



SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SINGLE AUDIT REPORT

YEAR ENDED JULY 31, 2018

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SINGLE AUDIT REPORT

YEAR ENDED JULY 31, 2018

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OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Mark R. Carrier, C.P.A.
Michael R. Dunn, C.P.A.
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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statements of Southern New Hampshire Services, Inc. (the Organization) and affiliate, which comprise the combined statement of financial position as of July 31, 2018, and the related combined statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated January 17, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Ouellette & Associates, P.A.
Certified Public Accountants

January 17, 2019
Lewiston, Maine

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance and Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited Southern New Hampshire Services, Inc. (the Organization) and affiliate's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southern New Hampshire Services, Inc. and affiliate's major federal programs for the year ended July 31, 2018. Southern New Hampshire Services, Inc. and affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southern New Hampshire Services, Inc. and affiliate's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southern New Hampshire Services, Inc. and affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southern New Hampshire Services, Inc. and affiliate's compliance.

Opinion on Each Major Federal Program

In our opinion, Southern New Hampshire Services, Inc. and affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended July 31, 2018.

Report on Internal Control over Compliance

Management of Southern New Hampshire Services, Inc. and affiliate is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southern New Hampshire Services, Inc. and affiliate's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southern New Hampshire Services, Inc. and affiliate's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the combined financial statements of Southern New Hampshire Services, Inc. and affiliate as of and for the year ended July 31, 2018, and have issued our report thereon dated January 17, 2019, which contained an unmodified opinion on those combined financial statements. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

Ouellette & Associates, P.A.
Certified Public Accountants

January 17, 2019
Lewiston, Maine

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JULY 31, 2018

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Subrecipient Expenditures	Federal Expenditures
FEDERAL AWARDS				
<u>U.S. Department of Agriculture:</u>				
<i>Pass-Through State of New Hampshire Department of Health and Human Services</i>				
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557	184NH703W1003	\$ -	\$ 1,266,078
	10.557	174NH703W1003		114,559
				1,380,637
WIC Grants to States	10.578	174NH781W5413		30,400
<i>Pass-Through Belknap Merrimack Community Action Program</i>				
Commodity Supplemental Food Program	10.565	201818Y800544		120,535
	10.565	201919Y800544		9,185
				129,720
<i>Pass-Through State of New Hampshire Department of Education</i>				
Child and Adult Care Food Program	10.558			1,033,234
Summer Food Service Program for Children	10.559			96,565
Total U.S. Department of Agriculture			\$ -	\$ 2,670,556
<u>U.S. Department of Housing and Urban Development:</u>				
<i>Direct Program</i>				
Section 8 Moderate Rehabilitation Single Room Occupancy	14.249			\$ 388,630
<i>Pass-Through State of New Hampshire Department of Health and Human Services</i>				
Emergency Solutions Grant Program	14.231	E17-DC-33-0001		60,563
<i>Pass-Through Belknap Merrimack Community Action Program</i>				
Lead-Based Pant Hazard Control in Privately-Owned Housing	14.900			5,000
<i>Pass-Through the City of Nashua, NH</i>				
Lead-Based Pant Hazard Control in Privately-Owned Housing	14.900	NHLB0574-14		2,970
Total U.S. Department of Housing and Urban Development			\$ -	\$ 457,163
Subtotal			\$ -	\$ 3,127,719

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JULY 31, 2018

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Subrecipient Expenditures	Federal Expenditures
Amount Forward			\$ -	\$ 3,127,719
<u>U.S. Department of Labor:</u>				
<i>Pass-Through State of New Hampshire Department of Resources and Economic Development</i>				
<u>WIOA Cluster</u>				
WIOA Adult Program	17.258	02-6000618	\$ 212,937	\$ 1,700,555
WIOA Dislocated Worker Formula Grants	17.278	02-6000618	162,752	1,870,134
Total WIOA Cluster			375,689	3,570,689
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	02-6000618	160,360	617,175
WIOA Dislocated Worker National Reserve Technical Assistance and Training	17.281	02-6000618		25,000
Total U.S. Department of Labor			\$ 536,049	\$ 4,212,864
<u>U.S. Department of Energy:</u>				
<i>Pass-Through State of New Hampshire Governor's Office Office of Energy and Planning</i>				
Weatherization Assistance for Low-Income Persons	81.042	EE0006169 EE0007935		\$ 855,044 20,984 876,028
Emergency Food and Shelter National Board Program	97.024	592600-007		10,646
Total U.S. Department of Energy:			\$ -	\$ 886,674
<u>U.S. Department of Education:</u>				
<i>Pass-Through State of New Hampshire Department Of Education</i>				
Adult Education - Basic Grants to States	84.002	67011-ABE		\$ 113,841
	84.002	67011-ABE		35,798
	84.002	67011-ABE		93,755
	84.002	67011-ABE		47,509
Total U.S. Department of Education			\$ -	\$ 290,903
<u>Corporation for National and Community Services:</u>				
<i>Direct Program</i>				
Retired and Senior Volunteer Program	94.002	17SRANH002	\$ -	\$ 106,968
Total Corporation for National and Community Services			\$ -	\$ 106,968
Subtotal			\$ 536,049	\$ 8,625,128

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FISCAL YEAR ENDED JULY 31, 2018

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Subrecipient Expenditures	Federal Expenditures
Amount Forward			\$ 536,049	\$ 8,625,128
<u>U.S. Department of Health and Human Services:</u>				
<i>Direct Program</i>				
Head Start	93.600	01CH2057-05-00		\$ 6,239,782
	93.600	01HP0009-03-01		<u>326,680</u>
				<u>6,566,462</u>
<i>Pass-Through State of New Hampshire Office of Energy and Planning</i>				
Low-Income Home Energy Assistance	93.568	G-17B1NHLIEA		1,323,955
	93.568	G-18B1NHLIEA		<u>9,126,358</u>
				<u>10,450,313</u>
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	17AANHT3SP		18,143
<i>Pass-Through State of New Hampshire Department Of Health and Human Services</i>				
Temporary Assistance for Needy Families	93.558	2017G996115	639,059	2,770,651
	93.558	2018G996115	<u>53,575</u>	<u>232,776</u>
			<u>692,634</u>	<u>3,003,427</u>
Community Services Block Grant	93.569	G-17B1NHCOSR		1,525,321
Community Services Block Grant Discretionary Awards	93.570	G-17B1NHCOSR		65,951
<u>CCDF Cluster</u>				
Child Care and Development Block Grant	93.575	2017G996005		884,685
Child Care Mandatory and Matching Funds of The Child Care and Development Fund	93.596	2017G999004		<u>1,149,612</u>
Total CCDF Cluster				<u>2,034,297</u>
<i>Pass-Through Manchester Community Health</i>				
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1H79SM061289		<u>23,981</u>
Total U.S. Department of Health and Human Services			<u>\$ 692,634</u>	<u>\$ 23,687,895</u>
<u>U.S. Department of Homeland Security:</u>				
<i>Passed-through Regional United Way Agency</i>				
Emergency Food and Shelter National Board Program	97.024		\$ -	<u>\$ 11,000</u>
Total U.S. Department of Homeland Security			<u>\$ -</u>	<u>\$ 11,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,228,683</u>	<u>\$ 32,324,023</u>

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JULY 31, 2018

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southern New Hampshire Services, Inc. and affiliate under programs of the federal government for the year ended July 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southern New Hampshire Services, Inc. and affiliate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southern New Hampshire Services, Inc. and affiliate.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Pass-through entity identifying numbers are presented where available.

NOTE 3: HEAD START PROGRAMS CFDA #93.600

In accordance with terms of the grant award, the Organization has met its matching requirements during the year ended July 31, 2018.

NOTE 4: INDIRECT COST RATE

Southern New Hampshire Services, Inc. and affiliate has negotiated an indirect cost rate of 8.60% with the Department of Health and Human Services.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JULY 31, 2018

Section I Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:
Material weakness(es) identified? _____ Yes No

Significant deficiency(ies) identified? _____ Yes None reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

Internal control over major programs:
Material weakness(es) identified? _____ Yes No

Significant deficiency(ies) identified? _____ Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with CFR Section 200.156(a) of the Uniform Guidance? _____ Yes No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
CCDF Cluster	93.575/93.596
WIOA Cluster	17.258/17.278
Child and Adult Care Food Program	10.558
Low-Income Home Energy Assistance	93.568

Dollar threshold used to distinguish between Type A and Type B programs: \$970,534

Auditee qualified as low-risk auditee? Yes _____ No

Section II Financial Statement Findings

No matters are reportable.

Section III Federal Award Findings and Questioned Costs

No matters are reportable.



SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

**COMBINED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE YEARS ENDED JULY 31, 2018 AND 2017

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

FINANCIAL STATEMENTS

JULY 31, 2018 AND 2017

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying combined financial statements of Southern New Hampshire Services, Inc. (a nonprofit organization) and affiliate, which comprise the combined statements of financial position as of July 31, 2018 and 2017, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Southern New Hampshire Services, Inc. and affiliate, as of July 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 17, 2019 on our consideration of Southern New Hampshire Services, Inc. and affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Southern New Hampshire Services, Inc. and affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Southern New Hampshire Services, Inc. and affiliate's internal control over financial reporting and compliance.

