

THE RIVERWOODS GROUP
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2023 AND 2022



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**THE RIVERWOODS GROUP
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The RiverWoods Group
Exeter, New Hampshire

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The RiverWoods Group, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of operations and changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The RiverWoods Group as of June 30, 2023 and 2022, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The RiverWoods Group's ability to continue as a going concern for one year after the date the consolidated 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 consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The RiverWoods Group'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about The RiverWoods Group'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, consolidating statements of operations, and changes in net assets (deficit), and consolidating statements of cash flows are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



CliftonLarsonAllen LLP

Boston, Massachusetts
September 11, 2023

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 21,601,493	\$ 19,289,454
Assets Limited as to Use – Other	108,845	130,674
Accounts Receivable	2,187,943	1,625,329
Inventories	859,238	566,685
Prepaid Expenses and Other Current Assets	965,402	1,233,668
Accrued Interest Receivable	229,387	218,856
Total Current Assets	25,952,308	23,064,666
ASSETS LIMITED AS TO USE		
Other Restricted Funds	1,687,626	1,537,969
Endowment Funds	5,231,815	4,981,301
Total Assets Limited as to Use	6,919,441	6,519,270
PROPERTY AND EQUIPMENT		
Land and Land Improvements	20,692,425	20,510,709
Buildings and Improvements	350,442,971	326,439,062
Furniture and Equipment	25,566,712	22,911,110
Projects in Process	8,717,081	21,530,291
Total	405,419,189	391,391,172
Less: Accumulated Depreciation	(163,191,938)	(148,325,709)
Total Property and Equipment, Net	242,227,251	243,065,463
OTHER ASSETS		
Investments	120,253,329	114,097,976
Right-of-Use Assets, Operating Net	149,881	-
Benevolent Fund - Unrestricted Portion	1,011,278	983,213
Asset Under Interest Rate Swap Agreement, Net	1,997,024	337,315
Other Assets	258,955	247,380
Deferred Marketing Costs	863,070	971,834
Total Other Assets	124,533,537	116,637,718
Total Assets	\$ 399,632,537	\$ 389,287,117

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023 AND 2022

LIABILITIES AND NET ASSETS (DEFICIT)	2023	2022
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 5,434,059	\$ 5,243,910
Current Portion of Lease Obligation	70,023	-
Accounts Payable and Accrued Expenses	5,721,508	3,873,164
Accrued Salaries, Wages, and Related Taxes	3,150,519	2,794,248
Accrued Interest Payable	269,761	195,791
Total Current Liabilities	14,645,870	12,107,113
LONG-TERM DEBT, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS	108,440,993	109,692,861
LONG-TERM LEASE OBLIGATION, NET OF CURRENT PORTION	79,858	-
FUTURE RESIDENTS' DEPOSITS	31,319,153	25,764,480
REFUNDABLE ENTRANCE FEE LIABILITY	278,730,310	271,620,327
DEFERRED REVENUE FROM ENTRANCE FEES	47,886,907	46,117,623
Total Liabilities	481,103,091	465,302,404
NET ASSETS (DEFICIT)		
Without Donor Restrictions	(87,375,504)	(81,918,196)
With Donor Restrictions	5,904,950	5,902,909
Total Net Deficit	(81,470,554)	(76,015,287)
Total Liabilities and Net Assets (Deficit)	\$ 399,632,537	\$ 389,287,117

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET DEFICIT
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
REVENUES		
Residential Service Fees	\$ 48,738,258	\$ 45,201,166
Earned Entrance Fees	6,505,316	5,739,942
Health Center Fees	18,667,250	15,969,950
Other Operating Revenue	431,926	163,618
Investment Income, Net of Fees	3,649,550	2,175,239
Government Grant Income	-	1,093,146
Net Assets Released from Restrictions	1,065,989	674,398
Total Revenues	79,058,289	71,017,459
EXPENSES		
General and Administrative	22,659,769	20,418,701
Resident Services	3,893,297	3,347,391
Dining Services	10,814,469	9,429,496
Nursing Services	19,477,448	15,700,112
Environmental Services	9,682,569	8,285,118
Facility Costs and Utilities	7,424,019	7,587,569
Depreciation and Amortization	15,069,359	14,114,600
Interest	3,545,557	3,214,152
Total Expenses	92,566,487	82,097,139
LOSS FROM OPERATIONS	(13,508,198)	(11,079,680)
NONOPERATING GAINS (LOSSES)		
Contributions	20,014	35,971
Other Nonoperating Revenue	1,028,771	-
Change in Charitable Gift Annuity Liability	(6,308)	(9,212)
Changes in Net Unrealized Gains (Losses) on Equity Investments	3,948,509	(13,743,572)
Gains on Sales of Assets and Investments	16,335	5,053,926
Change in the Fair Value of Interest Rate Swap Agreements	1,659,709	1,422,494
Total Nonoperating Gains (Losses)	6,667,030	(7,240,393)
DEFICIT OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	(6,841,168)	(18,320,073)

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET DEFICIT (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
DEFICIT OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	\$ (6,841,168)	\$ (18,320,073)
OTHER CHANGES IN NET DEFICIT WITHOUT DONOR RESTRICTIONS		
Other Nonoperating Revenue	210,877	453,719
Changes in Net Unrealized Losses on Nonequity Investments	<u>1,172,983</u>	<u>(6,094,794)</u>
Total Other Changes in Net Deficit Without Donor Restrictions	<u>1,383,860</u>	<u>(5,641,075)</u>
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTIONS	(5,457,308)	(23,961,148)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	646,121	645,283
Changes in Net Unrealized Gains (Losses) on Investments	421,909	(615,269)
Net Assets Released from Restrictions	<u>(1,065,989)</u>	<u>(674,398)</u>
Changes in Net Assets (Deficit) With Donor Restrictions	<u>2,041</u>	<u>(644,384)</u>
CHANGE IN NET DEFICIT	(5,455,267)	(24,605,532)
Net Deficit – Beginning of Year	<u>(76,015,287)</u>	<u>(51,409,755)</u>
NET DEFICIT – END OF YEAR	<u>\$ (81,470,554)</u>	<u>\$ (76,015,287)</u>

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Deficit	\$ (5,455,267)	\$ (24,605,532)
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided by Operating Activities:		
Proceeds from Entrance Fees - Nonrefundable	8,255,000	7,317,900
Noncash Items Included in Change in Net Deficit:		
Amortization of Deferred Entrance Fee Revenue	(6,505,316)	(5,739,942)
Depreciation and Amortization	15,069,359	14,114,600
Amortization of Bond Issuance Costs	422,902	405,903
Loss on Disposal of Equipment	11,605	183,767
Change in Interest Rate Swap Agreements	(1,659,709)	(1,422,494)
Unrealized (Gains) Losses on Investments, Net	(5,121,492)	19,838,366
(Increase) Decrease in Assets:		
Accounts Receivable	(562,614)	(737,530)
Inventories	(292,553)	80,184
Prepaid Expenses and Other Assets	256,691	113,339
Accrued Interest Receivable	(10,531)	(45,584)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	1,806,969	(122,990)
Accrued Salaries, Wages, and Related Taxes	356,271	550,346
Accrued Interest Payable and Other Liabilities	7,406	193,597
Net Cash Provided by Operating Activities	6,578,721	10,123,930
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(14,133,988)	(21,707,924)
Increase in Investments	(1,409,624)	(30,540,364)
(Increase) Decrease in Other Restricted Funds	37,965	(488,509)
(Increase) Decrease in Benevolent Fund	(28,065)	158,410
Net Cash Used by Investing Activities	(15,533,712)	(52,578,387)

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment and Redemption of Long-Term Debt	\$ (5,245,518)	\$ (4,721,736)
Proceeds from Long-Term Debt	3,895,584	4,043,892
Payment of Deferred Financing Costs	(134,687)	(338,315)
Increase in Residents' Deposits	5,554,673	3,390,450
Payment of Deferred Marketing Costs	-	(271,688)
Proceeds from Entrance Fees - Refundable	26,957,000	29,126,100
Refunds of Entrance Fees	(19,719,478)	(12,854,196)
Net Cash Provided by Financing Activities	11,307,574	18,374,507
 NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2,352,583	(24,079,950)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	19,748,190	43,828,140
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 22,100,773	\$ 19,748,190
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 1,840,087	\$ 1,306,416
 SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Lease Asset Acquired	\$ (237,865)	\$ -
Lease Liability Incurred	237,865	-
Cash Paid for Lease Acquisition	\$ -	\$ -

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The RiverWoods Group (TRWG or the Company), a New Hampshire nonprofit voluntary corporation, was incorporated on February 17, 2011. Its purpose is to support nonprofit continuing care retirement communities and further its charitable purposes by establishing, maintaining, and governing an integrated system which provides for the effective and efficient delivery of housing, food services, health services, and other services in the continuum of care to elderly persons.

The RiverWoods Company at Exeter, New Hampshire (RiverWoods Exeter or RWE), a nonprofit charitable organization, was incorporated on June 6, 1983 as a voluntary corporation. RiverWoods Exeter operates a three-campus continuing care retirement community which provides housing, health care, and other related services to residents. The original campus, known as The Woods, has 201 independent living units, 20 assisted living units, and 39 nursing beds. The second campus, known as The Ridge, has 81 independent living units and 11 cottages, 27 assisted living units, and 23 skilled nursing beds. The third campus, known as The Boulders, has 76 independent living units and 24 cottages, 24 assisted living units, and 16 nursing beds. The operations of The Woods, The Ridge, and The Boulders began in August 1994, October 2004, and March 2010, respectively.

Birch Hill Terrace (Birch Hill) a nonprofit charitable organization, is the parent company of Women's Aid Home dba: Pearl Manor at Hillcrest Terrace (Pearl Manor). During the fiscal year ended June 30, 2017, Birch Hill merged with its previous sole member, Hillcrest Manor, Inc. (Hillcrest). Birch Hill has 134 independent living units and 4 cottages, 44 assisted living units, 12 memory care units, and 9 intermediate care nursing care suites. Pearl Manor holds the endowments of Birch Hill and, as a supporting entity, transfers most net investment income earned to Birch Hill. In July 2016, Hillcrest and The RiverWoods Group (TRWG) received regulatory approval from the Director of Charitable Trusts and the New Hampshire Insurance Department for the affiliation between the two organizations. Under the affiliation agreement, TRWG became the sole corporate member of Hillcrest Manor. During the fiscal year ended June 30, 2021, the organization completed its rebranding of the community to be consistent with the other communities within the System. Birch Hill now does business as RiverWoods Manchester (RWM).

RiverWoods Durham (RWD), a nonprofit charitable organization, was incorporated on March 7, 2017. Construction began in June 2018 and was completed in July 2020. The campus is comprised of 150 independent living apartments, 24 assisted living suites, 36 memory support assisted living suites, and 12 nursing beds in an approximately 310,000 square foot building on approximately 11 acres of land in Durham, New Hampshire. The independent living common areas and apartments were completed and available for occupancy in three phases during fiscal year 2020. The opening of the Health Center, which includes the assisted living, memory support, and nursing units as well as associated common areas, was purposely delayed due to the COVID-19 pandemic. 48 Health Center units were available for occupancy in August 2020. The remaining 24 Health Center units were opened in two phases during fiscal year 2022.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

In February 2021, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham completed the regulatory process to establish a unitary board structure. This process combined the existing operating boards into one unitary board which has fiduciary duties for all currently existing communities.

Principles of Consolidation

The consolidated financial statements include the accounts of TRWG, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham. All significant intercompany balances have been eliminated in consolidation.

Use of Estimates

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

Operating Indicator

For purposes of display, the deficit of revenues and net gains over expenses and losses is the operating indicator for the Company. Other changes in net deficit without donor restrictions that are excluded from the operating indicator, consistent with industry practice, include unrealized gains and losses on nonequity investments, restricted contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

Income Taxes

TRWG, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

The Company follows the provisions of the income tax accounting standards regarding the recognition and measurement of uncertain tax positions. The application of these provisions has no impact on the Company's consolidated financial statements.

