

**THE RIVERWOODS GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2022 AND 2021**



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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, 2022 and 2021, 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, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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*

**CliftonLarsonAllen LLP**

Boston, Massachusetts  
September 14, 2022

**THE RIVERWOODS GROUP**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2022 AND 2021**

<b>ASSETS</b>	2022	2021
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 19,289,454	\$ 43,246,175
Assets Limited as to Use – Other	130,674	193,001
Entrance Fees and Accounts Receivable	1,625,329	887,799
Inventories	566,685	646,869
Prepaid Expenses and Other Current Assets	1,233,668	1,361,686
Accrued Interest Receivable	218,856	173,272
Total Current Assets	23,064,666	46,508,802
<b>ASSETS LIMITED AS TO USE</b>		
Other Restricted Funds	1,537,969	1,616,351
Endowment Funds	4,981,301	5,950,392
Total Assets Limited as to Use	6,519,270	7,566,743
<b>PROPERTY AND EQUIPMENT</b>		
Land and Land Improvements	20,510,709	19,686,993
Buildings and Improvements	326,439,062	320,406,476
Furniture and Equipment	22,911,110	20,962,840
Projects in Process	21,530,291	8,933,217
Total	391,391,172	369,989,526
Less: Accumulated Depreciation	(148,325,709)	(134,432,093)
Total Property and Equipment, Net	243,065,463	235,557,433
<b>OTHER ASSETS</b>		
Investments	114,097,976	101,920,900
Benevolent Fund - Unrestricted Portion	983,213	1,141,623
Asset Under Interest Rate Swap Agreement, Net	337,315	-
Other Assets	247,380	232,701
Deferred Marketing Costs	971,834	798,619
Total Other Assets	116,637,718	104,093,843
Total Assets	\$ 389,287,117	\$ 393,726,821

See accompanying Notes to Consolidated Financial Statements.

**THE RIVERWOODS GROUP**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2022 AND 2021**

<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>	2022	2021
<b>CURRENT LIABILITIES</b>		
Current Portion of Long-Term Debt	\$ 5,243,910	\$ 3,488,737
Accounts Payable and Accrued Expenses	3,873,164	4,068,792
Accrued Salaries, Wages, and Related Taxes	2,794,248	2,243,902
Accrued Interest Payable	195,791	67,007
Total Current Liabilities	12,107,113	9,868,438
<b>LONG-TERM DEBT, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS</b>	109,692,861	107,392,462
<b>OBLIGATION UNDER INTEREST RATE SWAP AGREEMENT, NET</b>	-	5,751,008
<b>FUTURE RESIDENTS' DEPOSITS</b>	25,764,480	22,374,030
<b>REFUNDABLE ENTRANCE FEE LIABILITY</b>	271,620,327	255,185,493
<b>DEFERRED REVENUE FROM ENTRANCE FEES</b>	46,117,623	44,565,145
Total Liabilities	465,302,404	445,136,576
<b>NET ASSETS (DEFICIT)</b>		
Without Donor Restrictions	(81,918,196)	(57,957,048)
With Donor Restrictions	5,902,909	6,547,293
Total Net Assets (Deficit)	(76,015,287)	(51,409,755)
Total Liabilities and Net Assets (Deficit)	\$ 389,287,117	\$ 393,726,821

*See accompanying Notes to Consolidated Financial Statements.*

**THE RIVERWOODS GROUP**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**CHANGES IN NET ASSETS (DEFICIT)**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>REVENUES</b>		
Residential Service Fees	\$ 45,201,166	\$ 42,378,247
Earned Entrance Fees	5,739,942	5,474,604
Health Center Fees	15,969,950	11,959,563
Other Operating Revenue	163,618	(207,701)
Investment Income, Net of Fees	2,175,239	2,217,605
Government Grant Income	1,093,146	2,372,462
Net Assets Released from Restrictions	674,398	660,426
Total Revenues	71,017,459	64,855,206
<b>EXPENSES</b>		
General and Administrative	20,418,701	22,901,365
Resident Services	3,347,391	2,834,392
Dining Services	9,429,496	7,760,197
Nursing Services	15,700,112	14,008,290
Environmental Services	8,285,118	7,413,122
Facility Costs and Utilities	7,587,569	7,229,766
Depreciation and Amortization	14,114,600	13,200,894
Interest	3,214,152	3,687,733
Total Expenses	82,097,139	79,035,759
<b>LOSS FROM OPERATIONS</b>	(11,079,680)	(14,180,553)
<b>NONOPERATING GAINS (LOSSES)</b>		
Contributions	35,971	289,145
Change in Charitable Gift Annuity Liability	(9,212)	(32,480)
Changes in Net Unrealized Gains (Losses) on Equity Investments	(13,743,572)	14,622,516
Gains on Sales of Assets and Investments	5,053,926	1,199,719
Change in the Fair Value of Interest Rate Swap Agreements	1,422,494	3,135,057
Total Nonoperating Gains (Losses)	(7,240,393)	19,213,957
<b>EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES</b>	(18,320,073)	5,033,404

See accompanying Notes to Consolidated Financial Statements.



**THE RIVERWOODS GROUP**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND**  
**CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>EXCESS OF REVENUES AND GAINS OVER EXPENSES AND LOSSES</b>	\$ (18,320,073)	\$ 5,033,404
<b>OTHER CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
Other Nonoperating Revenue	453,719	632,598
Changes in Net Unrealized Losses on Nonequity Investments	<u>(6,094,794)</u>	<u>(129,822)</u>
Total Other Changes in Net Assets Without Donor Restrictions	<u>(5,641,075)</u>	<u>502,776</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	(23,961,148)	5,536,180
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	645,283	535,973
Changes in Net Unrealized Gains (Losses) on Investments	(615,269)	1,220,536
Net Assets Released from Restrictions	<u>(674,398)</u>	<u>(660,426)</u>
Changes in Net Assets With Donor Restrictions	<u>(644,384)</u>	<u>1,096,083</u>
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	(24,605,532)	6,632,263
<b>CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE</b>	-	(3,597,978)
Net Assets (Deficit) – Beginning of Year	<u>(51,409,755)</u>	<u>(54,444,040)</u>
<b>NET ASSETS (DEFICIT) – END OF YEAR</b>	<u>\$ (76,015,287)</u>	<u>\$ (51,409,755)</u>

See accompanying Notes to Consolidated Financial Statements.

**THE RIVERWOODS GROUP**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets (Deficit)	\$ (24,605,532)	\$ 6,632,263
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided by Operating Activities:		
Proceeds from Entrance Fees	36,444,000	35,092,200
Noncash Items Included in Change in Net Assets (Deficit):		
Amortization of Deferred Entrance Fee Revenue	(5,739,942)	(5,474,604)
Depreciation and Amortization	14,114,600	13,200,894
Amortization of Bond Issuance Costs	405,903	319,905
Loss on Disposal of Equipment	183,767	139,036
Change in Interest Rate Swap Agreements	(1,422,494)	(3,135,057)
Unrealized (Gains) Losses on Investments, Net	19,838,366	(14,492,694)
(Increase) Decrease in Assets:		
Entrance Fees Receivable	(449,050)	1,278,842
Accounts Receivable	(288,480)	177,507
Inventories	80,184	(126,232)
Prepaid Expenses and Other Assets	113,339	(236,483)
Accrued Interest Receivable	(45,584)	5,321
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(122,990)	209,046
Accrued Salaries, Wages, and Related Taxes	550,346	(164,411)
Accrued Interest Payable and Other Liabilities	193,597	(99,025)
Net Cash Provided by Operating Activities	39,250,030	33,326,508
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Property and Equipment	(21,707,924)	(12,319,765)
Decrease (Increase) in Investments	(30,540,364)	10,210
Increase in Other Restricted Funds	(488,509)	(639,679)
(Increase) Decrease in Benevolent Fund	158,410	(42,022)
Net Cash Used by Investing Activities	(52,578,387)	(12,991,256)

See accompanying Notes to Consolidated Financial Statements.