Ouellette & Associates, P.A.
Certified Public Accountants

January 17, 2019
Lewiston, Maine

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENTS OF FINANCIAL POSITION

JULY 31, 2018 AND 2017

ASSETS		
	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	\$ 5,699,842	\$ 5,889,396
Investments	9,085,663	8,375,305
Contracts receivable	4,165,520	3,790,824
Accounts receivable	836,174	590,607
Prepaid expenses	90,163	75,410
Under applied overhead	67,750	113,924
Total current assets	<u>19,945,112</u>	<u>18,835,466</u>
FIXED ASSETS		
Land	2,571,794	2,313,783
Buildings and improvements	11,610,610	10,429,907
Vehicles and equipment	1,278,185	1,285,271
Total fixed assets	<u>15,460,589</u>	<u>14,028,961</u>
Less - accumulated depreciation	<u>4,964,258</u>	<u>4,720,487</u>
Net fixed assets	<u>10,496,331</u>	<u>9,308,474</u>
OTHER ASSETS		
Restricted cash	<u>402,738</u>	<u>211,188</u>
TOTAL ASSETS	<u>\$ 30,844,181</u>	<u>\$ 28,355,128</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 122,582	\$ 121,437
Accounts payable	458,388	471,715
Accrued payroll and payroll taxes	1,102,712	1,330,368
Accrued compensated absences	345,967	326,281
Accrued other liabilities	238,012	347,332
Refundable advances	1,309,098	1,137,688
Tenant security deposits	81,801	68,705
Total current liabilities	<u>3,658,560</u>	<u>3,803,526</u>
LONG-TERM LIABILITIES		
Long-term debt, less current portion	<u>3,134,219</u>	<u>2,330,118</u>
TOTAL LIABILITIES	<u>6,792,779</u>	<u>6,133,644</u>
NET ASSETS		
Unrestricted	<u>24,051,402</u>	<u>22,221,484</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 30,844,181</u>	<u>\$ 28,355,128</u>

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JULY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
REVENUES, GAINS AND OTHER SUPPORT		
Grant and contract revenue	\$ 36,935,915	\$ 33,840,476
Program service fees	790,570	1,011,973
Local funding	318,992	352,618
Rental income	994,930	945,056
Gifts and contributions	638,712	207,972
Interest and dividend income	271,590	262,258
Unrealized gain on investments	441,314	761,151
Miscellaneous	640,735	633,151
TOTAL REVENUES, GAINS AND OTHER SUPPORT	<u>41,032,758</u>	<u>38,014,655</u>
EXPENSES		
Program services:		
Child development	8,424,337	7,698,835
Community services	1,449,210	1,504,282
Economic and workforce development	7,756,926	8,549,808
Energy	12,777,365	10,052,962
Language and literacy	370,697	344,985
Housing and homeless	238,541	181,366
Nutrition and health	2,486,119	2,390,236
Special projects	1,797,358	1,455,860
Volunteer services	114,704	158,879
SNHS Management Corporation	2,017,381	1,852,665
Total program services	<u>37,432,638</u>	<u>34,189,878</u>
Support services:		
Management and general	1,770,202	1,766,597
TOTAL EXPENSES	<u>39,202,840</u>	<u>35,956,475</u>
CHANGE IN NET ASSETS	1,829,918	2,058,180
NET ASSETS - BEGINNING OF YEAR	<u>22,221,484</u>	<u>20,163,304</u>
NET ASSETS - END OF YEAR	<u>\$ 24,051,402</u>	<u>\$ 22,221,484</u>

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JULY 31, 2018

	Program Services						
	Child Development	Community Services	Economic Workforce Development	Energy	Language and Literacy	Housing and Homeless	Nutrition and Health
EXPENSES							
Payroll	\$ 4,957,052	\$ 954,145	\$ 2,665,005	\$ 1,604,803	\$ 260,923	\$ 108,074	\$ 996,641
Payroll taxes	408,351	75,089	211,297	134,215	22,698	8,701	82,048
Fringe benefits	1,165,602	126,449	394,224	368,108	12,404	16,013	205,632
Workers comp. insurance	103,257	9,387	6,542	16,946	651	271	32,119
Retirement benefits	262,948	84,961	173,276	83,274	6,498	6,622	56,860
Consultant and contractual	40,049	26,382	1,534,030	1,575,384	6,614	459	22,816
Travel and transportation	117,346	35,209	64,613	41,310	812	5,490	50,659
Conferences and meetings	-	5,071	-	7,585	65	-	4,786
Occupancy	509,137	57,628	738,328	135,204	24,229	1,020	76,845
Advertising	9,803	-	8,489	1,442	25	-	150
Supplies	372,610	20,349	32,178	65,002	11,743	239	57,054
Equip. rentals and maintenance	21,468	82	39,839	19,776	934	-	23,648
Insurance	19,453	25,393	6,933	20,120	-	-	6,565
Telephone	67,962	22,505	46,995	19,322	2,398	420	44,357
Postage	3,837	201	1,481	34,823	350	82	3,683
Printing and publications	4,679	673	-	304	1,511	275	224
Subscriptions	-	635	-	-	-	-	-
Program support	-	16,178	-	29,907	8,176	-	-
Interest	11,962	-	-	-	-	-	-
Depreciation	54,064	5,920	7,900	13,280	1,144	-	1,468
Assistance to clients	7,800	-	1,826,232	8,613,799	-	90,875	528,940
Other direct expense	246,533	10,013	32,666	18,899	-	-	294,475
Miscellaneous	85,920	446	11,094	2,190	9,522	-	5,009
In-kind	2,269,028	-	-	-	-	-	-
(Gain) Loss on disposal of assets	-	-	-	-	-	-	-
SUBTOTAL	10,738,861	1,476,716	7,801,122	12,805,693	370,697	238,541	2,493,979
Over applied indirect costs	-	-	-	-	-	-	-
Eliminations	(2,314,524)	(27,506)	(44,196)	(28,328)	-	-	(7,860)
TOTAL EXPENSES	\$ 8,424,337	\$ 1,449,210	\$ 7,756,926	\$ 12,777,365	\$ 370,697	\$ 238,541	\$ 2,486,119

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
 FOR THE YEAR ENDED JULY 31, 2018

	Program Services			Total Program Services	Support Services	Total Expenses
	Special Projects	Volunteer Services	SNHS Management Corporation		Management and General	
EXPENSES						
Payroll	\$ 63,372	\$ 75,363	\$ 422,932	\$ 12,108,310	\$ 1,258,069	\$ 13,366,379
Payroll taxes	5,433	6,159	42,979	996,970	96,197	1,093,167
Fringe benefits	1,447	13,772	137,202	2,440,853	154,995	2,595,848
Workers comp. insurance	2,427	188	8,844	180,632	4,341	184,973
Retirement benefits	2,305	3,179	44,515	724,438	113,858	838,296
Consultant and contractual	1,630,101	448	171,365	5,007,648	70,685	5,078,333
Travel and transportation	2,655	1,698	55,755	375,547	10,124	385,671
Conferences and meetings	3,706	-	26,557	47,770	770	48,540
Occupancy	13,874	-	470,606	2,026,871	25,489	2,052,360
Advertising	75	25	83	20,092	125	20,217
Supplies	3,181	2,557	9,617	574,530	58,000	632,530
Equip. rentals and maintenance	(23)	79	8,837	114,640	878	115,518
Insurance	1,353	1,226	34,976	116,019	13,745	129,764
Telephone	2,854	1,332	14,613	222,758	3,890	226,648
Postage	-	271	940	45,668	17,288	62,956
Printing and publications	-	38	-	7,704	913	8,617
Subscriptions	-	1,000	551	2,186	-	2,186
Program support	22,782	-	101,335	178,378	-	178,378
Interest	-	-	43,543	55,505	-	55,505
Depreciation	25,062	-	317,695	426,533	536	427,069
Assistance to clients	19,869	-	26,984	11,114,499	-	11,114,499
Other direct expense	867	2,767	3,836	610,056	6,398	616,454
Miscellaneous	188	4,602	71,187	190,158	1,651	191,809
In-kind	-	-	-	2,269,028	-	2,269,028
(Gain) Loss on disposal of assets	(4,170)	-	2,429	(1,741)	-	(1,741)
SUBTOTAL	1,797,358	114,704	2,017,381	39,855,052	1,837,952	41,693,004
Over applied indirect costs	-	-	-	-	(67,750)	(67,750)
Eliminations	-	-	-	(2,422,414)	-	(2,422,414)
TOTAL EXPENSES	\$ 1,797,358	\$ 114,704	\$ 2,017,381	\$ 37,432,638	\$ 1,770,202	\$ 39,202,840