Cash, Cash Equivalents, and Restricted Cash

Cash equivalents include short-term investments, excluding unrestricted invested cash in investment advisory accounts, which have a maturity of three months or less when purchased and are recorded at cost, which approximates fair value.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated and consolidating statements of financial position that sum to the total of the same such amounts shown in the consolidated and consolidating statements of cash flows at June 30, 2023 and 2022:

	2023				
	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidated
	Cash and Cash Equivalents	\$ 2,030,721	\$ 7,883,289	\$ 6,402,666	\$ 5,284,817
Restricted Cash Included in Restricted Funds and Assets Limited as to Use	6,541	281,943	177,847	32,949	499,280
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidating and Consolidated Statements of Cash Flows	<u>\$ 2,037,262</u>	<u>\$ 8,165,232</u>	<u>\$ 6,580,513</u>	<u>\$ 5,317,766</u>	<u>\$ 22,100,773</u>
	2022				
	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidated
	Cash and Cash Equivalents	\$ 3,618,903	\$ 6,755,095	\$ 3,401,347	\$ 5,514,109
Restricted Cash Included in Restricted Funds and Assets Limited as to Use	34,858	196,276	188,134	39,468	458,736
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidating and Consolidated Statements of Cash Flows	<u>\$ 3,653,761</u>	<u>\$ 6,951,371</u>	<u>\$ 3,589,481</u>	<u>\$ 5,553,577</u>	<u>\$ 19,748,190</u>

Accounts Receivable (includes Entrance Fees Receivable)

The Company provides an allowance for uncollectible accounts based on the allowance method using management's judgment considering historical information. Residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts are continually analyzed for collectability and management determines when accounts are written off. The allowance for doubtful accounts was \$84,424 and \$16,680 at June 30, 2023 and 2022, respectively. In certain instances, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham offer incoming residents the ability to defer payment of entrance fees in full on a short-term basis for a period not to exceed one year based upon market conditions. The balances related to entrance fees receivables amounted to \$478,089 and \$536,800 at June 30, 2023 and 2022, respectively.

The opening and closing balances in Accounts Receivable (includes Entrance Fees Receivable) were as follows:

	Accounts Receivable
Balance as of July 1, 2021	\$ 887,799
Balance as of June 30, 2022	1,625,329
Balance as of June 30, 2023	2,187,943

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories of supplies are carried at the lower of cost (determined by the first-in, first-out method) or net realizable value.

Investments and Investment Income

Investments, which are comprised of U.S. government, government agency and corporate obligations, equity securities, hedge fund of funds, and invested cash and cash equivalents, are measured at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends, investment management fees, and write down of impaired investments) is included in the excess of revenues and net gains over expenses and losses. Unrealized gains and losses on nonequity investments are excluded from the excess (deficit) of revenues and net gains over expenses and losses.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

Assets Limited as to Use

Assets limited as to use includes certain cash and cash equivalents, donor-restricted funds, and certain employee funds. Amounts required to meet current liabilities have been classified as current assets in the consolidated statements of financial position at June 30, 2023 and 2022.

Benevolence

RiverWoods Exeter and RiverWoods Manchester have established benevolence policies to provide a source for financial assistance to residents of their retirement communities who are able to demonstrate financial need to the satisfaction of their respective board of trustees. For the years ended June 30, 2023 and 2022, the amount of financial assistance provided to RiverWoods Exeter residents was approximately \$140,000 and \$207,000, respectively. For the years ended June 30, 2023 and 2022, the amount of financial assistance provided to RiverWoods Manchester residents was approximately \$619,000 and \$487,000, respectively.

RiverWoods Durham is currently establishing a formal benevolence policy in accordance with its contractual obligations. For the fiscal years ended June 30, 2023 and 2022, there were no requests for financial assistance.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

TRWG Employee Emergency Fund

During 2020, the board created The RiverWoods Group Employee Emergency Fund. It was created to recognize how the Company's family of communities have come together to share knowledge, strategies, supplies, and expertise during the COVID-19 crisis and recognizing the commitment of its staff, who come to work every day despite facing many personal challenges. The fund is available to any employee working within the Company's System. With respect to COVID-19, the fund will be available to any employee working at The RiverWoods Group, RiverWoods Exeter, RiverWoods Manchester, or RiverWoods Durham who is experiencing a COVID-19 financial hardship.

While initially designed to support COVID-19 related hardships, unspent proceeds, and related earnings will remain in the Employee Emergency Fund to address future employee related hardships that may occur.

The Fund's corpus and all investment earnings are without restriction, provided they are spent in support of employee related hardships.

As of June 30, 2023 and 2022, the Company had received \$-0- and \$1,000, respectively, in contributions from community residents and staff. TRWG has provided financial assistance from this program of \$7,318 and \$88,959, respectively, for the fiscal years ended June 30, 2023 and 2022.

Fair Value of Financial Instruments

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

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

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

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

The fair values of financial instruments are summarized further in Note 4.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. The Company's policy is to capitalize expenditures for major improvements that have a per unit price of \$1,500 and an economic life of at least three years and charge maintenance and repairs currently for expenditures that do not extend the useful lives of the related assets. The provision for depreciation has been computed using the straight-line method at rates that are intended to amortize the cost of assets over their estimated useful lives. Projects in process consist of ongoing projects that will be depreciated when projects are completed and placed in service. See additional detail on projects in process in Note 16. Depreciation expense for the years ended June 30, 2023 and 2022 was \$14,960,595 and \$14,016,127, respectively.

The Company records impairment losses on property and equipment when events and circumstances indicate that it is probable that the assets are impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Based on management's estimated process, no impairment losses have been recorded as of June 30, 2023 and 2022.

Deferred Financing Costs

Deferred financing costs are being amortized using the straight-line method, which approximates the effective interest method, over the commitment period of the existing direct purchase lender agreements.

Deferred Marketing Costs

Deferred marketing costs represent costs incurred in connection with obtaining the initial residence and care agreements of each campus and are being amortized over the estimated remaining lives of each campus' first residents.

RiverWoods Durham has allowable deferred marketing costs of \$1,196,405 and accumulated amortization of \$333,335 and \$224,571 as of June 30, 2023 and 2022, respectively. Amortization of allowable deferred marketing costs totaled \$108,764 and \$98,473 for of the years ended June 30, 2023 and 2022, respectively.

Deferred Revenue – Entrance Fees

As of June 30, 2023, RiverWoods Exeter had three types of entrance fee agreements: 90% refundable, 50% refundable, and declining balance refund. Under the 90% agreement, resident entrance fees for the unit's first person are 90% refundable upon both the termination of residency in the retirement community of the resident, or in the case of joint residency, both residents, and upon resale of the unit. Resident entrance fees for the unit's second person are nonrefundable.

The provisions of the 50% refundable agreement are similar in all regards to the 90% agreement, except that the maximum refund upon termination of residency and resale of the unit is 50% of the first-person entrance fee.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue – Entrance Fees (Continued)

Under the declining balance refund agreement, the resident or resident's designee is entitled to a refund equal to the first-person entrance fee paid less a sum equal to a 4% administrative fee and 2% per month for every month of residence.

The nonrefundable portions of the entrance fees are amortized into operating revenue over the actuarially determined life expectancy of each resident. Upon termination of the contract, whether by move-out or death of the resident(s), the unamortized nonrefundable portion of the entrance fee is recorded as operating revenue. The refundable portion of these entrance fees is recorded as a liability.

As of June 30, 2023, RiverWoods Manchester had four types of entrance fee agreements: 70% refundable, 50% refundable, 0% refundable, and declining balance refund. For the refundable contracts, resident entrance fees for the unit's first person are refundable upon the termination of residency at RiverWoods Manchester and upon resale of the unit. Resident entrance fees for unit's second person are nonrefundable.

The nonrefundable portions of entrance fees are amortized into operating revenue over the actuarially determined life expectancy of each resident. Amortization of the nonrefundable entrance fees begins in the month of residency. Upon termination of the contract, whether by move-out or death of the resident(s), the unamortized nonrefundable portion of the entrance fees is recorded as operating revenue. The refundable portion of these entrance fees is recorded as a liability.

As of June 30, 2023, RiverWoods Durham had two types of entrance fee agreements: 90% refundable for single contracts and 80% refundable for joint contracts. For these refundable contracts, resident entrance fees are refundable upon the termination of residency at RiverWoods Durham and upon resale of the unit. There is no resident entrance fee for a unit's second person.

The nonrefundable portions of entrance fees are amortized into operating revenue over the actuarially determined life expectancy of each resident. Amortization of the nonrefundable entrance fees begins in the month of residency. Upon termination of the contract, whether by move-out or death of the resident(s), the unamortized nonrefundable portion of the entrance fees is recorded as operating revenue. The refundable portion of these entrance fees is recorded as a liability.

Charges for services rendered to residents are recorded when the services are provided at the estimated net amounts realizable from residents.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Revenue – Entrance Fees (Continued)

Entrance fee activities for RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham are as follows for the years ended June 30:

	2023			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Entrance Fees Received	\$ 23,291,000	\$ 5,726,000	\$ 6,195,000	\$ 35,212,000
Entrance Fees Refunded	(15,534,220)	(829,268)	(3,355,990)	(19,719,478)
Net Entrance Fees Received	\$ 7,756,780	\$ 4,896,732	\$ 2,839,010	\$ 15,492,522

	2022			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Entrance Fees Received	\$ 22,688,000	\$ 7,396,000	\$ 6,360,000	\$ 36,444,000
Entrance Fees Refunded	(8,221,350)	(1,392,756)	(3,240,090)	(12,854,196)
Net Entrance Fees Received	\$ 14,466,650	\$ 6,003,244	\$ 3,119,910	\$ 23,589,804

Based upon the terms of their respective refund policies, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham had the following contractually refundable deferred resident entrance fees for the years ended June 30:

	2023			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Contractually Refundable Deferred Resident Entrance Fees	\$ 182,838,882	\$ 22,718,441	\$ 75,513,550	\$ 281,070,873

	2022			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Contractually Refundable Deferred Resident Entrance Fees	\$ 179,528,046	\$ 19,559,109	\$ 73,679,940	\$ 272,767,095

The opening and closing balances in Deferred Revenue were as follows:

	Amortizable Entrance Fees
Balance as of July 1, 2021	\$ 44,565,145
Balance as of June 30, 2022	46,117,623
Balance as of June 30, 2023	47,886,907

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Obligation to Provide Future Services

The Company periodically engages an actuary to calculate the net present value of future revenues and the cost of providing future services and use of facilities to current residents, which is compared to the balance of deferred entrance fee revenue, allocable depreciation, and unamortized costs of acquiring initial continuing care contracts. If this calculation produces an obligation, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham performed these calculations for 2021. As of June 30, 2023 and 2022, management's estimate indicated no need to record an additional liability for an obligation to provide future services and use of facilities.

Future Residents' Deposits

Future residents' deposits are required prior to the execution of resident agreements and the acceptance of entrance fees. Upon occupancy, future resident deposits are reclassified to refundable entrance fee liability and deferred revenue from entrance fees.

Malpractice Loss Contingencies

The Company has a claims made policy for its malpractice insurance coverage. In the event a loss contingency should occur, the Company would give it appropriate recognition in its consolidated financial statements.

Employee Fringe Benefits

The Company has an "earned time off" plan to provide fringe benefits for its employees. Under this plan each qualifying employee "earns" hours of paid leave for each pay period worked. These hours of paid leave may be used for vacations or illness. Hours earned but not used are vested with the employee. The Company accrues the cost of these benefits as they are earned.

Charitable Gift Annuities

RiverWoods Exeter has a number of charitable gift annuities. The liability to the annuitants has been discounted to its present value, taking into consideration the life expectancy of the annuitant. The difference between the annuitant's gift and the liability to the annuitant is recorded as a contribution without donor restrictions in the year of the gift. These gift annuities provide for a series of quarterly payments during the annuitants' lives.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (Deficit)

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

Net Assets (Deficit) Without Donor Restrictions – Include net assets (deficit) available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the board of trustees can designate, from net assets (deficit) without donor restrictions, net assets (deficit) designated for special use. The RiverWoods Fund, the Employee Emergency Fund, the Charitable Gift Annuities, and the unrestricted portions of the Funds detailed in Notes 8 and 9 are included in net deficit without donor restrictions.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. The Peabody Scholarship Fund, The Spencer Scholarship Fund, The RiverWoods Exeter Scholarship Fund, and the restricted portion of the Benevolent Fund are included in the donor-imposed restrictions that are temporary in nature. The Endowment Fund, Dodge Fund, Abbie Woodman Fund, Fuller Fund, and The Lawrence Fund are included in donor-imposed restrictions that are maintained in perpetuity.

Resident Services – Monthly Fees and Other Operating Revenues

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

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

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services – Monthly Fees and Other Operating Revenues (Continued)

Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement.