**THE RIVERWOODS GROUP**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment and Redemption of Long-Term Debt	\$ (4,721,737)	\$ (2,844,010)
Proceeds from Long-Term Debt	4,043,892	6,680,686
Payment of Deferred Financing Costs	(338,315)	-
Increase in Residents' Deposits	3,390,450	7,077,640
Payment of Deferred Marketing Costs	(271,688)	-
Proceeds from Entrance Fees - Initial Sales	-	2,270,900
Refunds of Entrance Fees	(12,854,196)	(18,084,264)
Net Cash Used by Financing Activities	<u>(10,751,594)</u>	<u>(4,899,048)</u>
 <b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	 (24,079,950)	 15,436,204
 Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	 <u>43,828,140</u>	 <u>28,391,936</u>
 <b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	 <u>\$ 19,748,190</u>	 <u>\$ 43,828,140</u>
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest	<u>\$ 1,306,416</u>	<u>\$ 3,407,137</u>

See accompanying Notes to Consolidated Financial Statements.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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, 2022 AND 2021**

**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.

**Future Change in Accounting Policies**

In June 2020, the FASB issued ASU 2020-05 which provided a one-year deferral of the effective dates of ASC 842, *Leases*, for all private companies and certain not-for-profit (NFP) entities. For private companies and private NFPs, the leasing standard is effective for fiscal years beginning after December 15, 2021; therefore, the Company will adopt the standard effective for the year ended June 30, 2023.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

**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.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Operating Indicator**

For purposes of display, the excess (deficit) of revenues and net gains over expenses and losses is the operating indicator for the Company. Other changes in net assets 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), and net asset transfers.

**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 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, 2022 and 2021:

	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	\$ 19,289,454
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>
	2021				
	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidated
Cash and Cash Equivalents	\$ 807,343	\$ 23,430,503	\$ 2,330,953	\$ 16,677,376	\$ 43,246,175
Restricted Cash included in Restricted Funds and Assets Limited as to Use	123,333	232,877	225,330	425	581,965
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidating and Consolidated Statements of Cash Flows	<u>\$ 930,676</u>	<u>\$ 23,663,380</u>	<u>\$ 2,556,283</u>	<u>\$ 16,677,801</u>	<u>\$ 43,828,140</u>

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Entrance Fees and Accounts 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 \$13,680 at both June 30, 2022 and 2021. 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 opening and closing balances in Accounts Receivable were as follows:

	Accounts Receivable
Balance as of July 1, 2020	\$ 2,344,148
Balance as of June 30, 2021	887,799
Balance as of June 30, 2022	1,625,329

**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 non-equity 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, 2022 and 2021.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**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, 2022 and 2021, the amount of financial assistance provided to RiverWoods Exeter residents was approximately \$207,000 and \$235,000, respectively. For the years ended June 30, 2022 and 2021, the amount of financial assistance provided to RiverWoods Manchester residents was approximately \$487,000 and \$454,000, respectively.

RiverWoods Durham is currently establishing a formal benevolence policy in accordance with its contractual obligations. For the fiscal years ended June 30, 2022 and 2021, there were no requests for financial assistance.

**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, 2022 and 2021, the Company had received \$1,000 and \$175,000, respectively, in contributions from community residents and staff. TRWG has provided financial assistance from this program of \$88,959 and \$35,291, respectively, for the fiscal years ended June 30, 2022 and 2021.



**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**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.

**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. Depreciation expense for the years ended June 30, 2022 and 2021 was \$14,016,127 and \$13,116,829, 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, 2022 and 2021.

**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.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**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.

In 2011, RiverWoods Exeter capitalized \$2,780,880 of deferred marketing costs of The Boulders. As of June 30, 2020, accumulated amortization was \$2,572,314. In conjunction with the adoption of ASU 2014-09, the Company wrote off the remaining balance of deferred marketing costs at July 1, 2020 of \$208,566 which are no longer permitted to be capitalized under the new standard.

In 2020, RiverWoods Durham capitalized \$4,475,530 of deferred marketing costs upon opening its facilities. Accumulated amortization and amortization expense for RiverWoods Durham amounted to \$203,434 at June 30, 2020. In conjunction with the adoption of ASU 2014-09, the Company wrote off those deferred marketing costs which are no longer permitted to be capitalized under the new standard. RiverWoods Durham has allowable deferred marketing costs of \$1,196,405 and \$924,717 and accumulated amortization of \$224,571 and \$126,098 as of June 30, 2022 and 2021, respectively. Amortization of allowable deferred marketing costs totaled \$98,473 and \$84,065 for of the years ended June 30, 2022 and 2021, respectively.

**Deferred Revenue – Entrance Fees**

As of June 30, 2022, 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.

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.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Deferred Revenue – Entrance Fees (Continued)**

As of June 30, 2022, 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, 2022, 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.

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

	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	<u>\$ 14,466,650</u>	<u>\$ 6,003,244</u>	<u>\$ 3,119,910</u>	<u>\$ 23,589,804</u>
	2021			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Entrance Fees Received	\$ 24,748,000	\$ 5,968,000	\$ 6,647,100	\$ 37,363,100
Entrance Fees Refunded	(17,179,070)	(554,284)	(350,910)	(18,084,264)
Net Entrance Fees Received	<u>\$ 7,568,930</u>	<u>\$ 5,413,716</u>	<u>\$ 6,296,190</u>	<u>\$ 19,278,836</u>

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**Deferred Revenue – Entrance Fees (Continued)**

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:

	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
	2021			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Contractually Refundable Deferred Resident Entrance Fees	\$ 169,736,500	\$ 15,841,823	\$ 71,339,440	\$ 256,917,763

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

	Amortizable Entrance Fees
Balance as of July 1, 2020	\$ 42,705,642
Balance as of June 30, 2021	44,565,145
Balance as of June 30, 2022	46,117,623

**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, 2022 and 2021, 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. Future residents' deposits as of June 30, 2022 and 2021 were \$25,764,480 and \$22,374,030, respectively.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**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.

**Net Assets**

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

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

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

**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.

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 RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

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

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

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

	<u>2022</u>	<u>2021</u>
Service Lines:		
Independent Living	\$ 50,603,282	\$ 47,155,039
Nursing Facility	5,383,787	4,345,721
Assisted Living	8,883,196	7,105,551
Memory Care	2,204,411	998,402
Total	<u>\$ 67,074,676</u>	<u>\$ 59,604,713</u>
Primary Payor:		
Private Pay & Co-Insurance	\$ 66,607,025	\$ 59,168,466
Medicare	467,651	436,247
Total	<u>\$ 67,074,676</u>	<u>\$ 59,604,713</u>
Method of Reimbursement:		
Fee for Service	\$ 66,960,636	\$ 59,549,070
Retail Sales	114,040	55,643
Total	<u>\$ 67,074,676</u>	<u>\$ 59,604,713</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 66,960,636	\$ 59,549,070
Sales at Point in Time	114,040	55,643
Total	<u>\$ 67,074,676</u>	<u>\$ 59,604,713</u>