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED JULY 31, 2017

	Program Services						
	Child Development	Community Services	Economic Workforce Development	Energy	Language and Literacy	Housing and Homeless	Nutrition and Health
EXPENSES							
Payroll	\$ 4,532,497	\$ 988,728	\$ 2,598,061	\$ 1,479,819	\$ 205,774	\$ 57,390	\$ 929,574
Payroll taxes	427,513	85,055	230,382	137,652	21,760	5,070	87,625
Fringe benefits	1,056,679	142,258	381,689	277,583	13,620	12,219	182,882
Workers comp. insurance	133,004	12,323	8,425	18,616	673	201	37,044
Retirement benefits	239,765	84,534	148,790	84,574	6,106	3,822	49,817
Consultant and contractual	73,596	37,906	1,764,803	1,278,715	16,772	233	24,513
Travel and transportation	80,939	24,323	72,239	47,177	751	2,583	47,155
Conferences and meetings	2,400	13,084	4,260	11,996	-	120	9,234
Occupancy	460,887	52,314	719,547	126,782	19,846	1,020	74,295
Advertising	14,820	2,535	31,291	1,335	50	-	75
Supplies	281,852	15,572	39,851	66,519	26,550	316	74,548
Equip. rentals and maintenance	13,830	6,236	27,993	20,144	1,378	-	24,174
Insurance	17,289	24,992	6,224	13,296	-	-	7,479
Telephone	63,288	14,783	50,377	19,759	1,591	538	42,705
Postage	2,936	339	1,626	31,484	249	16	3,473
Printing and publications	6,182	1,454	-	340	939	-	-
Subscriptions	-	1,769	-	-	-	-	-
Program support	559	20,105	-	32,990	8,588	-	7,270
Interest	11,952	-	-	-	-	-	-
Depreciation	42,373	3,666	7,443	14,269	4,341	-	2,146
Assistance to clients	7,800	-	2,443,026	6,409,725	-	97,838	515,249
Other direct expense	218,504	1,177	57,405	4,973	-	-	276,215
Miscellaneous	55,666	303	572	1,571	13,458	-	2,623
In-kind	2,636,675	-	-	-	-	-	-
Loss on disposal of assets	-	-	-	1,971	2,539	-	-
SUBTOTAL	10,381,006	1,533,456	8,594,004	10,081,290	344,985	181,366	2,398,096
Over applied indirect costs	-	-	-	-	-	-	-
Eliminations	(2,682,171)	(29,174)	(44,196)	(28,328)	-	-	(7,860)
TOTAL EXPENSES	\$ 7,698,835	\$ 1,504,282	\$ 8,549,808	\$ 10,052,962	\$ 344,985	\$ 181,366	\$ 2,390,236

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINED STATEMENT OF FUNCTIONAL EXPENSES (Continued)
 FOR THE YEAR ENDED JULY 31, 2017

	Program Services				Support Services	Total Expenses
	Special Projects	Volunteer Services	SNHS		Management and General	
			Management Corporation	Total Program Services		
EXPENSES						
Payroll	\$ 42,757	\$ 86,401	\$ 99,305	\$11,020,306	\$ 1,239,055	\$12,259,361
Payroll taxes	3,963	7,879	27,908	1,034,807	105,184	1,139,991
Fringe benefits	1,929	15,102	64,008	2,147,969	157,709	2,305,678
Workers comp. insurance	2,237	281	5,461	218,265	5,085	223,350
Retirement benefits	1,871	4,448	21,647	645,374	118,221	763,595
Consultant and contractual	1,324,546	561	166,121	4,687,766	85,022	4,772,788
Travel and transportation	1,692	2,414	57,092	336,365	8,535	344,900
Conferences and meetings	3,829	1,454	18,790	65,167	1,080	66,247
Occupancy	13,883	-	415,064	1,883,638	22,016	1,905,654
Advertising	25	467	2,712	53,310	50	53,360
Supplies	1,018	14,709	9,292	530,227	39,789	570,016
Equip. rentals and maintenance	1,301	236	17,935	113,227	2,116	115,343
Insurance	541	1,226	29,070	100,117	10,999	111,116
Telephone	2,935	1,368	16,575	213,919	7,809	221,728
Postage	18	560	980	41,681	16,595	58,276
Printing and publications	-	-	996	9,911	38	9,949
Subscriptions	-	768	317	2,854	-	2,854
Program support	47,726	-	367,931	485,169	-	485,169
Interest	-	-	39,429	51,381	-	51,381
Depreciation	10,810	-	331,535	416,583	536	417,119
Assistance to clients	-	-	29,547	9,503,185	-	9,503,185
Other direct expense	-	987	4,506	563,767	1,086	564,853
Miscellaneous	364	20,018	66,235	160,810	1,484	162,294
In-kind	-	-	-	2,636,675	-	2,636,675
Loss on disposal of assets	(5,585)	-	50,760	49,685	-	49,685
SUBTOTAL	<u>1,455,860</u>	<u>158,879</u>	<u>1,843,216</u>	<u>36,972,158</u>	<u>1,822,409</u>	<u>38,794,567</u>
Over applied indirect costs	-	-	9,449	9,449	(55,812)	(46,363)
Eliminations	-	-	-	(2,791,729)	-	(2,791,729)
TOTAL EXPENSES	<u>\$ 1,455,860</u>	<u>\$ 158,879</u>	<u>\$ 1,852,665</u>	<u>\$34,189,878</u>	<u>\$ 1,766,597</u>	<u>\$35,956,475</u>

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JULY 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 1,829,918</u>	<u>\$ 2,058,180</u>
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	427,069	417,119
(Gain) loss on disposal of assets	(1,741)	49,685
Donation of low-income housing projects	(283,644)	-
Unrealized gain on investments	(441,314)	(761,151)
(Increase) decrease operating assets:		
Contracts receivable	(374,696)	(375,606)
Accounts receivable	(245,068)	46,049
Prepaid expenses	(11,575)	32,691
Under applied overhead	46,174	(46,766)
Increase (decrease) in operating liabilities:		
Accounts payable	(38,707)	(72,629)
Accrued payroll and payroll taxes	(227,656)	355,379
Accrued compensated absences	19,686	(172,122)
Accrued other liabilities	(231,349)	135,595
Refundable advances	171,410	(178,620)
Tenant security deposits	(3,501)	6,051
Total adjustments	<u>(1,194,912)</u>	<u>(564,325)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>635,006</u>	<u>1,493,855</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(511,155)	(290,188)
Proceeds from sale of fixed assets	4,170	19,085
Purchase of investments, reinvested dividends, and capital gains	(269,044)	(1,261,528)
Deposit to restricted cash accounts	(191,550)	(20,987)
Cash received on acquisition of housing project	256,536	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>(711,043)</u>	<u>(1,553,618)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	(113,517)	(107,934)
CHANGE IN CASH AND CASH EQUIVALENTS	(189,554)	(167,697)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,889,396</u>	<u>6,057,093</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 5,699,842</u></u>	<u><u>\$ 5,889,396</u></u>

See independent auditor's report and accompanying notes to the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

COMBINED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED JULY 31, 2018 AND 2017

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

	<u>2018</u>	<u>2017</u>
Cash paid during the year for interest	<u>\$ 55,505</u>	<u>\$ 51,381</u>
Noncash investing and financing activities:		
Acquisition of low-income housing projects:		
Other current assets	\$ 3,677	\$ -
Property and equipment	1,106,200	-
Other liabilities	(164,006)	-
Notes payable	(918,763)	-
Equity acquired	<u>(283,644)</u>	<u>-</u>
	<u>(256,536)</u>	<u>-</u>
Cash received on acquisition	256,536	-
	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and accompanying notes to the financial statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

JULY 31, 2018 AND 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Nature of the Organization**

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

Basis of Accounting and Presentation

The Organization prepares its combined financial statements in accordance with accounting principles generally accepted in the United States of America, which involves the application of accrual accounting; and accordingly reflect all significant receivables, payables, and other liabilities. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets - Unrestricted net assets of the Organization are net assets that are neither permanently restricted nor temporarily restricted by donor-imposed restrictions.

Temporarily restricted net assets - Temporarily restricted net assets are net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

Permanently restricted net assets - Permanently restricted net assets are net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization has no temporarily restricted or permanently restricted net assets at July 31, 2018 and 2017.

Combined Financial Statements

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

Use of Estimates

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

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the combined statements of cash flows, the Organization considers all unrestricted highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Current Vulnerabilities Due to Certain Concentrations

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

Accounts and Contracts Receivable

All accounts and contracts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Receivables are recorded on the accrual basis of accounting primarily based on reimbursable contracts, grants and agreements. Balances outstanding after management has used reasonable collection efforts are written off through a charge to bad debt expense and a credit to the applicable accounts receivable. Management does not believe an allowance for uncollectible accounts receivable is necessary at July 31, 2018 and 2017.

Revenue Recognition

The Organization's revenue is recognized primarily from federal and state grants and contracts generally structured as reimbursed contracts for services and therefore revenue is recognized based on when their individual allowable budgeted expenditures occur. Refundable advances result from unexpended balances from these exchange transactions. Federal and state grant revenue comprised approximately 90% and 89% of total revenue in the fiscal years ended July 31, 2018 and 2017, respectively.

Contributions and In-Kind Donations

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions. In-kind revenues and expenses represent fair market value of volunteer services and non-paid goods which were donated to the Organization during the current fiscal year. All in-kind revenues in the fiscal year 2018 and 2017 were generated through the Head Start and Economic Workforce Development programs. Since the recognition criteria is not met, no in-kind revenues are recognized as contributions in the combined financial statements and the in-kind expenses have been eliminated.

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

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

Fixed Assets

Fixed assets acquired by the Organization are capitalized at cost if purchased or fair value if donated. It is the Organization's policy to capitalize expenditures for these items in excess of \$5,000. Major additions and renewals are capitalized, while repairs and maintenance are expensed as incurred. Depreciation is calculated using the straight-line basis over the estimated useful lives of the assets, which range from three to forty years. Depreciation expense for July 31, 2018 and 2017 was \$427,069 and \$417,119, respectively.

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

Advertising

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

Functional Allocation of Expenses

The costs associated with providing program services and management and general support services are presented by natural classification on the combined statement of functional expenses and have been summarized on a functional basis on the combined statements of activities.

Subsequent Events

Management has made an evaluation of subsequent events through January 17, 2019, which represents the date on which the combined financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of these combined financial statements.

