TAYLOR COMMUNITY

FINANCIAL REPORT

APRIL 30, 2021

CONTENTS

NATHAN WECHSLER & COMPANY
PROFESSIONAL ASSOCIATION
CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Taylor Community
Laconia, New Hampshire 03246

We have audited the accompanying financial statements of Taylor Community, which comprise the statements of financial position as of April 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

70 Commercial Street, 4th Floor
Concord, NH 03301

v: 603-224-5357
f: 603-224-3792

59 Emerald Street
Keene, NH 03431

v: 603-357-7665
f: 603-224-3792

44 School Street
Lebanon, NH 03766

v: 603-448-2650
f: 603-448-2476

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 financial statements referred to above present fairly, in all material respects, the financial position of Taylor Community as of April 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2021 on our consideration of Taylor Community'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 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 Taylor Community'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 Taylor Community's internal control over financial reporting and compliance.

Nathan Wechsler & Company

Concord, New Hampshire
July 20, 2021

TAYLOR COMMUNITY

STATEMENTS OF FINANCIAL POSITION
April 30, 2021 and 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents, including amounts held in escrow 2021 $103,629; 2020 $3,555	$ 6,484,563	$ 6,976,261
Accounts receivable	706,895	385,551
Inventory and prepaid expenses	549,926	430,824
Investments	9,539,015	4,479,851
Total current assets	17,280,399	12,272,487
OTHER ASSETS		
Notes receivable, less current portion	191,776	196,776
Trust funds held by others	8,954,664	7,387,275
	9,146,440	7,584,051
PROPERTY AND EQUIPMENT, net	43,072,799	39,686,769
INVESTMENT IN SUGAR HILL RETIREMENT COMMUNITY ASSOCIATION	3,274,940	-
INVESTMENTS	7,641,225	8,934,546
	$ 80,415,803	**$ 68,477,853**

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Current maturities of long-term debt and bonds payable	$ 679,365	$ 612,951
Current portion of annuities payable	15,285	14,128
Current portion of due to Huggins Hospital	666,667	-
Line of credit	1,461,000	-
Paycheck Protection Program funds	630,354	1,238,250
Accounts payable	324,328	279,058
Accrued expenses	1,362,547	1,210,751
Deposits on advanced fees	130,391	63,022
Total current liabilities	5,269,937	3,418,160
LONG-TERM LIABILITIES		
Long-term debt and bonds payable, less current maturities net of unamortized debt issuance costs 2021 $312,765; 2020 $364,095	14,162,139	14,821,071
Due to Huggins Hospital, less current portion	1,333,333	-
Long-term accrued expenses	86,362	98,962
Annuities payable, less current portion	42,356	57,641
Contract liabilities - refundable deposits	388,897	596,017
Contract liabilities - nonrefundable advance fees, net of amortization	39,179,965	37,557,257
	55,193,052	53,130,948
Total liabilities	60,462,989	56,549,108
COMMITMENTS AND CONTINGENCIES (See Notes)		
NET ASSETS (DEFICIT)		
Net assets (deficit) without donor restrictions	3,762,152	(1,506,432)
Net assets with donor restrictions	16,190,662	13,435,177
Total net assets	19,952,814	11,928,745
	$ 80,415,803	**$ 68,477,853**

See Notes to Financial Statements.

TAYLOR COMMUNITY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended April 30, 2021 and Comparative Totals for Year Ended April 30, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
Revenues and other support:				
Amortization of deferred entrance fees	$ 5,455,549	$ -	$ 5,455,549	$ 5,372,170
Resident fees	11,022,208	-	11,022,208	10,358,914
Dividends and interest	211,306	133,000	344,306	359,600
Income from trust funds held by others	415,214	-	415,214	425,923
Gifts and bequests	154,130	1,840	155,970	55,805
Auxiliary income	689,371	-	689,371	630,307
Total revenues and other support	17,947,778	134,840	18,082,618	17,202,719
Net assets released from donor restrictions for program services	455,316	(455,316)	-	-
Expenses:				
General and Administrative	4,513,170	-	4,513,170	3,755,696
Independent	5,388,530	-	5,388,530	4,802,168
Assisted living	4,421,772	-	4,421,772	3,883,357
Nursing	4,713,204	-	4,713,204	4,218,413
Community	105,704	-	105,704	89,349
Total functional expenses	19,142,380	-	19,142,380	16,748,983
Increase (decrease) in net assets from operations	(739,286)	(320,476)	(1,059,762)	453,736
Nonoperating gains (losses) and other changes				
Net realized and unrealized gains (losses) on investments	1,983,057	1,508,571	3,491,628	(268,557)
Increase (decrease) in trust funds held by others	-	1,567,390	1,567,390	(416,619)
CARES Act funds	1,638,261	-	1,638,261	-
Paycheck Protection Program forgiveness	1,948,396	-	1,948,396	346,350
Employee retention credit	506,705	-	506,705	-
Other non-operating expenses	(66,009)	-	(66,009)	-
Loss on disposal of property and equipment	(2,540)	-	(2,540)	(207,425)
Total nonoperating gains (losses) and other changes	6,007,870	3,075,961	9,083,831	(546,251)
Increase (decrease) in net assets	5,268,584	2,755,485	8,024,069	(92,515)
Net assets (deficit), beginning of year	(1,506,432)	13,435,177	11,928,745	12,021,260
Net assets, end of year	**$ 3,762,152**	**$ 16,190,662**	**$ 19,952,814**	**$ 11,928,745**

See Notes to Financial Statements.

TAYLOR COMMUNITY

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
Year Ended April 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Amortization of deferred entrance fees	$ 5,372,170	$ -	$ 5,372,170
Resident fees	10,358,914	-	10,358,914
Dividends and interest	224,440	135,160	359,600
Income from trust funds held by others	425,923	-	425,923
Gifts and bequests	55,805	-	55,805
Auxiliary income	630,307	-	630,307
Total revenues and other support	17,067,559	135,160	17,202,719
Net assets released from donor restrictions for program services	473,310	(473,310)	-
Expenses:			
General and Administrative	3,755,696	-	3,755,696
Independent	4,802,168	-	4,802,168
Assisted living	3,883,357	-	3,883,357
Nursing	4,218,413	-	4,218,413
Community	89,349	-	89,349
Total functional expenses	16,748,983	-	16,748,983
Increase (decrease) in net assets from operations	791,886	(338,150)	453,736
Nonoperating gains (losses) and other changes			
Net realized and unrealized losses on investments	(136,616)	(131,941)	(268,557)
Decrease in trust funds held by others	-	(416,619)	(416,619)
Paycheck Protection Program forgiveness	346,350	-	346,350
Loss on disposal of property and equipment	(207,425)	-	(207,425)
Total nonoperating gains (losses) and other changes	2,309	(548,560)	(546,251)
Increase (decrease) in net assets	794,195	(886,710)	(92,515)
Net assets (deficit), beginning of year	(2,300,627)	14,321,887	12,021,260
Net assets (deficit), end of year	**$ (1,506,432)**	**$ 13,435,177**	**$ 11,928,745**

See Notes to Financial Statements.