**Reclassifications**

Certain items in the 2021 consolidated financial statements have been reclassified to conform to the 2022 consolidated financial statement presentation. The reclassifications have no effect on the results of operations or the changes in 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 14, 2022, the date the consolidated financial statements were issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in these consolidated financial statements.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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, 2022</u>	<u>June 30, 2021</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 19,289,454	\$ 43,246,175
Accounts Receivable	1,625,329	887,799
Investments	114,097,976	101,920,900
Benevolent Fund	983,213	1,141,623
Assets Limited as to Use:		
Other Restricted Funds	1,668,643	1,809,352
Endowment Funds	<u>4,981,301</u>	<u>5,950,392</u>
Total Financial Assets	<u>142,645,916</u>	<u>154,956,241</u>
Less: Amounts not Available to be Used Within One Year:		
TRWG Board-Designated Funds	14,669,206	9,803,333
TRWG Other Investment (Dorvie)	200,000	-
RWE Capital Replacement Fund	10,000,000	2,000,000
RWE Future Benevolence Fund	1,367,000	1,236,000
RWE Community Loan Fund	503,000	500,000
RWE Ziegler Link-Age Longevity Fund	76,219	71,139
RWE Peabody Scholarship Fund	557,059	631,199
RWE Spencer Scholarship Fund	595,982	662,497
RWE Scholarship Fund	286,999	322,655
RWE Endowment Fund	776,295	883,731
RWM Donor Funds - Perpetually Restricted	3,409,662	3,409,662
Total Financial Assets not Available Within One Year	<u>32,441,422</u>	<u>19,520,216</u>
Total Financial Assets Available Within One Year	<u>\$ 110,204,494</u>	<u>\$ 135,436,025</u>

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.

At June 30, 2022, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham had Days Cash on Hand of 723 days, 292 days, and 666 days, respectively, as calculated per each organization's continuing covenants agreement.

At June 30, 2021, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham had Days Cash on Hand of 906 days, 296 days, and 804 days, respectively, as calculated per each organization's continuing covenants agreement.



**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 17,714,344	\$ 1,931,514
U.S. Government and Government Agency Obligations	11,066,064	11,322,542
Corporate Debt Obligations	40,060,450	35,708,638
Equity Securities	50,713,583	62,032,845
Alternative Assets	2,395,548	-
Total	<u>\$ 121,949,989</u>	<u>\$ 110,995,539</u>
	<u>2022</u>	<u>2021</u>
Current Portion of Assets Limited as to Use	\$ 130,674	\$ 193,001
Accrued Interest Receivable	218,856	173,272
Investments	114,097,976	101,920,900
Benevolent Fund and Other Restricted Funds	7,502,483	8,708,366
Total	<u>\$ 121,949,989</u>	<u>\$ 110,995,539</u>

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, 2022 and 2021, no material declines in the market value of investments are considered to be other than temporary.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**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:

	2022			
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Assets Limited as to Use	\$ 6,649,944	\$ 6,649,944	\$ -	\$ -
Investments	114,881,189	114,881,189	-	-
Asset Under Interest Rate Swap Agreements, Net	337,315	-	337,315	-
Total	<u>121,868,448</u>	<u>\$ 121,531,133</u>	<u>\$ 337,315</u>	<u>\$ -</u>
Investments Measured at Cost	200,000			
Total	<u>\$ 122,068,448</u>			
	2021			
	Total	Level 1	Level 2	Level 3
<b>Assets:</b>				
Assets Limited as to Use	\$ 7,759,744	\$ 7,759,744	\$ -	\$ -
Investments	103,062,523	103,062,523	-	-
<b>Liabilities:</b>				
Obligation Under Interest Rate Swap Agreements, Net	(5,751,008)	-	(5,751,008)	-
Total	<u>105,071,259</u>	<u>\$ 110,822,267</u>	<u>\$ (5,751,008)</u>	<u>\$ -</u>
Investments Measured at Cost	-			
Total	<u>\$ 105,071,259</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 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 are evaluated by management for impairment. Based on management's evaluation, no impairment to investments measured at cost has occurred as of June 30, 2022.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 5 LONG-TERM DEBT**

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

<u>Description</u>	<u>2022</u>	<u>2021</u>
New Hampshire Health and Education Facilities Authority:		
RWE Series 2012 Revenue Bonds, Series A	\$ 23,710,000	\$ 24,930,000
RWE Series 2012 Revenue Bonds, Series B	24,850,000	25,760,000
RWM Series 2016 Revenue Bonds	7,658,724	9,017,463
RWM Series 2021 Revenue Bonds	2,937,196	-
RWD Series 2018 Revenue Bonds, Series A	52,980,000	52,976,777
RWD 2021 Taxable Loan	4,767,000	-
Total Long-Term Debt	<u>116,902,920</u>	<u>112,684,240</u>
Less: Unamortized Deferred Financing Costs	<u>(1,966,149)</u>	<u>(1,803,041)</u>
Total Long-Term Debt, Less Unamortized Deferred Financing Costs	114,936,771	110,881,199
Less: Current Portion	<u>(5,243,910)</u>	<u>(3,488,737)</u>
Total Long-Term Debt, Net of Current Portion, Less Unamortized Deferred Financing Costs	<u>\$ 109,692,861</u>	<u>\$ 107,392,462</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.

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 by approximately 2.5 years to April 1, 2025 and the Series 2012B bonds by approximately 7.5 years to April 1, 2030. RiverWoods Exeter paid certain costs related to the loan modification which is included in unamortized bond issuance costs.

RiverWoods Exeter has a swap agreement with Deutsche Bank which enacts a fixed rate swap on variable rate debt. During the years ended June 30, 2022 and 2021, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement expires March 1, 2023 and has a fixed interest rate of 4.189%.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**RWE (Continued)**

RiverWoods Exeter has a swap agreement with Morgan Stanley which enacts a fixed rate swap on variable rate debt. During the years ended June 30, 2022 and 2021, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement expires March 1, 2023 and has a fixed interest rate of 3.499%.

RiverWoods Exeter has a swap agreement with TD Bank which enacts a fixed rate swap on variable rate debt. During the years ended June 30, 2022 and 2021, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement expires October 1, 2022 and has a fixed interest rate of 1.133%.

In fiscal year 2022, RiverWoods Exeter entered into two forward starting swap agreements with TD Bank which enacts fixed rate swaps on variable rate debt. During the year ended June 30, 2022, the swaps were recorded as financial instruments at fair value and met the criteria as derivative instruments. The swap agreements go into effect on October 3, 2022, expire on April 1, 2025, and have fixed interest rates of 2.526% and 2.842%.

**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.

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 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. These bonds will be drawn down through an approved requisition process.

RiverWoods Manchester has a swap agreement with People's United Bank, a division of M&T Bank, which enacts a fixed rate swap on variable rate debt. During the years ended June 30, 2022 and 2021, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement expires July 1, 2026 and has a fixed interest rate of 0.8525%.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**RWM (Continued)**

In fiscal year 2022, RiverWoods Manchester entered into a forward starting swap agreement with People's United Bank, a division of M&T Bank, which enacts a fixed rate swap on variable rate debt. During the year ended June 30, 2022, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement goes into effect on August 1, 2022, expires on November 1, 2036, and has a fixed interest rate of 1.437%.

**TRWG**

In August 2017, TRWG closed on a three-year revolving credit loan with TD Bank, NA. The loan provides for up to \$7,000,000 of credit and is collateralized by certain cash and investments of TRWG. TRWG subsequently extended the terms of this loan to February 28, 2023. It carries an interest rate of 1-month LIBOR plus 1.02%. As of June 30, 2022 and 2021, 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.

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 entered into a forward interest rate swap agreement with TD Bank that effectively converted the variable interest rate on a portion of the Series 2018A Bonds to a fixed interest rate of 2.4360%. The swap agreement was designated as a derivative and recorded at fair value as an asset or liability in the balance sheet. The swap effective date was May 1, 2019, with an original term ending June 1, 2028. The swap agreement was terminated in September 2021 as part of the loan modification.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

**RWD (Continued)**

RiverWoods Durham previously entered into a forward interest rate swap agreement with SunTrust Bank, now Truist Bank, that effectively converted the variable interest rate on a portion of the Series 2018A Bonds to a fixed interest rate of 2.4660%. The swap agreement was designated as a derivative and recorded at fair value as an asset or liability in the balance sheet. The swap effective date was May 1, 2019, with an original term ending June 1, 2028. The swap agreement was terminated in September 2021 as part of the loan modification.