Recent Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, to clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standards. The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for the Organization's year ending July 31, 2020. Management is currently evaluating the impact of adoption on the Organization's financial statements

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements (Continued)

Not-for-Profit Entities

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The main provisions of this update include:

- eliminating the distinction between resources with permanent restrictions and those with temporary restrictions from the face of the financial statements and requiring enhanced disclosure in the notes to the financial statements to provide information about the nature, amounts, and effects of the various types of donor-imposed restrictions;
- disclosing qualitative information that communicates how an organization manages its liquid resources available to meet cash needs for general expenditures within one year of the statement of financial position date;
- disclosing amounts of expenses by both their natural classification and their functional classification;
- disclosing the method used to allocate costs amount program and support functions.

The amendments in this update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The guidance is effective for the Organization's fiscal year ending July 31, 2019. This update may have a significant effect on the presentation of the Organization's financial statements.

Leases

In February 2016, the FASB released ASU 2016-02, *Leases* (Topic 842), which provides users of the financial statements a more accurate picture of the assets and the long-term financial obligations of organizations that lease. The standard is for a dual-model approach; a lessee will account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both will be reported on the statement of financial condition of the organization for leases with a term exceeding 12 months. Lessors will see changes as well, primarily made to align with the revised model. The guidance is effective for the Organization's year ended July 30, 2021. The standard requires a modified retroactive application to previously issued financial statements for 2019 and 2018, if presented. Management is currently evaluating the impact of adoption on the Organization's financial statements.

Reclassifications

Certain reclassifications have been made to the 2017 combined financial statement presentation to correspond to the current year's format. Net assets and changes in net assets are unchanged due to these reclassifications.

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 2: RESTRICTED CASH

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

NOTE 3: FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at July 31, 2018 and 2017.

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

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 3: FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of July 31, 2018 and 2017:

	<u>2018</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Mutual Funds	<u>\$9,085,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$9,085,663</u>

	<u>2017</u>			
	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Mutual Funds	<u>\$8,375,305</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$8,375,305</u>

NOTE 4: INVESTMENTS

The following is a summary of investments as of July 31:

	<u>2018</u>			<u>2017</u>		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gains</u>	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gains</u>
Mutual Funds	<u>\$9,005,274</u>	<u>\$9,085,663</u>	<u>\$ 80,389</u>	<u>\$6,268,825</u>	<u>\$8,375,305</u>	<u>\$2,106,480</u>

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

	<u>2018</u>	<u>2017</u>
Fair Value - Beginning of Year	<u>\$8,375,305</u>	\$6,352,626
Dividends and Capital Gains	<u>269,044</u>	261,528
Purchases	-	1,000,000
Unrealized Gains	<u>441,314</u>	<u>761,151</u>
Fair Value - End of Year	<u>\$9,085,663</u>	<u>\$8,375,305</u>

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 5: LONG-TERM DEBT

The following is a summary of long-term debt as of July 31:

	<u>2018</u>	<u>2017</u>
<u>SNHS, Inc.</u>		
Mortgage payable to City of Manchester, secured by real estate located in Manchester, NH. A balloon payment of \$11,275 was due on June 30, 2010. Interest is at 0.000%. SNHS, Inc. is currently negotiating with the City of Manchester to write off this debt.	\$ 11,275	\$ 11,275
Mortgage payable to bank, secured by real estate located on Temple St., Nashua, NH, payable in fixed monthly principal installments of \$1,833 plus interest through 2020. Interest is at 4.000%.	260,669	282,669
<u>SNHS Management Corporation</u>		
Mortgage payable to New Hampshire Housing Authority secured by real estate located in Epping, NH, payable in monthly installments of \$1,084 including interest through 2042. Interest is at 3.500%.	206,400	212,084
Mortgage payable to City of Nashua secured by real estate located on Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low income housing for 30 years. Interest is at 10.000%, forgiven annually.	900,000	900,000
Note payable to City of Nashua secured by real estate located on Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low income housing for 30 years. Interest is at 10.000%, forgiven annually.	20,000	20,000
Mortgage payable to New Hampshire Community Loan Fund secured by real estate located on, Vine St., Nashua, NH. Mortgage will be forgiven only if real estate remains low income housing for 30 years. Interest is at 10.000%, forgiven annually.	250,000	250,000
Mortgage payable to bank, secured by real estate located on West Pearl St., Nashua, NH. Mortgage will be forgiven only if real estate remains low income housing for 40 years. Interest is at 0.000%.	<u>170,000</u>	<u>170,000</u>
<u>Subtotal</u>	<u>\$1,818,344</u>	<u>\$1,846,028</u>

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 5: LONG-TERM DEBT (Continued)

	<u>2018</u>	<u>2017</u>
<u>Subtotal Carried Forward</u>	<u>\$1,818,344</u>	<u>\$1,846,028</u>
Mortgage payable to bank secured by real estate located on Silver St., Manchester, NH, payable in monthly installments of \$2,619 including interest through 2019. Interest is at 3.750%.	15,661	45,872
Mortgage payable to bank, secured by real estate located on Allds St., Nashua, NH, payable in fixed monthly principal installments of \$2,613 plus interest through 2021. Interest is at 4.832% and 3.982% at July 31, 2018 and 2017.	88,844	120,200
Mortgage payable to MH Parsons and Sons Lumber, secured by real estate located in Derry, NH, payable in monthly installments of \$3,715 including interest through 2031. Interest is at 5.500%.	418,612	439,455
Mortgage payable to New Hampshire Housing Authority secured by real estate located in Deerfield, NH, payable in monthly installments of \$3,327 including interest through 2033. Interest is at 7.000%.	372,416	-
Mortgage payable to New Hampshire Housing Authority secured by real estate located in Deerfield, NH with annual principal repayments equal to 25% of cash surplus due through 2032. Interest is at 0.000%.	392,924	-
Mortgage payable to New Hampshire Housing Authority secured by real estate located in Deerfield, NH with annual principal repayments equal to 25% of cash surplus due through 2032. Interest is at 0.000%.	150,000	-
	<u>3,256,801</u>	<u>2,451,555</u>
Less: Current Portion	<u>122,582</u>	<u>121,437</u>
Long-term debt, net of current portion	<u>\$ 3,134,219</u>	<u>\$ 2,330,118</u>

Principal maturities of long-term debt are as follows:

2019	\$	122,582
2020		98,138
2021		290,224
2022		50,228
2023		53,206
Thereafter		<u>2,642,423</u>
Total	\$	<u>3,256,801</u>

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 6: OPERATING LEASES

The Organization leases various facilities and equipment under several operating leases. Total lease payments for the years ended July 31, 2018 and 2017 equaled \$708,379 and \$678,755, respectively. The leases expire at various times through October 2020. Some of the leases contain renewal options that are contingent upon federal funding and some contain renewal options subject to renegotiation of lease terms.

The following is a schedule of future minimum lease payments for the operating leases as of July 31, 2018:

2019	\$ 206,983
2020	50,114
2021	<u>7,549</u>
Total	<u>\$ 264,646</u>

NOTE 7: RETIREMENT BENEFITS

The Organization has an Employer-Sponsored 403(b) plan offering coverage to all of its employees. Participating employees must contribute at least 1% of their wages, while the Organization contributes 10% of their wages. The pension expense for the years ended July 31, 2018 and 2017 was \$838,296 and \$763,595, respectively.

NOTE 8: RISKS AND UNCERTAINTIES

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

NOTE 9: CONTINGENCIES AND CONTINGENT LIABILITIES

The Organization receives contract funding from various sources. Under the terms of these agreements, the Organization is required to use the funds within a certain period and for purposes specified by the governing laws and regulations. If expenditures were found not to have been made in compliance with the laws and regulations, the Organization might be required to repay the funds. No provisions have been made for this contingency because specific amounts, if any, have not yet been determined.

Cotton Mill Square

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

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 9: CONTINGENCIES AND CONTINGENT LIABILITIES (Continued)

Cotton Mill Square (Continued)

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

The Cotton Mill Square Project was awarded the certificate of occupancy on August 22, 2014 and remains in full compliance with the required regulations as of July 31, 2018 and 2017. SNHS Management Corporation feels that it is extremely unlikely that the Project will fall into noncompliance in future periods. Therefore, SNHS Management Corporation has not recorded any contingent receivable or liability related to this transaction. The current unforgiven principal amount at July 31, 2018 and 2017 is \$640,000 and \$680,000, respectively. The note repayment is accelerated if the units fall out of compliance.

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

J. Brown Homestead Property

On July 1, 2011, Rockingham Community Acton (RCA) was acquired by SNHS. As part of this merger, SNHS assumed all the assets, liabilities and obligations of RCA which included the J. Brown Homestead Property.

The J. Brown Homestead Property was conveyed to RCA in 1999 by the Town of Raymond for \$1 and a mortgage lien of \$604,418. The property contains four apartments limited to low-income seniors, office space for the Outreach operations, space for the Food Pantry operation, and a common meeting room for use by Town of Raymond organizations. The Town of Raymond included a requirement that the property be used for a social service center for a period of 20 years, called the benefit period, after which this requirement terminates.

In the event that SNHS sells or otherwise conveys the property within the benefit period, the remaining lien will be either paid from the proceeds of the sale or remain with the land to any subsequent purchaser for the remaining benefit period.

This mortgage lien has no scheduled principal or interest payments and is forgivable at a rate of 5% each year of the benefit period until it is completely forgiven in year 2019. The value of this lien at July 31, 2018 and 2017 is \$60,442 and \$90,663, respectively. SNHS has no plans to sell or transfer this property. Therefore, the contingent mortgage lien liability has not been included in the financial statements.