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

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

	<u>2023</u>	<u>2022</u>
Service Lines:		
Independent Living	\$ 54,798,783	\$ 50,603,282
Nursing Facility	6,796,771	5,383,787
Assisted Living	9,809,894	8,883,196
Memory Care	2,937,302	2,204,411
Total	<u>\$ 74,342,750</u>	<u>\$ 67,074,676</u>
Primary Payor:		
Private Pay and Co-Insurance	\$ 73,693,246	\$ 66,607,025
Medicare	649,504	467,651
Total	<u>\$ 74,342,750</u>	<u>\$ 67,074,676</u>
Method of Reimbursement:		
Fee for Service	\$ 74,212,479	\$ 66,960,636
Retail Sales	130,271	114,040
Total	<u>\$ 74,342,750</u>	<u>\$ 67,074,676</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 74,212,479	\$ 66,960,636
Sales at Point in Time	130,271	114,040
Total	<u>\$ 74,342,750</u>	<u>\$ 67,074,676</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adoption of New Accounting Standard - Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statements of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Company adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, with certain practical expedients available.

Leases

The Company rents office and other equipment and determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets, current lease obligations, and long-term lease obligations on the consolidated statements of financial position.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The individual lease contracts do not provide information about the discount rate implicit in the leases. Therefore, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease obligations or right of use assets on the consolidated statements of financial position.

The Company has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain items in the 2022 consolidated financial statements have been reclassified to conform to 2023 consolidated financial statement presentation. The reclassifications have no effect on the results of operations or net assets (deficit).

Subsequent Events

In preparing these consolidated financial statements, the Company's policy is to evaluate events and transactions for potential recognition or disclosure through September 11, 2023, the date the consolidated financial statements were issued. The results of this evaluation indicated that there are no material subsequent events or transactions that are required to be disclosed in these consolidated financial statements.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statements of financial position date, consist of the following:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 21,601,493	\$ 19,289,454
Accounts Receivable	2,187,943	1,625,329
Investments	120,253,329	114,097,976
Benevolent Fund	1,011,278	983,213
Assets Limited as to Use:		
Other Restricted Funds	1,796,471	1,668,643
Endowment Funds	5,231,815	4,981,301
Total Financial Assets	<u>152,082,329</u>	<u>142,645,916</u>
Less: Amounts not Available to be Used Within One Year:		
TRWG Board-Designated Funds	15,557,485	14,669,206
TRWG Other Investment (Dorvie)	200,000	200,000
RWE Structured Credit Fund	3,751,816	-
RWE Special Situations Fund	3,707,668	-
RWE Capital Replacement Fund	8,496,000	10,000,000
RWE Future Benevolence Fund	1,718,000	1,367,000
RWE Community Loan Fund	509,090	503,000
RWE Ziegler Link-Age Longevity Fund	71,478	76,219
RWE Peabody Scholarship Fund	609,903	557,059
RWE Spencer Scholarship Fund	680,051	595,982
RWE Scholarship Fund	330,495	286,999
RWE Endowment Fund	868,633	776,295
RWM Donor Funds - Perpetually Restricted	3,409,662	3,409,662
RWM Capital Replacement Fund	1,000,000	-
RWM Scholarship Fund	10,888	-
RWD Capital Replacement Fund	1,000,000	-
Total Financial Assets not Available Within One Year	<u>41,921,169</u>	<u>32,441,422</u>
Total Financial Assets Available Within One Year	<u>\$ 110,161,160</u>	<u>\$ 110,204,494</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Company has certain board-designated and donor-restricted assets limited as to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Company has other assets limited as to use for donor-restricted purposes, which are more fully described in Note 6. Additionally, certain other board-designated assets are designated for future use. These assets limited as to use, which are more fully described in Note 3, are not available for general expenditure within the next year; however, these amounts could be made available, if necessary.

RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham calculate Days Cash on Hand per their respective continuing covenant agreements. The following table reflects the Days Cash on Hand at June 30:

	<u>2023</u>	<u>2022</u>
RiverWoods Exeter	685 days	723 days
RiverWoods Manchester	329 days	292 days
RiverWoods Durham	635 days	666 days

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE

The composition of investments and assets limited as to use, which are stated at fair value, is set forth in the following table at June 30:

	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 2,125,133	\$ 17,714,344
U.S. Government and Government Agency Obligations	8,202,274	11,066,064
Corporate Debt Obligations	42,323,728	40,060,450
Equity Securities	64,850,785	50,713,583
Alternative Assets	11,020,360	2,395,548
Total	<u>\$ 128,522,280</u>	<u>\$ 121,949,989</u>

	<u>2023</u>	<u>2022</u>
Current Portion of Assets Limited as to Use	\$ 108,845	\$ 130,674
Accrued Interest Receivable	229,387	218,856
Investments	120,253,329	114,097,976
Benevolent Fund and Other Restricted Funds	7,930,719	7,502,483
Total	<u>\$ 128,522,280</u>	<u>\$ 121,949,989</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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

Management performs due diligence on the valuation of all investments. The vast majority of the underlying manager holdings are publicly traded securities with readily available market prices. Management continually reviews its investment portfolios and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of investment advisors and the length of time and extent to which the market value has been less than cost, and the ability and intent of the Company to hold investments in the long term. During the years ended June 30, 2023 and 2022, no material declines in the market value of investments are considered to be other than temporary.

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30:

	2023			
	Total	Level 1	Level 2	Level 3
Assets:				
Assets Limited as to Use	\$ 7,028,286	\$ 7,028,286	\$ -	\$ -
Investments	108,119,114	107,610,024	-	509,090
Asset Under Interest Rate Swap Agreements, Net	1,997,024	-	1,997,024	-
Total	<u>117,144,424</u>	<u>\$ 114,638,310</u>	<u>\$ 1,997,024</u>	<u>\$ 509,090</u>
Cash and Cash Equivalents	2,125,133			
Investments Measured at NAV	10,820,360			
Investments Measured at Cost	200,000			
Total	<u>\$ 130,289,917</u>			
2022				
	Total	Level 1	Level 2	Level 3
Assets:				
Assets Limited as to Use	\$ 6,649,944	\$ 6,649,944	\$ -	\$ -
Investments	97,166,845	96,663,845	-	503,000
Asset Under Interest Rate Swap Agreements, Net	337,315	-	337,315	-
Total	<u>104,154,104</u>	<u>\$ 103,313,789</u>	<u>\$ 337,315</u>	<u>\$ 503,000</u>
Cash and Cash Equivalents	17,714,344			
Investments Measured at Cost	200,000			
Total	<u>\$ 122,068,448</u>			

The determination of the fair values above incorporates various factors. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the Company's nonperformance risk on its liabilities.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The fair value of investments is determined by third-party service providers utilizing various methods dependent upon the specific type of investment. When quoted prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy. Assets utilizing Level 1 inputs include money market funds and bank deposits, U.S. government and agency securities, corporate bonds, common stock, and mutual funds.

Assets and liabilities utilizing Level 2 inputs are derivatives. The carrying amount represents fair market value and is based on a price estimated by a third party using the income approach, which uses valuation techniques to convert future cash flows to a discounted value, using current market expectations.

Investments measured at cost and net asset value (NAV) are evaluated by management for impairment. Based on management's evaluation, no impairment to investments measured at cost has occurred as of June 30, 2023.

NOTE 5 LONG-TERM DEBT

Following is a description of the terms of long-term debt at June 30:

<u>Description</u>	<u>2023</u>	<u>2022</u>
New Hampshire Health and Education Facilities Authority:		
RWE Series 2012 Revenue Bonds, Series A	\$ 22,400,000	\$ 23,710,000
RWE Series 2012 Revenue Bonds, Series B	23,865,000	24,850,000
RWM Series 2016 Revenue Bonds	6,534,213	7,658,724
RWM Series 2021 Revenue Bonds	5,621,640	2,937,196
RWM 2023 Construction Loan	1,211,139	-
RWD Series 2018 Revenue Bonds, Series A	52,980,000	52,980,000
RWD 2021 Taxable Loan	<u>2,943,000</u>	<u>4,767,000</u>
Total Long-Term Debt	115,554,992	116,902,920
Less: Unamortized Deferred Financing Costs	<u>(1,679,940)</u>	<u>(1,966,149)</u>
Total Long-Term Debt, Less Unamortized Deferred Financing Costs	113,875,052	114,936,771
Less: Current Portion	<u>(5,434,059)</u>	<u>(5,243,910)</u>
Total Long-Term Debt, Net of Current Portion, Less Unamortized Deferred Financing Costs	<u>\$ 108,440,993</u>	<u>\$ 109,692,861</u>

RWE

In September 2012, RiverWoods Exeter entered into an agreement with the New Hampshire Health and Education Facilities Authority for \$65,605,000 Revenue Bonds, Series 2012A and Series 2012B. The proceeds were used to redeem \$64,120,000, representing the total outstanding balances of Series 1997B, Series 2003, Series 2007, and Series 2008 Bonds and to pay certain costs related to the issuance of these bonds. The Series 2012A and Series 2012B bonds are Direct Purchase Revenue Bonds and interest is payable at variable rates.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 LONG-TERM DEBT (CONTINUED)

RWE (Continued)

In April 2015, RiverWoods Exeter entered into loan modification agreements for the Series 2012A and Series 2012B bonds. The modification reduced the variable interest rate and extended the commitment terms of the Series 2012A bonds to April 1, 2025 and the Series 2012B bonds to April 1, 2030. RiverWoods Exeter paid certain costs related to the loan modification which is included in unamortized bond issuance costs.

RiverWoods Exeter had a swap agreement with Deutsche Bank which enacted a fixed rate swap on variable rate debt. During the years ended June 30, 2023 and 2022, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement expired, as per contractual terms, on March 1, 2023.

RiverWoods Exeter had a swap agreement with Morgan Stanley which enacted a fixed rate swap on variable rate debt. During the years ended June 30, 2023 and 2022, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement expired, as per contractual terms, on March 1, 2023.

RiverWoods Exeter had a swap agreement with TD Bank which enacted a fixed rate swap on variable rate debt. During the years ended June 30, 2023 and 2022, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement expired, as per contractual terms, on October 3, 2022.

RiverWoods Exeter has two swap agreements with TD Bank which enact fixed rate swaps on variable rate debt. During the years ended June 30, 2023 and 2022, the swaps were recorded as financial instruments at fair value and met the criteria as derivative instruments. The swap agreements went into effect on October 3, 2022, and expire on April 1, 2025.

RWM

In July 2016, RiverWoods Manchester entered into an agreement with the New Hampshire Health and Education Facilities Authority for \$12,680,000 Revenue Bonds, Series 2016. The proceeds were used to redeem \$9,650,000 of outstanding Series 1994 Bonds and to pay certain costs related to the issuance of these bonds. An additional \$4,020,000 was acquired through the Series 2016 Revenue Bonds for planned capital projects. The Series 2016 Revenue Bonds have a commitment term to July 1, 2026.

In July 2020, RiverWoods Manchester was granted permission to forego principal payments for July, August, and September of 2020. These three deferred payments were repaid in June 2022.

In November 2021, RiverWoods Manchester entered into an agreement with the New Hampshire Health and Education Facilities Authority for up to \$8,000,000 Revenue Bonds, Series 2021. The proceeds will be used to fund or reimburse all or a portion of the cost of construction, renovation, and equipping of the Institution's facilities including, but not limited to, roofing, siding, construction of a new kitchen, renovation to the Institution's Health Center and other miscellaneous and routine capital improvements, as well as to pay certain costs related to the issuance of these bonds.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 LONG-TERM DEBT (CONTINUED)

RWM (Continued)

These bonds will be drawn down through an approved requisition process. The Series 2021 Revenue Bonds have a commitment term to November 1, 2036.

RiverWoods Manchester has a swap agreement with M&T Bank, successor to People's United Bank, which enacts a fixed rate swap on variable rate debt. During the years ended June 30, 2023 and 2022, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement expires on July 1, 2026.

RiverWoods Manchester has a second swap agreement with M&T Bank, successor to People's United Bank, which enacts a fixed rate swap on variable rate debt. During the years ended June 30, 2023 and 2022, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement went into effect on August 1, 2022 and expires on November 1, 2036.

