

TAYLOR COMMUNITY

FINANCIAL REPORT

APRIL 30, 2024

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*INDEPENDENT AUDITOR'S REPORT*

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

*Opinion*

We have audited the consolidated financial statements of Taylor Community and its subsidiary, which comprise the consolidated statements of financial position as of April 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, consolidated functional expenses, and consolidated cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Taylor Community and its subsidiary as of April 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Basis for Opinion*

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

*Responsibilities of Management for the Financial Statements*

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Taylor Community's ability to continue as a going concern for one year after the date that the financial statements are issued.

## *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Taylor Community's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Taylor Community's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position, consolidating statement of activities and changes in net assets and consolidating statement of functional expenses are presented for purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Nathan Wechsler & Company*  
Concord, New Hampshire  
September 30, 2024

TAYLOR COMMUNITY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

April 30, 2024 and 2023

ASSETS		2024	2023
<b>CURRENT ASSETS</b>			
Cash and cash equivalents, including amounts held in escrow 2024 \$36,347; 2023 \$277,463	\$	4,046,431	\$ 4,489,481
Accounts receivable		570,785	451,371
Accounts receivable - retainage		-	902,794
Inventory and prepaid expenses		522,262	219,432
Investments		10,225,225	8,935,952
<i>Total current assets</i>		<u>15,364,703</u>	<u>14,999,030</u>
<b>OTHER ASSETS</b>			
Notes receivable		498,536	190,700
Trust funds held by others		8,063,108	7,561,304
Goodwill		5,424,417	4,091,134
		<u>13,986,061</u>	<u>11,843,138</u>
<b>PROPERTY AND EQUIPMENT, net</b>		91,223,815	80,264,633
<b>INVESTMENTS</b>		5,942,066	5,610,394
	<b>\$</b>	<b><u>126,516,645</u></b>	<b>\$ <u>112,717,195</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Current maturities of long-term debt and bonds payable	\$	405,917	\$ 388,916
Current portion of annuities payable		8,616	15,435
Current portion of due to Huggins Hospital		-	666,666
Lines of credit		2,504,200	2,936,200
Accounts payable, including retainage of 2024 \$-; 2023 \$902,794		310,544	1,983,110
Accrued expenses		2,306,827	1,985,740
Contract liabilities - deposits on advanced fees		757,328	1,335,511
<i>Total current liabilities</i>		<u>6,293,432</u>	<u>9,311,578</u>
<b>LONG-TERM LIABILITIES</b>			
Long-term debt and bonds payable, less current maturities net of unamortized debt issuance costs 2024 \$262,496; 2023 \$292,757		43,381,798	33,154,413
Long-term accrued expenses		61,162	61,162
Annuities payable, less current portion		3,446	12,062
Contract liabilities - refundable deposits		1,610,609	1,212,809
Contract liabilities - nonrefundable advance fees, net of amortization		58,888,960	50,554,651
		<u>103,945,975</u>	<u>84,995,097</u>
<i>Total liabilities</i>		<u>110,239,407</u>	<u>94,306,675</u>
<b>COMMITMENTS AND CONTINGENCIES (See Notes)</b>			
<b>NONCONTROLLING INTEREST</b>		3,055,745	3,357,983
<b>NET ASSETS</b>			
Net assets (deficits) without donor restrictions		(369,435)	2,269,373
Net assets with donor restrictions		13,590,928	12,783,164
<i>Total net assets</i>		<u>13,221,493</u>	<u>15,052,537</u>
	<b>\$</b>	<b><u>126,516,645</u></b>	<b>\$ <u>112,717,195</u></b>

TAYLOR COMMUNITY

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year Ended April 30, 2024 and Comparative Totals for Year Ended April 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
Revenues and other support:				
Amortization of deferred entrance fees	\$ 8,901,157	\$ -	\$ 8,901,157	\$ 6,460,179
Resident fees	19,295,665	-	19,295,665	16,057,679
Dividends and interest	281,435	101,000	382,435	256,607
Income from trust funds held by others	385,250	-	385,250	428,851
Gifts and bequests	180,486	-	180,486	50,987
Auxiliary income	1,315,242	-	1,315,242	1,172,606
<i>Total revenues and other support</i>	<u>30,359,235</u>	<u>101,000</u>	<u>30,460,235</u>	<u>24,426,909</u>
<i>Net assets released from donor restrictions for program services</i>	<u>467,221</u>	<u>(467,221)</u>	<u>-</u>	<u>-</u>
Expenses:				
General and Administrative	10,020,905	-	10,020,905	7,135,316
Independent	8,419,434	-	8,419,434	6,435,612
Assisted living	7,535,493	-	7,535,493	5,880,679
Nursing	6,745,153	-	6,745,153	5,643,650
Community	141,423	-	141,423	130,191
Facilities	902,899	-	902,899	514,427
Dietary	862,283	-	862,283	485,856
<i>Total functional expenses</i>	<u>34,627,590</u>	<u>-</u>	<u>34,627,590</u>	<u>26,225,731</u>
<i>Decrease in net assets from operations</i>	<u>(3,801,134)</u>	<u>(366,221)</u>	<u>(4,167,355)</u>	<u>(1,798,822)</u>
Nonoperating gains (losses) and other changes				
Net realized and unrealized gains (losses) on investments	939,264	672,181	1,611,445	(5,330)
Increase (decrease) in trust funds held by others	-	501,804	501,804	(465,421)
Debt restructuring costs	-	-	-	(256,636)
Miscellaneous non-operating expenses	(8,830)	-	(8,830)	342,867
Loss on disposal of property and equipment	(70,346)	-	(70,346)	(10,979)
<i>Total nonoperating gains (losses) and other changes</i>	<u>860,088</u>	<u>1,173,985</u>	<u>2,034,073</u>	<u>(395,499)</u>
<i>Increase (decrease) in net assets</i>	<u>(2,941,046)</u>	<u>807,764</u>	<u>(2,133,282)</u>	<u>(2,194,321)</u>
Noncontrolling interest in net loss of subsidiary	(302,238)	-	(302,238)	155,381
Net gain (loss) attributable to controlling interest	(2,638,808)	807,764	(1,831,044)	(2,038,940)
Retained earnings, beginning of year, noncontrolling interest	-	-	3,357,983	3,513,364
Net assets, beginning of year	2,269,373	12,783,164	15,052,537	17,091,477
<i>Retained earnings, end of year, noncontrolling interest</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,055,745</u>	<u>\$ 3,668,745</u>
<i>Net assets (deficits), end of year</i>	<u>\$ (369,435)</u>	<u>\$ 13,590,928</u>	<u>\$ 13,221,493</u>	<u>\$ 15,052,537</u>