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

(Continued)

JULY 31, 2018 AND 2017

NOTE 10: ACQUISITIONS OF LOW-INCOME HOUSING PROJECTS

During 2017, SNHS Management Corporation acquired SNHS Deerfield Elderly Housing Limited Partnership (Sherburne Woods), located in Deerfield, NH. SNHS Management Corporation obtained the project operations and assumed all assets, liabilities, debt and equity for the project at fair market value. The acquisition and allocation of the projects was as follows:

Cash	\$ 256,536
Other Current Assets	3,677
Property and Equipment	1,106,200
Current Liabilities	(164,006)
Notes Payable	(918,763)
Equity Acquired (Contribution)	<u>(283,644)</u>
	\$ <u> -</u>

OUELLETTE & ASSOCIATES, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

Mark R. Carrier, C.P.A.
Michael R. Dunn, C.P.A.
Jonathan A. Hussey, C.P.A., M.S.T.
Steven R. Lamontagne, C.P.A.

Gary W. Soucy, C.P.A.
Gary A. Wigant, C.P.A.
C. Joseph Wolverton, Jr., C.P.A.

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

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

We have audited the combined financial statements of Southern New Hampshire Services, Inc. (a nonprofit organization) and affiliate as of and for the years ended July 31, 2018 and 2017, and our report thereon dated January 17, 2019, which expressed an unmodified opinion on those combined financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole.

The combining information in Schedules A and B (pages 23-24), schedules of revenues and expenses - by contract (pages 25-29), required by the State of New Hampshire Governor's Office of Energy and Community Services and the required schedules and financial information for Whispering Pines II, J.B. Milette Manor, and Sherburne Woods (pages 30-47), required by the New Hampshire Housing Finance Authority are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Ouellette & Associates, P.A.
Certified Public Accountants

January 17, 2019
Lewiston, Maine

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
COMBINING SCHEDULE OF FINANCIAL POSITION
JULY 31, 2018

	SNHS, Inc.	SNHS Management Corporation	Sub-Total	Elimination	Total
ASSETS					
CURRENT ASSETS					
Cash	\$ 264,637	\$ 5,435,205	\$ 5,699,842	\$ -	\$ 5,699,842
Investments	-	9,085,663	9,085,663	-	9,085,663
Contracts receivable	4,135,001	30,519	4,165,520	-	4,165,520
Accounts receivable	-	836,174	836,174	-	836,174
Prepaid expenses	46,764	43,399	90,163	-	90,163
Under applied overhead	67,750	-	67,750	-	67,750
Due from other corporations	2,279,157	764,706	3,043,863	(3,043,863)	-
Total current assets	<u>6,793,309</u>	<u>16,195,666</u>	<u>22,988,975</u>	<u>(3,043,863)</u>	<u>19,945,112</u>
FIXED ASSETS					
Land	266,860	2,304,934	2,571,794	-	2,571,794
Buildings and improvements	1,570,272	10,040,338	11,610,610	-	11,610,610
Vehicles and equipment	972,328	305,857	1,278,185	-	1,278,185
Total fixed assets	<u>2,809,460</u>	<u>12,651,129</u>	<u>15,460,589</u>	<u>-</u>	<u>15,460,589</u>
Less - accumulated depreciation	1,266,374	3,697,884	4,964,258	-	4,964,258
Net fixed assets	<u>1,543,086</u>	<u>8,953,245</u>	<u>10,496,331</u>	<u>-</u>	<u>10,496,331</u>
OTHER ASSETS					
Restricted cash	<u>31,752</u>	<u>370,986</u>	<u>402,738</u>	<u>-</u>	<u>402,738</u>
TOTAL ASSETS	<u>\$ 8,368,147</u>	<u>\$ 25,519,897</u>	<u>\$ 33,888,044</u>	<u>\$ (3,043,863)</u>	<u>\$ 30,844,181</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Current portion of long-term debt	\$ 33,275	\$ 89,307	\$ 122,582	\$ -	\$ 122,582
Accounts payable	349,453	108,935	458,388	-	458,388
Accrued payroll and payroll taxes	91,720	1,010,992	1,102,712	-	1,102,712
Accrued compensated absences	-	345,967	345,967	-	345,967
Accrued other liabilities	236,078	1,934	238,012	-	238,012
Refundable advances	1,190,201	118,897	1,309,098	-	1,309,098
Tenant security deposits	24,769	57,032	81,801	-	81,801
Due to other corporations	2,015,773	1,028,090	3,043,863	(3,043,863)	-
Total current liabilities	<u>3,941,269</u>	<u>2,761,154</u>	<u>6,702,423</u>	<u>(3,043,863)</u>	<u>3,658,560</u>
LONG-TERM LIABILITIES					
Long-term debt, less current portion	<u>238,669</u>	<u>2,895,550</u>	<u>3,134,219</u>	<u>-</u>	<u>3,134,219</u>
TOTAL LIABILITIES	<u>4,179,938</u>	<u>5,656,704</u>	<u>9,836,642</u>	<u>(3,043,863)</u>	<u>6,792,779</u>
NET ASSETS					
Unrestricted	<u>4,188,209</u>	<u>19,863,193</u>	<u>24,051,402</u>	<u>-</u>	<u>24,051,402</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,368,147</u>	<u>\$ 25,519,897</u>	<u>\$ 33,888,044</u>	<u>\$ (3,043,863)</u>	<u>\$ 30,844,181</u>

See independent auditor's report on supplementary information

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE
 COMBINING SCHEDULE OF ACTIVITIES
 FOR THE YEAR ENDED JULY 31, 2018

	SNHS, Inc.	SNHS Management Corporation	Sub-Total	Elimination	Total
REVENUES, GAINS AND OTHER SUPPORT					
Grant/contract revenue	\$ 36,952,093	\$ -	\$ 36,952,093	\$ (16,178)	\$ 36,935,915
Program service fees	56,998	733,572	790,570	-	790,570
Local funding	2,970	316,022	318,992	-	318,992
Rental income	-	994,930	994,930	-	994,930
Gifts and contributions	228,874	409,838	638,712	-	638,712
Interest Income	152	271,438	271,590	-	271,590
Unrealized gain on investments	-	441,314	441,314	-	441,314
In-kind	2,269,028	-	2,269,028	(2,269,028)	-
Miscellaneous	501,480	276,463	777,943	(137,208)	640,735
TOTAL REVENUES, GAINS AND OTHER SUPPORT	40,011,595	3,443,577	43,455,172	(2,422,414)	41,032,758
EXPENSES					
Program services:					
Child Development	10,738,861	-	10,738,861	(2,314,524)	8,424,337
Community Services	1,476,716	-	1,476,716	(27,506)	1,449,210
Economic and Workforce Dev.	7,801,122	-	7,801,122	(44,196)	7,756,926
Energy	12,805,693	-	12,805,693	(28,328)	12,777,365
Language and Literacy	370,697	-	370,697	-	370,697
Housing and Homeless	238,541	-	238,541	-	238,541
Nutrition and Health	2,493,979	-	2,493,979	(7,860)	2,486,119
Special Projects	1,797,358	-	1,797,358	-	1,797,358
Volunteer Services	114,704	-	114,704	-	114,704
SNHS Management Corporation	-	2,017,381	2,017,381	-	2,017,381
Total program services	37,837,671	2,017,381	39,855,052	(2,422,414)	37,432,638
Support services:					
Management and general	1,770,202	-	1,770,202	-	1,770,202
TOTAL EXPENSES	39,607,873	2,017,381	41,625,254	(2,422,414)	39,202,840
CHANGE IN NET ASSETS	403,722	1,426,196	1,829,918	-	1,829,918
NET ASSETS - BEGINNING OF YEAR	3,784,487	18,436,997	22,221,484	-	22,221,484
NET ASSETS - END OF YEAR	\$ 4,188,209	\$ 19,863,193	\$ 24,051,402	\$ -	\$ 24,051,402

See independent auditor's report on supplementary information

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2018

State of NH Governor's Office of Energy & Community Services

Headstart Program

For the Period

August 1, 2017 to July 31, 2018

Fund # 305

REVENUES

Program funding	\$ 4,903,465
In-kind	1,540,664
Allocated corporate unrestricted revenue	<u>3,872</u>
Total revenue	<u>6,448,001</u>

EXPENSES

Payroll	2,687,387
Payroll taxes	224,403
Fringe benefits	675,262
Workers comp. insurance	60,068
Retirement benefits	147,781
Consultant and contractual	19,568
Travel and transportation	60,924
Occupancy	256,820
Advertising	2,246
Supplies	202,556
Equip. rentals and maintenance	4,127
Insurance	14,175
Telephone	32,592
Postage	1,725
Printing and publications	3,537
Depreciation	11,504
Assistance to clients	7,800
Other direct expense	94,208
Miscellaneous	12,435
In-kind	1,540,664
Administrative costs	<u>388,219</u>
Total expenses	<u>6,448,001</u>
Excess of expenses over revenue	<u><u>\$ -</u></u>

See independent auditor's report on supplementary information

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2018

State of NH Governor's Office of Energy & Community Services

LIHEAP Program

For the Period

October 1, 2017 to July 31, 2018

Fund # 630-18

REVENUES

Program funding	\$ 9,243,426
Other revenue	50
Allocated corporate unrestricted revenue	<u>6,997</u>
Total revenue	<u>9,250,473</u>