TAYLOR COMMUNITY

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended April 30, 2021 and Comparative Totals for Year Ended April 30, 2020

	General and Administrative	Program: Independent	Program: Assisted Living	Program: Nursing	Program: Community	2021 Total	2020 Total
Wages	$ 2,511,894	$ 745,945	$ 2,051,519	$ 2,533,180	$ 82,815	$ 7,925,353	$ 6,726,267
Payroll taxes	194,005	54,419	150,578	185,368	5,902	590,272	503,525
Benefits	461,819	140,764	378,911	467,308	15,226	1,464,028	1,180,170
Food service expense	35,944	445,562	625,925	512,121	2	1,619,554	1,656,870
Utilities	38,848	375,602	183,866	126,286	-	724,602	694,060
Insurance	53,220	255,040	99,002	102,077	1,759	511,098	440,949
Equipment expense	174,131	61,177	29,561	42,902	-	307,771	339,158
Contract work	9,937	181,807	48,163	39,209	-	279,116	187,623
Professional fees	272,919	-	-	-	-	272,919	195,558
Office supplies	36,295	-	8,159	4,318	-	48,772	106,964
Printing, publishing, postage and advertising	72,430	54,765	78,597	65,144	-	270,936	158,553
Housekeeping and maintenance supplies	15,728	152,553	79,579	68,519	-	316,379	311,274
Licenses, fees and website expense	180,043	-	530	-	-	180,573	125,563
Promotional resident move-in expense	49,666	-	-	-	-	49,666	75,030
Employment related expenses	94,021	-	3,949	4,136	-	102,106	65,591
Functions and programs expenses	8,059	27,215	37	210	-	35,521	76,024
Miscellaneous expenses	243,508	121,997	93,744	139,033	-	598,282	396,237
Municipal payments and provider tax	-	354,429	-	179,288	-	533,717	515,045
Interest expense	-	604,121	53,567	39,921	-	697,609	653,128
COVID expenses	56,969	-	-	-	-	56,969	-
Depreciation	3,734	1,813,134	536,085	204,184	-	2,557,137	2,341,394
Total functional expenses	**$ 4,513,170**	**$ 5,388,530**	**$ 4,421,772**	**$ 4,713,204**	**$ 105,704**	**$ 19,142,380**	**$ 16,748,983**

TAYLOR COMMUNITY

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended April 30, 2020

	General and Administrative	Program: Independent	Program: Assisted Living	Program: Nursing	Program: Community	2020 Total
Wages	$ 2,118,993	$ 656,407	$ 1,655,178	$ 2,225,386	$ 70,303	$ 6,726,267
Payroll taxes	164,496	47,849	121,525	164,691	4,964	503,525
Benefits	369,361	119,352	290,023	389,179	12,255	1,180,170
Food service expense	22,192	438,380	657,964	538,334	-	1,656,870
Utilities	25,171	374,686	169,306	124,897	-	694,060
Insurance	48,651	192,326	84,949	113,196	1,827	440,949
Equipment expense	197,619	60,304	31,982	49,253	-	339,158
Contract work	5,797	122,997	31,957	26,872	-	187,623
Professional fees	195,558	-	-	-	-	195,558
Office supplies	98,780	-	3,481	4,703	-	106,964
Printing, publishing, postage and advertising	70,171	34,844	27,492	26,046	-	158,553
Housekeeping and maintenance supplies	2,255	158,476	79,314	71,229	-	311,274
Licenses, fees and website expense	125,451	-	62	50	-	125,563
Promotional resident move-in expense	75,030	-	-	-	-	75,030
Employment related expenses	57,604	-	3,779	4,208	-	65,591
Functions and programs expenses	46,796	26,398	1,851	979	-	76,024
Miscellaneous expenses	128,037	83,748	62,073	122,379	-	396,237
Municipal payments and provider tax	-	338,783	-	176,262	-	515,045
Interest expense	-	563,327	51,378	38,423	-	653,128
Depreciation	3,734	1,584,291	611,043	142,326	-	2,341,394
Total functional expenses	**$ 3,755,696**	**$ 4,802,168**	**$ 3,883,357**	**$ 4,218,413**	**$ 89,349**	**$ 16,748,983**

STATEMENTS OF CASH FLOWS
Years Ended April 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 8,024,069	$ (92,515)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of deferred entrance fees	(5,455,549)	(5,372,170)
Depreciation	2,557,137	2,341,394
Amortization of debt issuance costs	51,331	42,867
Forgiveness on Paycheck Protection Program loan	(1,238,250)	-
(Increase) decrease in trust funds held by others	(1,567,390)	416,619
Loss on disposal of property and equipment	2,540	207,425
Reinvested investment income	(356,688)	(359,600)
Net realized and unrealized (gains) losses on investments	(3,494,301)	268,557
Increase in accounts receivable	(321,344)	(99,689)
Increase in inventory and prepaid expenses	(119,102)	(15,866)
Increase in due to Huggins Hospital	2,000,000	-
Increase (decrease) in accounts payable	45,271	(52,026)
Increase in accrued expenses	139,196	119,694
Increase (decrease) in deposits on advanced fees	67,369	(62,453)
Entrance fees received	7,520,767	10,601,867
Refunds of entrance fees	(649,630)	(1,107,820)
Net cash provided by operating activities	**7,205,426**	**6,836,284**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(5,945,707)	(7,602,606)
Proceeds from sale of property and equipment	-	26,500
Purchase of investments	(2,156,388)	(630,998)
Proceeds from sale of investments	2,241,534	733,387
Purchase of investment in Sugar Hill Retirement Community Association	(3,274,940)	-
Payments received on notes receivable	5,000	13,015
Net cash used in investing activities	**(9,130,501)**	**(7,460,702)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments on long-term debt	(643,849)	(515,061)
Proceeds from long-term debt	-	1,169,545
Proceeds from line of credit	1,461,000	-
Proceeds from Paycheck Protection Program, not yet forgivable	630,354	1,238,250
Repayments on annuities payable	(14,128)	(13,060)
Net cash provided by financing activities	**1,433,377**	**1,879,674**
Net increase (decrease) in cash and cash equivalents	**(491,698)**	**1,255,256**
Cash and cash equivalents, beginning of year	6,976,261	5,721,005
Cash and cash equivalents, end of year	**$ 6,484,563**	**$ 6,976,261**

See Notes to Financial Statements.