RiverWoods Durham previously entered into a forward interest rate swap agreement with People's United Bank that effectively converted the variable interest rate on a portion of the Series 2018A Bonds to a fixed interest rate of 2.4660%. The swap agreement was designated as a derivative and recorded at fair value as an asset or liability in the balance sheet. The swap effective date was May 1, 2019 with an original term ending June 1, 2028. The swap agreement was terminated in September 2021 as part of the loan modification.

Following is a summary of interest rate swaps outstanding at June 30, 2022:

	Current Notional Amount	Fixed Rate	Expiration Calendar Year
RWE - TD Bank	\$ 43,682,000	1.133 %	2022
RWE - Deutsche Bank	1,600,000	4.189 %	2023
RWE - Morgan Stanley	850,000	3.499 %	2023
RWE - TD Bank *	-	2.842 %	2025
RWE - TD Bank *	-	2.526 %	2025
RWM - People's United Bank	7,658,725	0.8525 %	2026
RWM - People's United Bank *	-	1.4370 %	2036
Total Notional Amount	<u>\$ 53,790,725</u>		

\* Forward-starting swap with effective dates post June 30, 2022.

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

Year Ending June 30,	RWE		RWM	RWD	RWM	RWD	Total
	2012 Series A	2012 Series B	2016 Series	2018A Series	2021 Series	2021 Taxable	
2023	\$ 1,310,000	\$ 985,000	\$ 1,124,910	\$ -	\$ -	\$ 1,824,000	\$ 5,243,910
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	5,627,868
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 and Thereafter	16,550,000	19,555,000	3,462,655	48,320,900	2,654,776	-	90,543,331
Total	<u>\$ 23,710,000</u>	<u>\$ 24,850,000</u>	<u>\$ 7,658,724</u>	<u>\$ 52,980,000</u>	<u>\$ 2,937,196</u>	<u>\$ 4,767,000</u>	<u>\$ 116,902,920</u>

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 5 LONG-TERM DEBT (CONTINUED)**

RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham are required by their respective loan agreements to meet certain financial ratios. As of June 30, 2022 and 2021, management is not aware of any violations with these financial covenants.

Total interest expense incurred on swaps and bonds was approximately \$2,808,000 and \$3,276,000 for the years ended June 30, 2022 and 2021, respectively.

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS**

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

	<u>2022</u>	<u>2021</u>
Unappropriated Income on Permanently Restricted		
Endowments - RiverWoods Manchester	\$ 795,344	\$ 1,656,998
RiverWoods Manchester - Employee Appreciation	6,509	-
The RiverWoods Group - Other	484	-
Peabody Scholarship Fund - RiverWoods Exeter	527,559	512,222
RiverWoods Exeter Scholarship Fund	68,814	51,977
RiverWoods Exeter - Employee Appreciation	76,615	69,243
RiverWoods Durham - Zunz Family Education Fund	49,018	-
RiverWoods Durham - Senior Celebration Fund	48,911	-
RiverWoods Durham - Employee Appreciation	39,468	425
Total	<u>\$ 1,612,722</u>	<u>\$ 2,290,865</u>

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)**

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

	<u>2022</u>	<u>2021</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	<u>3,409,662</u>	<u>3,409,662</u>
Permanently Restricted Funds - RiverWoods Exeter		
Endowment Fund	385,972	383,375
Spencer Fund	494,553	463,391
Total Permanently Restricted Funds - RiverWoods Exeter	<u>880,525</u>	<u>846,766</u>
Total	<u>\$ 4,290,187</u>	<u>\$ 4,256,428</u>



**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 7 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, 2022:

	Without Donor Restrictions	Temporary in Nature	Held in Perpetuity	Total
Total Fund Balances - RWE, June 30, 2021	\$ 1,785,296	\$ 633,442	\$ 846,766	\$ 3,265,504
RWE Peabody Fund, June 30, 2021	118,978	512,222	-	631,200
Donations	-	15,337	-	15,337
Investment Income	(77,592)	-	-	(77,592)
Disbursements of Funds	(11,885)	-	-	(11,885)
Total RWE Peabody Fund, June 30, 2022	29,501	527,559	-	557,060
RWE Scholarship Fund, June 30, 2021	270,678	51,977	-	322,655
Donations	-	16,837	-	16,837
Investment Income	(40,493)	-	-	(40,493)
Disbursements of Funds	(12,000)	-	-	(12,000)
Total RWE Scholarship Fund, June 30, 2022	218,185	68,814	-	286,999
RWE Employee Appreciation Fund, June 30, 2021	-	69,243	-	69,243
Donations	-	322,695	-	322,695
Net Assets Released from Restrictions	-	(315,323)	-	(315,323)
Total RWE Employee Appreciation Fund, June 30, 2022	-	76,615	-	76,615
RWE Benevolent Fund, June 30, 2021	696,179	-	-	696,179
Donations	-	17,394	-	17,394
Investment Income	(107,589)	-	-	(107,589)
Net Assets Released from Restrictions	-	(17,394)	-	(17,394)
Total RWE Benevolent Fund, June 30, 2022	588,590	-	-	588,590
RWE Endowment Fund, June 30, 2021	500,357	-	383,374	883,731
Donations	-	-	2,598	2,598
Investment Income	(110,034)	-	-	(110,034)
Total RWE Endowment Fund, June 30, 2022	390,323	-	385,972	776,295
RWE Spencer Fund, June 30, 2021	199,105	-	463,391	662,496
Donations	-	-	31,162	31,162
Investment Income	(81,376)	-	-	(81,376)
Disbursements of Funds	(15,000)	-	-	(15,000)
Total RWE Spencer Fund, June 30, 2022	102,729	-	494,553	597,282
Total Fund Balances - RWE, June 30, 2022	<u>\$ 1,329,328</u>	<u>\$ 672,988</u>	<u>\$ 880,525</u>	<u>\$ 2,882,841</u>

**NOTE 8 RIVERWOODS MANCHESTER ENDOWMENT**

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.

**THE RIVERWOODS GROUP  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2022 AND 2021**

**NOTE 8 RIVERWOODS MANCHESTER ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law**

RiverWoods Manchester 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, RiverWoods Manchester 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, RiverWoods Manchester 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

**Endowment Composition and Changes in Endowment**

The endowment asset composition by type of fund as of June 30, 2022 is as follows:

	<u>Without Donor Restrictions</u>	<u>Temporary in Nature</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Donor-Restricted Funds - RWM	\$ -	\$ 801,853	\$ 3,409,662	\$ 4,211,515

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 8 RIVERWOODS MANCHESTER ENDOWMENT (CONTINUED)**

**Endowment Composition and Changes in Endowment (Continued)**

The changes in endowment assets as of June 30, 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>Temporary in Nature</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Endowment Assets, June 30, 2021	\$ -	\$ 1,656,998	\$ 3,409,662	\$ 5,066,660
Donations	-	6,509	-	-
Investment Return:				
Investment Income	-	109,761	-	109,761
Net Depreciation	-	(725,030)	-	(725,030)
Total Investment Return	-	(615,269)	-	(615,269)
Amounts Appropriated for Expenditure	-	(243,342)	-	(243,342)
Distribution of Pearl Manor's Income	-	(3,043)	-	(3,043)
Endowment Assets, June 30, 2022	<u>\$ -</u>	<u>\$ 801,853</u>	<u>\$ 3,409,662</u>	<u>\$ 4,205,006</u>

