits</u>		<u>Withdrawals</u>		<u>Balance End of Year</u>
		<u>Funding of Reserves</u>	<u>Interest Earned</u>	<u>Expenditures</u>		
<u>Restricted Accounts:</u>						
<u>For the Year Ended July 31, 2022</u>						
Operating reserve	\$ 67,945	\$ -	\$ 104	\$ -		\$ 68,049
Insurance escrow	3,046	5,230	5	(5,520)		2,761
Tax escrow	6,707	26,828	25	(27,146)		6,414
Replacement reserve	<u>180,572</u>	<u>27,000</u>	<u>301</u>	<u>-</u>		<u>207,873</u>
TOTAL RESTRICTED CASH RESERVES AND ESCROWS	<u>\$ 258,270</u>	<u>\$ 59,058</u>	<u>\$ 435</u>	<u>\$ (32,666)</u>		<u>\$ 285,097</u>
<u>For the Year Ended July 31, 2021</u>						
Operating reserve	\$ 67,842	\$ -	\$ 103	\$ -		\$ 67,945
Insurance escrow	3,480	5,219	7	(5,660)		3,046
Tax escrow	5,927	27,749	13	(26,982)		6,707
Replacement reserve	<u>153,325</u>	<u>27,000</u>	<u>247</u>	<u>-</u>		<u>180,572</u>
TOTAL RESTRICTED CASH RESERVES AND ESCROWS	<u>\$ 230,574</u>	<u>\$ 59,968</u>	<u>\$ 370</u>	<u>\$ (32,642)</u>		<u>\$ 258,270</u>

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

SCHEDULES OF SURPLUS CASH
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Net income	\$ 36,442	\$ 37,352
<u>Add:</u>		
Depreciation	23,580	23,580
<u>Deduct:</u>		
Interest income from reserve accounts	(435)	(370)
Required principal payments	(17,633)	(16,445)
Required payments to replacement reserves	<u>(27,000)</u>	<u>(27,000)</u>
 Surplus cash	 <u>\$ 14,954</u>	 <u>\$ 17,117</u>

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

YEAR-TO-DATE COMPLIATION OF OWNERS' FEE/DISTRIBUTION
FOR THE YEARS ENDED JULY 31, 2022 AND 2021

<u>Year</u>	<u>Maximum Allowable Distribution</u>	<u>Distributions Received</u>	<u>Balance</u>
12/31/2003	\$ 113,850	\$ -	\$ 113,850
12/31/2004	113,850	-	227,700
12/31/2005	113,850	-	341,550
12/31/2006	113,850	-	455,400
12/31/2007	113,850	-	569,250
12/31/2008	113,850	-	683,100
12/31/2009	113,850	-	796,950
12/31/2010	113,850	-	910,800
12/31/2011	113,850	-	1,024,650
12/31/2012	113,850	-	1,138,500
12/31/2013	113,850	-	1,252,350
12/31/2014	113,850	-	1,366,200
12/31/2015	113,850	-	1,480,050
12/31/2016	113,850	-	1,593,900
12/31/2017	113,850	-	1,707,750
7/31/2018	66,413	-	1,774,163
7/31/2019	113,850	-	1,888,013
7/31/2020	113,850	-	2,001,863
7/31/2021	113,850	-	2,115,713
7/31/2022	113,850	-	2,229,563