TAYLOR COMMUNITY

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended April 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support:			
Amortization of deferred entrance fees	\$ 6,460,179	\$ -	\$ 6,460,179
Resident fees	16,057,679	-	16,057,679
Dividends and interest	155,607	101,000	256,607
Income from trust funds held by others	428,851	-	428,851
Gifts and bequests	50,987	-	50,987
Auxiliary income	1,172,606	-	1,172,606
<i>Total revenues and other support</i>	<u>24,325,909</u>	<u>101,000</u>	<u>24,426,909</u>
<i>Net assets released from donor restrictions for program services</i>	511,071	(511,071)	-
Expenses:			
General and Administrative	7,135,316	-	7,135,316
Independent	6,435,612	-	6,435,612
Assisted living	5,880,679	-	5,880,679
Nursing	5,643,650	-	5,643,650
Community	130,191	-	130,191
Facilities	514,427	-	514,427
Dietary	485,856	-	485,856
<i>Total functional expenses</i>	<u>26,225,731</u>	<u>-</u>	<u>26,225,731</u>
<i>Decrease in net assets from operations</i>	(1,388,751)	(410,071)	(1,798,822)
Nonoperating gains (losses) and other changes			
Net realized and unrealized gains (losses) on investments	768,168	(773,498)	(5,330)
Decrease in trust funds held by others	-	(465,421)	(465,421)
Debt restructuring costs	(256,636)	-	(256,636)
Forgiveness of COVID phase 4 loan	342,867	-	342,867
Loss on disposal of property and equipment	(10,979)	-	(10,979)
<i>Total nonoperating gains (losses) and other changes</i>	<u>843,420</u>	<u>(1,238,919)</u>	<u>(395,499)</u>
<i>Decrease in net assets</i>	(545,331)	(1,648,990)	(2,194,321)
Noncontrolling interest in net loss of subsidiary	155,381	-	155,381
Net loss attributable to controlling interest	(389,950)	(1,648,990)	(2,038,940)
Retained earnings, beginning of year, noncontrolling interest	-	-	3,513,364
Net assets, beginning of year	2,659,323	14,432,154	17,091,477
<i>Retained earnings, end of year, noncontrolling interest</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,668,745</u>
<i>Net assets, end of year</i>	<u>\$ 2,269,373</u>	<u>\$ 12,783,164</u>	<u>\$ 15,052,537</u>

See Notes to Consolidated Financial Statements.

TAYLOR COMMUNITY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended April 30, 2024 and Comparative Totals for Year Ended April 30, 2023

	Program						2024 Total	2023 Total
	General and Administrative	Independent	Assisted Living	Nursing	Community			
Wages	\$ 3,236,748	\$ 1,825,335	\$ 3,357,721	\$ 3,541,299	\$ 107,493	\$ 12,068,596	\$ 9,590,690	
Payroll taxes	273,774	101,084	251,085	262,297	7,909	896,149	725,958	
Benefits	767,397	324,176	767,480	808,865	24,387	2,692,305	2,008,231	
Food service expense	167,510	670,774	1,482,005	758,227	185	3,078,701	2,470,221	
Utilities	100,017	946,963	227,810	141,550	-	1,416,340	1,085,483	
Insurance	144,798	232,724	125,369	87,947	1,099	591,937	530,328	
Equipment expense	378,287	157,895	125,044	95,114	-	756,340	642,856	
Contract work	242,233	282,767	584,325	29,065	-	1,138,390	729,944	
Professional fees	641,314	-	-	-	-	641,314	400,344	
Office supplies	166,132	5,959	36,111	7,844	-	216,046	186,598	
Printing, publishing, postage and advertising	187,239	49,799	38,238	35,163	-	310,439	246,158	
Housekeeping and maintenance supplies	73,408	191,741	179,314	118,778	-	563,241	474,722	
Licenses, fees and website expense	160,647	1,620	360	-	-	162,627	149,076	
Promotional resident move-in expense	15,916	-	24,138	-	-	40,054	37,943	
Employment related expenses	251,967	2,760	23,513	11,864	90	290,194	111,671	
Functions and programs expenses	84,220	91,537	2,555	1,866	260	180,438	95,813	
Sugar Hill IR fees	1,676,357	-	-	-	-	1,676,357	1,271,564	
Miscellaneous expenses	271,005	183,411	163,415	205,788	-	823,619	643,775	
Municipal payments and provider tax	135,300	479,479	-	266,249	-	881,028	714,600	
Interest expense	-	1,325,923	126,147	62,554	-	1,514,624	792,575	
Amortization expense	409,113	-	-	-	-	409,113	-	
Depreciation	637,523	2,448,386	883,146	310,683	-	4,279,738	3,317,181	
<i>Total functional expenses</i>	<b>\$ 10,020,905</b>	<b>\$ 9,322,333</b>	<b>\$ 8,397,776</b>	<b>\$ 6,745,153</b>	<b>\$ 141,423</b>	<b>\$ 34,627,590</b>	<b>\$ 26,225,731</b>	

TAYLOR COMMUNITY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2023

	Program					2023 Total
	General and Administrative	Independent	Assisted Living	Nursing	Community	
Wages	\$ 2,736,616	\$ 1,141,323	\$ 2,587,135	\$ 3,025,241	\$ 100,375	\$ 9,590,690
Payroll taxes	230,398	70,196	193,424	224,699	7,241	725,958
Benefits	595,812	201,475	548,606	641,123	21,215	2,008,231
Food service expense	14,849	512,913	1,301,994	640,431	34	2,470,221
Utilities	50,696	688,312	208,828	137,647	-	1,085,483
Insurance	72,487	244,841	120,044	91,630	1,326	530,328
Equipment expense	303,774	176,354	85,982	76,746	-	642,856
Contract work	128,498	221,848	342,480	37,118	-	729,944
Professional fees	400,344	-	-	-	-	400,344
Office supplies	149,710	2,260	28,361	6,267	-	186,598
Printing, publishing, postage and advertising	149,560	50,757	25,403	20,438	-	246,158
Housekeeping and maintenance supplies	66,222	180,983	122,822	104,695	-	474,722
Licenses, fees and website expense	149,076	-	-	-	-	149,076
Promotional resident move-in expense	37,943	-	-	-	-	37,943
Employment related expenses	90,979	1,845	10,930	7,917	-	111,671
Functions and programs expenses	46,703	47,535	868	707	-	95,813
Sugar Hill IR fees	1,271,564	-	-	-	-	1,271,564
Miscellaneous expenses	197,269	114,781	177,844	153,881	-	643,775
Municipal payments and provider tax	81,750	403,879	-	228,971	-	714,600
Interest expense	-	691,182	67,164	34,229	-	792,575
Depreciation	361,066	2,199,555	544,650	211,910	-	3,317,181
<i>Total functional expenses</i>	<b>\$ 7,135,316</b>	<b>\$ 6,950,039</b>	<b>\$ 6,366,535</b>	<b>\$ 5,643,650</b>	<b>\$ 130,191</b>	<b>\$ 26,225,731</b>

TAYLOR COMMUNITY

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended April 30, 2024 and 2023