The endowment asset composition by type of fund as of June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>Temporary in Nature</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Donor-Restricted Funds - RWM	\$ -	\$ 1,656,998	\$ 3,409,662	\$ 5,066,660

The changes in endowment assets as of June 30, 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>Temporary in Nature</u>	<u>Held in Perpetuity</u>	<u>Total</u>
Endowment Assets, June 30, 2020	\$ -	\$ 659,373	\$ 3,409,662	\$ 4,069,035
Investment Return:				
Investment Income	-	74,644	-	74,644
Net Appreciation	-	1,145,892	-	1,145,892
Total Investment Return	-	1,220,536	-	1,220,536
Amounts Appropriated for Expenditure	-	(219,261)	-	(219,261)
Distribution of Pearl Manor's Income	-	(3,650)	-	(3,650)
Endowment Assets, June 30, 2021	<u>\$ -</u>	<u>\$ 1,656,998</u>	<u>\$ 3,409,662</u>	<u>\$ 5,066,660</u>

**Return Objectives and Risk Parameters**

RiverWoods Manchester 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 RiverWoods Manchester 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.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 8 RIVERWOODS MANCHESTER ENDOWMENT (CONTINUED)**

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, RiverWoods Manchester 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). RiverWoods Manchester 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.

**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 RiverWoods Manchester, 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 \$246,385 were made pursuant to this policy, during the year ended June 30, 2022.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
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**NOTE 9 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:

	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	2,393,791	447,593	2,841,384
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	11,862,624	2,657,879	14,520,503
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 Non-Salary Expenses	209,224	-	209,224
Total Expenses	<u>\$ 66,431,692</u>	<u>\$ 15,665,447</u>	<u>\$ 82,097,139</u>

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 FUNCTIONAL EXPENSES (CONTINUED)**

	2021		
	Care and Service to Community Members	Management and General	Total Expenses
Salaries	\$ 26,139,488	\$ 5,694,453	\$ 31,833,941
Payroll Taxes and Fringe Benefits	6,268,476	2,073,646	8,342,122
Contract Labor	836,972	129,826	966,798
Professional Fees	353,644	1,352,980	1,706,624
Dues and Subscriptions	68,838	81,426	150,264
Resident Supplies/Expenses	778,230	32,271	810,501
Office Supplies	1,153,592	449,047	1,602,639
Printing and Advertising	1,037,523	204,745	1,242,268
Equipment Leases and Maintenance	1,106,288	325,387	1,431,675
Telephone and IT Services	302,988	691,843	994,831
Insurance	571,222	252,047	823,269
Interest and Banking Fees	2,869,405	525,476	3,394,881
Facility Costs and Utilities	3,025,023	533,828	3,558,851
Property Taxes	2,383,837	420,677	2,804,514
Depreciation and Amortization	11,091,115	2,429,684	13,520,799
Travel	7,595	20,971	28,566
Raw Food	2,302,803	344,097	2,646,900
Miscellaneous	486,173	247,777	733,950
COVID-19 Non-Salary Expenses	2,442,366	-	2,442,366
Total Expenses	<u>\$ 63,225,578</u>	<u>\$ 15,810,181</u>	<u>\$ 79,035,759</u>

**NOTE 10 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:

	2022	2021
The RiverWoods Group	\$ 73,852	\$ 70,414
RiverWoods Exeter	213,621	214,218
RiverWoods Manchester	55,954	39,249
RiverWoods Durham	56,302	42,545
Total	<u>\$ 399,729</u>	<u>\$ 366,426</u>

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 11 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 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:

	2022	2021
Medicare and Supplemental Insurance	31 %	22 %
Residents and Other Accounts Receivable	69	78
Total	100 %	100 %

**NOTE 12 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. During fiscal years 2022 and 2021, certain administrative positions were moved to TRWG from RiverWoods Exeter. The administrative support services performed by these individuals is charged out by TRWG to the community incurring the services as administrative support fees.

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.

	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
	2021			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Fees Paid to TRWG:				
Management and Development	\$ 1,216,700	\$ 256,504	\$ 650,002	\$ 2,123,206
Information Technology	506,900	128,252	195,000	830,152
Administrative Support	600,310	277,540	244,321	1,122,171
Total	\$ 2,323,910	\$ 662,296	\$ 1,089,323	\$ 4,075,529

**THE RIVERWOODS GROUP**  
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**JUNE 30, 2022 AND 2021**

**NOTE 12 RELATED PARTY (CONTINUED)**

During fiscal year ended June 30, 2022, RiverWoods Exeter incurred expenses that TRWG reimbursed of \$80,000 which were eliminated in consolidation. During fiscal year ended June 30, 2021, RiverWoods Exeter incurred expenses that TRWG reimbursed of \$74,000 which were eliminated in consolidation.

During fiscal years ended June 30, 2022 and 2021, RiverWoods Exeter incurred marketing expenses of \$-0- and \$2,120, respectively, which RiverWoods Durham reimbursed and which were eliminated in consolidation. RiverWoods Exeter incurred marketing expenses of \$21,000 and \$22,220 during fiscal years ended June 30, 2022 and 2021, respectively, which TRWG reimbursed and which were eliminated in consolidation.

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 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, 2022 and 2021 is \$2,000,000. RiverWoods Manchester paid TRWG \$60,000 in interest on the loan during each of the years ended June 30, 2022 and 2021, 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, 2022 and 2021 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. Upon project stabilization, the guaranty agreement is to be amended and restated with TRWG's obligations becoming nonrecourse to it unless one of certain defined events should occur. RWD achieved stabilization in fiscal year 2021 and TRWG anticipates amending the guarantee during fiscal year 2023.



**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 12 RELATED PARTY (CONTINUED)**

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.

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>

The amounts due (to)/from the entities that are eliminated in consolidation are comprised of the following at June 30, 2021:

	The RiverWoods Group	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Due to TRWG	\$ -	\$ (472,631)	\$ (48,889)	\$ (64,148)	\$ (585,668)
Due to RiverWoods Exeter	-	-	(30,005)	-	(30,005)
Due to RiverWoods Durham	-	-	-	(517)	(517)
Due from TRWG	-	(52,807)	-	-	(52,807)
Due from RiverWoods Exeter	472,631	-	-	52,807	525,438
Due from RiverWoods Manchester	48,889	30,005	-	-	78,894
Due from RiverWoods Durham	64,148	-	517	-	64,665
Total	<u>\$ 585,668</u>	<u>\$ (495,433)</u>	<u>\$ (78,377)</u>	<u>\$ (11,858)</u>	<u>\$ -</u>

**NOTE 13 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.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 14 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. No land has been contributed at this time.

**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.

**NOTE 15 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, 2022 and 2021 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.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 15 COVID-19 AND GOVERNMENT GRANT INCOME (CONTINUED)**

**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 years ended June 30, 2022 and 2021, RiverWoods Exeter received \$666,795 and \$792,579, respectively, 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, 2021, the Company recognized into income from operations the remaining \$1,210,916 of the total distributions received in 2020 and 2021. 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 non-payroll 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 and 2021, respectively.

During the year ended June 30, 2022 and 2021, RiverWoods Manchester received \$426,351 and \$276,606, respectively, 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 and 2021, RiverWoods Manchester recognized into income from operations \$426,351 and \$276,606, respectively of the total distributions received. These funds were utilized to offset payroll and non-payroll 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 and 2021.

**State Relief Grants**

During the fiscal year ended 2021, RiverWoods Exeter and RiverWoods Manchester received \$114,000 and \$330,140, respectively, from the state of New Hampshire Governor's Office for Emergency Relief and Recovery's (GOFERR) LTC Provider Relief Program. These funds were utilized to offset payroll and non-payroll related expenditures as well as lost revenues related to the ongoing pandemic. These amounts have been recognized into income from operations in fiscal year 2021. Management believes the amounts have been recognized appropriately as of June 30, 2021. There were no similar funds received as of June 30, 2022.