STATEMENTS OF CASH FLOWS (CONTINUED)
Years Ended April 30, 2021 and 2020

	2021	2020
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for:		
Interest	$ 651,434	$ 616,485

Note 1. Nature of Business

Taylor Community (the "Community") is a continuing care retirement community that provides housing, health care and supportive services to elders at facilities located in Laconia and Wolfeboro, New Hampshire. Its operation consists of three stages: Independent Living at the Ledges or Woodside in Laconia, Sugar Hill and Back Bay in Wolfeboro, and Supportive Residential Care at Sugar Hill and Supportive Residential Care and Nursing Care in Laconia. During the year ended April 30, 2021, the Community entered into an agreement to purchase Sugar Hill Retirement Community Association located in Wolfeboro. The purchase includes the land and assisted living Building. The Community owns and operates the assisted living portion and is in the process of buying the shares for the independent living. See Note 19 for more details. At April 30, 2021, the Community had 14 shares of the total 71.

Note 2. Significant Accounting Policies

Basis of accounting: The financial statements of Taylor Community have been prepared on the accrual method of accounting.

Net assets: The Community reports information regarding its financial position and activities according to two categories of net assets: net assets with donor restrictions and net assets without donor restrictions. Descriptions of these net asset categories are as follows:

> *Net assets without donor restrictions*: Net assets without donor restrictions are available for use at the discretion of the Board of Trustees and/or management for general operating purposes. From time to time the Board of Trustees designates a portion of these net assets for specific purposes which makes them unavailable for use at management's discretion.

See Note 15 for more information on the composition of net assets without donor restrictions.

> *Net Assets with donor restrictions:* Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions and also includes the accumulated appreciation and depreciation related to donor-restricted endowment funds.
>
> The Community reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.
>
> Some net assets with donor restrictions include a stipulation that assets provided be maintained permanently (perpetual in nature) while permitting the Community to expend the income generated by the assets in accordance with the provisions of additional donor imposed stipulations or a Board approved spending policy.
>
> Donor-restricted contributions whose restrictions are met within the same year as received are reported as without donor restrictions contributions in the statement of activities and changes in net assets.

See Notes 16 and 17 for more information on the composition of net assets with donor restrictions and the release of restrictions.

Contributions: The Community recognizes contributions received and made, including unconditional promises to give, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions.

Contributions with donor restrictions that are used for the purposes specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met. There were no conditional promises to give for the years ended April 30, 2021 and 2020.

Obligation to provide future services: It is the Community's policy to record its obligation to provide future services and use of facilities to current residents as a liability. The Community annually determines the present value of the net cost of future services and use of facilities to be provided to current residents and compares that amount with the balance of deferred revenue from advanced fees. If the present value of the net cost of future services and use of facilities exceeds the deferred revenue from advanced fees, a liability is recorded with the corresponding charge to income. The obligation is discounted to present value using rates of 6% as determined by the Community's consulting actuary. At April 30, 2021 and 2020, the Community had no liability for a future service obligation.

Estimates and assumptions: Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from these estimates.

Advertising costs: The Community follows the policy of charging all advertising costs to expense as incurred. Advertising expense for the years ended April 30, 2021 and 2020 were $30,009 and $38,048, respectively.

Gifts and bequests: Gifts and bequests received are recorded as without donor restrictions, or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), with donor restrictions are reclassified net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Gifts and bequests of investments or equipment are recorded at fair value on the date of the gift.

Cash and cash equivalents: For purposes of reporting cash flows, the Community considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents, excluding amounts limited by restriction. At April 30, 2021 and 2020, the Community had $520,384 and $520,025 of cash equivalents, respectively, included in cash on the statements of financial position. Cash on the statement of cash flows includes both restricted and unrestricted cash amounts.

Accounts and notes receivable: Accounts receivable arise in the normal course of business. Notes receivable are comprised of new resident notes for advance fees and outstanding obligations to be paid from resident refundable entry fees upon termination. Management reviews outstanding accounts and notes receivables and establishes an allowance for uncollectible accounts, if needed. Management has determined that an allowance was not necessary at April 30, 2021 and 2020. Unless the extension of credit is for entrance fees the Community does not generally require collateral to support the extension of credit to its residents.

Inventory: Inventory, which consists primarily of medical supplies, personal protective equipment and food items, are stated at the lower of cost or net realizable value determined by the first-in, first-out (FIFO) method.

Capitalization policy: Expenditures for additions, renewals and betterments of property and equipment that are over $5,000 and have useful lives of greater than three years are capitalized. Maintenance and repairs are expensed as incurred. Upon retirement or sale, the cost of the assets disposed of, and the related accumulated depreciation is removed from the accounts and any gain or loss is included in other income in the period the asset is disposed of.

Depreciation for financial statement purposes is computed using the straight-line method over the following useful lives:

	Years
Land improvements	10-20
Buildings and improvements	10-50
Furnishings and equipment	3-10

Income taxes: The Community is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Community is also exempt from state income taxes by virtue of its ongoing exemption from federal income taxes. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Community is liable for taxes on unrelated business taxable income. These taxes are provided for on the accrual basis. There was no unrelated business income tax for the years ended April 30, 2021 and 2020.

The Community has adopted the provisions of FASB ASC 740 Accounting for Uncertainty in Income Taxes. Accordingly, management has evaluated the Community's tax positions and concluded the Community had maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements. With few exceptions, the Community is no longer subject to income tax examinations by the U.S. Federal or State tax authorities for tax years before 2018.

Investments: Investments are stated at fair value. The net realized and unrealized gains and losses on investments are reflected in the statement of activities and changes in net assets.

The Community follows the policy of pooling its investments. Investment income, net of investment fees, is allocated to the various funds based on the particular fund's pro rata share of the investment pool. Unrestricted investments are classified as current assets on the statements of financial position.

Trust funds held by others: The Community follows the requirements of FASB ASC 958-605, Transfers of Assets to a Not-for-Profit Community or Charitable Trust That Raises or Holds Contributions for Others. FASB ASC 958-605 requires that a specified beneficiary recognize its rights to assets held by a recipient Community as an asset unless the donor has explicitly granted the recipient Community variance power. Management of the Community and the Trustees for the various recipient organizations have determined that the recipient organizations have not been granted such variance power. Therefore, the Community's interests in the net assets of the trust funds have been recognized at fair market value in the statements of financial position. Changes in the fair value of the Community's interest are reflected in the statements of activities and changes in net assets (see Note 13).

Functional allocation of expenses: The financial statements report certain categories of expenses that are attributable to more than one program or supporting function of the Community. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include certain wages, benefits, depreciation, interest, and occupancy, which are allocated on a percent of revenue basis, as well as occupancy, which are allocated on the basis of the census.

Change in accounting principles: In May 2014, the FASB issued, *Revenue from Contracts with Customers (ASU 2014-09)*, which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles (U.S. GAAP). The core principle of the new guidance is that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. The Community adopted ASU 2014-09 with a date of initial application of May 1, 2020, using the modified-retrospective method.