In May 2023, RiverWoods Manchester entered into an agreement with M&T Bank, for a draw-down construction loan of \$12,000,000. The draws will be used to fund certain costs and expenses in connection with the ongoing expansion of an 18 unit independent living cottage project. The loan matures May 2025, and carries an interest rate of Term SOFR plus 1.95%. As of June 30, 2023, draws on the construction loan total \$1,211,139.

TRWG

In August 2017, TRWG closed on a revolving credit loan with TD Bank, NA. The loan initially provided for up to \$7,000,000 of credit and was collateralized by certain cash and investments of TRWG. TRWG modified the loan on October 28, 2022, increasing the credit amount to \$12,000,000 and extending the maturity date to February 28, 2025. It carries an interest rate of Term SOFR plus 1.14%. As of June 30, 2023 and 2022, there is no balance on the line of credit.

RWD

In May 2018, RiverWoods Durham entered into an agreement with the New Hampshire Health and Education Facilities Authority for \$98,380,000 Revenue Bonds, Series 2018A (\$52,980,000) and Series 2018B (\$45,400,000). The proceeds of the issuance were utilized to fund the RiverWoods Durham Project (the Project). The Project consisted of 1) financing the acquisition, construction, renovation, and equipping of a new continuing care retirement community comprised of independent living apartments, assisted living suites, memory support assisted living suites, and skilled nursing beds; 2) financing certain other capital expenditures by RiverWoods Durham; and 3) paying certain costs of issuing the bonds. The Series 2018A and Series 2018B bonds are Direct Purchase Revenue Bonds and interest is payable at variable rates. Proceeds were drawn down as costs of the Project were incurred. The Series 2018B bonds were fully retired in March 2020.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 5 LONG-TERM DEBT (CONTINUED)

RWD (Continued)

In September 2021, RiverWoods Durham modified its Series 2018A bonds by entering into a 15-year agreement with TD Bank at an annual fixed rate of 2.14%. As part of this modification, RiverWoods Durham also entered into a \$6,000,000 taxable loan agreement with TD Bank to pay certain costs of issuance, early termination fees on its interest rate swaps, and capital expenditures. The taxable loan carries an annual fixed interest rate of 1.48% and amortizes monthly through January 1, 2025.

RiverWoods Durham previously had interest rate swap agreements with TD Bank, SunTrust Bank (now Truist Bank), and People's United Bank (now M&T Bank) that effectively converted the variable interest rate of the Series 2018A Bonds to a fixed interest rate. The swap agreements were designated as derivatives and recorded at fair value as an asset or liability in the statement of financial position. The swap agreements were terminated in September 2021 as part of the loan modification.

Following is a summary of interest rate swaps outstanding at June 30, 2023:

	<u>Current Notional Amount</u>	<u>Fixed Rate</u>	<u>Expiration Calendar Year</u>
RWE - TD Bank	\$ 23,865,000	2.842 %	2025
RWE - TD Bank	22,400,000	2.526 %	2025
RWM - M&T Bank	6,533,815	0.8525 %	2026
RWM - M&T Bank	6,000,000	1.4370 %	2036
Total Notional Amount	<u>\$ 58,798,815</u>		

The combined aggregate amount of maturities as of June 30 for all long-term debt is as follows:

<u>Year Ending June 30,</u>	RWE 2012 Series A	RWE 2012 Series B	RWM 2016 Series	RWD 2018A Series	RWM 2021 Series	RWD 2021 Taxable	RWM 2023 Loan	Total
2024	\$ 1,405,000	\$ 1,025,000	\$ 1,153,059	\$ -	\$ -	\$ 1,851,000	\$ -	\$ 5,434,059
2025	1,445,000	1,060,000	1,182,144	786,400	62,324	1,092,000	1,211,139	6,839,007
2026	1,490,000	1,090,000	400,238	1,915,900	108,425	-	-	5,004,563
2027	1,510,000	1,135,000	335,718	1,956,800	111,671	-	-	5,049,189
2028	1,565,000	1,165,000	343,932	1,998,600	114,359	-	-	5,186,891
Thereafter	14,985,000	18,390,000	3,119,122	46,322,300	5,224,861	-	-	88,041,283
Total	<u>\$ 22,400,000</u>	<u>\$ 23,865,000</u>	<u>\$ 6,534,213</u>	<u>\$ 52,980,000</u>	<u>\$ 5,621,640</u>	<u>\$ 2,943,000</u>	<u>\$ 1,211,139</u>	<u>\$ 115,554,992</u>

RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham are required by their respective loan agreements to meet certain financial ratios. As of June 30, 2023 and 2022, management is not aware of any violations with these financial covenants.

Total interest expense incurred on swaps and bonds was approximately \$3,126,000 and \$2,808,000 for the years ended June 30, 2023 and 2022, respectively.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 6 LONG-TERM LEASE OBLIGATIONS

The Company leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2028 and provide for various renewal options.

The following table provides quantitative information concerning the Company's leases for the year ended June 30, 2023:

Lease Cost:	
Operating Lease Cost	\$ 93,632
Total Lease Cost	<u>\$ 93,632</u>
Other Information:	
Operating Cash Flows from Operating Leases	\$ 93,632
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 237,866
Weighted-Average Remaining Lease Term - Finance Leases	N/A
Weighted-Average Remaining Lease Term - Operating Leases	2.35 Years
Weighted-Average Discount Rate - Finance Leases	N/A
Weighted-Average Discount Rate - Operating Leases	3.16%

The Company classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2023, is as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 73,573
2025	39,119
2026	20,280
2027	20,280
2028	3,856
Thereafter	-
Undiscounted Cash Flows	157,108
(Less) Imputed Interest	(7,227)
Total Present Value	<u>\$ 149,881</u>
Short-Term Lease Liabilities	\$ (70,023)
Long-Term Lease Liabilities	(79,858)
Total	<u>\$ (149,881)</u>

For the year ended June 30, 2023, the Company had approximately \$94,000 of lease expense.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions temporary in nature (subject to donor or time restrictions) are comprised of the following at June 30:

	<u>2023</u>	<u>2022</u>
Unappropriated Income on Permanently Restricted Endowments - RiverWoods Manchester	\$ 953,520	\$ 795,344
RiverWoods Manchester - Employee Appreciation	15,209	6,509
RiverWoods Manchester - Scholarship Fund	10,888	-
The RiverWoods Group - Other	-	484
RiverWoods Exeter - Peabody Scholarship Fund	381,717	527,559
RiverWoods Exeter - Scholarship Fund	251,690	68,814
RiverWoods Exeter - Spencer Scholarship Fund	351,675	494,553
RiverWoods Exeter - Employee Appreciation	54,146	76,615
RiverWoods Durham - Zunz Family Education Fund	30,518	49,018
RiverWoods Durham - Senior Celebration Fund	23,411	48,911
RiverWoods Durham - Employee Appreciation	32,949	39,468
Total	<u>\$ 2,105,723</u>	<u>\$ 2,107,275</u>

Net assets with donor restrictions held in perpetuity are comprised of the following at June 30:

	<u>2023</u>	<u>2022</u>
Permanently Restricted Endowment Funds - RiverWoods Manchester		
Dodge Fund, Income Unrestricted	\$ 73,733	\$ 73,733
Abbie Woodman Fund, Income Unrestricted	155,692	155,692
Fuller Fund, Income Unrestricted	3,169,205	3,169,205
Lawrence Fund, Income Restricted for Pin Money to the Residents of Pearl Manor	11,032	11,032
Total Permanently Restricted Endowments - RiverWoods Manchester	3,409,662	3,409,662
Permanently Restricted Endowment Funds - RiverWoods Exeter	389,565	385,972
Total	<u>\$ 3,799,227</u>	<u>\$ 3,795,634</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 RIVERWOODS EXETER FUND BALANCES

The following table represents the changes in the net assets without donor restrictions and with donor restrictions for the various funds held at RiverWoods Exeter for fiscal year June 30, 2023:

	Without Donor Restrictions	Temporary in Nature	Held in Perpetuity	Total
Total Fund Balances - RWE, June 30, 2022	\$ 1,329,328	\$ 1,167,541	\$ 385,972	\$ 2,882,841
RWE Peabody Fund, June 30, 2022	29,501	527,559	-	557,060
Reclassification	122,285	(122,285)	-	-
Donations	-	22,443	-	22,443
Investment Income	55,781	-	-	55,781
Net Assets Released from Restrictions	-	(46,000)	-	(46,000)
Total RWE Peabody Fund, June 30, 2023	<u>207,567</u>	<u>381,717</u>	-	<u>589,284</u>
RWE Scholarship Fund, June 30, 2022	218,185	68,814	-	286,999
Reclassification	(178,000)	178,000	-	-
Donations	-	26,876	-	26,876
Investment Income	28,376	-	-	28,376
Net Assets Released from Restrictions	-	(22,000)	-	(22,000)
Total RWE Scholarship Fund, June 30, 2023	<u>68,561</u>	<u>251,690</u>	-	<u>320,251</u>
RWE Employee Appreciation Fund, June 30, 2022	-	76,615	-	76,615
Donations	-	379,235	-	379,235
Net Assets Released from Restrictions	-	(401,704)	-	(401,704)
Total RWE Employee Appreciation Fund, June 30, 2023	-	<u>54,146</u>	-	<u>54,146</u>
RWE Benevolent Fund, June 30, 2022	588,590	-	-	588,590
Donations	-	14,120	-	14,120
Investment Income	41,124	-	-	41,124
Disbursements of Funds	(63,441)	-	-	(63,441)
Net Assets Released from Restrictions	-	(14,120)	-	(14,120)
Total RWE Benevolent Fund, June 30, 2023	<u>566,273</u>	-	-	<u>566,273</u>
RWE Endowment Fund, June 30, 2022	390,323	-	385,972	776,295
Donations	-	-	3,593	3,593
Investment Income	88,745	-	-	88,745
Total RWE Endowment Fund, June 30, 2023	<u>479,068</u>	-	<u>389,565</u>	<u>868,633</u>
RWE Spencer Fund, June 30, 2022	102,729	494,553	-	597,282
Reclassification	148,063	(148,063)	-	-
Donations	-	29,185	-	29,185
Investment Income	62,234	-	-	62,234
Net Assets Released from Restrictions	-	(24,000)	-	(24,000)
Total RWE Spencer Fund, June 30, 2023	<u>313,026</u>	<u>351,675</u>	-	<u>664,701</u>
Total Fund Balances - RWE, June 30, 2023	<u>\$ 1,634,495</u>	<u>\$ 1,039,228</u>	<u>\$ 389,565</u>	<u>\$ 3,063,288</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 RIVERWOODS MANCHESTER ENDOWMENT AND FUND BALANCES

RiverWoods Manchester's endowment primarily consists of funds established to support operations. Its endowment includes donor-restricted endowment funds to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

RWM has interpreted the state of New Hampshire Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the contributed value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, RWM classifies as net assets with donor restrictions held in perpetuity (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accordingly, unless explicitly stated otherwise by the donor, realized and unrealized net appreciation in investments in donor-restricted endowment funds held in perpetuity is classified as net assets with donor restrictions that are temporary in nature until appropriated by the board of trustees for expenditure. Funds designated by the board of trustees to function as endowments are classified as net assets without donor restrictions.

In accordance with the Act, RWM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Return Objectives and Risk Parameters

RWM has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that RWM must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate market indices while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, RWM relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RWM targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 RIVERWOODS MANCHESTER ENDOWMENT AND FUND BALANCES (CONTINUED)

Policy

In accordance with the Act, the board of trustees is allowed to appropriate for expenditure for the uses and purposes for which the endowment fund is established so much of the net appreciation, realized and unrealized, in the fair value of the assets of the endowment fund over the historic dollar value of the fund as is prudent. In so doing, the board must consider long- and short-term needs of the institution in carrying out its purpose, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. The board has established a spending policy providing for distributions of a minimum of 85% of the interest and dividends and realized gains, less all fees and realized losses, from Pearl Manor's investment portfolio to RWM, unless additional amounts are appropriated to support operations. Under this policy, total distributions are not to exceed 5% of the trailing three-year average market value of endowed funds, unless approved by the board. Distributions of \$263,733 and \$246,385 were made pursuant to this policy, during the years ended June 30, 2023 and 2022, respectively.