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Decrease in net assets	\$ (2,133,282)	\$ (2,194,321)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of deferred entrance fees	(8,901,157)	(6,460,179)
Amortization of goodwill		-
Depreciation	4,279,738	3,317,181
Amortization of debt issuance costs	32,374	30,950
Write-off of debt issuance costs	-	256,636
Forgiveness of COVID phase 4 loan	-	(342,867)
Loss on disposal of property and equipment	70,346	10,979
Reinvested investment income	(430,536)	(331,043)
Net realized and unrealized (gains) losses on investments	(1,211,547)	1,554,354
Entrance fees received	19,383,285	14,819,401
Refunds of entrance fees	(1,750,019)	(1,079,540)
(Increase) decrease in:		
Trust funds held by others	(501,804)	465,421
Accounts receivable	783,380	177,673
Inventory and prepaid expenses	(302,830)	174,074
Increase (decrease) in:		
Accounts payable	(1,672,567)	1,304,264
Accrued expenses	321,087	383,746
Deposits on advance fees	(578,183)	356,965
	<b>7,388,285</b>	<b>12,443,694</b>
<i>Net cash provided by operating activities</i>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(6,407,866)	(7,904,182)
Purchase of investments	-	(1,069)
Proceeds from sale of investments	21,138	441,747
Purchase of investment in Sugar Hill Retirement Community Association	-	(4,376,811)
Recognition of goodwill	(1,333,283)	-
Issuance of notes receivable	(436,136)	(128,300)
Payments received on notes receivable	128,300	22,500
	<b>(8,027,847)</b>	<b>(11,946,115)</b>
<i>Net cash used in investing activities</i>		
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayments on long-term debt	(388,664)	(391,562)
Proceeds from long-term debt	1,699,277	-
Net proceeds (repayments) from lines of credit	(432,000)	559,356
Decrease in due to Huggins Hospital	(666,666)	(666,667)
Repayments on annuities payable	(15,435)	(14,268)
	<b>196,512</b>	<b>(513,141)</b>
<i>Net cash (used in) provided by financing activities</i>		
	<b>(443,050)</b>	<b>(15,562)</b>
<i>Net decrease in cash and cash equivalents</i>		
Cash and cash equivalents, beginning of year	4,489,481	4,505,043
	<b>\$ 4,046,431</b>	<b>\$ 4,489,481</b>
<i>Cash and cash equivalents, end of year</i>		

TAYLOR COMMUNITY

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended April 30, 2024 and 2023

	2024	2023
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash payments for:		
Interest	\$ 1,483,849	\$ 764,391
 <b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowing	\$ 10,600,676	\$ 33,429,896
Less direct refinancing	-	16,859,263
Less direct financing	8,901,399	16,570,633
<i>Net proceeds from long-term borrowing</i>	<u>\$ 1,699,277</u>	<u>\$ -</u>
 Purchase of property and equipment	 15,309,265	 26,964,470
Less direct financing	8,901,399	18,384,833
Less amount included in accounts payable	-	675,455
<i>Cash paid for property and equipment</i>	<u>\$ 6,407,866</u>	<u>\$ 7,904,182</u>

## TAYLOR COMMUNITY

### NOTES TO FINANCIAL STATEMENTS

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#### *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. Due to the Community owning over 50% of the shares, Sugar Hill Retirement Community Association has been consolidated with the Taylor Community financial statements beginning for the year ended April 30, 2023.

#### *Note 2. Significant Accounting Policies*

**Basis of accounting:** The consolidated 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 consolidated 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 consolidated statements 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, 2024 and 2023.

**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, 2024 and 2023, 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, 2024 and 2023 were \$181,504 and \$110,389, 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 consolidated 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.

TAYLOR COMMUNITY

NOTES TO FINANCIAL STATEMENTS

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**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, 2024 and 2023, the Community had \$565,172 and \$536,410 of cash equivalents, respectively, included in cash on the consolidated statements of financial position. Cash on the consolidated 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 receivables 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 credit losses, if needed. 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.

**Allowance for credit losses:** The Community establishes an allowance for credit losses on financial assets measured at amortized cost, such as accounts receivable. At each consolidated statement of financial position date, the Community assesses the need to recognize an expected allowance for credit losses. Management assesses credit loss based on historical experience that is adjusted for current conditions and supportable forecasts when applicable. Management has determined that an allowance for credit losses was not necessary at April 30, 2024 and 2023.

**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:

	<b>Years</b>
Land improvements.....	10-20
Buildings and improvements.....	10-50
Furnishings and equipment .....	3-10

**Goodwill:** Goodwill represents the excess of the cost over the fair value of the net assets of the acquired entity. In the current year, the Company elected to adopt the FASB Accounting Standards Update (ASU) No. 2014-02, Intangibles – Goodwill and Other (Topic 350): Accounting for Goodwill and amortize goodwill on a straight-line basis over 10 years.

**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 consolidated 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, 2024 and 2023.

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 2021.

**Investments:** Investments are stated at fair value. The net realized and unrealized gains and losses on investments are reflected in the consolidated statements 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 consolidated statements of financial position.

**Intangibles:** The Community accounts for goodwill in acquisitions of business assets based on the cost of the investment purchased in excess of the underlying fair value of net assets. The Community has adopted FASB ASC 805-20-05-3 which provides an alternative for private companies to amortize goodwill on a straight-line basis over 10 years.

**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 consolidated statements of financial position. Changes in the fair value of the Community's interest are reflected in the consolidated statements of activities and changes in net assets (see Note 13).

**Functional allocation of expenses:** The consolidated 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.

**Recent accounting pronouncements:** In June 2016, the Financial Accounting Standards Board (the "FASB") issued authoritative guidance which changes the methodology used to measure credit losses for certain financial instruments. Under prior guidance, credit loss reserves were estimated based on historical information. The new guidance requires credit loss reserves to reflect the estimated credit losses expected to be incurred over the life of the financial asset. The Community adopted the standard effective May 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in enhanced disclosure only.

*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 consolidated statements of financial position as "Contract liabilities - refundable deposits", "Contract liabilities - deposits on advanced fees" and "Contract liabilities - nonrefundable advance fees, net of amortization". Opening balances for contract liabilities - refundable deposits, contract liabilities - deposits on advanced fees and contract liabilities - nonrefundable advance fees, net of amortization on May 1, 2022 were \$353,309, \$978,546 and \$44,134,469, respectively.

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

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.

During the year ended April 30, 2022, the Community obtained a mortgage on three properties from Bank of New Hampshire in the amount of \$689,600. The mortgage is due in twenty years with monthly payments of principal and interest (4.25%) of \$4,333 with interest rate changes after ten years.