The adoption of ASU 2014-09 did not have a significant impact on the Community's financial position, results of operations, or cash flows. Based on the Community' s evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. Leases and contributions are specifically excluded from the scope of ASU 2014-09, therefore upon adoption, the Community has determined the new standard did not have any impact on these revenue streams. No other changes were required to previously reported revenues as a result of the adoption. See Note 3 for further discussion of the effects of the adoption of ASU 2014-19 on significant accounting policies on contracts with customers.

In August 2018, the FASB issued, *Accounting Standards Update (ASU 2018-13), Fair Value Measurement (Topic 820) Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement.* The amendments in ASU 2018-13 apply to all entities that are required, under existing U.S. generally accepted accounting principles, to make disclosures about recurring or nonrecurring fair value measurements. The amendments on changes related to Level 3 investments should be applied prospectively. All other amendments should be applied retrospectively to all periods presented upon their effective date. Management has evaluated the impact of ASU 2018-13 and believes there are no changes necessary to the current fair value disclosure.

Recent accounting pronouncements: In February 2016, the FASB issued, *Leases, Topic 842* (ASU 2016-02). Under ASU 2016-02, at the commencement of a long-term lease, lessees will recognize a liability equivalent to the discounted payments due under the lease agreement, as well as an offsetting right-of-use asset. Lessees (for capital and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements. The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees may not apply a full retrospective transition approach. In June 2020, the FASB deferred the effective date for this standard for one year for certain entities that have not yet issued their financial statements. This standard will be effective for the Community for the year ended December 31, 2023, with early adoption permitted. Management is currently evaluating the impact ASU 2016-02 will have on the Community's financial statements.

Note 3. Revenue Recognition - Contracts with Residents

The Community recognizes revenue from contracts with its residents utilizing the following steps:

- Identifying the contract with the resident
- Identifying the performance obligation under the contract
- Determining the transaction price
- Allocating the transaction price to performance obligations, if necessary
- Recognizing revenue as performance obligations are satisfied

The Community's revenue mainly consists of contracts with individuals for independent residential home living, assisted living and nursing room and board arrangements. Contracts for most of the arrangements are in place until the resident moves out of the Community or moves to a higher level of care and can span several years. The Community's contracts may contain multiple performance obligations related to room and board and other services to provide for the resident's health, safety, and wellbeing. Performance obligations related to these contracts are satisfied over time as the residents simultaneously receive and consume benefits provided by the Community as the Community performs these obligations using the output method based on time, measured daily. Residents of independent and assisted living are billed a month in advance and revenue is deferred until earned. Residents of nursing are billed once a month in arrears for services received.

Payment of an advance fee may be required before a resident acquires the right to reside in a residential unit at Taylor Home, the Ledges, Woodside, Back Bay, Sugar Hill or Ledgeview or is admitted to Taylor Community. A portion of advance fees may be refundable by rescission within a contractually set time period, or if a certain future event occurs, such as the death or withdrawal of a resident. Revenue from advance fees is recorded as deferred revenue. Amounts nonrefundable are amortized to income over the expected life of the resident or the contract term, as applicable.

The Community also provides ancillary services, which are available to their residents at their discretion. The revenue related to these services are recognized at a point in time. Residents are billed for these services each month. These amounts are considered insignificant to overall revenue. The Community does not have any significant financing components as payments on contracts are received monthly.

Contract balances: The Community does not maintain contract assets. Contract liabilities include deferred revenue from advanced payments and is presented on the statements of financial position as "Contract liabilities - refundable deposits" and "Contract liabilities - nonrefundable advance fees, net of amortization".

Note 4. Line-of-credit, Long-Term Debt, Bonds Payable and Pledged Assets

On December 20, 2016, the Community obtained lending from Bank of New Hampshire (BNH) and New Hampshire Health and Education Facilities Authority (NHHEFA) in the amount of $17,500,000. The $17,500,000 was split into two pieces, a BNH note in the amount of $1,367,347 and a bond issued by NHHEFA and purchased by BNH in the amount of $16,132,653.

The BNH note is due in monthly payments of principal and interest (5.77% per annum, effective interest rate of 6.35%) of $8,703 with a balloon payment of $1,053,396 due on December 1, 2026. The NHHEFA/BNH bond is due in monthly payments of principal and interest (3.75% per annum, effective interest rate of 4.29%) of $83,519 with a balloon payment of $11,572,484 due on December 1, 2026.

On May 3, 2019, the Community obtained a bond from Bank of New Hampshire (BNH) and New Hampshire Health and Education Facilities Authority (NHHEFA) in the amount of up to $4,000,000 to construct new cottages on the Laconia campus. The bond was interest only (4.59%) during construction and converted to a 10 year note with 30 years amortization upon completion of the construction. The bonds converted to a loan on April 30, 2020. Before the loan converted, the Community paid off approximately $2,800,000 of the construction bond per the terms of the loan. Payments on the loan began June 1, 2020 and are in monthly installments of principal and interest (4.59% per annum, effective interest rate of 5.39%) of $14,326.

Financial covenants on the bond requires a debt service coverage ratio of at least 1.25 to 1, to be tested annually at the end of each fiscal year on a twelve month basis. All new debt was approved in writing by BNH pursuant to the original loan agreement covenants requiring bank approval of additional indebtedness.

Details of the Community's long-term debt are as follows:

April 30,	2021	2020
Note payable, Bank of New Hampshire, details above	$ 1,252,411	$ 1,282,610
Bond payable, Bank of New Hampshire, details above	12,746,620	13,253,631
Bond payable, Bank of New Hampshire, details above	1,155,238	1,261,876
	15,154,269	15,798,117
Less current portion	**679,365**	**612,951**
Less unamortized debt issuance costs	312,765	364,095
Long-term debt	**$ 14,162,139**	**$ 14,821,071**

Aggregate maturities of long-term debt and bond payable are as follows:

Year Ending April 30,		
2022	$	679,365
2023		707,404
2024		735,161
2025		767,001
2026		798,722
Thereafter		11,466,616
Total	$	15,154,269

In addition to the note and bond payable, the $1,000,000 revolving line of credit that was obtained during the December 2016 refinancing process increased to $4,000,000 to help finance the purchase of Sugar Hill Retirement Community Association shares. Interest is set at the Wall Street Journal prime rate plus 1% (4.25% at April 30, 2021) and is payable monthly. This line of credit is a demand note and is due and payable within 5 days of being called due. At April 30, 2021 and 2020, the amounts outstanding on the line of credit amounted to $1,461,000 and $-, respectively.

See Note 20 related to the Paycheck Protection Program Funds.