RWM Fund Balances Including Endowment Composition and Changes in Endowment

The following table represents the changes in the net assets without donor restrictions and with donor restrictions for the various funds held at RWM including endowment fund asset composition and changes in endowment assets for the fiscal year June 30, 2023:

	Without Donor Restrictions	Temporary in Nature	Held in Perpetuity	Total
Total Fund Balances - RWM, June 30, 2022	\$ -	\$ 801,853	\$ 3,409,662	\$ 4,211,515
RWM Employee Appreciation Fund, June 30, 2022		6,509		6,509
Donations	-	94,722	-	94,722
Net Assets Released from Restrictions	-	(86,022)	-	(86,022)
Total RWM Employee Appreciation Fund, June 30, 2023	-	15,209	-	15,209
RWM Endowment Fund, June 30, 2022		795,344	3,409,662	4,205,006
Investment Income		98,293		98,293
Net Appreciation		323,616		323,616
Amounts Appropriated for Expenditure		(260,155)		(260,155)
Distribution of Pearl Manor's Income		(3,578)		(3,578)
Total RWM Endowment Fund, June 30, 2023	-	953,520	3,409,662	4,363,182
RWM Scholarship Fund, June 30, 2022				
Donations		20,888		20,888
Net Assets Released from Restrictions		(10,000)		(10,000)
Total RWM Scholarship Fund, June 30, 2023	-	10,888	-	10,888
RWE Benevolent Fund, June 30, 2022	394,623	-	-	394,623
Donations	-	9,280	-	9,280
Investment Income	50,381	-	-	50,381
Net Assets Released from Restrictions	-	(9,280)	-	(9,280)
Total RWE Benevolent Fund, June 30, 2023	445,004	-	-	445,004
Total Fund Balances - RWM, June 30, 2023	<u>\$ 445,004</u>	<u>\$ 979,617</u>	<u>\$ 3,409,662</u>	<u>\$ 4,834,283</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 10 FUNCTIONAL EXPENSES

The Company provides residential living services and general health care services to its residents. All natural classes of expenses that are not directly related to the Company's programs are allocated to one or more management and general functions based on estimates of time and effort involved. Expenses related to providing these services are as follows at June 30:

	2023		
	Care and Service to Community Members	Management and General	Total Expenses
Salaries	\$ 32,481,503	\$ 6,340,969	\$ 38,822,472
Payroll Taxes and Fringe Benefits	6,530,797	2,220,823	8,751,620
Contract Labor	3,157,963	221,899	3,379,862
Professional Fees	1,151,774	1,403,610	2,555,384
Dues and Subscriptions	62,380	103,272	165,652
Resident Supplies/Expenses	989,304	39,316	1,028,620
Office Supplies	2,163,244	383,811	2,547,055
Printing and Advertising	621,093	155,663	776,756
Equipment Leases and Maintenance	1,635,557	437,183	2,072,740
Telephone and IT Services	462,638	1,139,011	1,601,649
Insurance	847,317	390,181	1,237,498
Interest and Banking Fees	2,728,011	877,669	3,605,680
Facility Costs and Utilities	2,964,901	523,217	3,488,118
Property Taxes	2,253,669	397,706	2,651,375
Depreciation and Amortization	12,593,944	2,475,415	15,069,359
Travel	46,205	223,512	269,717
Raw Food	3,202,097	478,475	3,680,572
Miscellaneous	560,757	301,251	862,008
COVID-19 Nonsalary Expenses	350	-	350
Total Expenses	<u>\$ 74,453,504</u>	<u>\$ 18,112,983</u>	<u>\$ 92,566,487</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 10 FUNCTIONAL EXPENSES (CONTINUED)

	2022		
	Care and Service to Community Members	Management and General	Total Expenses
Salaries	\$ 29,425,192	\$ 5,700,210	\$ 35,125,402
Payroll Taxes and Fringe Benefits	6,429,037	2,272,025	8,701,062
Contract Labor	1,123,431	134,560	1,257,991
Professional Fees	944,629	481,607	1,426,236
Dues and Subscriptions	89,606	67,735	157,341
Resident Supplies/Expenses	859,435	32,926	892,361
Office Supplies	1,550,048	295,840	1,845,888
Printing and Advertising	679,900	208,401	888,301
Equipment Leases and Maintenance	1,151,826	332,740	1,484,566
Telephone and IT Services	320,987	904,244	1,225,231
Insurance	681,591	321,336	1,002,927
Interest and Banking Fees	2,422,214	825,073	3,247,287
Facility Costs and Utilities	3,052,630	538,700	3,591,330
Property Taxes	2,511,192	443,152	2,954,344
Depreciation and Amortization	11,834,201	2,280,399	14,114,600
Travel	19,884	58,754	78,638
Raw Food	2,833,005	423,323	3,256,328
Miscellaneous	293,660	344,422	638,082
COVID-19 Nonsalary Expenses	209,224	-	209,224
Total Expenses	<u>\$ 66,431,692</u>	<u>\$ 15,665,447</u>	<u>\$ 82,097,139</u>

NOTE 11 EMPLOYEE BENEFIT PLAN

The Company offers defined contribution plans for all eligible employees of the System. The plans require each entity to match certain percentages of employee voluntary contributions based upon years of service. Pension expense is as follows for the years ended June 30:

	2023	2022
The RiverWoods Group	\$ 96,566	\$ 73,852
RiverWoods Exeter	189,557	213,621
RiverWoods Manchester	48,117	55,954
RiverWoods Durham	61,315	56,302
Total	<u>\$ 395,555</u>	<u>\$ 399,729</u>

NOTE 12 CONCENTRATION OF CREDIT RISK

The Company maintains its cash accounts at commercial banks. The cash balances in each bank are insured by the FDIC up to certain dollar limitations. The concentration of credit risk varies with the funds held in the accounts and fluctuates based on available balances during the year.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 CONCENTRATION OF CREDIT RISK (CONTINUED)

The Company grants credit without collateral to its residents. The Company requires third-party insurance for those residents receiving health care services. The mix of receivables from patients and third-party payors at June 30 was as follows:

	2023	2022
Medicare and Supplemental Insurance	24 %	31 %
Residents and Other Accounts Receivable	76	69
Total	100 %	100 %

NOTE 13 RELATED PARTY

RWE, RWM, and RWD remit fees to TRWG for management and development, information technology, and administrative support services as agreed upon in their respective management service agreements.

Management and development, information technology, and administrative support fees paid by RWE, RWM, and RWD are as follows for the years ended June 30. All amounts eliminate upon consolidation.

	2023			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Fees Paid to TRWG:				
Management and Development	\$ 1,371,916	\$ 569,440	\$ 845,968	\$ 2,787,324
Information Technology	785,040	236,576	348,540	1,370,156
Administrative Support	1,051,824	484,224	551,088	2,087,136
Total	\$ 3,208,780	\$ 1,290,240	\$ 1,745,596	\$ 6,244,616
	2022			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Fees Paid to TRWG:				
Management and Development	\$ 1,285,092	\$ 531,000	\$ 785,148	\$ 2,601,240
Information Technology	874,572	260,196	384,720	1,519,488
Administrative Support	1,058,904	553,200	514,800	2,126,904
Total	\$ 3,218,568	\$ 1,344,396	\$ 1,684,668	\$ 6,247,632

During fiscal year ended June 30, 2023, RiverWoods Exeter incurred expenses that TRWG reimbursed of \$87,760 which were eliminated in consolidation. During fiscal year ended June 30, 2022, RiverWoods Exeter incurred expenses that TRWG reimbursed of \$80,000 which were eliminated in consolidation.

RiverWoods Exeter incurred marketing expenses of \$21,700 and \$21,000 during fiscal years ended June 30, 2023 and 2022, respectively, which TRWG reimbursed and which were eliminated in consolidation.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 13 RELATED PARTY (CONTINUED)

On July 8, 2016, RiverWoods Manchester entered into an equity support agreement with TRWG, for a \$2,000,000 subordinated loan, with the availability of an additional \$3,000,000, if needed. This agreement provides liquidity support as required under the People's United Muni Finance Corp and People's United Bank, National Association (now M&T Bank) lending agreement. Principal may be repaid upon the latter of i) July 8, 2021, or ii) satisfaction of certain financial benchmarks as defined in the Financial Support Agreement. Interest at 3% is paid in monthly installments. All unpaid principal and accrued interest must be repaid by July 8, 2026. The amount outstanding on the loan at June 30, 2023 and 2022 is \$2,000,000. RiverWoods Manchester paid TRWG \$60,000 in interest on the loan during each of the years ended June 30, 2023 and 2022, respectively. These amounts are eliminated in consolidation.

On June 25, 2019, RiverWoods Manchester entered into a loan agreement with TRWG in an amount up to \$1,700,000 that can be drawn upon at an interest rate of 0%. The agreement is intended to allow RiverWoods Manchester to be able to meet certain financial covenants contained in the bond purchase agreement from July 2016 with the New Hampshire Health and Education Facility for \$12,680,000 Revenue Bonds, Series 2016. Principal outstanding on the loan will be repaid in 36 equal installments beginning August 1, 2025. The amount outstanding on the loan at June 30, 2023 and 2022 is \$495,000 and is eliminated in consolidation.

On May 1, 2018, TRWG entered into two guaranty agreements to support the financing of the RiverWoods Durham project. Under the terms of the Completion and Performance agreement, TRWG provided an unlimited guarantee during the construction and completion of the RWD project. Under the terms of the Payment and Performance agreement, following project completion, TRWG's guarantee of RWD's bond and swap payment obligations was limited to \$4,500,000. During the fiscal year ending 2023, TRWG's obligations became nonrecourse.

During fiscal year 2022, RiverWoods Exeter and RiverWoods Durham effected \$8,000,000 and \$1,500,000 net asset transfers to TRWG, respectively. These amounts are eliminated upon consolidation.

A benefit of a system is the ability to share knowledge and resources across the entities. For the Company's System, this typically includes shared staffing and employee benefits, supplies and personal protective equipment, and management fees. The accounts are reconciled on a monthly basis.

Effective with its fiscal year 2023, the RiverWoods Group System opted into a self-insured health insurance program for covered employees. Based upon purchasing power and the combined risk pool, the organization anticipated significant savings in aggregate as compared to commercial options. As part of the program, the organization purchases stop loss insurance to provide a maximum cost ceiling. The RiverWoods Group charge the communities at "expected" costs and bears the risk of maximum costs. TRWG will annually evaluate the risk/return benefit of adjusting stop loss insurance amounts. TRWG has established a Self-Insured Health Insurance board-designated reserve for claims exposure.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 RELATED PARTY (CONTINUED)

The amounts due (to)/from the entities that are eliminated in consolidation are comprised of the following at June 30, 2023:

	The RiverWoods Group	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Due to TRWG	\$ -	\$ (662,393)	\$ (267,234)	\$ (288,412)	\$ (1,218,039)
Due to RiverWoods Manchester	-	(9,535)	-	(12,091)	(21,626)
Due to RiverWoods Durham	-	(14,684)	-	-	(14,684)
Due from RiverWoods Exeter	662,393	-	9,535	14,684	686,612
Due from RiverWoods Manchester	267,234	-	-	-	267,234
Due from RiverWoods Durham	288,412	-	12,091	-	300,503
Total	<u>\$ 1,218,039</u>	<u>\$ (686,612)</u>	<u>\$ (245,608)</u>	<u>\$ (285,819)</u>	<u>\$ -</u>

The amounts due (to)/from the entities that are eliminated in consolidation are comprised of the following at June 30, 2022:

	The RiverWoods Group	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Due to TRWG	\$ -	\$ (462,856)	\$ (70,949)	\$ (156,582)	\$ (690,387)
Due to RiverWoods Exeter	-	-	(19,918)	-	(19,918)
Due to RiverWoods Durham	-	(74,580)	(2,421)	-	(77,001)
Due from RiverWoods Exeter	462,856	-	-	74,580	537,436
Due from RiverWoods Manchester	70,949	19,918	-	2,421	93,288
Due from RiverWoods Durham	156,582	-	-	-	156,582
Total	<u>\$ 690,387</u>	<u>\$ (517,518)</u>	<u>\$ (93,288)</u>	<u>\$ (79,581)</u>	<u>\$ -</u>

NOTE 14 INSURANCE

Effective October 23, 2014, RiverWoods Exeter began participating in an insurance risk retention group, the Caring Communities, a Reciprocal Risk Retention Group (CCrRRG), a group insurance captive corporation licensed by the state of Illinois, to cover basic professional and general liability insurance on a claims-made basis. Participation has been expanded to include The RiverWoods Group, RiverWoods Manchester, and RiverWoods Durham. The RiverWoods System has a 0.55% subscriber interest in the CCrRRG Reciprocal.