During the year ended April 30, 2023, the Community refinanced their 2016 and 2019 tax exempt bonds and 2016 note payable with Bank of New Hampshire through the issuance of a new 2022A tax exempt bond at an interest rate of 3.75% purchased by the Bank of New Hampshire (BNH) and issued by New Hampshire Health and Education Facilities Authority (NHHEFA) totaling \$13,430,774 and new note payable to BNH totaling \$1,253,398 at an interest rate of 4.59%.

The tax-exempt bond is due in monthly payments of principal and interest (3.75% per annum, effective interest rate of 3.93%) of \$69,516 with a balloon payment of \$9,601,338 due on June 1, 2032. The note is due in monthly payments of principal and interest (4.59% per annum, effective interest rate of 4.79%) of \$7,087 with a balloon payment of \$941,044 due on June 1, 2032.

During the year ended April 30, 2023, the Community financed the construction of new facilities on the Back Bay Wolfeboro campus through the issuance of a new 2022B bond at an interest rate of 4.25% purchased by the Bank of New Hampshire (BNH) and issued by the New Hampshire Health and Education Facilities Authority (NHHEFA). The bond totals \$30,600,000 and proceeds from the bond were used to reimburse the Community for certain expenditures it had made to pay for construction costs. Proceeds were also drawn from this bond to pay down the line of credit by \$2,370,977 for construction costs that had been paid from the line of credit. At April 30, 2024, draws from the 2022B bond totaled \$29,348,513.

The bond has interest only payments during the 24 month draw period followed by 96 monthly payments of principal and interest based on a 300 month amortization with the entire balance of the principal and interest payable in full 120 months from the date of bond issuance.

Financial covenants on the bond and mortgage require 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.

# TAYLOR COMMUNITY

## NOTES TO FINANCIAL STATEMENTS

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

April 30,	2024	2023
Mortgage payable, Bank of New Hampshire, details above	\$ 635,273	\$ 659,030
Bond payable, Bank of New Hampshire, details above	12,860,038	13,196,915
Bond payable, Bank of New Hampshire, details above	29,348,513	18,745,724
Term loan, Bank of New Hampshire, details above	1,206,387	1,234,417
	<u>44,050,211</u>	<u>33,836,086</u>
Less current portion	<b>405,917</b>	<b>388,916</b>
Less unamortized debt issuance costs	262,496	292,757
<i>Long-term debt</i>	<u><b>\$ 43,381,798</b></u>	<u><b>\$ 33,154,413</b></u>

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

Year Ending April 30,	
2025	\$ 405,917
2026	422,016
2027	438,755
2028	454,764
2029	474,207
Thereafter	41,854,552
<i>Total</i>	<u><u>\$ 44,050,211</u></u>

The Community has a \$4,000,000 revolving line of credit to help finance the purchase of Sugar Hill Retirement Community Association shares and to fund additional working capital needs. Interest is set at the Wall Street Journal prime rate plus 1% (8.5% at April 30, 2024) 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, 2024 and 2023, the amounts outstanding on the line of credit amounted to \$2,504,200 and \$2,936,200, respectively.

### Note 5. Investments

Investments are composed of the following:

April 30, 2024	Cost	Market
Money-market funds	\$ 3,630,529	\$ 3,630,529
U.S. government obligations	109,560	101,740
Municipal bonds	50,415	48,595
Corporate bonds	1,755,776	1,625,137
Domestic equity funds	4,078,871	5,536,322
Common equity securities	2,123,967	5,224,968
<i>Total</i>	<u><u>\$ 11,749,118</u></u>	<u><u>\$ 16,167,291</u></u>

TAYLOR COMMUNITY

NOTES TO FINANCIAL STATEMENTS

April 30, 2023	Cost	Market
Money-market funds	\$ 769,999	\$ 769,999
U.S. government obligations	109,381	102,882
Municipal bonds	50,612	48,470
Corporate bonds	3,154,113	2,968,495
Domestic equity funds	1,879,863	2,481,101
Foreign equity funds	1,997,998	2,579,325
Common equity securities	3,337,806	5,596,074
<i>Total</i>	<u>\$ 11,299,772</u>	<u>\$ 14,546,346</u>

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

	<u>April 30, 2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Total net realized and unrealized gains	\$ 939,264	\$ 672,181	\$ 1,611,445

  

	<u>April 30, 2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Total net realized and unrealized gains (losses)	\$ 768,168	\$ (773,498)	\$ (5,330)

Investment dividends and interest are presented net of investment fees of \$54,178 and \$57,298 for the years ended April 30, 2024 and 2023, 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, 2024 and 2023, the Community made discretionary contributions to the Plan of 4% for plan participants. Total discretionary contributions to the plan amounted to \$351,267 and \$295,231 for the years ended April 30, 2024 and 2023, respectively. Employees become eligible on January 1 or July 1 following their hire date and become vested in the Plan immediately upon their participation in the Plan. Prior to January 1, 2021, employees would become vested in the Plan at 20% per year, with full vesting after six years of eligibility. Any forfeitures from matching made prior to January 1, 2021 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. At April 30, 2024 and 2023 the balance on these notes receivables were \$436,136 and \$128,300, respectively.

# TAYLOR COMMUNITY

## NOTES TO FINANCIAL STATEMENTS

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, 2024 and 2023. Due from residents refundable entry fees amounted to \$62,400 and \$190,700 for the years ended April 30, 2024 and 2023, 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 \$370,780 and \$349,696 at April 30, 2024 and 2023, respectively.

Total annuities outstanding at April 30,	2024	2023
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,	531,645	516,210
Less annuity balance gifted upon annuitant's death	26,048	26,048
	12,062	27,497
Less current portion	8,616	15,435
<i>Long-term annuities payable</i>	<b>\$ 3,446</b>	<b>\$ 12,062</b>

These annuities are due as follows:

Year Ending April 30,	
2025	\$ 8,616
2026	893
2027	934
2028	891
2029	581
Thereafter	147
<i>Total</i>	<b>\$ 12,062</b>

# TAYLOR COMMUNITY

## NOTES TO FINANCIAL STATEMENTS

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### *Note 9. Property and Equipment*

Property and equipment, at cost, April 30,	2024	2023
Land and improvements	\$ 8,183,035	\$ 8,100,100
Buildings and improvements	129,573,491	115,242,008
Furnishings and equipment	10,102,815	9,446,037
<i>Total property and equipment</i>	<u>147,859,341</u>	<u>132,788,145</u>
Less accumulated depreciation	56,635,526	52,523,512
<i>Total property and equipment, net</i>	<u><u>\$ 91,223,815</u></u>	<u><u>\$ 80,264,633</u></u>

Included in buildings and improvements is construction in progress amounting to \$1,971,920 and \$20,978,585 at April 30, 2024 and 2023, respectively.

### *Note 10. Concentration of Credit Risk*

At times during the year ended April 30, 2024, the Community had cash deposits in excess of the federally insured limit of \$250,000 per depositor at each financial institution. At April 30, 2024, there was approximately \$573,182 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 consolidated statement of activities and changes in net assets for the years ended April 30, 2024 and 2023 and amounted to \$1,720,027 and \$1,438,342, 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, 2024 and 2023 were approximately \$2,450,309 and \$1,873,483, 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.