Note 5. Investments

Investments are composed of the following:

April 30, 2021		**Cost**		**Market**
Money-market funds	$	26,678	$	26,678
U.S. government obligations		118,602		123,254
Municipal bonds		182,878		183,533
Corporate bonds		2,829,576		2,938,018
Domestic equity funds		4,370,911		6,245,976
Foreign equity funds		1,169,184		1,412,460
Common equity securities		3,726,293		6,250,321
Total	$	12,424,122	$	17,180,240

April 30, 2020		**Cost**		**Market**
Money-market funds	$	218,651	$	218,651
U.S. government obligations		118,602		126,175
Municipal bonds		288,777		276,524
Corporate bonds		2,479,047		2,588,958
Domestic equity funds		4,090,127		4,758,964
Foreign equity funds		1,561,748		1,363,608
Common equity securities		3,289,761		4,081,517
Total	$	12,046,713	$	13,414,397

The following summarizes the total net realized and unrealized gains (losses) for the year-ended:

	April 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Total net realized and unrealized gains	$ 1,983,057	$ 1,508,571	$ 3,491,628

	April 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Total net realized and unrealized losses	$ (136,616)	$ (131,941)	$ (268,557)

Investment dividends and interest are presented net of investment fees of $52,958 and $49,132 for the years ended April 30, 2021 and 2020, respectively.

Note 6. Pension Plan

The Community has adopted a 401(k) retirement plan (the "Plan") for the benefit of those employees who satisfy the Plan's eligibility requirements. The Plan also allows for a discretionary contribution. For the years ended April 30, 2021 and 2020, the Community made discretionary contributions to the Plan of 4% for plan participants. Total discretionary contributions to the plan amounted to $220,206 and $188,605 for the years ended April 30, 2021 and 2020, respectively. Employees become eligible on January 1 following their hire date and become vested in the Plan at 20% per year, with full vesting after six years of eligibility. Any forfeitures act to reduce the employer's contributions.

Note 7. Notes Receivable

Certain new residents have signed notes for all or a portion of their advance fee. The notes are intended to allow the residents to occupy their independent living unit while they are in the process of selling their former personal residence. The notes are to be repaid on the earlier of a specific due date or upon the sale of their former residence. There were no notes receivable from residents at April 30, 2021 and 2020.

As part of the resident contract, the Community has the right to collect any outstanding obligations due to it from a resident's refundable entry fee once the resident leaves the Community. Therefore, the Community began reclassifying monthly fees and other charges from accounts receivable to long-term receivables for those residents that had exhausted their ability to pay these fees, to the extent the resident had a refundable entry fee. At the point the refundable entry fee becomes fully offset against the long-term receivable, the Community would reverse the monthly fee as charitable care. As these long-term receivables will not be collected until the resident leaves the Community, the entire balance has been classified as long-term at April 30, 2021 and 2020. Due from residents refundable entry fees amounted to $191,776 and $196,776 at April 30, 2021 and 2020, respectively.

Note 8. Annuities Payable

Amounts due under charitable gift annuity agreements represent gifts received under agreements which guarantee interest and capital return payments until the death of the donor. These annuities are recorded at their fair value at the date of gift, using the Community's mortgage rate of interest. The differences between the amounts received and the discounted value of future annuity payments are recorded as a current-year gift.

To meet the obligations of the annuities payable, the Community held investments in the amount of $417,759 and $364,207 at April 30, 2021 and 2020, respectively.

Total annuities outstanding at April 30,		2021		2020
Total annuities received	$	973,311	$	973,311
Less amount representing current gifts		403,556		403,556
Fair value of annuities at date of gift		569,755		569,755
Less payments made through April 30,		486,066		471,938
Less annuity balance gifted upon annuitant's death		26,048		26,048
		57,641		71,769
Less current portion		**15,285**		**14,128**
Long-term annuities payable	$	**42,356**	$	**57,641**

These annuities are due as follows:

Year Ending April 30,		
2022	$	15,285
2023		14,859
2024		15,435
2025		8,616
2026		892
Thereafter		2,554
Total	$	57,641

Note 9. Property and Equipment

Property and equipment, at cost, April 30,		2021		2020
Land and improvements	$	5,692,801	$	4,553,944
Buildings and improvements		65,234,545		60,852,616
Furnishings and equipment		8,351,038		8,043,923
Total property and equipment		79,278,384		73,450,483
Less accumulated depreciation		36,205,585		33,763,714
Total property and equipment, net	$	**43,072,799**	$	**39,686,769**

Included in buildings and improvements is construction in progress amounting to $699,635 and $707,049 at April 30, 2021 and 2020, respectively.

Note 10. Concentration of Credit Risk

At times during the year ended April 30, 2021, the Community had cash deposits in excess of the federally insured limit of $250,000 per depositor at each financial institution. At April 30, 2021, there was approximately $153,604 included in cash in excess of federally insured limits.

Note 11. Municipal Payments

The Community and the City of Laconia have entered into agreements under which the Community will make payments in lieu of taxes to help the City pay for life/safety services that are provided. Real estate taxes are paid to the City of Laconia for other properties owned in Laconia. The Community also makes payments to the town of Wolfeboro for real estate taxes.

Note 12. Costs of Continuing Care Contracts and Charitable Care (Unaudited)

Under the current resident contracts, the Community is allowed to charge the resident a daily fee for increased levels of service being provided, in addition to the applicable entry fee and stated monthly fee. This fee is designed to allow the Community to recover a portion of the additional costs associated with providing increased care to its residents. The Community's mission is to provide continuing lifetime care to all of its continuing care residents, irrespective of their individual ability to pay.

The Community's mission is to provide continuing lifetime care to all of its continuing care residents, irrespective of their individual ability to pay. Once a resident is no longer financially capable of paying all applicable fees, the Community does not pursue collection of amounts determined to qualify as charitable care and, therefore, such amounts are not reported as revenue. Charitable care billings were reported against resident fees on the statement of activities and changes in net assets for the years ended April 30, 2021 and 2020 and amounted to $1,265,307 and $1,404,053, respectively.

The Community determines the costs associated with providing charitable care by calculating a ratio of direct and indirect cost of care to gross charges and then multiplying that ratio by gross uncompensated charges associated with providing care to residents eligible for charitable care. The costs of providing charitable care services to residents for the years ending April 30, 2021 and 2020 were approximately $1,767,499 and $1,801,062, respectively.

Note 13. Fair Value Measurements

The Fair-Value Measurements topic of the FASB Accounting Standards Codification (FASB ASC 820-10) establishes a fair value hierarchy that prioritizes 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 measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of fair value hierarchy are as follows:

- Level 1 – inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at level 1 fair value generally are securities listed in active markets.

- Level 2 – inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 – inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

The inputs or methodology used for valuing assets are not necessarily an indication of the risk associated with investing in those assets.