NOTE 15 CONTINGENCIES AND COMMITMENTS

Boulders Campus

As a condition of site plan approval for its third campus, The Boulders, RiverWoods Exeter agreed to provide land and funds for the Town of Exeter, New Hampshire to put towards the construction of a future fire substation. During the fiscal year ending June 30, 2011, RiverWoods Exeter provided the funds as per the agreement. During fiscal year 2023, the Town of Exeter modified the condition to remove the provision of land. Accordingly, all conditions have been met as of June 30, 2023.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Litigation

The Company occasionally finds itself as a defendant in legal suits that develop in the normal course of its activities. Although it is impossible to determine the ultimate resolution of matters that remain unresolved at this time, the Company does not anticipate that there will be any material effect on these consolidated financial statements as a result of any action presently in progress.

Industry Regulation

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Company is in compliance with fraud and abuse statutes as well as other applicable government statutes.

Employee Retention Credit

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. Among other provisions, the CAA expanded the eligibility for ERC to include more entities as well as extending ERC into calendar year 2021 including the first, second and third calendar quarters. Furthermore, the refundable tax credit for the calendar year 2021 was expanded to 70% of the qualified wages. CAA provided these entities the ability to retroactively recover payroll taxes from earlier in 2020 during which they were previously ineligible. This is done by retroactively applying for the credit.

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either a full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which eligibility requirements were met.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Employee Retention Credit (Continued)

Grants from the government are recognized when all conditions of such grants are fulfilled or there is reasonable assurance that they will be fulfilled. During the fiscal year ended June 30, 2023, each entity of the System has filed Form 941-X tax returns for two quarters in 2021 but have not received any monies as of the date these financial statements are issued. If the entities do receive the credits, they will total approximately \$7,700,000, in aggregate.

Due to various uncertainties regarding eligibility and collectability of the funds, the Company has determined that all of the conditions of the ERC program have not been fulfilled as of June 30, 2023. Accordingly, the Company has not recognized the amounts received as revenue.

The Company engaged a third-party to assist with determining its eligibility for the credit. The ERC would be subject to Internal Revenue Service (IRS) review and if it does receive the credits, there is a possibility that upon review the IRS could request the funds be returned and reach a different conclusion regarding the Company's eligibility than the third-party determined.

NOTE 16 PROJECTS IN PROGRESS

For projects that meet the Company's capital expenditure guidelines, a capital project is established. Expenditures are captured throughout the project as Capital Projects in Progress (CIP). Upon completion, the project is closed and placed into service and a fixed asset is created and depreciation begins. Projects that are not completed at fiscal year-end are reflected on the statement of financial position as projects in progress. For the fiscal year ended June 30, 2023, the following major projects were part of projects in progress:

<u>RWE</u>	Incurred Costs as of June 30, 2023	Anticipated Completion Year
Centralized Healthcare and ILU Expansion Project	\$ 821,000	FY 2028
<u>RWM</u>		
Siding, Decking, and Roof Replacement	\$ 4,395,000	FY 2024
The Cottages Project (18 New Independent Living Units)	984,000	FY 2024
Ongoing Kitchen Renovations	340,000	FY 2024

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 17 COVID-19 AND GOVERNMENT GRANT INCOME

During fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is continuing to have significant effects on global markets, supply chains, businesses, and communities. Specific to the Company, COVID-19 has impacted various parts of its operations for the years ended June 30, 2023 and 2022 and financial results including but not limited to, additional costs for emergency preparedness, disease control and containment, potential shortages of health care and other personnel, and loss of revenue due to reductions in certain revenue streams. Management believes the Company continues to take appropriate actions to mitigate the negative impact of this pandemic.

Federal Relief Grants

On March 27, 2020, United States Congress appropriated funding to reimburse eligible health care providers for health care related expenses or lost revenues attributable to coronavirus.

During the year ended June 30, 2022, RiverWoods Exeter received \$666,795 of payment distributions administered by the U.S. Department of Health and Human Services (HHS) agency, Health Resources and Services Administration (HRSA), under the Provider Relief Fund (PRF) program, funded through appropriations in the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Retention and use of these funds are subject to certain terms and conditions under this program and payments are not required to be paid back if all terms and conditions are met.

As of June 30, 2022, the Company recognized into income from operations \$666,795 of total distributions received. These funds were utilized to offset payroll and nonpayroll related expenditures as well as lost revenues, where permitted, related to the ongoing pandemic. Management believes the amounts have been recognized appropriately as of June 30, 2022.

During the year ended June 30, 2022, RiverWoods Manchester received \$426,351 of payment distributions administered by the HHS agency, HRSA, under the PRF program, funded through appropriations in the CARES Act. Retention and use of these funds are subject to certain terms and conditions under this program and payments are not required to be paid back if all terms and conditions are met.

As of June 30, 2022, RiverWoods Manchester recognized into income from operations \$426,351 of the total distributions received. These funds were utilized to offset payroll and nonpayroll related expenditures as well as lost revenues, where permitted, related to the ongoing pandemic. Management believes the amounts have been recognized appropriately as of June 30, 2022.

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 2,030,721	\$ 7,883,289	\$ 6,402,666	\$ 5,284,817	\$ 21,601,493	\$ -	\$ 21,601,493
Assets Limited as to Use - Other	6,541	54,146	15,209	32,949	108,845	-	108,845
Accounts Receivable	-	1,429,960	55,737	702,246	2,187,943	-	2,187,943
Inventories	289,213	463,749	41,484	64,792	859,238	-	859,238
Prepaid Expenses and Other Current Assets	165,009	478,144	131,719	190,530	965,402	-	965,402
Intercompany	3,713,039	-	21,626	14,684	3,749,349	(3,749,349)	-
Accrued Interest Receivable	23,210	136,408	15,524	54,245	229,387	-	229,387
Total Current Assets	<u>6,227,733</u>	<u>10,445,696</u>	<u>6,683,965</u>	<u>6,344,263</u>	<u>29,701,657</u>	<u>(3,749,349)</u>	<u>25,952,308</u>
ASSETS LIMITED AS TO USE							
Other Restricted Funds	-	1,620,449	10,888	56,289	1,687,626	-	1,687,626
Endowment Funds	-	868,633	4,363,182	-	5,231,815	-	5,231,815
Total Assets Limited as to Use	<u>-</u>	<u>2,489,082</u>	<u>4,374,070</u>	<u>56,289</u>	<u>6,919,441</u>	<u>-</u>	<u>6,919,441</u>
PROPERTY AND EQUIPMENT							
Land and Land Improvements	-	11,438,012	6,375,155	2,879,258	20,692,425	-	20,692,425
Building and Improvements	-	197,508,487	56,282,877	96,651,607	350,442,971	-	350,442,971
Furniture and Equipment	526,913	15,783,516	5,601,125	3,655,158	25,566,712	-	25,566,712
Projects in Process	45,109	2,161,604	6,296,707	213,661	8,717,081	-	8,717,081
Total	<u>572,022</u>	<u>226,891,619</u>	<u>74,555,864</u>	<u>103,399,684</u>	<u>405,419,189</u>	<u>-</u>	<u>405,419,189</u>
Less: Accumulated Depreciation	<u>(162,660)</u>	<u>(116,203,197)</u>	<u>(34,551,272)</u>	<u>(12,274,809)</u>	<u>(163,191,938)</u>	<u>-</u>	<u>(163,191,938)</u>
Total Property and Equipment, Net	<u>409,362</u>	<u>110,688,422</u>	<u>40,004,592</u>	<u>91,124,875</u>	<u>242,227,251</u>	<u>-</u>	<u>242,227,251</u>
OTHER ASSETS							
Investments	15,757,485	70,549,167	6,812,635	27,134,042	120,253,329	-	120,253,329
Right-of-Use Assets, Operating Net	16,945	25,600	45,370	61,966	149,881	-	149,881
Benevolent Fund - Unrestricted Portion	-	566,273	445,005	-	1,011,278	-	1,011,278
Asset Under Interest Rate Swap Agreement, Net	-	706,640	1,290,384	-	1,997,024	-	1,997,024
Other Assets	-	258,955	-	-	258,955	-	258,955
Deferred Marketing Costs	-	-	-	863,070	863,070	-	863,070
Total Other Assets	<u>15,774,430</u>	<u>72,106,635</u>	<u>8,593,394</u>	<u>28,059,078</u>	<u>124,533,537</u>	<u>-</u>	<u>124,533,537</u>
Total Assets	<u>\$ 22,411,525</u>	<u>\$ 195,729,835</u>	<u>\$ 59,656,021</u>	<u>\$ 125,584,505</u>	<u>\$ 403,381,886</u>	<u>\$ (3,749,349)</u>	<u>\$ 399,632,537</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS (DEFICIT)	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CURRENT LIABILITIES							
Current Portion of Long-Term Debt	\$ -	\$ 2,430,000	\$ 1,153,059	\$ 1,851,000	\$ 5,434,059	\$ -	\$ 5,434,059
Current Portion of Lease Obligation	10,613	19,208	11,126	29,076	70,023	-	70,023
Accounts Payable and Accrued Expenses	633,511	3,111,726	1,218,678	757,593	5,721,508	-	5,721,508
Accrued Salaries, Wages, and Related Taxes	773,498	1,293,060	523,581	560,380	3,150,519	-	3,150,519
Accrued Interest Payable	-	140,734	30,916	98,111	269,761	-	269,761
Intercompany	-	686,612	2,762,234	300,503	3,749,349	(3,749,349)	-
Total Current Liabilities	1,417,622	7,681,340	5,699,594	3,596,663	18,395,219	(3,749,349)	14,645,870
LONG-TERM DEBT, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS	-	43,778,467	11,822,777	52,839,749	108,440,993	-	108,440,993
LONG-TERM LEASE OBLIGATION, NET OF CURRENT PORTION	6,332	6,392	34,244	32,890	79,858	-	79,858
FUTURE RESIDENTS' DEPOSITS	-	22,650,677	1,958,516	6,709,960	31,319,153	-	31,319,153
REFUNDABLE ENTRANCE FEE LIABILITY	-	180,594,839	22,621,921	75,513,550	278,730,310	-	278,730,310
DEFERRED REVENUE FROM ENTRANCE FEES	-	25,705,568	11,176,051	11,005,288	47,886,907	-	47,886,907
Total Liabilities	1,423,954	280,417,283	53,313,103	149,698,100	484,852,440	(3,749,349)	481,103,091
NET ASSETS (DEFICIT)							
Without Donor Restrictions	20,987,571	(86,116,241)	1,953,639	(24,200,473)	(87,375,504)	-	(87,375,504)
With Donor Restrictions	-	1,428,793	4,389,279	86,878	5,904,950	-	5,904,950
Total Net Assets (Deficit)	20,987,571	(84,687,448)	6,342,918	(24,113,595)	(81,470,554)	-	(81,470,554)
Total Liabilities and Net Assets (Deficit)	\$ 22,411,525	\$ 195,729,835	\$ 59,656,021	\$ 125,584,505	\$ 403,381,886	\$ (3,749,349)	\$ 399,632,537