TAYLOR COMMUNITY

NOTES TO FINANCIAL STATEMENTS

Financial assets and liabilities carried at fair value on a recurring basis consist of the following at April 30, 2024:

	Level 1	Level 2	Level 3	Total
Assets:				
Money-market funds	\$ 3,630,529	\$ -	\$ -	3,630,529
U.S. government obligations	101,740	-	-	101,740
Municipal obligations	-	48,595	-	48,595
Corporate bonds	-	1,625,137	-	1,625,137
Closed end domestic equity funds:				
Large cap	5,079,287	-	-	5,079,287
Mid cap	457,035	-	-	457,035
Common equity securities:				
Consumer goods	1,087,792	-	-	1,087,792
Energy	288,612	-	-	288,612
Financial	595,434	-	-	595,434
Healthcare	652,298	-	-	652,298
Communications	396,426	-	-	396,426
Industrial goods	320,295	-	-	320,295
Technology	1,683,844	-	-	1,683,844
Materials	77,994	-	-	77,994
Utilities	122,273	-	-	122,273
Beneficial interest in trust funds held by others	-	-	<b>8,063,108</b>	8,063,108
	<b>14,493,559</b>	<b>1,673,732</b>	<b>8,063,108</b>	<b>24,230,399</b>
Liabilities:				
Annuities payable	\$ -	\$ 12,062	\$ -	12,062

TAYLOR COMMUNITY

NOTES TO FINANCIAL STATEMENTS

Financial assets and liabilities carried at fair value on a recurring basis consist of the following at April 30, 2023:

	Level 1	Level 2	Level 3	Total
Assets:				
Money-market funds	\$ 769,999	\$ -	\$ -	769,999
U.S. government obligations	102,882	-	-	102,882
Municipal obligations	-	48,470	-	48,470
Corporate bonds	-	2,968,495	-	2,968,495
Closed end domestic equity funds:				
Large cap	1,923,478	-	-	1,923,478
Mid cap	449,363	-	-	449,363
Small cap	108,262	-	-	108,262
Closed end foreign equity funds	2,579,325	-	-	2,579,325
Common equity securities:				
Consumer goods	1,062,087	-	-	1,062,087
Energy	269,561	-	-	269,561
Financial	577,286	-	-	577,286
Healthcare	822,634	-	-	822,634
Services	32,157	-	-	32,157
Industrial goods	345,418	-	-	345,418
Technology	2,121,650	-	-	2,121,650
Materials	70,884	-	-	70,884
Utilities	104,198	-	-	104,198
International	190,197	-	-	190,197
Beneficial interest in trust funds held by others	-	-	<b>7,561,304</b>	7,561,304
	<b>\$ 11,529,381</b>	<b>\$ 3,016,965</b>	<b>\$ 7,561,304</b>	<b>\$ 22,107,650</b>
Liabilities:				
Annuities payable	\$ -	\$ 27,497	\$ -	27,497

## TAYLOR COMMUNITY

### NOTES TO FINANCIAL STATEMENTS

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The following table presents the change in Level 3 instruments for the years ended April 30, 2024 and 2023:

	<b>Interest in Trust Funds</b>
Balance, April 30, 2022	\$ 8,026,725
Total realized and unrealized losses, included in changes in net assets	<u>(465,421)</u>
Balance, April 30, 2023	<b>7,561,304</b>
Total realized and unrealized gains, included in changes in net assets	<u>501,804</u>
Balance, April 30, 2024	<b><u>\$ 8,063,108</u></b>

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.

TAYLOR COMMUNITY

NOTES TO FINANCIAL STATEMENTS

Changes in endowment net assets as of April 30, 2024 and 2023 are as follows:

	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, April 30, 2022	\$ 6,305,441	\$ 6,305,441
Investment return	(662,290)	(662,290)
Contributions	-	-
Appropriation of endowment assets for expenditure	(462,415)	(462,415)
Endowment net assets, April 30, 2023	5,180,736	5,180,736
Investment return	742,570	742,570
Contributions	-	-
Appropriation of endowment assets for expenditure	(437,515)	(437,515)
Endowment net assets, April 30, 2024	<u>\$ 5,485,791</u>	<u>\$ 5,485,791</u>

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, 2024 and 2023, \$385,250 and \$428,851, respectively, was received from the funds. The market value of the fund assets were \$8,063,108 and \$7,561,304 at April 30, 2024 and 2023, respectively.

**Note 15. Net Assets without Donor Restrictions**

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

April 30,	<b>2024</b>	<b>2023</b>
Undesignated	\$ (369,435)	\$ 2,269,373
<i>Total net assets without donor restrictions</i>	<u>\$ (369,435)</u>	<u>\$ 2,269,373</u>

TAYLOR COMMUNITY

NOTES TO FINANCIAL STATEMENTS

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*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,	2024	2023
Release of appropriated endowment amounts without purpose restrictions	\$ 437,515	\$ 462,415
Release of appropriated endowment amounts with purpose restrictions	8,861	9,356
Releases not related to endowment	20,845	39,300
<i>Total restrictions released</i>	<u>\$ 467,221</u>	<u>\$ 511,071</u>

*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,	2024	2023
Subject to expenditure for specified purpose or period:		
Birthday, Christmas gifts, programs and community	\$ 31,512	\$ 30,607
Specific building enhancements	10,517	10,517
<i>Total subject to expenditure for specified purpose or period</i>	<u>42,029</u>	<u>41,124</u>
Subject to passage of time:		
Beneficial interest in trust	<u>8,063,108</u>	<u>7,561,304</u>
Endowments subject to the Community's spending policy and appropriations:		
Investments in perpetuity (original amounts of \$1,013,118 in 2024 and 2023), which once appropriated, is expendable to support:		
Any activities of the Community	5,485,791	5,180,736
<i>Total net assets with donor restrictions</i>	<u>\$ 13,590,928</u>	<u>\$ 12,783,164</u>

## TAYLOR COMMUNITY

### NOTES TO FINANCIAL STATEMENTS

#### *Note 18. Liquidity and Availability of Resources*

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

April 30,	2024	2023
Cash and cash equivalents	\$ 4,046,431	\$ 4,489,481
Investments	16,167,291	14,546,346
Accounts receivable, net	570,785	451,371
<i>Total financial assets available within one year</i>	<u>20,784,507</u>	<u>19,487,198</u>
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Items held in escrow	36,347	277,463
Items pledged for long term debt	2,572,314	2,503,997
Restricted by donors in perpetuity	5,485,791	5,180,736
Beneficial interest in trust	8,063,108	7,561,304
<i>Total amounts unavailable for general expenditures within one year</i>	<u>16,157,560</u>	<u>15,523,500</u>
Add:		
Appropriation of endowment assets for expenditure	437,515	462,415
<i>Total financial assets available to management for general expenditures within one year</i>	<u>\$ 5,064,462</u>	<u>\$ 4,426,113</u>

#### 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 one committed line of credit with \$1,495,800 available to draw upon if needed.