Financial assets and liabilities carried at fair value on a recurring basis consist of the following at April 30, 2021:

	Level 1	Level 2	Level 3	Total
Assets:				
Money-market funds	$ 26,678	$ -	$ -	$ 26,678
U.S. government obligations	123,254	-	-	123,254
Municipal obligations	-	183,533	-	183,533
Corporate bonds	-	2,938,018	-	2,938,018
Closed end domestic equity funds:				
Large cap	5,548,288	-	-	5,548,288
Mid cap	564,795	-	-	564,795
Small cap	132,892	-	-	132,892
Closed end foreign equity funds	1,412,460	-	-	1,412,460
Common equity securities:				
Consumer goods	1,088,371	-	-	1,088,371
Energy	91,266	-	-	91,266
Financial	712,389	-	-	712,389
Healthcare	861,828	-	-	861,828
Services	89,290	-	-	89,290
Industrial goods	446,948	-	-	446,948
Technology	2,552,752	-	-	2,552,752
Materials	73,075	-	-	73,075
Utilities	127,985	-	-	127,985
International	206,418	-	-	206,418

	Level 1	Level 2	Level 3	Total
Beneficial interest in trust funds held by others	-	-	**8,954,664**	8,954,664
	14,058,689	3,121,551	8,954,664	26,134,904
Liabilities:				
Annuities payable	$ -	$ 57,641	$ -	$ 57,641

Financial assets and liabilities carried at fair value on a recurring basis consist of the following at April 30, 2020:

	Level 1	Level 2	Level 3	Total
Assets:				
Money-market funds	$ 218,651	$ -	$ -	$ 218,651
U.S. government obligations	-	126,175	-	126,175
Municipal obligations	-	276,524	-	276,524
Corporate bonds	-	2,588,958	-	2,588,958
Closed end domestic equity funds:				
Large cap	4,392,659	-	-	4,392,659
Mid cap	248,574	-	-	248,574
Small cap	117,731	-	-	117,731
Closed end foreign equity funds	1,363,608	-	-	1,363,608
Common equity securities:				
Consumer goods	882,027	-	-	882,027
Energy	113,156	-	-	113,156
Financial	535,565	-	-	535,565
Healthcare	655,685	-	-	655,685
Services	124,036	-	-	124,036
Industrial goods	316,316	-	-	316,316
Technology	1,283,629	-	-	1,283,629
Materials	69,442	-	-	69,442
Utilities	101,661	-	-	101,661
Beneficial interest in trust funds held by others	-	-	**7,387,275**	7,387,275
	$ 10,422,740	$ 2,991,657	$ 7,387,275	$ 20,801,672
Liabilities:				
Annuities payable	$ -	$ 71,769	$ -	$ 71,769

The following table presents the change in Level 3 instruments for the years ended April 30, 2021 and 2020:

		Interest in Trust Funds
Balance, April 30, 2019	$	7,803,894
Total realized and unrealized losses, included in changes in net assets		(416,619)
Balance, April 30, 2020		**7,387,275**
Total realized and unrealized gains, included in changes in net assets		1,567,389
Balance, April 30, 2021	**$**	**8,954,664**

The following describes the valuation methodologies used to measure different financial assets and liabilities at fair value:

Investments
The fair value of investments in common stocks and mutual funds are based upon quoted prices in active markets for identical assets and are reflected as Level 1. The fair value of investments in U.S. government obligations are based upon valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities and are reflected as Level 2.

Beneficial interest in trust funds held by others
The fair values of the beneficial interest in trust funds are estimated fair values of future distributions provided by the trustees based upon pricing and valuations from its custodian banks and audited financial statements from external managers of alternative investments, and through initial and ongoing due diligence and monitoring by the Trust's investment consultants, staff, and investment committee. The fair value of the beneficial interest in trust funds is reflected as Level 3.

Annuities payable
The fair value of charitable gift annuities payable are based upon the future expected stream of cash flows, for which all significant assumptions are observable, and are reflected as Level 2.

Note 14. Endowment Funds and Trust Funds Held by Others

The Community's endowment consists of 19 individual funds established for a variety of purposes.

Interpretation of Relevant Law: The Community is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Trustees appropriates such amounts for expenditures. Most of those net assets are also subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Trustees of the Community has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary.

As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Community considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Community has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with UPMIFA, the Community considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Community and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Community, and (7) the investment policies of the Community.

Investment Return Objectives, Risk Parameters and Strategies: The Community has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to appropriate an annual distribution of no more than 7%, while allowing the principal to grow at a rate equal or exceeding the rolling average of the most current three years inflation rate as determined by the consumer price index. Actual returns in any given year may vary from this amount. In years when the rate of appreciation does not match the rate of inflation, every effort will be made in future years to match the amount lost in prior years. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Spending Policy: The Community has a policy of appropriating for distribution each year up to 7% of its endowment fund's average fair value over the prior twelve quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Community considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity based on donor restrictions, and the possible effects of inflation.

The Community expects the current spending policy to allow its endowment funds to grow at a nominal average rate at least equal to the rolling average of the most current three years inflation rate, which is consistent with the Community's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

Changes in endowment net assets as of April 30, 2021 and 2020 are as follows:

	With Donor Restrictions	Total
Endowment net assets, April 30, 2019	$ 6,390,182	$ 6,390,182
Investment return:		
Investment income	131,862	131,862
Net depreciation (realized and unrealized)	(131,106)	(131,106)
Total investment return	756	756
Appropriation of endowment assets for expenditure	(449,517)	(449,517)
Endowment net assets, April 30, 2020	5,941,421	5,941,421
Investment return:		
Investment income	130,352	130,352
Net appreciation (realized and unrealized)	1,478,523	1,478,523
Total investment return	1,608,875	1,608,875
Appropriation of endowment assets for expenditure	(446,247)	(446,247)
Endowment net assets, April 30, 2021	$ 7,104,049	$ 7,104,049

The Community is a beneficiary of funds held by other trust organizations. Pursuant to the terms of the resolutions establishing these funds, property contributed to these funds are held as a separate fund for the benefit of the Community. In accordance with the spending policies of these funds, the trust organizations make distributions from the funds to the Community. The distributions are approximately 5% of the market value of the funds per year. The estimated value of the future distributions from the funds is included in these financial statements as required by FASB ASC 958, however, all property in the funds was contributed to the various trusts to be held and administered for the benefit of the Community. For the years ended April 30, 2021 and 2020, $415,214 and $425,923, respectively, was received from the funds. The market value of the fund assets were $8,954,664 and $7,387,275 at April 30, 2021 and 2020, respectively.

Note 15. Net Assets without Donor Restrictions

The Community's net assets without donor restrictions are comprised of the following:

April 30,		2021		2020
Undesignated	$	3,762,152	$	(1,506,432)
Total net assets without donor restrictions	$	**3,762,152**	$	**(1,506,432)**

Note 16. Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence or the passage of time or other events specified by donors.