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2022**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NAME</u>	<u>GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURE</u>
<u>U.S. Department of Agriculture</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	State of NH, Department of Health & Human Services	214NH703W1003	\$ 1,320,366
Child and Adult Care Food Program	10.558	State of NH, Department of Education		738,731
Food Distribution Cluster				
Commodity Supplemental Food Program	10.565	Community Action Program Belknap-Merrimack Counties	202120Y800544	27,550
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	State of NH, Department of Education		<u>130,817</u>
Total U.S. Department of Agriculture				<u>\$ 2,217,464</u>
<u>U.S. Department of Housing and Urban Development</u>				
Emergency Solutions Grant Program	14.231	State of NH, DHHS, Bureau of Homeless & Housing	E-21-DC-33-0001	\$ 71,544
Section 8 Project-Based Cluster				
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249			<u>552,949</u>
Total U.S. Department of Housing and Urban Development				<u>\$ 624,493</u>
<u>U.S. Department of Labor</u>				
WIOA Cluster				
WIOA Adult Program	17.258	State of NH, Dept of Resources and Economic Development	02-6000618	<u>\$ 2,208,527</u>
Total U.S. Department of Labor/WIOA Cluster				<u>\$ 2,208,527</u>
<u>U.S. Department of Education</u>				
Adult Education - Basic Grants to States	84.002	State of NH, Department of Education	67011-ABE Manchester	\$ 64,035
Adult Education - Basic Grants to States	84.002	State of NH, Department of Education	67011-ABE Portsmouth	<u>60,310</u> 124,345
Total U.S. Department of Education				<u>\$ 124,345</u>
<u>U.S. Department of Treasury</u>				
Emergency Rental Assistance Program	21.023	City of Manchester	B-20-MW-33-0001	\$ 1,654
Emergency Rental Assistance Program	21.023	New Hampshire Housing Authority	ERA0012 AND ERA0435	56,359,262
Emergency Rental Assistance Program	21.023	New Hampshire Housing Authority	ERAE0019	37,378,952
Emergency Rental Assistance Program	21.023	New Hampshire Housing Authority	ERA0012 AND ERA0435	<u>647,367</u> <u>94,387,235</u>
Total U.S. Department of Treasury				<u>\$ 94,387,235</u>

See Notes to Schedule of Expenditures of Federal Awards

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2022**

<u>FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>ASSISTANCE LISTING NUMBER</u>	<u>PASS-THROUGH GRANTOR'S NAME</u>	<u>GRANTOR'S NUMBER</u>	<u>FEDERAL EXPENDITURE</u>
<u>Corporation for National and Community Services</u>				
Retired and Senior Volunteer Program	94.002		20SRANH002	\$ 103,204
Total Corporation for National and Community Services				\$ 103,204
<u>U.S. Department of Energy</u>				
Weatherization Assistance for Low-Income Persons	81.042	State of NH, Office of Energy & Planning	DE-EE0007935	\$ 764,316
Total U.S. Department of Energy				\$ 764,316
<u>U.S. Department of Health & Human Services</u>				
<u>Aging Cluster</u>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	State of NH, Office of Energy & Planning	18AANHT355	\$ 14,866
ARPA-Title III, Part B, Grants for Supportive Service	93.044	State of NH, Office of Energy & Planning	18AANHT355	8,397 \$ 23,263
Temporary Assistance for Needy Families	93.558	State of NH, DHHS	18NHTANF	669,161
Temporary Assistance for Needy Families	93.558	State of NH, DHHS	18NHTANF	1,521,299 2,190,460
Low Income Home Energy Assistance (Fuel Assistance)	93.568	State of NH, Office of Energy & Planning	2101NHLIEA & 2101NHLIEA	4,871,686
CV-Low Income Home Energy Assistance (Fuel Assistance)	93.568	State of NH, Office of Energy & Planning	2001NHE5C3	164,146
ARPA-Low Income Home Energy Assistance (Fuel Assistance)	93.568	State of NH, Office of Energy & Planning	LIHEAP ARP22 & LIHEAP-US-DHHS	7,618,990
Low Income Home Energy Assistance (BWP)	93.568	State of NH, Office of Energy & Planning	2101NHLIEA	658,598 13,313,420
Community Services Block Grant	93.569	State of NH, DHHS	G-19B1NHCOSR	1,385,732
CV- Community Services Block Grant	93.569	State of NH, DHHS	2001NHCSC3	130,818 1,516,550
Community Services Block Grant - Discretionary	93.570	State of NH, DHHS	G-19B1NHCOSR	48,397
<u>Head Start Cluster</u>				
Head Start/Early Head Start	93.600		01CH01060204	7,015,968
Early Head Start Childcare Partnership	93.600		01HP00024101 & 01HP00024101C3	23,643
CV-Early Head Start	93.600		01CH01060202C3	4,523
CV-Head Start	93.600		01HE0004740101	199,278
ARPA-Head Start/Early Head Start	93.600		01HE0004740101	313,569 7,556,981