#### *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.

## TAYLOR COMMUNITY

### NOTES TO FINANCIAL STATEMENTS

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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. As of April 30, 2024, all installment payments have been paid.

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, 2024, Taylor owned 51 shares of SHRCA stock, with a purchase price of \$10,868,238. These shares were purchased for cash or through trade of a share for a Taylor contract. Due to ownership being over 50% and the Community gaining a controlling interest in the Sugar Hill Retirement Community Association, the Community has elected push-down accounting under ASC 805-50-50-6. This resulted in the recognition of goodwill of \$1,742,395 and \$4,091,134 for the years ended April 30, 2024 and 2023, respectively.

Effective May 1, 2023, the Community has adopted the alternative method for amortizing goodwill and other intangibles as permitted under generally accepted accounting principles for private companies (ASC 805-20-05-3). These intangibles are being amortized using the straight-line method of a ten-year period. Amortization expense for the year ended April 30, 2024 amounted to \$409,113.

#### ***Note 20. COVID - 19 Funds***

In December 2021, the Community received \$342,867 in funds from the HRSA 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 received forgiveness of these funds during the year ended April 30, 2023 and the \$342,867 was recorded as nonoperating income on the consolidated statements of activities and changes in net assets.

#### ***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, 2024 and 2023 amounted to \$194,137 and \$180,178, 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 year ended April 30, 2023. Total payments of \$65,000 were made during the year ended April 30, 2023 to the Board of Trustees member out of the Seller's funds as customary with real estate transactions.

## TAYLOR COMMUNITY

### NOTES TO FINANCIAL STATEMENTS

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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, 2024 and 2023 amounted to \$11,275 and \$15,440, respectively.

An employee of the Community owns a marketing company that was hired by the Community during the year ended April 30, 2023. Total payments made to this company during the year ended April 30, 2023 amounted to \$28,506.

#### *Note 22. Leases*

The Community has eight 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 \$121,731 and \$128,939 at April 30, 2024 and 2023, respectively. During the year ended April 30, 2022, the Community entered into a lease for this property starting October 2021 and ending October 2022 with monthly rent of \$1,850. At the end of the lease, the property was rented on a month-to-month basis until a lease was signed starting June 1, 2023 and ending May 31, 2024 with monthly rent of \$1,900. Monthly rent totaled \$20,900 and \$9,250 for the years ended April 30, 2024 and 2023, respectively. Total future rents under the lease agreements amount to \$1,900.

The second property has a total cost of \$305,324 including purchase, refurbishment and upgrades and had a net book value of \$285,201 and \$293,468 for the years ended April 30, 2024 and 2023, respectively. The Community entered into a lease starting March 9, 2022 and ending March 31, 2023, with monthly payments of \$1,950. A new lease agreement was signed for one year, starting April 1, 2023 and ending March 31, 2024, with monthly payments of \$2,050. Monthly rent totaled \$22,550 and \$22,053 for the years ended April 30, 2024 and 2023, respectively. During the year ended April 30, 2024, the lease converted to a month to month lease.

The third property has a total cost of \$408,208 including purchase, refurbishment and upgrades and had a net book value of \$380,881 and \$391,342 at April 30, 2024 and 2023, respectively. The Community entered into a lease starting April 1, 2022 and ending March 31, 2023, with monthly payments of \$2,525. A new lease agreement was signed for one year, starting April 1, 2023 and ending March 31, 2024, with monthly payments of \$2,625. Monthly rent totaled \$28,875 and \$30,400 for the years ended April 30, 2024 and 2023, respectively. During the year ended April 30, 2024, the lease ended and the property is now vacant.

The fourth property has a total cost of \$352,037 including purchase, refurbishment and upgrades and had a net book value of \$311,144 and \$321,629 at April 30, 2024 and 2023, respectively. The Community entered into a lease starting May 15, 2022 and ending May 31, 2023, with monthly payments of \$3,000. Subsequent to year end, a new lease agreement was signed for one year, starting June 1, 2024 and ending May 31, 2025, with monthly payments of \$3,000. Monthly rent totaled \$3,000 and \$33,000 for the years ended April 30, 2024 and 2023, respectively.

The fifth property has a total cost of \$318,603 including purchase, refurbishment and upgrades and had a net book value of \$277,466 and \$290,194 at April 30, 2024 and 2023, respectively. The Community entered into a lease starting November 14, 2022 and ending October 31, 2023, with monthly payments of \$2,575.

## TAYLOR COMMUNITY

### NOTES TO FINANCIAL STATEMENTS

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During the year ended April 30, 2024 the lease converted to a month to month lease. Monthly rent totaled \$15,450 for both the years ended April 30, 2024 and 2023.

The sixth property has a total cost of \$271,035 including purchase, refurbishment and upgrades and had a net book value of \$225,539 and \$234,429 at April 30, 2024 and 2023, respectively. The Community entered into a lease starting November 25, 2022 and ending November 30, 2023, with monthly payments of \$2,750. During the year ended April 30, 2024 the lease converted to a month to month lease. Monthly rent totaled \$33,000 and \$14,300 for the years ended April 30, 2024 and 2023, respectively.

The seventh property has a total cost of \$339,568 including purchase, refurbishment and upgrades and had a net book value of \$324,752 and \$324,621 at April 30, 2024 and 2023, respectively. The Community entered into a lease starting November 1, 2022 and ending October 31, 2023, with monthly payments of \$2,850. A new lease agreement was signed for one year, starting October 31, 2023 and ending October 31, 2024, with monthly payments of \$2,900. Monthly rent totaled \$34,500 and \$15,675 for the years ended April 30, 2024 and 2023, respectively.

The eighth property has a total cost of \$366,698 including purchase, refurbishment and upgrades and had a net book value of \$344,737 and \$341,348 for the years ended April 30, 2024 and 2023, respectively. The Community entered into a lease starting September 12, 2022 and ending August 30, 2023, with monthly payments of \$2,575. During the year ended April 30, 2024 the lease ended and the property is now vacant. Monthly rent totaled \$10,300 and \$16,925 for the years ended April 30, 2024 and 2023, respectively.

#### ***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, 2024 and 2023 amounted to \$2,869,856 and \$2,900,431, respectively.

#### ***Note 24. Reclassifications***

Certain financial statements items for April 30, 2023 have been reclassified to conform with the September 30, 2024 financial statement presentation. Such reclassifications have had no effect on the net assets previously reported.

#### ***Note 25. Subsequent Events***

The Community has evaluated subsequent events through September 30, 2024 the date which the consolidated financial statements were available to be issued, and have not evaluated subsequent events after that date.

Subsequent to year end, the Community entered into a purchase agreement for a retirement community in the area. The purchase agreement is for \$11,000,000 and should be executed within the next fiscal year.