April 30,		2021		2020
Release of appropriated endowment amounts without purpose restrictions	$	446,247	$	449,517
Release of appropriated endowment amounts with purpose restrictions		9,069		11,985
Releases not related to endowment		-		11,808
Total restrictions released	$	**455,316**	$	**473,310**

Note 17. Net Assets with Donor Restrictions

The Community's net assets with donor restrictions are restricted for the following purposes or periods as follows:

April 30,		2021		2020
Subject to expenditure for specified purpose or period:				
Birthday and Christmas gifts	$	92,955	$	73,750
Programs and community		24,503		20,620
Specific building enhancements		14,491		12,111
Total subject to expenditure for specified purpose or period		131,949		106,481
Subject to passage of time:				
Beneficial interest in trust		8,954,664		7,387,275
Endowments subject to the Community's spending policy and appropriations:				
Investments in perpetuity (original amounts of $988,118 in 2021 and 2020), which once appropriated, is expendable to support:				
Any activities of the Community		7,104,049		5,941,421
Total net assets with donor restrictions	$	**16,190,662**	$	**13,435,177**

Note 18. Liquidity and Availability of Resources

The Community's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

April 30,		2021		2020
Cash and cash equivalents	$	6,484,563	$	6,976,261
Investments		17,180,240		13,414,397
Accounts receivable, net		706,895		385,551
Total financial assets available within one year		24,371,698		20,776,209
Less:				
Amounts unavailable for general expenditures within one year, due to:				
Items held in escrow		103,629		3,555
Items pledged for long term debt		2,605,787		2,533,128
Restricted by donors in perpetuity		7,104,049		5,941,421
Beneficial interest in trust		8,954,664		7,387,275
Total amounts unavailable for general expenditures within one year		18,768,129		15,865,379
Add:				
Appropriation of endowment assets for expenditure		462,472		455,319
Total financial assets available to management for general expenditures within one year	$	6,066,041	$	5,366,149

Liquidity Management
The Community maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Community invests cash in excess of weekly requirements in short-term investments.

To help manage unanticipated liquidity needs the Community has a committed line of credit of $4,000,000, which it could draw upon.

Note 19. Investment in Sugar Hill

On February 5, 2021, Taylor Community purchased certain assets in Wolfeboro, New Hampshire from a local hospital. These assets included 118 acres of land, an operating 15-unit assisted living building and related tangible personal property and one share of stock in the Sugar Hill Retirement Community Association (SHRCA). As part of the transaction, Taylor also assumed a contract to manage SHRCA and assumed the land lease under which the 118 acres of land are leased to SHRCA. Taylor is operating the assisted living as Sugar Hill Assisted Living.

The total purchase price was $3,000,000. $1,000,000 paid upon the closing of the transaction and three installment payments of $666,667 due in annual installments or upon the earlier of one year from the date of closing or upon Taylor owning 25% of the stock in SHRCA, the earlier of two years from the date of closing or upon Taylor owning 50% of the stock in SHRCA and the earlier of three years from the closing or upon Taylor owning 75% of the stock of SHRCA.

Sugar Hill Retirement Community Association is a shareholder-owned retirement community corporation consisting of 71 shares of stock representing 71 independent living units comprised of a 42-unit apartment-style building and 29 duplex units-all situated on the 118 acres of land acquired by Taylor. As these shares become available Taylor will purchase them at a negotiated price from the resident owner, retain permanent ownership of the stock and sell new Taylor resident contracts to new residents operating Sugar Hill as a Continuing Care Retirement Community with Taylor receiving a management fee and land lease payments from SHRCA as lessee. As of April 30, 2021, Taylor owned 14 shares of SHRCA stock, with a purchase price of $3,274,940. These shares were purchased for cash or through trade of a share for a Taylor contract.

The land, assisted living building and related personal property acquired are recorded as fixed assets and the shares purchased are recorded as "Investment in Sugar Hill." Taylor's line of credit has been increased from $1,000,000 to $4,000,000 to assist in paying for share purchases and at April 30, 2021, the draw on the line of credit is $1,461,000 which was used for share purchases. Entrance fees received from the sale of Taylor contracts on the purchased shares/units are used to make principal payments on the line of credit.

Subsequent events related to the Sugar Hill transaction - In June 2021, Taylor purchased the 18th share, triggering the 25% ownership threshold and paid the first installment of $666,667 to the previous owner. In June 2021, the Community also paid the previous owner $282,000 for commissions on certain share purchases.

Note 20. COVID - 19

The COVID-19 pandemic has impacted and could further impact the Community's operations and the operations of the Community's customers and vendors. The extent of the impact of COVID-19 on the Community's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and the impact on the Community's customers, employees, and vendors, all of which are uncertain and cannot be predicted.

In April 2020, the Community received $1,584,600 in funds from the federal Paycheck Protection Program (PPP). The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll. SBA will forgive loans if all employees are kept on the payroll for the specified period of time and the money is used for payroll, rent, mortgage interest, or utilities. Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 5 years. The AICPA released guidance on recording options and the Community has decided to record these funds under the government grant model (FASB ASC 958-605). The cash received under the PPP is recorded as a liability until the conditions are substantially met. When the Community has substantially met the conditions of the program and qualifying expenses are incurred, the cancellation of the liability is recorded as revenue.

As of April 30, 2020 the Community had met conditions and incurred expenses in the amount of $346,350, this amount was recorded as income. In November of 2020, the Community received forgiveness on the rest of the loan and have recorded the remaining amount of $1,238,250 as income for the year ended April 30, 2021.

In February 2021, the Community received an additional $1,340,500 in funds from the federal Paycheck Protection Program round 2 (PPP2). Any amounts not forgiven at the end of the program period convert into a loan with 1% interest, payable over 2 years. The cash received under the PPP2 is recorded as a liability until the conditions are substantially met. When the Community has substantially met the conditions of the program and qualifying expenses are incurred, the cancellation of the liability is recorded as revenue. As of April 30, 2021 the Community had met conditions and incurred expenses in the amount of $710,146, this amount has been included in the statement of activities and changes in net assets. As of April 30, 2021, the Community had not yet met conditions on the $630,354 which is recorded as a current liability on the statements of financial position. The Community expects to meet all conditions for forgiveness early in fiscal year 2022.

In May 2020, the Community received $50,000 in funds from the State of New Hampshire GOFERR program. The loan was designed to provide relief from COVID-related costs. The State will forgive such loans upon documentation of appropriate expenditure of the funds. The Community properly documented the expenditure and received forgiveness of the entire $50,000 in October 2020. In September 2020, the Community also received $1,274,902 in funds from the Healthcare Provider Relief Program through the State of New Hampshire GOFERR program to provide relief from COVID-related expenses and lost revenue.

In October 2020, the Community received $313,359 in funds from the Provider Relief Fund through the Health Resources and Services Administration. The funds were to be used for health care-related expenses and lost revenue due to COVID-19.