EXPENSES

Payroll	399,773
Payroll taxes	34,172
Fringe benefits	123,056
Workers comp. insurance	1,322
Retirement benefits	17,649
Consultant and contractual	26,894
Travel and transportation	9,113
Conference and meetings	535
Occupancy	49,444
Advertising	487
Supplies	21,665
Equip. rentals and maintenance	2,095
Insurance	996
Telephone	7,517
Postage	21,987
Program support	25,261
Depreciation	6,998
Assistance to clients	8,436,323
Other direct expense	2,163
Miscellaneous	994
Administrative costs	<u>62,029</u>
Total expenses	<u>9,250,473</u>

Excess of expenses over revenue	<u>\$ -</u>
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See independent auditor's report on supplementary information

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2018

State of NH Governor's Office of Energy & Community Services

LIHEAP Program

For the Period

August 1, 2017 to September 30, 2017

Fund # 630-17

REVENUES

Program funding	\$ 185,577
Total revenue	<u>185,577</u>

EXPENSES

Payroll	106,447
Payroll taxes	8,956
Fringe benefits	18,344
Workers comp. insurance	338
Retirement benefits	4,629
Consultant and contractual	608
Travel and transportation	1,086
Occupancy	6,381
Advertising	215
Supplies	5,991
Equip. rentals and maintenance	586
Insurance	648
Telephone	1,174
Postage	1,182
Program support	4,646
Printing and publications	304
Assistance to clients	5,847
Other direct expense	3,992
Miscellaneous	348
Administrative costs	13,855
Total expenses	<u>185,577</u>
Excess of expenses over revenue	<u>\$ -</u>

See independent auditor's report on supplementary information

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2018

State of NH Governor's Office of Energy & Community Services

Early Headstart Program

For the Period

August 1, 2017 to July 31, 2018

Fund # 300

REVENUES

Program funding	\$ 1,336,317
In-kind	582,219
Allocated corporate unrestricted revenue	<u>2,972</u>
Total revenue	<u>1,921,508</u>

EXPENSES

Payroll	688,000
Payroll taxes	56,097
Fringe benefits	150,227
Workers comp. insurance	15,158
Retirement benefits	34,670
Consultant and contractual	3,739
Travel and transportation	6,429
Occupancy	118,750
Advertising	555
Supplies	61,523
Equip. rentals and maintenance	2,848
Insurance	2,471
Telephone	16,377
Postage	46
Printing and publications	513
Interest	11,962
Depreciation	25,036
Other direct expense	35,728
Miscellaneous	4,774
In-kind	582,219
Administrative costs	<u>104,386</u>
Total expenses	<u>1,921,508</u>

Excess of expenses over revenue	<u><u>\$ -</u></u>
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See independent auditor's report on supplementary information

SOUTHERN NEW HAMPSHIRE SERVICES, INC. AND AFFILIATE

SCHEDULE OF REVENUES AND EXPENSES - BY CONTRACT

FOR THE YEAR ENDED JULY 31, 2018

Electric Energy Assistance

For the Period

August 1, 2017 to July 31, 2018

Fund # 665

REVENUES

Other revenue	\$ 785,737
Allocated corporate unrestricted revenue	19,283
Total revenue	<u>805,020</u>

EXPENSES

Payroll	444,984
Payroll taxes	37,990
Fringe benefits	108,180
Workers comp. insurance	1,399
Retirement benefits	17,016
Consultant and contractual	21,094
Travel and transportation	5,350
Occupancy	55,574
Supplies	24,419
Equip. rentals and maintenance	2,685
Insurance	1,555
Telephone	8,720
Postage	11,310
Depreciation	507
Other direct expense	1,442
Miscellaneous	474
Administrative costs	62,321
Total expenses	<u>805,020</u>

Excess of expenses over revenue	<u><u>\$ -</u></u>
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See independent auditor's report on supplementary information

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

STATEMENT OF FINANCIAL POSITION

JULY 31, 2018

<i>ASSETS</i>	
CURRENT ASSETS	
Cash - Operations	\$ 28,635
Tenant Accounts Receivable	509
Prepaid Expenses	6,035
Total Current Assets	<u>35,179</u>
DEPOSITS HELD IN TRUST, FUNDED	
Tenant Security Deposits	<u>12,708</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES	
Replacement Reserve	36,414
Operating Reserve	76,953
Tax Escrow	7,270
Insurance Escrow	4,758
Total Restricted Deposits and Funded Reserves	<u>125,395</u>
RENTAL PROPERTY	
Land	166,600
Building and Building Improvements	569,400
Total Rental Property	<u>736,000</u>
Less Accumulated Depreciation	28,068
Net Rental Property	<u>707,932</u>
TOTAL ASSETS	<u>\$ 881,214</u>
<i>LIABILITIES AND NET ASSETS</i>	
CURRENT LIABILITIES	
Current Portion of Mortgage Loan Payable	\$ 5,886
Accounts Payable	2,729
Accrued Expenses	62
Total Current Liabilities	<u>8,677</u>
DEPOSIT LIABILITIES	
Tenant Security Deposit Liability	<u>12,708</u>
LONG-TERM LIABILITIES	
Due to Affiliate	15,947
Mortgage Loan Payable, Net of Current Portion	200,514
Total Long-Term Liabilities	<u>216,461</u>
Total Liabilities	<u>237,846</u>
NET ASSETS	<u>643,368</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 881,214</u>

See independent auditor's report on supplementary information

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

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2018

RENTAL OPERATIONS

Income

Tenant Rental Income	\$ 172,715
Laundry Income	2,215
Other Income	7,555
Interest Income - Unrestricted	30
Interest Income - Restricted	1,296
Total Income	<u>183,811</u>

Expenses (See Schedule)

Administrative	21,821
Utilities	33,879
Maintenance	63,734
Depreciation	14,316
Interest - NHHFA Mortgage Note	7,332
General Expenses	33,966
Total Expenses	<u>175,048</u>

CHANGE IN NET ASSETS 8,763

NET ASSETS - BEGINNING OF YEAR 634,605

NET ASSETS - END OF YEAR \$ 643,368

See independent auditor's report on supplementary information

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

SCHEDULE OF RENTAL OPERATIONS EXPENSES

FOR THE YEAR ENDED JULY 31, 2018

EXPENSES:

Administrative

Advertising	\$ 8
Management Fees	14,400
Salaries and Wages	2,209
Fringe Benefits	126
Legal Expenses	69
Telephone	2,973
Other Administrative Expense	2,036
TOTAL ADMINISTRATIVE EXPENSE	21,821

Utilities

Electricity	18,406
Fuel	7,655
Water and Sewer	7,818
TOTAL UTILITY EXPENSE	33,879

Maintenance

Custodial Supplies	320
Trash Removal	1,260
Snow Removal	16,710
Grounds/Landscaping	1,150
Elevator Repairs and Contract	2,920
Repairs (Materials)	17,374
Repairs (Contract)	24,000
TOTAL MAINTENANCE EXPENSE	63,734

Depreciation

14,316

Interest - NHHFA Mortgage Note

7,332

General Expenses

Real Estate Taxes	28,877
Payroll Taxes	203
Workman's Compensation	118
Insurance	4,768
TOTAL GENERAL EXPENSES	33,966

TOTAL EXPENSES \$ 175,048

See independent auditor's report on supplementary information

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

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PROJECT OPERATING ACCOUNT

FOR THE YEAR ENDED JULY 31, 2018

SOURCE OF FUNDS

Rental Operations

Income

Tenant Paid Rent	\$ 153,261	
HAP Rent Subsidy	18,975	

Total Rental Income \$ 172,236

Service Income	2,215	
Interest Income	30	
Commercial Income	-	
Other Income	7,555	

Total Rental Operations Receipts 182,036

Expenses

Administrative	20,657	
Utilities	33,879	
Maintenance	71,119	
Interest - NHHFA Mortgage Note	7,332	
Interest - Other Notes	-	
General	33,966	
Other	-	

Total Rental Operations Disbursements (166,953)

Cash Provided by Rental Operations 15,083

Amortization of Mortgage 5,684

Cash Provided by Rental Operations
After Debt Service 9,399

OTHER RECEIPTS

Due to Management Agent (26,475)

Owner Advances -

Transfer from Restricted Cash Reserves
and Escrows 46,158

19,683

OTHER DISBURSEMENTS OR TRANSFERS

Transfers to Restricted Cash Reserves
and Escrows 38,810

Purchase of Fixed Assets 19,300

Repayment of Owner Advances -

Other Partnership Expenses -

Transfers to Tenant Security Deposit Account -

58,110

Net Increase or (Decrease) in Project Account Cash (29,028)

Project Account Cash Balance at Beginning of Year 57,663

Project Account Cash Balance at End of Year 28,635

Composition of Project Account Cash

Balance at End of Year 28,635

Petty Cash -

Unrestricted Reserve (if applicable)

Decorating Reserve -

Operating Reserve -

Other Reserve -

Total Petty Cash and Unrestricted Reserves -

Total Project Account Cash
at End of Year \$ 28,635

See independent auditor's report on supplementary information

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

SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS

FOR THE YEAR ENDED JULY 31, 2018

<u>Description of Fund</u>	<u>Balance</u> <u>Beginning of</u> <u>Period</u>	<u>Deposits</u> <u>Transfers</u> <u>From</u> <u>Operations</u> <u>Account</u>	<u>Interest</u> <u>Earned</u>	<u>Withdrawals</u> <u>Transfers to</u> <u>Operations</u> <u>Account</u>	<u>Balance</u> <u>End of</u> <u>Period</u>
<u>Restricted Accounts:</u>					
Insurance Escrow	\$ 4,685	\$ 4,800	\$ 40	\$ 4,767	\$ 4,758
Tax Escrow	6,345	22,960	56	22,091	7,270
Replacement Reserve	44,245	11,050	419	19,300	36,414
Operating Reserve	76,172	-	781	-	76,953
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted Cash Reserves and Escrows	\$ 131,447	\$ 38,810	\$ 1,296	\$ 46,158	\$ 125,395