See Notes to Schedule of Expenditures of Federal Awards

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2022**

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH GRANTOR'S NAME	GRANTOR'S NUMBER	FEDERAL EXPENDITURE
<u>U.S. Department of Health & Human Services (continued)</u>				
CCDF Cluster				
Child Care and Development Block Grants	93.575	State of NH, DSSH	2101NHCCDF	1,386,143
CRSSA-Child Care and Development Block Grants	93.575	State of NH, DSSH		127
ARPA-Child Care and Development Block Grants	93.575	State of NH, DSSH	2101NHCCDF	80,676
Child Care Mandatory Matching Funds	93.596	State of NH, DSSH	2101NHCCDF	<u>557,701</u> 2,024,647
Preschool Development Grant Birth through five	93.434	University of New Hampshire	90TP0060	<u>64,665</u>
Total U.S. Department of Health & Human Services				<u>\$ 26,738,383</u>
<u>U.S. Department of Homeland Security</u>				
Emergency Food and Shelter National Board Program	97.024	Regional United Way Agency		<u>\$ 18,397</u>
Total U.S. Department of Homeland Security				<u>\$ 18,397</u>
TOTAL				<u>\$ 127,186,364</u>

See Notes to Schedule of Expenditures of Federal Awards

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JULY 31, 2022**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southern New Hampshire Services, Inc. and Affiliate under programs of the federal government for the year ended July 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southern New Hampshire Services, Inc. and Affiliate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 INDIRECT COST RATE

Southern New Hampshire Services, Inc. and Affiliate has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 SUBRECIPIENTS

Southern New Hampshire Services, Inc. had no subrecipients for the year ended July 31, 2022.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Southern New Hampshire Services, Inc. and Affiliate (a New Hampshire nonprofit organization), which comprise the statement of financial position as of July 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 2, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Southern New Hampshire Services, Inc. and Affiliate's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southern New Hampshire Services, Inc. and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Southern New Hampshire Services, Inc. and Affiliate's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southern New Hampshire Services, Inc. and Affiliate's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Leone McDermott & Roberts
Professional Association*

Dover, New Hampshire
February 2, 2023

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southern New Hampshire Services, Inc. and Affiliate's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Southern New Hampshire Services, Inc. and Affiliate's major federal programs for the year ended July 31, 2022. Southern New Hampshire Services, Inc. and Affiliate's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Southern New Hampshire Services, Inc. and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Southern New Hampshire Services, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Southern New Hampshire Services, Inc. and Affiliate's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Southern New Hampshire Services, Inc. and Affiliate's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Southern New Hampshire Services, Inc. and Affiliate's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Southern New Hampshire Services, Inc. and Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Southern New Hampshire Services, Inc. and Affiliate's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Southern New Hampshire Services, Inc. and Affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Southern New Hampshire Services, Inc. and Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Leone McDermott & Roberts
Professional Association

Dover, New Hampshire
February 2, 2023

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JULY 31, 2022

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the combined financial statements of Southern New Hampshire Services, Inc. and Affiliate were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the combined financial statements are reported in the *Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*. No material weaknesses are reported.
3. No instances of noncompliance material to the combined financial statements of Southern New Hampshire Services, Inc. and Affiliate, which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs are reported in the *Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance*. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for Southern New Hampshire Services, Inc. and Affiliate expresses an unmodified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were: U.S. Department of Health and Human Services; Head Start, ALN 93.600, Community Services Block Grant, ALN 93.569; and U.S. Department of Treasury; and Emergency Rental Assistance Program, ALN 21.023;
8. The threshold for distinguishing Type A and B programs was \$3,000,000.
9. Southern New Hampshire Services, Inc. and Affiliate was determined to be a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JULY 31, 2022**

There were no findings or questioned costs that were required to be reported in the Schedule of Findings and Questioned Costs for the year ended July 31, 2021.