The Community qualified for participation in the Employee Retention Tax Credit (ERC) program for payrolls occurring between December 31, 2020 and March 31, 2021. The ERC is a refundable federal payroll tax credit designed to encourage businesses to retain their employees through the COVID-19 pandemic. The amount of qualifying credit totaled $506,705. $153,407 of this credit was used to offset Federal Payroll Taxes in March 2021 and $353,298 was received in cash in May 2021.

Note 21. Related Party Transactions

A member of the Community's Board of Trustees is a partner in a legal firm that handles certain legal transactions for the Community. Total payments made to this legal firm during the years ended April 30, 2021 and 2020 amounted to $232,777 and $248,203, respectively.

A member of the Community's Board of Trustees works for the real estate company that handled the purchase of a house during the years ended April 30, 2021 and 2020. Total payments of $20,000 and $5,250, respectively, were made to the Board of Trustees member out of the Seller's funds as customary with real estate transactions.

An employee of the Community owns a heavy equipment operating company that was hired by the Community during the year. Total payments made to this company during the years ended April 30, 2021 and 2020 amounted to $3,475 and $5,188, respectively.

Note 22. Leases

The Community has two residential homes that it leases to unrelated third parties. One property has a total cost of $171,563 including purchase, refurbishment and upgrades and had a net book value of $143,355 and $151,749 at April 30, 2021 and 2020, respectively. The term of the lease is one year, starting September 1, 2019 and ending August 31, 2020, with monthly payments. Another lease for this property was signed during the year for one year. The new lease starts September 28, 2020 and ends September 30, 2021, with monthly payments. Monthly rent is $1,300 and $1,500 and totaled $10,400 and $17,200 for the years end April 30, 2021 and 2020, respectively. Total future rents under the lease agreements amount to $6,000.

The other property has a total cost of $251,893 including purchase, refurbishment and upgrades and had a net book value of $243,661 and $251,893 at April 30, 2021 and 2020, respectively. The term of the lease is one year, starting September 1, 2020 and ending August 31, 2021, with monthly payments. Monthly rent is $1,550 and totaled $12,400 for the year end April 30, 2021. Total future rents under the lease agreements amount to $6,200.

Note 23. Commitments

The Community had entered into a contract for dining services commencing on April 1, 2018 for a three year term, through March 31, 2021. Once the initial period ends, the contract is renewed automatically each year unless cancelled by either party. Payments are to be made in the form of an annual management fee of $54,975 and actual billed costs. Total amounts paid under these contracts for the years ended April 30, 2021 and 2020 amounted to $1,887,272 and $1,870,401, respectively.

Note 24. Subsequent Events

The Community has evaluated subsequent events through July 20, 2021 the date which the financial statements were available to be issued, and have not evaluated subsequent events after that date.

In May 2021, the Community leased out a property to an unrelated third party. The lease agreement is for one year.

As mentioned in Note 19, subsequent to year end, the Community purchased an additional share of Sugar Hill Retirement Community Association.

In July 2021, the Community purchased a property for $360,000. The sellers of the property will stay and lease the property from July 2021 through October 1, 2021.

No other subsequent events were identified that would require disclosure in the financial statements for the year ended April 30, 2021.

TAYLOR COMMUNITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED APRIL 30, 2021

Federal Grantor Pass-through Grantor Program Title	Assistance Listing Number	Pass-Through Identifying Number	Federal Expenditures
U.S. Department of Treasury			
Passed through State of New Hampshire			
Coronavirus Relief Fund	21.019	N/A	$ 1,457,802
U.S. Department of Health and Human Services			
Passed through State of New Hampshire			
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	05-95-90-903010-19010000	125,000
Total expenditures of federal awards			$ 1,582,802

The accompanying notes are an integral part of this schedule.

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Taylor Community under the programs of the federal government for the year ended April 30, 2021. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) *Uniform Guidance.* Because the Schedule presents only a selected portion of the operations of Taylor Community, it is not intended to and does not present the financial position, results of operations or cash flows of Taylor Community

Note 2. Basis of Accounting

Expenditures reported on the Schedule are presented on the same basis of accounting as Taylor Community's financial statements. Taylor Community uses the accrual basis of accounting. Expenditures represent only the federally funded portions of the program. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 3. Program Costs/Matching Contributions

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 4. Major Programs

In accordance with the OMB Uniform Guidance, major programs are determined using a risk-based approach. The program in the accompanying Schedule of findings and questioned costs is determined by the independent auditor to be a major program.

Note 5. Indirect Cost Rate

The amount expended does not include any indirect costs. Taylor Community did not elect to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, section 414.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Taylor Community
Laconia, New Hampshire 03246

We have audited 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, the financial statements of Taylor Community, which comprise the statements of financial position as of April 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated July 20, 2021.

Internal Control over Financial Reporting

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

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

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

70 Commercial Street, 4th Floor
Concord, NH 03301

v: 603-224-5357
f: 603-224-3792

59 Emerald Street
Keene, NH 03431

v: 603-357-7665
f: 603-224-3792

44 School Street
Lebanon, NH 03766

v: 603-448-2650
f: 603-448-2476

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nathan Wechsler & Company
Concord, New Hampshire
July 20, 2021

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

To the Board of Trustees
Taylor Community
Laconia, New Hampshire 03246

Report on Compliance for Each Major Federal Program

We have audited Taylor Community's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Taylor Community's major federal programs for the year ended April 30, 2021. Taylor Community'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 Taylor Community'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 (CFR) 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 Taylor Community'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 Taylor Community's compliance.

70 Commercial Street, 4th Floor
Concord, NH 03301
v: 603-224-5357
f: 603-224-3792

59 Emerald Street
Keene, NH 03431
v: 603-357-7665
f: 603-224-3792

44 School Street
Lebanon, NH 03766
v: 603-448-2650
f: 603-448-2476

Opinion on Each Major Federal Program

In our opinion, Taylor Community 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 April 30, 2021.

Report on Internal Control over Compliance

Management of Taylor Community 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 Taylor Community's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 Taylor Community'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. 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.

Nathan Wechsler & Company

Concord, New Hampshire
July 20, 2021

Taylor Community

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended April 30, 2021

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *unmodified*

Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	_X_ No
• Significant deficiency(ies) identified?	____ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	____ Yes	_X_ No

Federal Awards

Internal control over major federal programs:			
• Material weakness(es) identified?		____ Yes	_X_ No
• Significant deficiency(ies) identified?		____ Yes	_X_ None Reported
Type of auditor's report issued on compliance for major federal programs: *unmodified*			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		____ Yes	_X_ No
Identification of major federal programs:			
CFDA Number(s)	Name of federal program or cluster		
21.019	Coronavirus Relief Fund		
Dollar threshold used to distinguish between type A and type B programs:	$750,000		
Auditee qualified as a low-risk auditee?		___ Yes	_X_ No

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended April 30, 2021

Section II – Financial Statement Findings

No financial statement findings identified for the year ended April 30, 2021.

Section III – Federal Awards Findings

No federal awards findings identified for the year ended April 30, 2021.