**THE RIVERWOODS GROUP**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 15 COVID-19 AND GOVERNMENT GRANT INCOME (CONTINUED)**

**State Relief Grants (Continued)**

During the fiscal year ended 2021, RiverWoods Exeter received and recognized into income from operations, \$419,800 from the state of New Hampshire. These funds received were to offset COVID-19 testing costs incurred by RiverWoods Exeter. Management believes the amounts have been recognized appropriately as of June 30, 2021.

During the fiscal year ended 2021, RiverWoods Manchester received and recognized into income from operations, \$21,000 from the state of New Hampshire. These funds received were to offset COVID-19 testing costs incurred by RiverWoods Manchester. Management believes the amounts have been recognized appropriately as of June 30, 2021.

**NOTE 16 CUMULATIVE EFFECT – CHANGE IN ACCOUNTING PRINCIPLE FOR DEFERRED MARKETING COSTS**

During the year ended June 30, 2021, the Company adopted ASU 2014-09. Previously, the Company deferred costs of acquiring initial continuing-care contracts that were expected to be recovered from future revenues. These costs included salaries and commissions paid to sales office personnel located at the community, direct response advertising costs, and initial branding of the projects. The costs were amortized on a straight-line basis over the average expected remaining lives of the residents under the contract or the contract term, if shorter. Amortization began upon the earlier of one year from initial occupancy of the independent living units or upon stabilized occupancy of those units. Under ASU 2014-09, these deferred marketing costs no longer qualify for capitalization as the new guidance only allows for capitalization of incremental costs of obtaining a contract with a customer if the entity expects to recover those costs.

The adoption of ASU 2014-09 results in an adjustment increasing consolidating net deficit by \$3,597,978 and decreasing the asset for deferred marketing costs as of July 1, 2020. The following table presents the opening net deficit, as adjusted for the cumulative effect of the change in accounting for deferred marketing costs.

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidated
Net Assets (Deficiency) as Originally Reported - July 1, 2020	\$ 11,650,675	\$ (71,244,753)	\$ 13,340,337	\$ (8,190,299)	\$ (54,444,040)
Cumulative Effect of Change in Accounting for Deferred Marketing Costs	-	(208,566)	-	(3,389,412)	(3,597,978)
Net Assets as Restated - July 1, 2020	<u>\$ 11,650,675</u>	<u>\$ (71,453,319)</u>	<u>\$ 13,340,337</u>	<u>\$ (11,579,711)</u>	<u>\$ (58,042,018)</u>

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

ASSETS	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
<b>CURRENT ASSETS</b>							
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
Entrance Fees and 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>
<b>ASSETS LIMITED AS TO USE</b>							
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>
<b>PROPERTY AND EQUIPMENT</b>							
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>
<b>OTHER ASSETS</b>							
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)**

<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
<b>CURRENT LIABILITIES</b>							
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	814,096	6,353,597	4,987,461	3,234,265	15,389,419	(3,282,306)	12,107,113
<b>LONG-TERM DEBT, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS</b>	-	46,179,362	9,164,419	54,349,080	109,692,861	-	109,692,861
<b>FUTURE RESIDENTS' DEPOSITS</b>	-	19,299,590	152,100	6,312,790	25,764,480	-	25,764,480
<b>REFUNDABLE ENTRANCE FEE LIABILITY</b>	-	178,436,423	19,503,964	73,679,940	271,620,327	-	271,620,327
<b>DEFERRED REVENUE FROM ENTRANCE FEES</b>	-	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
<b>NET ASSETS (DEFICIT)</b>							
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)	21,503,205	(84,164,476)	8,822,844	(22,176,860)	(76,015,287)	-	(76,015,287)
Total Liabilities and Net Assets (Deficit)	\$ 22,317,301	\$ 189,550,060	\$ 54,076,077	\$ 126,625,985	\$ 392,569,423	\$ (3,282,306)	\$ 389,287,117

**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
<b>REVENUES</b>							
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	-	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
<b>EXPENSES</b>							
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
<b>LOSS FROM OPERATIONS</b>	(437,401)	(4,149,358)	(2,851,062)	(3,641,859)	(11,079,680)	-	(11,079,680)
<b>NONOPERATING GAINS (LOSSES)</b>							
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)
<b>EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES</b>	(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
<b>EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES</b>	\$ (1,110,661)	\$ (9,712,628)	\$ (2,219,252)	\$ (5,277,532)	\$ (18,320,073)	\$ -	\$ (18,320,073)
<b>OTHER CHANGES IN ASSETS WITHOUT DONOR RESTRICTIONS</b>							
Net Asset Transfer	9,500,000	(8,000,000)	-	(1,500,000)	-	-	-
Other Non-Operating Revenue	-	402,903	50,816	-	453,719	-	453,719
Changes in Net Unrealized Losses on Non-Equities 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>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	7,732,494	(20,805,135)	(2,868,348)	(8,020,159)	(23,961,148)	-	(23,961,148)
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>							
Contributions	484	406,022	13,581	225,196	645,283	-	645,283
Changes in Net Realized and Unrealized Gains 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>
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	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>
<b>NET ASSETS (DEFICIT) – END OF YEAR</b>	<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
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
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	-	22,688,000	7,396,000	6,360,000	36,444,000	-	36,444,000
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:							
Entrance Fees Receivable	-	(49,000)	(400,050)	-	(449,050)	-	(449,050)
Accounts Receivable	-	(287,152)	21,577	(22,905)	(288,480)	-	(288,480)
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)
(Decrease) Increase 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 by Operating Activities	9,626,190	19,749,940	5,673,002	4,200,898	39,250,030	-	39,250,030
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
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	(6,903,105)	(28,624,989)	(4,759,292)	(12,291,001)	(52,578,387)	-	(52,578,387)

**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
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Payment and Redemption of Long-Term Debt	\$ -	\$ (2,130,000)	\$ (1,358,737)	\$ (1,233,000)	\$ (4,721,737)	\$ -	\$ (4,721,737)
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)
Refunds of Entrance Fees	-	(8,221,350)	(1,392,756)	(3,240,090)	(12,854,196)	-	(12,854,196)
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(7,836,960)</u>	<u>119,487</u>	<u>(3,034,121)</u>	<u>(10,751,594)</u>	<u>-</u>	<u>(10,751,594)</u>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	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>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<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>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>							
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>