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
REVENUES							
Residential Service Fees	\$ -	\$ 29,891,173	\$ 7,001,873	\$ 11,845,212	\$ 48,738,258	\$ -	\$ 48,738,258
Earned Entrance Fees	-	3,271,796	2,006,638	1,226,882	6,505,316	-	6,505,316
Health Center Fees	-	7,705,672	5,190,139	5,771,439	18,667,250	-	18,667,250
Management, Development, Administrative, and IT Fees	6,244,616	-	-	-	6,244,616	(6,244,616)	-
Other Operating Revenue (Credits, Net)	-	424,330	75,846	(68,250)	431,926	-	431,926
Investment Income, Net of Fees	471,795	1,919,966	263,102	1,054,687	3,709,550	(60,000)	3,649,550
Net Assets Released from Restrictions	484	507,824	369,035	188,646	1,065,989	-	1,065,989
Total Revenues	6,716,895	43,720,761	14,906,633	20,018,616	85,362,905	(6,304,616)	79,058,289
EXPENSES							
General and Administrative	7,577,927	10,901,468	5,021,049	5,316,181	28,816,625	(6,156,856)	22,659,769
Resident Services	-	2,233,174	701,256	958,867	3,893,297	-	3,893,297
Dining Services	-	6,430,317	1,965,386	2,418,766	10,814,469	-	10,814,469
Nursing Services	-	10,096,226	4,197,964	5,183,258	19,477,448	-	19,477,448
Environmental Services	-	6,222,509	1,802,918	1,657,142	9,682,569	-	9,682,569
Facility Costs and Utilities	87,760	4,541,302	974,831	1,907,886	7,511,779	(87,760)	7,424,019
Depreciation and Amortization	97,662	7,974,507	3,233,462	3,763,728	15,069,359	-	15,069,359
Interest	-	1,634,922	422,617	1,548,018	3,605,557	(60,000)	3,545,557
Total Expenses	7,763,349	50,034,425	18,319,483	22,753,846	98,871,103	(6,304,616)	92,566,487
LOSS FROM OPERATIONS	(1,046,454)	(6,313,664)	(3,412,850)	(2,735,230)	(13,508,198)	-	(13,508,198)
NONOPERATING GAINS (LOSSES)							
Contributions	-	17,149	2,865	-	20,014	-	20,014
Other Nonoperating Revenue	-	1,028,771	-	-	1,028,771	-	1,028,771
Change in Charitable Gift Annuity Liability	-	(6,308)	-	-	(6,308)	-	(6,308)
Changes in Net Unrealized Gains (Losses) on							
Equities Investments	(86,318)	3,371,422	(438,385)	1,101,790	3,948,509	-	3,948,509
Gains (Losses) on Sales of Assets and Investments	(54,300)	4,316	(68,884)	135,203	16,335	-	16,335
Change in the Fair Value of Interest Rate Swap Agreements	-	1,214,293	445,416	-	1,659,709	-	1,659,709
Total Nonoperating Gains (Losses)	(140,618)	5,629,643	(58,988)	1,236,993	6,667,030	-	6,667,030
DEFICIT OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	(1,187,072)	(684,021)	(3,471,838)	(1,498,237)	(6,841,168)	-	(6,841,168)

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
DEFICIT OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	\$ (1,187,072)	\$ (684,021)	\$ (3,471,838)	\$ (1,498,237)	\$ (6,841,168)	\$ -	\$ (6,841,168)
OTHER CHANGES IN ASSETS WITHOUT DONOR RESTRICTIONS							
Other Nonoperating Revenue	-	210,877	-	-	210,877	-	210,877
Changes in Net Unrealized Gains (Losses) on Nonequities Investments	671,922	74,892	814,148	(387,979)	1,172,983	-	1,172,983
Total Other Changes in Net Assets Without Donor Restrictions	671,922	285,769	814,148	(387,979)	1,383,860	-	1,383,860
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(515,150)	(398,252)	(2,657,690)	(1,886,216)	(5,457,308)	-	(5,457,308)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS							
Contributions	-	383,104	124,890	138,127	646,121	-	646,121
Changes in Net Realized and Unrealized Gains on Investments	-	-	421,909	-	421,909	-	421,909
Net Assets Released from Restrictions	(484)	(507,824)	(369,035)	(188,646)	(1,065,989)	-	(1,065,989)
Changes in Net Assets With Donor Restrictions	(484)	(124,720)	177,764	(50,519)	2,041	-	2,041
CHANGE IN NET ASSETS (DEFICIT)	(515,634)	(522,972)	(2,479,926)	(1,936,735)	(5,455,267)	-	(5,455,267)
Net Assets (Deficit) – Beginning of Year	21,503,205	(84,164,476)	8,822,844	(22,176,860)	(76,015,287)	-	(76,015,287)
NET ASSETS (DEFICIT) – END OF YEAR	<u>\$ 20,987,571</u>	<u>\$ (84,687,448)</u>	<u>\$ 6,342,918</u>	<u>\$ (24,113,595)</u>	<u>\$ (81,470,554)</u>	<u>\$ -</u>	<u>\$ (81,470,554)</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Deficit	\$ (515,634)	\$ (522,972)	\$ (2,479,926)	\$ (1,936,735)	\$ (5,455,267)	\$ -	\$ (5,455,267)
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided (Used) by Operating Activities:							
Proceeds from Entrance Fees - Nonrefundable	-	5,531,800	1,717,800	1,005,400	8,255,000	-	8,255,000
Noncash Items Included in Change in Net Assets (Deficit):							
Amortization of Deferred Entrance Fee Revenue	-	(3,271,796)	(2,006,638)	(1,226,882)	(6,505,316)	-	(6,505,316)
Depreciation and Amortization	97,662	7,974,507	3,233,462	3,763,728	15,069,359	-	15,069,359
Amortization of Bond Issuance Costs	-	31,112	50,121	341,669	422,902	-	422,902
Loss on Disposal of Equipment	-	11,605	-	-	11,605	-	11,605
Change in Interest Rate Swap Agreements	-	(1,214,293)	(445,416)	-	(1,659,709)	-	(1,659,709)
Unrealized Losses on Investments, Net	(585,604)	(3,446,314)	(375,763)	(713,811)	(5,121,492)	-	(5,121,492)
(Increase) Decrease in Assets:							
Accounts Receivable	-	(382,316)	440,993	(621,291)	(562,614)	-	(562,614)
Inventories	(56,218)	(219,705)	(2,075)	(14,555)	(292,553)	-	(292,553)
Prepaid Expenses and Other Assets	(669,688)	450,010	(42,097)	51,423	(210,352)	467,043	256,691
Accrued Interest Receivable	(10,255)	21,303	(7,230)	(14,349)	(10,531)	-	(10,531)
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Expenses	398,030	950,568	359,524	98,847	1,806,969	-	1,806,969
Accrued Salaries, Wages, and Related Taxes	194,883	9,345	86,240	65,803	356,271	-	356,271
Accrued Interest Payable and Other Liabilities	-	147,058	185,719	141,672	474,449	(467,043)	7,406
Net Cash Provided (Used) by Operating Activities	(1,146,824)	6,069,912	714,714	940,919	6,578,721	-	6,578,721
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property and Equipment	(167,000)	(8,394,683)	(5,038,523)	(533,782)	(14,133,988)	-	(14,133,988)
(Increase) Decrease in Investments	(302,675)	428,642	(444,223)	(1,091,368)	(1,409,624)	-	(1,409,624)
(Increase) Decrease in Other Restricted Funds	-	(191,387)	187,712	41,640	37,965	-	37,965
(Increase) Decrease in Benevolent Fund	-	22,317	(50,382)	-	(28,065)	-	(28,065)
Net Cash Used by Investing Activities	(469,675)	(8,135,111)	(5,345,416)	(1,583,510)	(15,533,712)	-	(15,533,712)

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2023
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CASH FLOWS FROM FINANCING ACTIVITIES							
Payment and Redemption of Long-Term Debt	\$ -	\$ (2,297,007)	\$ (1,124,511)	\$ (1,824,000)	\$ (5,245,518)	\$ -	\$ (5,245,518)
Proceeds from Long-Term Debt	-	-	3,895,584	-	3,895,584	-	3,895,584
Payment of Deferred Financing Costs	-	-	(134,687)	-	(134,687)	-	(134,687)
Increase in Residents' Deposits	-	3,351,087	1,806,416	397,170	5,554,673	-	5,554,673
Proceeds from Entrance Fees - Refundable	-	17,759,200	4,008,200	5,189,600	26,957,000	-	26,957,000
Refunds of Entrance Fees	-	(15,534,220)	(829,268)	(3,355,990)	(19,719,478)	-	(19,719,478)
Net Cash Provided by Financing Activities	<u>-</u>	<u>3,279,060</u>	<u>7,621,734</u>	<u>406,780</u>	<u>11,307,574</u>	<u>-</u>	<u>11,307,574</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(1,616,499)	1,213,861	2,991,032	(235,811)	2,352,583	-	2,352,583
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>3,653,761</u>	<u>6,951,371</u>	<u>3,589,481</u>	<u>5,553,577</u>	<u>19,748,190</u>	<u>-</u>	<u>19,748,190</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 2,037,262</u>	<u>\$ 8,165,232</u>	<u>\$ 6,580,513</u>	<u>\$ 5,317,766</u>	<u>\$ 22,100,773</u>	<u>\$ -</u>	<u>\$ 22,100,773</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Paid for Interest	<u>\$ -</u>	<u>\$ 1,539,364</u>	<u>\$ 360,723</u>	<u>\$ 1,208,598</u>	<u>\$ 1,900,087</u>	<u>\$ (60,000)</u>	<u>\$ 1,840,087</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH FINANCING ACTIVITIES							
Lease Asset Acquired	\$ (27,260)	\$ (56,515)	\$ (57,115)	\$ (96,975)	\$ (237,865)	\$ -	\$ (237,865)
Lease Liability Incurred	27,260	56,515	57,115	96,975	237,865	-	237,865
Cash Paid for Lease Acquisition	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 3,618,903	\$ 6,755,095	\$ 3,401,347	\$ 5,514,109	\$ 19,289,454	\$ -	\$ 19,289,454
Assets Limited as to Use - Other	34,858	49,839	6,509	39,468	130,674	-	130,674
Accounts Receivable	-	1,047,644	496,730	80,955	1,625,329	-	1,625,329
Inventories	232,995	244,044	39,409	50,237	566,685	-	566,685
Prepaid Expenses and Other Current Assets	22,973	919,811	111,248	179,636	1,233,668	-	1,233,668
Intercompany	3,185,387	19,918	-	77,001	3,282,306	(3,282,306)	-
Accrued Interest Receivable	12,955	157,711	8,294	39,896	218,856	-	218,856
Total Current Assets	<u>7,108,071</u>	<u>9,194,062</u>	<u>4,063,537</u>	<u>5,981,302</u>	<u>26,346,972</u>	<u>(3,282,306)</u>	<u>23,064,666</u>
ASSETS LIMITED AS TO USE							
Other Restricted Funds	-	1,440,040	-	97,929	1,537,969	-	1,537,969
Endowment Funds	-	776,295	4,205,006	-	4,981,301	-	4,981,301
Total Assets Limited as to Use	<u>-</u>	<u>2,216,335</u>	<u>4,205,006</u>	<u>97,929</u>	<u>6,519,270</u>	<u>-</u>	<u>6,519,270</u>
PROPERTY AND EQUIPMENT							
Land and Land Improvements	-	11,383,160	6,248,291	2,879,258	20,510,709	-	20,510,709
Building and Improvements	-	176,796,869	53,243,676	96,398,517	326,439,062	-	326,439,062
Furniture and Equipment	168,142	14,518,364	4,847,038	3,377,566	22,911,110	-	22,911,110
Projects in Process	236,880	15,820,649	5,262,201	210,561	21,530,291	-	21,530,291
Total	<u>405,022</u>	<u>218,519,042</u>	<u>69,601,206</u>	<u>102,865,902</u>	<u>391,391,172</u>	<u>-</u>	<u>391,391,172</u>
Less: Accumulated Depreciation	(64,998)	(108,239,191)	(31,401,675)	(8,619,845)	(148,325,709)	-	(148,325,709)
Total Property and Equipment, Net	<u>340,024</u>	<u>110,279,851</u>	<u>38,199,531</u>	<u>94,246,057</u>	<u>243,065,463</u>	<u>-</u>	<u>243,065,463</u>
OTHER ASSETS							
Investments	14,869,206	67,531,495	6,368,412	25,328,863	114,097,976	-	114,097,976
Benevolent Fund - Unrestricted Portion	-	588,590	394,623	-	983,213	-	983,213
Asset Under Interest Rate Swap Agreement, Net	-	(507,653)	844,968	-	337,315	-	337,315
Other Assets	-	247,380	-	-	247,380	-	247,380
Deferred Marketing Costs	-	-	-	971,834	971,834	-	971,834
Total Other Assets	<u>14,869,206</u>	<u>67,859,812</u>	<u>7,608,003</u>	<u>26,300,697</u>	<u>116,637,718</u>	<u>-</u>	<u>116,637,718</u>
Total Assets	<u>\$ 22,317,301</u>	<u>\$ 189,550,060</u>	<u>\$ 54,076,077</u>	<u>\$ 126,625,985</u>	<u>\$ 392,569,423</u>	<u>\$ (3,282,306)</u>	<u>\$ 389,287,117</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
LIABILITIES AND NET ASSETS (DEFICIT)							
CURRENT LIABILITIES							
Current Portion of Long-Term Debt	\$ -	\$ 2,295,000	\$ 1,124,910	\$ 1,824,000	\$ 5,243,910	\$ -	\$ 5,243,910
Accounts Payable and Accrued Expenses	235,481	2,161,158	817,779	658,746	3,873,164	-	3,873,164
Accrued Salaries, Wages, and Related Taxes	578,615	1,283,715	437,341	494,577	2,794,248	-	2,794,248
Accrued Interest Payable	-	76,288	19,143	100,360	195,791	-	195,791
Intercompany	-	537,436	2,588,288	156,582	3,282,306	(3,282,306)	-
Total Current Liabilities	<u>814,096</u>	<u>6,353,597</u>	<u>4,987,461</u>	<u>3,234,265</u>	<u>15,389,419</u>	<u>(3,282,306)</u>	<u>12,107,113</u>
LONG-TERM DEBT, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS	-	46,179,362	9,164,419	54,349,080	109,692,861	-	109,692,861
FUTURE RESIDENTS' DEPOSITS	-	19,299,590	152,100	6,312,790	25,764,480	-	25,764,480
REFUNDABLE ENTRANCE FEE LIABILITY	-	178,436,423	19,503,964	73,679,940	271,620,327	-	271,620,327
DEFERRED REVENUE FROM ENTRANCE FEES	-	23,445,564	11,445,289	11,226,770	46,117,623	-	46,117,623
Total Liabilities	814,096	273,714,536	45,253,233	148,802,845	468,584,710	(3,282,306)	465,302,404
NET ASSETS (DEFICIT)							
Without Donor Restrictions	21,502,721	(85,717,989)	4,611,329	(22,314,257)	(81,918,196)	-	(81,918,196)
With Donor Restrictions	484	1,553,513	4,211,515	137,397	5,902,909	-	5,902,909
Total Net Assets (Deficit)	<u>21,503,205</u>	<u>(84,164,476)</u>	<u>8,822,844</u>	<u>(22,176,860)</u>	<u>(76,015,287)</u>	<u>-</u>	<u>(76,015,287)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 22,317,301</u>	<u>\$ 189,550,060</u>	<u>\$ 54,076,077</u>	<u>\$ 126,625,985</u>	<u>\$ 392,569,423</u>	<u>\$ (3,282,306)</u>	<u>\$ 389,287,117</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
REVENUES							
Residential Service Fees	\$ -	\$ 27,975,647	\$ 6,003,351	\$ 11,222,168	\$ 45,201,166	\$ -	\$ 45,201,166
Earned Entrance Fees	-	2,683,493	1,610,652	1,445,797	5,739,942	-	5,739,942
Health Center Fees	-	7,510,221	4,387,627	4,072,102	15,969,950	-	15,969,950
Management, Development, Administrative, and IT Fees	6,247,632	-	-	-	6,247,632	(6,247,632)	-
Other Operating Revenue (Credits, Net)	-	41,761	130,031	(8,174)	163,618	-	163,618
Investment Income, Net of Fees	263,448	1,554,581	122,912	294,298	2,235,239	(60,000)	2,175,239
Government Grant Income	-	666,795	426,351	-	1,093,146	-	1,093,146
Net Assets Released from Restrictions	-	332,717	253,457	88,224	674,398	-	674,398
Total Revenues	6,511,080	40,765,215	12,934,381	17,114,415	77,325,091	(6,307,632)	71,017,459
EXPENSES							
General and Administrative	6,822,558	9,939,640	4,750,654	5,073,481	26,586,333	(6,167,632)	20,418,701
Resident Services	-	1,992,163	492,780	862,448	3,347,391	-	3,347,391
Dining Services	-	5,449,995	1,726,624	2,252,877	9,429,496	-	9,429,496
Nursing Services	-	8,554,660	3,024,989	4,120,463	15,700,112	-	15,700,112
Environmental Services	-	5,466,317	1,582,652	1,236,149	8,285,118	-	8,285,118
Facility Costs and Utilities	80,000	4,979,088	858,965	1,749,516	7,667,569	(80,000)	7,587,569
Depreciation and Amortization	45,923	7,343,051	3,053,926	3,671,700	14,114,600	-	14,114,600
Interest	-	1,189,659	294,853	1,789,640	3,274,152	(60,000)	3,214,152
Total Expenses	6,948,481	44,914,573	15,785,443	20,756,274	88,404,771	(6,307,632)	82,097,139
LOSS FROM OPERATIONS	(437,401)	(4,149,358)	(2,851,062)	(3,641,859)	(11,079,680)	-	(11,079,680)
NONOPERATING GAINS (LOSSES)							
Contributions	-	33,883	2,088	-	35,971	-	35,971
Change in Charitable Gift Annuity Liability	-	(9,212)	-	-	(9,212)	-	(9,212)
Changes in Net Unrealized Losses on Equities Investments	(949,950)	(9,817,061)	(775,166)	(2,201,395)	(13,743,572)	-	(13,743,572)
Gains on Sales of Assets and Investments	276,690	3,984,953	450,317	341,966	5,053,926	-	5,053,926
Change in the Fair Value of Interest Rate Swap Agreements	-	244,167	954,571	223,756	1,422,494	-	1,422,494
Total Nonoperating Gains (Losses)	(673,260)	(5,563,270)	631,810	(1,635,673)	(7,240,393)	-	(7,240,393)
DEFICIT OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	(1,110,661)	(9,712,628)	(2,219,252)	(5,277,532)	(18,320,073)	-	(18,320,073)