No other subsequent events were identified that would require disclosure in the financial statements for the year ended April 30, 2024.

TAYLOR COMMUNITY

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

April 30, 2024

ASSETS				
	Taylor Community	Sugar Hill	Eliminations	Total
<b>CURRENT ASSETS</b>				
Cash and cash equivalents, including amounts held in escrow \$36,347	\$ 3,321,200	\$ 725,231	\$ -	\$ 4,046,431
Accounts receivable	759,468	17,143	205,826	570,785
Inventory and prepaid expenses	522,262	-	-	522,262
Investments	10,225,225	4,490	4,490	10,225,225
<i>Total current assets</i>	<u>14,828,155</u>	<u>746,864</u>	<u>210,316</u>	<u>15,364,703</u>
<b>OTHER ASSETS</b>				
Notes receivable	498,536	-	-	498,536
Trust funds held by others	8,063,108	-	-	8,063,108
Goodwill	-	5,424,417	-	5,424,417
	<u>8,561,644</u>	<u>5,424,417</u>	<u>-</u>	<u>13,986,061</u>
<b>PROPERTY AND EQUIPMENT, net</b>	83,074,352	8,149,463	-	91,223,815
<b>INVESTMENT IN SUGAR HILL RETIREMENT COMMUNITY ASSOCIATION</b>	10,868,238	-	10,868,238	-
<b>INVESTMENTS</b>	5,942,066	-	-	5,942,066
	<u>\$ 123,274,455</u>	<u>\$ 14,320,744</u>	<u>\$ 11,078,554</u>	<u>\$ 126,516,645</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Current maturities of long-term debt and bonds payable	\$ 405,917	\$ -	\$ -	\$ 405,917
Current portion of annuities payable	8,616	-	-	8,616
Lines of credit	2,504,200	-	-	2,504,200
Accounts payable	271,320	249,540	210,316	310,544
Accrued expenses	2,159,606	147,221	-	2,306,827
Contract liabilities - deposits on advanced fees	757,328	-	-	757,328
<i>Total current liabilities</i>	<u>6,106,987</u>	<u>396,761</u>	<u>210,316</u>	<u>6,293,432</u>
<b>LONG-TERM LIABILITIES</b>				
Long-term debt and bonds payable, less current maturities net of unamortized debt issuance costs \$262,496	43,381,798	-	-	43,381,798
Long-term accrued expenses	61,162	-	-	61,162
Annuities payable, less current portion	3,446	-	-	3,446
Contract liabilities - refundable deposits	1,610,609	-	-	1,610,609
Contract liabilities - nonrefundable advance fees, net of amortization	58,888,960	-	-	58,888,960
	<u>103,945,975</u>	<u>-</u>	<u>-</u>	<u>103,945,975</u>
<i>Total liabilities</i>	<u>110,052,962</u>	<u>396,761</u>	<u>210,316</u>	<u>110,239,407</u>
<b>COMMITMENTS AND CONTINGENCIES (See Notes)</b>				
<b>NONCONTROLLING INTEREST</b>	-	3,055,745	-	3,055,745
<b>NET ASSETS</b>				
Retained earnings	-	10,868,238	10,868,238	-
Net deficit without donor restrictions	(369,435)	-	-	(369,435)
Net assets with donor restrictions	13,590,928	-	-	13,590,928
<i>Total net assets and retained earnings</i>	<u>13,221,493</u>	<u>10,868,238</u>	<u>10,868,238</u>	<u>13,221,493</u>
	<u>\$ 123,274,455</u>	<u>\$ 14,320,744</u>	<u>\$ 11,078,554</u>	<u>\$ 126,516,645</u>

TAYLOR COMMUNITY

CONSOLIDATING STATEMENTS OF FINANCIAL POSITION  
April 30, 2023

ASSETS		Taylor Community	Sugar Hill	Eliminations	Total
<b>CURRENT ASSETS</b>					
Cash and cash equivalents, including amounts held in escrow \$277,463	\$	3,589,036	\$ 900,445	\$ -	\$ 4,489,481
Accounts receivable		551,789	13,100	113,518	451,371
Accounts receivable - retainage		902,794	-	-	902,794
Inventory and prepaid expenses		219,432	-	-	219,432
Investments		8,935,952	37,423	37,423	8,935,952
<i>Total current assets</i>		<u>14,199,003</u>	<u>950,968</u>	<u>150,941</u>	<u>14,999,030</u>
<b>OTHER ASSETS</b>					
Notes receivable		190,700	-	-	190,700
Trust funds held by others		7,561,304	-	-	7,561,304
Goodwill		-	4,091,134	-	4,091,134
		<u>7,752,004</u>	<u>4,091,134</u>	<u>-</u>	<u>11,843,138</u>
<b>PROPERTY AND EQUIPMENT, net</b>		71,733,503	8,531,130	-	80,264,633
<b>INVESTMENT IN SUGAR HILL RETIREMENT COMMUNITY ASSOCIATION</b>		9,903,029	-	9,903,029	-
<b>INVESTMENTS</b>		5,610,394	-	-	5,610,394
	<b>\$</b>	<b><u>109,197,933</u></b>	<b>\$ <u>13,573,232</u></b>	<b>\$ <u>10,053,970</u></b>	<b>\$ <u>112,717,195</u></b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES</b>					
Current maturities of long-term debt and bonds payable	\$	388,916	\$ -	\$ -	\$ 388,916
Current portion of annuities payable		15,435	-	-	15,435
Due to Huggins Hospital		666,666	-	-	666,666
Lines of credit		2,936,200	-	-	2,936,200
Accounts payable, including retainage of \$902,794		2,020,948	113,103	150,941	1,983,110
Accrued expenses		1,786,623	199,117	-	1,985,740
Contract liabilities - deposits on advanced fees		1,335,511	-	-	1,335,511
<i>Total current liabilities</i>		<u>9,150,299</u>	<u>312,220</u>	<u>150,941</u>	<u>9,311,578</u>
<b>LONG-TERM LIABILITIES</b>					
Long-term debt and bonds payable, less current maturities net of unamortized debt issuance costs \$292,757		33,154,413	-	-	33,154,413
Long-term accrued expenses		61,162	-	-	61,162
Annuities payable, less current portion		12,062	-	-	12,062
Contract liabilities - refundable deposits		1,212,809	-	-	1,212,809
Contract liabilities - nonrefundable advance fees, net of amortization		50,554,651	-	-	50,554,651
		<u>84,995,097</u>	<u>-</u>	<u>-</u>	<u>84,995,097</u>
<i>Total liabilities</i>		<u>94,145,396</u>	<u>312,220</u>	<u>150,941</u>	<u>94,306,675</u>
<b>COMMITMENTS AND CONTINGENCIES (See Notes)</b>					
<b>NONCONTROLLING INTEREST</b>		-	3,357,983	-	3,357,983
<b>NET ASSETS</b>					
Retained earnings		-	9,903,029	9,903,029	-
Net assets without donor restrictions		2,269,373	-	-	2,269,373
Net assets with donor restrictions		12,783,164	-	-	12,783,164
<i>Total net assets and retained earnings</i>		<u>15,052,537</u>	<u>9,903,029</u>	<u>9,903,029</u>	<u>15,052,537</u>
	<b>\$</b>	<b><u>109,197,933</u></b>	<b>\$ <u>13,573,232</u></b>	<b>\$ <u>10,053,970</u></b>	<b>\$ <u>112,717,195</u></b>