**THE RIVERWOODS GROUP**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**  
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
<b>ASSETS</b>							
<b>CURRENT ASSETS</b>							
Cash and Cash Equivalents	\$ 807,343	\$ 23,430,503	\$ 2,330,953	\$ 16,677,376	\$ 43,246,175	\$ -	\$ 43,246,175
Assets Limited as to Use - Other	123,333	69,243	-	425	193,001	-	193,001
Entrance Fees and Accounts Receivable	-	711,492	118,257	58,050	887,799	-	887,799
Inventories	338,716	222,966	35,735	49,452	646,869	-	646,869
Prepaid Expenses and Other Current Assets	4,809	1,178,058	113,919	64,900	1,361,686	-	1,361,686
Intercompany	3,080,668	30,005	517	52,807	3,163,997	(3,163,997)	-
Accrued Interest Receivable	5,492	140,723	6,262	20,795	173,272	-	173,272
Total Current Assets	<u>4,360,361</u>	<u>25,782,990</u>	<u>2,605,643</u>	<u>16,923,805</u>	<u>49,672,799</u>	<u>(3,163,997)</u>	<u>46,508,802</u>
<b>ASSETS LIMITED AS TO USE</b>							
Other Restricted Funds	-	1,616,351	-	-	1,616,351	-	1,616,351
Endowment Funds	-	883,731	5,066,661	-	5,950,392	-	5,950,392
Total Assets Limited as to Use	<u>-</u>	<u>2,500,082</u>	<u>5,066,661</u>	<u>-</u>	<u>7,566,743</u>	<u>-</u>	<u>7,566,743</u>
<b>PROPERTY AND EQUIPMENT</b>							
Land and Land Improvements	-	10,886,380	6,194,011	2,606,602	19,686,993	-	19,686,993
Building and Improvements	-	172,210,890	51,806,556	96,389,030	320,406,476	-	320,406,476
Furniture and Equipment	87,422	13,102,073	4,559,360	3,213,985	20,962,840	-	20,962,840
Projects in Process	87,163	6,689,651	2,064,798	91,605	8,933,217	-	8,933,217
Total	<u>174,585</u>	<u>202,888,994</u>	<u>64,624,725</u>	<u>102,301,222</u>	<u>369,989,526</u>	<u>-</u>	<u>369,989,526</u>
Less: Accumulated Depreciation	(19,075)	(101,018,654)	(28,347,747)	(5,046,617)	(134,432,093)	-	(134,432,093)
Total Property and Equipment, Net	<u>155,510</u>	<u>101,870,340</u>	<u>36,276,978</u>	<u>97,254,605</u>	<u>235,557,433</u>	<u>-</u>	<u>235,557,433</u>
<b>OTHER ASSETS</b>							
Investments	9,803,333	67,781,167	7,191,908	17,144,492	101,920,900	-	101,920,900
Benevolent Fund - Unrestricted Portion	-	696,179	445,444	-	1,141,623	-	1,141,623
Other Assets	-	232,701	-	-	232,701	-	232,701
Deferred Marketing Costs	-	-	-	798,619	798,619	-	798,619
Total Other Assets	<u>9,803,333</u>	<u>68,710,047</u>	<u>7,637,352</u>	<u>17,943,111</u>	<u>104,093,843</u>	<u>-</u>	<u>104,093,843</u>
Total Assets	<u>\$ 14,319,204</u>	<u>\$ 198,863,459</u>	<u>\$ 51,586,634</u>	<u>\$ 132,121,521</u>	<u>\$ 396,890,818</u>	<u>\$ (3,163,997)</u>	<u>\$ 393,726,821</u>

**THE RIVERWOODS GROUP**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
<b>LIABILITIES AND NET ASSETS (DEFICIT)</b>							
<b>CURRENT LIABILITIES</b>							
Current Portion of Long-Term Debt	\$ -	\$ 2,130,000	\$ 1,358,737	\$ -	\$ 3,488,737	\$ -	\$ 3,488,737
Accounts Payable and Accrued Expenses	130,325	2,482,117	586,096	870,254	4,068,792	-	4,068,792
Accrued Salaries, Wages, and Related Taxes	418,652	1,118,831	374,479	331,940	2,243,902	-	2,243,902
Accrued Interest Payable	-	50,553	16,454	-	67,007	-	67,007
Intercompany	-	525,438	2,573,894	64,665	3,163,997	(3,163,997)	-
Total Current Liabilities	<u>548,977</u>	<u>6,306,939</u>	<u>4,909,660</u>	<u>1,266,859</u>	<u>13,032,435</u>	<u>(3,163,997)</u>	<u>9,868,438</u>
<b>LONG-TERM DEBT, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS</b>							
	-	48,438,129	7,537,010	51,417,323	107,392,462	-	107,392,462
<b>OBLIGATION UNDER INTEREST RATE SWAP AGREEMENT, NET</b>							
	-	751,820	109,603	4,889,585	5,751,008	-	5,751,008
<b>FUTURE RESIDENTS' DEPOSITS</b>							
	-	16,765,200	-	5,608,830	22,374,030	-	22,374,030
<b>REFUNDABLE ENTRANCE FEE LIABILITY</b>							
	-	168,034,860	15,811,193	71,339,440	255,185,493	-	255,185,493
<b>DEFERRED REVENUE FROM ENTRANCE FEES</b>							
	-	21,999,157	10,672,831	11,893,157	44,565,145	-	44,565,145
Total Liabilities	548,977	262,296,105	39,040,297	146,415,194	448,300,573	(3,163,997)	445,136,576
<b>NET ASSETS (DEFICIT)</b>							
Without Donor Restrictions	13,770,227	(64,912,854)	7,479,677	(14,294,098)	(57,957,048)	-	(57,957,048)
With Donor Restrictions	-	1,480,208	5,066,660	425	6,547,293	-	6,547,293
Total Net Assets (Deficit)	<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>
Total Liabilities and Net Assets (Deficit)	<u>\$ 14,319,204</u>	<u>\$ 198,863,459</u>	<u>\$ 51,586,634</u>	<u>\$ 132,121,521</u>	<u>\$ 396,890,818</u>	<u>\$ (3,163,997)</u>	<u>\$ 393,726,821</u>

**THE RIVERWOODS GROUP**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)**  
**YEAR ENDED JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
<b>REVENUES</b>							
Residential Service Fees	\$ -	\$ 26,065,746	\$ 5,667,457	\$ 10,645,044	\$ 42,378,247	\$ -	\$ 42,378,247
Earned Entrance Fees	-	2,821,818	1,655,208	997,578	5,474,604	-	5,474,604
Health Center Fees	-	6,542,755	3,577,033	1,839,775	11,959,563	-	11,959,563
Management, Development, Administrative and IT Fees	4,075,529	-	-	-	4,075,529	(4,075,529)	-
Other Operating Revenue	-	(199,958)	47,099	(54,842)	(207,701)	-	(207,701)
Investment Income, Net of Fees	185,704	2,238,608	69,092	485,154	2,978,558	(760,953)	2,217,605
Government Grant Income	-	1,744,716	627,746	-	2,372,462	-	2,372,462
Net Assets Released from Restrictions	-	343,817	249,396	67,213	660,426	-	660,426
Total Revenues	4,261,233	39,557,502	11,893,031	13,979,922	69,691,688	(4,836,482)	64,855,206
<b>EXPENSES</b>							
General and Administrative	5,686,350	11,239,722	4,941,553	5,035,269	26,902,894	(4,001,529)	22,901,365
Resident Services	-	1,862,679	348,728	622,985	2,834,392	-	2,834,392
Dining Services	-	4,484,356	1,372,109	1,903,732	7,760,197	-	7,760,197
Nursing Services	-	8,548,301	2,849,734	2,610,255	14,008,290	-	14,008,290
Environmental Services	-	4,617,844	1,583,232	1,212,046	7,413,122	-	7,413,122
Facility Costs and Utilities	74,000	4,763,151	887,685	1,578,930	7,303,766	(74,000)	7,229,766
Depreciation and Amortization	22,824	6,717,878	2,942,966	3,517,226	13,200,894	-	13,200,894
Interest	-	1,240,457	295,421	2,912,808	4,448,686	(760,953)	3,687,733
Total Expenses	5,783,174	43,474,388	15,221,428	19,393,251	83,872,241	(4,836,482)	79,035,759
<b>LOSS FROM OPERATIONS</b>	(1,521,941)	(3,916,886)	(3,328,397)	(5,413,329)	(14,180,553)	-	(14,180,553)
<b>NONOPERATING GAINS (LOSSES)</b>							
Contributions	218,316	69,047	1,782	-	289,145	-	289,145
Change in Charitable Gift Annuity Liability	-	(32,480)	-	-	(32,480)	-	(32,480)
Changes in Net Unrealized Gains on Equities Investments	1,210,589	10,356,573	746,636	2,308,718	14,622,516	-	14,622,516
Gains on Sales of Assets and Investments	104,071	898,098	86,581	110,969	1,199,719	-	1,199,719
Change in the Fair Value of Interest Rate Swap Agreements	-	642,047	149,398	2,343,612	3,135,057	-	3,135,057
Total Nonoperating Gains (Losses)	1,532,976	11,933,285	984,397	4,763,299	19,213,957	-	19,213,957
<b>EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES</b>	11,035	8,016,399	(2,344,000)	(650,030)	5,033,404	-	5,033,404