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
DEFICIT OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	\$ (1,110,661)	\$ (9,712,628)	\$ (2,219,252)	\$ (5,277,532)	\$ (18,320,073)	\$ -	\$ (18,320,073)
OTHER CHANGES IN ASSETS WITHOUT DONOR RESTRICTIONS							
Net Asset Transfer	9,500,000	(8,000,000)	-	(1,500,000)	-	-	-
Other Nonoperating Revenue	-	402,903	50,816	-	453,719	-	453,719
Changes in Net Unrealized Losses on Nonequities Investments	(656,845)	(3,495,410)	(699,912)	(1,242,627)	(6,094,794)	-	(6,094,794)
Total Other Changes in Net Assets Without Donor Restrictions	<u>8,843,155</u>	<u>(11,092,507)</u>	<u>(649,096)</u>	<u>(2,742,627)</u>	<u>(5,641,075)</u>	<u>-</u>	<u>(5,641,075)</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	7,732,494	(20,805,135)	(2,868,348)	(8,020,159)	(23,961,148)	-	(23,961,148)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS							
Contributions	484	406,022	13,581	225,196	645,283	-	645,283
Changes in Net Realized and Unrealized Losses on Investments	-	-	(615,269)	-	(615,269)	-	(615,269)
Net Assets Released from Restrictions	-	(332,717)	(253,457)	(88,224)	(674,398)	-	(674,398)
Changes in Net Assets With Donor Restrictions	<u>484</u>	<u>73,305</u>	<u>(855,145)</u>	<u>136,972</u>	<u>(644,384)</u>	<u>-</u>	<u>(644,384)</u>
CHANGE IN NET ASSETS (DEFICIT)	7,732,978	(20,731,830)	(3,723,493)	(7,883,187)	(24,605,532)	-	(24,605,532)
Net Assets (Deficit) – Beginning of Year	<u>13,770,227</u>	<u>(63,432,646)</u>	<u>12,546,337</u>	<u>(14,293,673)</u>	<u>(51,409,755)</u>	<u>-</u>	<u>(51,409,755)</u>
NET ASSETS (DEFICIT) – END OF YEAR	<u>\$ 21,503,205</u>	<u>\$ (84,164,476)</u>	<u>\$ 8,822,844</u>	<u>\$ (22,176,860)</u>	<u>\$ (76,015,287)</u>	<u>\$ -</u>	<u>\$ (76,015,287)</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets (Deficit)	\$ 7,732,978	\$ (20,731,830)	\$ (3,723,493)	\$ (7,883,187)	\$ (24,605,532)	\$ -	\$ (24,605,532)
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided by Operating Activities:							
Proceeds from Entrance Fees - Nonrefundable	-	4,129,900	2,351,100	836,900	7,317,900	-	7,317,900
Noncash Items Included in Change in Net Assets (Deficit):							
Amortization of Deferred Entrance Fee Revenue	-	(2,683,493)	(1,610,652)	(1,445,797)	(5,739,942)	-	(5,739,942)
Depreciation and Amortization	45,923	7,343,051	3,053,926	3,671,700	14,114,600	-	14,114,600
Amortization of Bond Issuance Costs	-	56,233	33,439	316,231	405,903	-	405,903
Loss on Disposal of Equipment	-	183,767	-	-	183,767	-	183,767
Change in Interest Rate Swap Agreements	-	(244,167)	(954,571)	(223,756)	(1,422,494)	-	(1,422,494)
Unrealized Losses on Investments, Net	1,606,795	13,312,471	1,475,078	3,444,022	19,838,366	-	19,838,366
(Increase) Decrease in Assets:							
Accounts Receivable	-	(336,152)	(378,473)	(22,905)	(737,530)	-	(737,530)
Inventories	105,721	(21,078)	(3,674)	(785)	80,184	-	80,184
Prepaid Expenses and Other Assets	(122,883)	253,655	3,188	(138,930)	(4,970)	118,309	113,339
Accrued Interest Receivable	(7,463)	(16,988)	(2,032)	(19,101)	(45,584)	-	(45,584)
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Expenses	105,156	(320,959)	304,321	(211,508)	(122,990)	-	(122,990)
Accrued Salaries, Wages, and Related Taxes	159,963	164,884	62,862	162,637	550,346	-	550,346
Accrued Interest Payable and Other Liabilities	-	102,546	17,083	192,277	311,906	(118,309)	193,597
Net Cash Provided (Used) by Operating Activities	<u>9,626,190</u>	<u>1,191,840</u>	<u>628,102</u>	<u>(1,322,202)</u>	<u>10,123,930</u>	<u>-</u>	<u>10,123,930</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property and Equipment	(230,437)	(15,936,329)	(4,976,479)	(564,679)	(21,707,924)	-	(21,707,924)
(Increase) Decrease in Investments	(6,672,668)	(13,062,799)	823,496	(11,628,393)	(30,540,364)	-	(30,540,364)
(Increase) Decrease in Other Restricted Funds	-	266,550	(657,130)	(97,929)	(488,509)	-	(488,509)
Decrease in Benevolent Fund	-	107,589	50,821	-	158,410	-	158,410
Net Cash Used by Investing Activities	<u>(6,903,105)</u>	<u>(28,624,989)</u>	<u>(4,759,292)</u>	<u>(12,291,001)</u>	<u>(52,578,387)</u>	<u>-</u>	<u>(52,578,387)</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CASH FLOWS FROM FINANCING ACTIVITIES							
Payment and Redemption of Long-Term Debt	\$ -	\$ (2,130,000)	\$ (1,358,736)	\$ (1,233,000)	\$ (4,721,736)	\$ -	\$ (4,721,736)
Proceeds from Long-Term Debt	-	-	2,937,195	1,106,697	4,043,892	-	4,043,892
Payment of Deferred Financing Costs	-	(20,000)	(218,315)	(100,000)	(338,315)	-	(338,315)
Increase in Residents' Deposits	-	2,534,390	152,100	703,960	3,390,450	-	3,390,450
Payment of Deferred Marketing Costs	-	-	-	(271,688)	(271,688)	-	(271,688)
Proceeds from Entrance Fees - Refundable	-	18,558,100	5,044,900	5,523,100	29,126,100	-	29,126,100
Refunds of Entrance Fees	-	(8,221,350)	(1,392,756)	(3,240,090)	(12,854,196)	-	(12,854,196)
Net Cash Provided by Financing Activities	<u>-</u>	<u>10,721,140</u>	<u>5,164,388</u>	<u>2,488,979</u>	<u>18,374,507</u>	<u>-</u>	<u>18,374,507</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	2,723,085	(16,712,009)	1,033,198	(11,124,224)	(24,079,950)	-	(24,079,950)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>930,676</u>	<u>23,663,380</u>	<u>2,556,283</u>	<u>16,677,801</u>	<u>43,828,140</u>	<u>-</u>	<u>43,828,140</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 3,653,761</u>	<u>\$ 6,951,371</u>	<u>\$ 3,589,481</u>	<u>\$ 5,553,577</u>	<u>\$ 19,748,190</u>	<u>\$ -</u>	<u>\$ 19,748,190</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Paid for Interest	<u>\$ -</u>	<u>\$ 1,107,691</u>	<u>\$ 258,725</u>	<u>\$ 1,373,049</u>	<u>\$ 1,366,416</u>	<u>\$ (60,000)</u>	<u>\$ 1,306,416</u>