SCHEDULE OF SURPLUS CASH CALCULATION

JULY 31, 2018

NET LOSS	\$ 8,763
ADD: DEPRECIATION	14,316
DEDUCT REQUIRED PRINCIPAL REPAYMENTS	5,684
DEDUCT REQUIRED PAYMENTS TO REPLACEMENT RESERVES	11,050
ADD/DEDUCT NHHFA APPROVED ITEMS Repair and Maintenance Expenses Reimbursed Through Replacement Reserves	<hr/> 19,300
SURPLUS CASH (DEFICIT)	<hr/> \$ 25,645

See independent auditor's report on supplementary information

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

YEAR-TO-DATE COMPILATION OF OWNERS' FEE/DISTRIBUTION
FOR THE YEAR ENDED JULY 31, 2018

<u>YEAR</u>	<u>MAXIMUM ALLOWABLE DISTRIBUTION</u>	<u>DISTRIBUTION RECEIVED</u>	<u>BALANCE</u>
12/31/2001	\$ 243,855	\$ -	\$ 243,855
12/31/2002	\$ 243,855	\$ -	\$ 487,710
12/31/2003	\$ 243,855	\$ 5,895	\$ 725,670
12/31/2004	\$ 243,855	\$ 7,200	\$ 962,325
12/31/2005	\$ 243,855	\$ -	\$ 1,206,180
12/31/2006	\$ 243,855	\$ 6,120	\$ 1,443,915
12/31/2007	\$ 243,855	\$ -	\$ 1,687,770
12/31/2008	\$ 243,855	\$ -	\$ 1,931,625
12/31/2009	\$ 243,855	\$ -	\$ 2,175,480
12/31/2010	\$ 243,855	\$ -	\$ 2,419,335
12/31/2011	\$ 243,855	\$ -	\$ 2,663,190
12/31/2012	\$ 243,855	\$ -	\$ 2,907,045
12/31/2013	\$ 243,855	\$ 7,200	\$ 3,143,700
12/31/2014	\$ 243,855	\$ -	\$ 3,387,555
12/31/2015	\$ 243,855	\$ -	\$ 3,631,410
7/31/2016	\$ 142,249	\$ -	\$ 3,773,659
7/31/2017	\$ 243,855	\$ -	\$ 4,017,514
7/31/2018	\$ 243,855	\$ -	\$ 4,261,369

See independent auditor's report on supplementary information

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

STATEMENT OF FINANCIAL POSITION

JULY 31, 2018

<i>ASSETS</i>	
CURRENT ASSETS	
Cash - Operations	\$ 37,774
Prepaid Expenses	8,618
Total Current Assets	<u>46,392</u>
DEPOSITS HELD IN TRUST, FUNDED	
Tenant Security Deposits	<u>15,755</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES	
Replacement Reserve	138,851
Operating Reserve	96,364
Tax Escrow	6,538
Total Restricted Deposits and Funded Reserves	<u>241,753</u>
RENTAL PROPERTY	
Land	176,000
Building and Building Improvements	1,071,375
Total Rental Property	<u>1,247,375</u>
Less Accumulated Depreciation	62,422
Net Rental Property	<u>1,184,953</u>
TOTAL ASSETS	<u><u>\$ 1,488,853</u></u>
<i>LIABILITIES AND NET ASSETS</i>	
CURRENT LIABILITIES	
Accounts Payable	\$ 3,545
Accrued Expenses	282
Total Current Liabilities	<u>3,827</u>
DEPOSIT LIABILITIES	
Tenant Security Deposit Liability	<u>15,772</u>
LONG-TERM LIABILITIES	
Due to Affiliate	40,657
Mortgage Loan Payable, Net of Current Portion	1,170,000
Total Long-Term Liabilities	<u>1,210,657</u>
Total Liabilities	<u>1,230,256</u>
NET ASSETS	<u>258,597</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,488,853</u></u>

See independent auditor's report on supplementary information

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

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JULY 31, 2018

RENTAL OPERATIONS

Income

Tenant Rental Income	\$ 207,802
Laundry Income	1,228
Interest Income - Unrestricted	33
Interest Income - Restricted	142
Total Income	<u>209,205</u>

Expenses (See Schedule)

Administrative	80,209
Utilities	61,477
Maintenance	34,774
Depreciation	27,009
General Expenses	49,818
Total Expenses	<u>253,287</u>

CHANGE IN NET ASSETS **(44,082)**

NET ASSETS - BEGINNING OF YEAR **302,679**

NET ASSETS - END OF YEAR **\$ 258,597**

See independent auditor's report on supplementary information

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

SCHEDULE OF RENTAL OPERATIONS EXPENSES

FOR THE YEAR ENDED JULY 31, 2018

EXPENSES:

Administrative

Advertising	\$ 50
Management Fees	17,818
Salaries and Wages	42,606
Fringe Benefits	12,930
Audit and Accounting Expense	800
Legal Expenses	1,173
Telephone	1,601
Other Administrative Expense	3,231
TOTAL ADMINISTRATIVE EXPENSE	80,209

Utilities

Electricity	39,427
Fuel	13,413
Water and Sewer	7,728
Other Utility Expense	909
TOTAL UTILITY EXPENSE	61,477

Maintenance

Custodial Supplies	1,605
Trash Removal	2,160
Snow Removal	3,450
Grounds/Landscaping	2,204
Elevator Repairs and Contract	5,912
Repairs (Materials)	19,443
TOTAL MAINTENANCE EXPENSE	34,774

Depreciation

27,009

General Expenses

Real Estate Taxes	34,599
Payroll Taxes	3,651
Workman's Compensation	1,866
Retirement Benefits	1,283
Insurance	8,419
TOTAL GENERAL EXPENSES	49,818

TOTAL EXPENSES \$ 253,287

See independent auditor's report on supplementary information

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

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PROJECT OPERATING ACCOUNT

FOR THE YEAR ENDED JULY 31, 2018

SOURCE OF FUNDS

Rental Operations

Income

Tenant Paid Rent	\$ 177,836	
HAP Rent Subsidy	29,966	

<u>Total Rental Income</u>		<u>\$ 207,802</u>
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Service Income	1,228	
Interest Income	33	
Commercial Income	-	
Other Income	-	

<u>Total Rental Operations Receipts</u>		<u>209,063</u>
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Expenses

Administrative	81,918	
Utilities	61,477	
Maintenance	34,907	
Interest - NHHFA Mortgage Note	-	
Interest - Other Notes	-	
General	49,818	
Other	-	

<u>Total Rental Operations Disbursements</u>		<u>(228,120)</u>
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<u>Cash Provided by Rental Operations</u>		<u>(19,057)</u>
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<u>Amortization of Mortgage</u>	-	
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<u>Cash Provided by Rental Operations</u> <u>After Debt Service</u>		<u>(19,057)</u>
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OTHER RECEIPTS

<u>Due to Management Agent</u>	(22,427)	
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<u>Owner Advances</u>	-	
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<u>Transfer from Restricted Cash Reserves</u> <u>and Escrows</u>	-	
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<u>Total Other Receipts</u>		<u>(22,427)</u>
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OTHER DISBURSEMENTS OR TRANSFERS

<u>Transfers to Restricted Cash Reserves</u> <u>and Escrows</u>	15,599	
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<u>Purchase of Fixed Assets</u>	8,975	
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<u>Repayment of Owner Advances</u>	-	
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<u>Other Partnership Expenses</u>	-	
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<u>Transfers to Tenant Security Deposit Account</u>	(21)	
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<u>Total Other Disbursements or Transfers</u>		<u>24,553</u>
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<u>Net Increase or (Decrease) in Project Account Cash</u>		<u>(66,037)</u>
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<u>Project Account Cash Balance at Beginning of Year</u>		<u>103,811</u>
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<u>Project Account Cash Balance at End of Year</u>		<u>37,774</u>
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<u>Composition of Project Account Cash</u> <u>Balance at End of Year</u>		<u>37,774</u>
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<u>Petty Cash</u>	-	
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<u>Unrestricted Reserve (if applicable)</u>	-	
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Decorating Reserve	-	
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Operating Reserve	-	
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Other Reserve	-	
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<u>Total Petty Cash and Unrestricted Reserves</u>		<u>-</u>
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<u>Total Project Account Cash</u> <u>at End of Year</u>		<u>\$ 37,774</u>
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See independent auditor's report on supplementary information

J.B. MILETTE MANOR
(FORMERLY: J.B. MILETTE LIMITED PARTNERSHIP)
SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS
FOR THE YEAR ENDED JULY 31, 2018

<u>Description of Fund</u>	<u>Balance</u> Beginning of <u>Period</u>	<u>Deposits</u> Transfers From Operations <u>Account</u>	<u>Interest</u> <u>Earned</u>	<u>Withdrawals</u> Transfers to Operations <u>Account</u>	<u>Balance</u> End of <u>Period</u>
<u>Restricted Accounts:</u>					
Tax Escrow	\$ 6,534	\$ -	\$ 4	\$ -	\$ 6,538
Replacement Reserve	123,172	15,599	80	-	138,851
Operating Reserve	96,306	-	58	-	96,364
Total Restricted Cash Reserves and Escrows	<u>\$ 226,012</u>	<u>\$ 15,599</u>	<u>\$ 142</u>	<u>\$ -</u>	<u>\$ 241,753</u>