**THE RIVERWOODS GROUP**  
**CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
<b>EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES</b>	\$ 11,035	\$ 8,016,399	\$ (2,344,000)	\$ (650,030)	\$ 5,033,404	\$ -	\$ 5,033,404
<b>OTHER CHANGES IN ASSETS WITHOUT DONOR RESTRICTIONS</b>							
Net Asset Transfer	2,000,000	-	-	(2,000,000)	-	-	-
Other Non-Operating Revenue	-	326,960	305,638	-	632,598	-	632,598
Changes in Net Unrealized Gains (Losses) on Non-Equities Investments	108,517	(421,120)	246,737	(63,956)	(129,822)	-	(129,822)
Total Other Changes in Net Assets Without Donor Restrictions	<u>2,108,517</u>	<u>(94,160)</u>	<u>552,375</u>	<u>(2,063,956)</u>	<u>502,776</u>	<u>-</u>	<u>502,776</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	2,119,552	7,922,239	(1,791,625)	(2,713,986)	5,536,180	-	5,536,180
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>							
Contributions	-	442,251	26,485	67,237	535,973	-	535,973
Changes in Net Realized and Unrealized Gains on Investments	-	-	1,220,536	-	1,220,536	-	1,220,536
Net Assets Released from Restrictions	-	(343,817)	(249,396)	(67,213)	(660,426)	-	(660,426)
Changes in Net Assets With Donor Restrictions	<u>-</u>	<u>98,434</u>	<u>997,625</u>	<u>24</u>	<u>1,096,083</u>	<u>-</u>	<u>1,096,083</u>
<b>CHANGE IN NET ASSETS (DEFICIT)</b>	2,119,552	8,020,673	(794,000)	(2,713,962)	6,632,263	-	6,632,263
<b>CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE</b>	-	(208,566)	-	(3,389,412)	(3,597,978)	-	(3,597,978)
Net Assets (Deficit) – Beginning of Year	<u>11,650,675</u>	<u>(71,244,753)</u>	<u>13,340,337</u>	<u>(8,190,299)</u>	<u>(54,444,040)</u>	<u>-</u>	<u>(54,444,040)</u>
<b>NET ASSETS (DEFICIT) – END OF YEAR</b>	<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>

**THE RIVERWOODS GROUP**  
**CONSOLIDATING STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>							
Change in Net Assets (Deficit)	\$ 2,119,552	\$ 8,020,673	\$ (794,000)	\$ (2,713,962)	\$ 6,632,263	\$ -	\$ 6,632,263
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided (Used) by Operating Activities:							
Proceeds from Entrance Fees	-	24,748,000	5,968,000	4,376,200	35,092,200	-	35,092,200
Noncash Items Included in Change in Net Assets (Deficit):							
Amortization of Deferred Entrance Fee Revenue	-	(2,821,818)	(1,655,208)	(997,578)	(5,474,604)	-	(5,474,604)
Depreciation and Amortization	22,824	6,717,878	2,942,966	3,517,226	13,200,894	-	13,200,894
Amortization of Bond Issuance Costs	-	55,645	24,344	239,916	319,905	-	319,905
Loss on Disposal of Equipment	-	10,526	128,510	-	139,036	-	139,036
Change in Interest Rate Swap Agreements	-	(642,047)	(149,398)	(2,343,612)	(3,135,057)	-	(3,135,057)
Unrealized Gains on Investments, Net	(1,319,106)	(9,935,453)	(993,373)	(2,244,762)	(14,492,694)	-	(14,492,694)
(Increase) Decrease in Assets:							
Entrance Fees Receivable	-	-	207,300	1,071,542	1,278,842	-	1,278,842
Accounts Receivable	-	243,391	(27,252)	(38,632)	177,507	-	177,507
Inventories	(71,845)	(5,995)	(24,396)	(23,996)	(126,232)	-	(126,232)
Prepaid Expenses and Other Assets	20,302	(89,979)	(8,083)	20,637	(57,123)	(179,360)	(236,483)
Other Receivables	(545,473)	-	-	-	(545,473)	545,473	-
Accrued Interest Receivable	(4,256)	2,432,615	(4,301)	(1,196)	2,422,862	(2,417,541)	5,321
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Expenses	73,375	699,924	96,375	(660,628)	209,046	-	209,046
Accrued Salaries, Wages, and Related Taxes	128,548	(333,232)	(40,257)	80,530	(164,411)	-	(164,411)
Accrued Interest Payable and Other Liabilities	-	398,038	(122,746)	(2,425,745)	(2,150,453)	2,051,428	(99,025)
Net Cash Provided (Used) by Operating Activities	423,921	29,498,166	5,548,481	(2,144,060)	33,326,508	-	33,326,508
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>							
Purchases of Property and Equipment	(116,254)	(6,805,036)	(3,644,451)	(1,754,024)	(12,319,765)	-	(12,319,765)
(Increase) Decrease in Investments	(261,736)	2,263,253	(1,412,031)	(579,276)	10,210	-	10,210
Decrease in Notes Receivable	-	8,066,667	-	-	8,066,667	(8,066,667)	-
Increase in Other Restricted Funds	-	(548,884)	(90,795)	-	(639,679)	-	(639,679)
(Increase) Decrease in Benevolent Fund	-	84,995	(127,017)	-	(42,022)	-	(42,022)
Net Cash Provided (Used) by Investing Activities	(377,990)	3,060,995	(5,274,294)	(2,333,300)	(4,924,589)	(8,066,667)	(12,991,256)

**THE RIVERWOODS GROUP**  
**CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED JUNE 30, 2021**  
**(SEE INDEPENDENT AUDITORS' REPORT)**

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>							
Payment and Redemption of Long-Term Debt	\$ -	\$ (2,035,000)	\$ (809,010)	\$ -	\$ (2,844,010)	\$ -	\$ (2,844,010)
Payments to Subordinated Note	-	-	-	(8,066,667)	(8,066,667)	8,066,667	-
Proceeds from Long-Term Debt	-	-	-	6,680,686	6,680,686	-	6,680,686
Increase (Decrease) in Residents' Deposits	-	1,823,650	(95,900)	5,349,890	7,077,640	-	7,077,640
Proceeds from Entrance Fees - Initial Sales	-	-	-	2,270,900	2,270,900	-	2,270,900
Refunds of Entrance Fees	-	(17,179,070)	(554,284)	(350,910)	(18,084,264)	-	(18,084,264)
Net Cash Provided (Used) by Financing Activities	<u>-</u>	<u>(17,390,420)</u>	<u>(1,459,194)</u>	<u>5,883,899</u>	<u>(12,965,715)</u>	<u>8,066,667</u>	<u>(4,899,048)</u>
<b>NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH</b>	45,931	15,168,741	(1,185,007)	1,406,539	15,436,204	-	15,436,204
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>884,745</u>	<u>8,494,639</u>	<u>3,741,290</u>	<u>15,271,262</u>	<u>28,391,936</u>	<u>-</u>	<u>28,391,936</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR</b>	<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>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>							
Cash Paid for Interest	<u>\$ -</u>	<u>\$ 1,198,165</u>	<u>\$ 293,810</u>	<u>\$ 1,975,162</u>	<u>\$ 3,467,137</u>	<u>\$ (60,000)</u>	<u>\$ 3,407,137</u>