SCHEDULE OF SURPLUS CASH CALCULATION
JULY 31, 2018

NET LOSS	\$ (44,082)
ADD: DEPRECIATION	27,009
DEDUCT REQUIRED PRINCIPAL REPAYMENTS	-
DEDUCT REQUIRED PAYMENTS TO REPLACEMENT RESERVES	15,599
ADD/DEDUCT NHHFA APPROVED ITEMS Repair and Maintenance Expenses Reimbursed Through Replacement Reserves	<u>-</u>
SURPLUS CASH (DEFICIT)	<u>\$ (32,672)</u>

See independent auditor's report on supplementary information

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

STATEMENT OF FINANCIAL POSITION

JULY 31, 2018

<i>ASSETS</i>	
CURRENT ASSETS	
Cash - Operations	\$ 56,958
Prepaid Expenses	6,623
Total Current Assets	63,581
DEPOSITS HELD IN TRUST, FUNDED	
Tenant Security Deposits	16,600
RESTRICTED DEPOSITS AND FUNDED RESERVES	
Replacement Reserve	111,486
Operating Reserve	65,873
Tax Escrow	9,311
Insurance Escrow	3,802
Total Restricted Deposits and Funded Reserves	190,472
RENTAL PROPERTY	
Land	211,000
Building and Building Improvements	895,200
Total Rental Property	1,106,200
Less Accumulated Depreciation	5,595
Net Rental Property	1,100,605
TOTAL ASSETS	\$ 1,371,258
<i>LIABILITIES AND NET ASSETS</i>	
CURRENT LIABILITIES	
Current Portion of Mortgage Loan Payable	\$ 14,309
Accounts Payable	2,410
Accrued Expenses	117
Total Current Liabilities	16,836
DEPOSIT LIABILITIES	
Tenant Security Deposit Liability	16,600
LONG-TERM LIABILITIES	
Due to Affiliate	136,698
Mortgage Loan Payable, Net of Current Portion	901,031
Total Long-Term Liabilities	1,037,729
Total Liabilities	1,071,165
NET ASSETS	300,093
TOTAL LIABILITIES AND NET ASSETS	\$ 1,371,258

See independent auditor's report on supplementary information

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

STATEMENT OF ACTIVITIES

FOR THE THREE MONTH PERIOD ENDED JULY 31, 2018

RENTAL OPERATIONS

Income

Tenant Rental Income	\$ 66,083
Laundry Income	670
Donation	283,644
Other Income	582
Interest Income - Unrestricted	9
Interest Income - Restricted	677
Total Income	<u>351,665</u>

Expenses (See Schedule)

Administrative	11,228
Utilities	6,553
Maintenance	12,698
Depreciation	5,595
Interest - NHHFA Mortgage Note	6,557
General Expenses	8,941
Total Expenses	<u>51,572</u>

CHANGE IN NET ASSETS **300,093**

NET ASSETS - BEGINNING OF YEAR -

NET ASSETS - END OF YEAR \$ 300,093

See independent auditor's report on supplementary information

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

SCHEDULE OF RENTAL OPERATIONS EXPENSES
FOR THE THREE MONTH PERIOD ENDED JULY 31, 2018

EXPENSES:

Administrative

Management Fees	\$ 4,500
Salaries and Wages	3,417
Fringe Benefits	1,036
Audit and Accounting Expense	925
Telephone	572
Other Administrative Expense	778
TOTAL ADMINISTRATIVE EXPENSE	11,228

Utilities

Electricity	4,442
Fuel	1,334
Water and Sewer	200
Other Utility Expense	577
TOTAL UTILITY EXPENSE	6,553

Maintenance

Trash Removal	525
Grounds/Landscaping	431
Repairs (Materials)	11,742
TOTAL MAINTENANCE EXPENSE	12,698

Depreciation

5,595

Interest - NHHFA Mortgage Note

6,557

General Expenses

Real Estate Taxes	6,938
Payroll Taxes	287
Workman's Compensation	182
Retirement benefits	342
Insurance	1,192
TOTAL GENERAL EXPENSES	8,941

TOTAL EXPENSES	\$ 51,572
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See independent auditor's report on supplementary information

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

SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PROJECT OPERATING ACCOUNT

FOR THE THREE MONTH PERIOD ENDED JULY 31, 2018

SOURCE OF FUNDS

Rental Operations

Income

Tenant Paid Rent	\$ 31,338	
HAP Rent Subsidy	34,745	

Total Rental Income \$ 66,083

Service Income	670	
Interest Income	9	
Commercial Income	-	
Other Income	582	

Total Rental Operations Receipts 67,344

Expenses

Administrative	14,673	
Utilities	6,553	
Maintenance	13,836	
Interest - NHHFA Mortgage Note	6,557	
Interest - Other Notes	-	
General	8,941	
Other	-	

Total Rental Operations Disbursements (50,560)

Cash Provided by Rental Operations 16,784

Amortization of Mortgage 3,423

Cash Provided by Rental Operations
After Debt Service 13,361

OTHER RECEIPTS

Due to Management Agent (7,046)

Owner Advances -

Transfer from Restricted Cash Reserves
and Escrows 13,910

Transfer from Restricted Cash Reserves
and Escrows 6,864

OTHER DISBURSEMENTS OR TRANSFERS

Transfers to Restricted Cash Reserves
and Escrows 12,881

Purchase of Fixed Assets -

Repayment of Owner Advances -

Other Partnership Expenses -

Transfers to Tenant Security Deposit Account -

Transfers to Restricted Cash Reserves
and Escrows 12,881

Net Increase or (Decrease) in Project Account Cash 7,344

Project Account Cash Balance at Beginning of Year 49,614

Project Account Cash Balance at End of Year 56,958

Composition of Project Account Cash

Balance at End of Year 56,958

Petty Cash -

Unrestricted Reserve (if applicable)

Decorating Reserve -

Operating Reserve -

Other Reserve -

Total Petty Cash and Unrestricted Reserves -

Total Project Account Cash
at End of Year \$ 56,958

See independent auditor's report on supplementary information

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

SCHEDULE OF RESTRICTED CASH RESERVES AND ESCROWS
FOR THE THREE MONTH PERIOD ENDED JULY 31, 2018

<u>Description of Fund</u>	<u>Balance</u> <u>Beginning of</u> <u>Period</u>	<u>Deposits</u> <u>Transfers</u> <u>From</u> <u>Operations</u> <u>Account</u>	<u>Interest</u> <u>Earned</u>	<u>Withdrawals</u> <u>Transfers to</u> <u>Operations</u> <u>Account</u>	<u>Balance</u> <u>End of</u> <u>Period</u>
<u>Restricted Accounts:</u>					
Insurance Escrow	\$ 2,666	\$ 1,125	\$ 11	\$ -	\$ 3,802
Tax Escrow	15,927	7,256	38	13,910	9,311
Replacement Reserve	106,595	4,500	391	-	111,486
Operating Reserve	65,636	-	237	-	65,873
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Restricted Cash Reserves and Escrows	\$ 190,824	\$ 12,881	\$ 677	\$ 13,910	\$ 190,472

SCHEDULE OF SURPLUS CASH CALCULATION
JULY 31, 2018

NET INCOME	\$ 300,093
ADD: DEPRECIATION	5,595
DEDUCT NONCASH DONATION	283,644
DEDUCT REQUIRED PRINCIPAL REPAYMENTS	3,423
DEDUCT REQUIRED PAYMENTS TO REPLACEMENT RESERVES	4,500
ADD/DEDUCT NHHFA APPROVED ITEMS Repair and Maintenance Expenses Reimbursed Through Replacement Reserves	<hr/> -
SURPLUS CASH (DEFICIT)	<hr/>\$ 14,121

See independent auditor's report on supplementary information

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

YEAR-TO-DATE COMPILATION OF OWNERS' FEE/DISTRIBUTION
FOR THE YEAR ENDED JULY 31, 2018

<u>YEAR</u>	<u>MAXIMUM ALLOWABLE DISTRIBUTION</u>	<u>DISTRIBUTION RECEIVED</u>	<u>BALANCE</u>
12/31/2003	\$ 113,850	\$ -	\$ 113,850
12/31/2004	\$ 113,850	\$ -	\$ 227,700
12/31/2005	\$ 113,850	\$ -	\$ 341,550
12/31/2006	\$ 113,850	\$ -	\$ 455,400
12/31/2007	\$ 113,850	\$ -	\$ 569,250
12/31/2008	\$ 113,850	\$ -	\$ 683,100
12/31/2009	\$ 113,850	\$ -	\$ 796,950
12/31/2010	\$ 113,850	\$ -	\$ 910,800
12/31/2011	\$ 113,850	\$ -	\$ 1,024,650
12/31/2012	\$ 113,850	\$ -	\$ 1,138,500
12/31/2013	\$ 113,850	\$ -	\$ 1,252,350
12/31/2014	\$ 113,850	\$ -	\$ 1,366,200
12/31/2015	\$ 113,850	\$ -	\$ 1,480,050
12/30/2016	\$ 113,850	\$ -	\$ 1,593,900
12/30/2017	\$ 113,850	\$ -	\$ 1,707,750
7/31/2018	\$ 66,413	\$ -	\$ 1,774,163

See independent auditor's report on supplementary information