TAYLOR COMMUNITY

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended April 30, 2024

	Taylor Community			Sugar Hill		2024 Total
	Without Donor Restrictions	With Donor Restrictions	2024 Total		Eliminations	
Revenues and other support:						
Amortization of deferred entrance fees	\$ 8,901,157	\$ -	\$ 8,901,157	\$ -	\$ -	\$ 8,901,157
Resident fees	16,727,176	-	16,727,176	2,568,489	-	19,295,665
Dividends and interest	272,009	101,000	373,009	9,426	-	382,435
Income from trust funds held by others	385,250	-	385,250	-	-	385,250
Gifts and bequests	180,486	-	180,486	-	-	180,486
Auxiliary income	1,306,578	-	1,306,578	8,664	-	1,315,242
<i>Total revenues and other support</i>	<u>27,772,656</u>	<u>101,000</u>	<u>27,873,656</u>	<u>2,586,579</u>	<u>-</u>	<u>30,460,235</u>
<i>Net assets released from donor restrictions for program services</i>	<u>467,221</u>	<u>(467,221)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:						
General and Administrative	8,120,083	-	8,120,083	1,900,822	-	10,020,905
Independent	8,419,434	-	8,419,434	-	-	8,419,434
Assisted living	7,535,493	-	7,535,493	-	-	7,535,493
Nursing	6,745,153	-	6,745,153	-	-	6,745,153
Community	141,423	-	141,423	-	-	141,423
Facilities	-	-	-	902,899	-	902,899
Dietary	-	-	-	862,283	-	862,283
<i>Total functional expenses</i>	<u>30,961,586</u>	<u>-</u>	<u>30,961,586</u>	<u>3,666,004</u>	<u>-</u>	<u>34,627,590</u>
<i>Decrease in net assets from operations</i>	<u>(2,721,709)</u>	<u>(366,221)</u>	<u>(3,087,930)</u>	<u>(1,079,425)</u>	<u>-</u>	<u>(4,167,355)</u>
Nonoperating gains (losses) and other changes						
Net realized and unrealized gains (losses) on investments	939,264	672,181	1,611,445	-	-	1,611,445
Decrease in trust funds held by others	-	501,804	501,804	-	-	501,804
Debt restructuring costs	-	-	-	-	-	-
Nonoperating loss	(8,830)	-	(8,830)	-	-	(8,830)
Loss of investment in subsidiary	(777,187)	-	(777,187)	-	777,187	-
Loss on disposal of property and equipment	(70,346)	-	(70,346)	-	-	(70,346)
<i>Total nonoperating gains and other changes</i>	<u>82,901</u>	<u>1,173,985</u>	<u>1,256,886</u>	<u>-</u>	<u>777,187</u>	<u>2,034,073</u>
<i>Increase (decrease) in net assets</i>	<u>(2,638,808)</u>	<u>807,764</u>	<u>(1,831,044)</u>	<u>(1,079,425)</u>	<u>777,187</u>	<u>(2,133,282)</u>
Noncontrolling interest in net loss of subsidiary	-	-	-	-	302,238	302,238
Net loss attributable to controlling interest	(2,638,808)	807,764	(1,831,044)	(1,079,425)	1,079,425	(1,831,044)
Recognition of goodwill	-	-	-	1,742,396	(1,742,396)	-
Retained earnings, beginning of year - controlling interest	-	-	-	9,903,029	(9,903,029)	-
Retained earnings, beginning of year - noncontrolling interest	-	-	-	3,357,983	-	3,357,983
Net assets, beginning of year	2,269,373	12,783,164	15,052,537	-	-	15,052,537
<i>Retained earnings, end of year - controlling interest</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,868,238</u>	<u>\$ (10,868,238)</u>	<u>\$ -</u>
<i>Retained earnings, end of year - noncontrolling interest</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,055,745</u>	<u>\$ -</u>	<u>\$ 3,055,745</u>
<i>Net assets (deficit), end of year</i>	<u>\$ (369,435)</u>	<u>\$ 13,590,928</u>	<u>\$ 13,221,493</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,221,493</u>

TAYLOR COMMUNITY

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended April 30, 2023

	Taylor Community			Sugar Hill		2023 Total
	Without Donor Restrictions	With Donor Restrictions	2023 Total		Eliminations	
Revenues and other support:						
Amortization of deferred entrance fees	\$ 6,460,179	\$ -	\$ 6,460,179	\$ -	\$ -	\$ 6,460,179
Resident fees	14,588,711	-	14,588,711	1,468,968	-	16,057,679
Dividends and interest	153,859	101,000	254,859	1,748	-	256,607
Income from trust funds held by others	428,851	-	428,851	-	-	428,851
Gifts and bequests	50,987	-	50,987	-	-	50,987
Auxiliary income	1,166,643	-	1,166,643	5,963	-	1,172,606
<i>Total revenues and other support</i>	<u>22,849,230</u>	<u>101,000</u>	<u>22,950,230</u>	<u>1,476,679</u>	<u>-</u>	<u>24,426,909</u>
<i>Net assets released from donor restrictions for program services</i>	<u>511,071</u>	<u>(511,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenses:						
General and Administrative	6,234,611	-	6,234,611	900,705	-	7,135,316
Independent	6,435,612	-	6,435,612	-	-	6,435,612
Assisted living	5,880,679	-	5,880,679	-	-	5,880,679
Nursing	5,643,650	-	5,643,650	-	-	5,643,650
Community	130,191	-	130,191	-	-	130,191
Facilities	-	-	-	514,427	-	514,427
Dietary	-	-	-	485,856	-	485,856
<i>Total functional expenses</i>	<u>24,324,743</u>	<u>-</u>	<u>24,324,743</u>	<u>1,900,988</u>	<u>-</u>	<u>26,225,731</u>
<i>Decrease in net assets from operations</i>	<u>(964,442)</u>	<u>(410,071)</u>	<u>(1,374,513)</u>	<u>(424,309)</u>	<u>-</u>	<u>(1,798,822)</u>
Nonoperating gains (losses) and other changes						
Net realized and unrealized gains (losses) on investments	768,168	(773,498)	(5,330)	-	-	(5,330)
Decrease in trust funds held by others	-	(465,421)	(465,421)	-	-	(465,421)
Debt restructuring costs	(256,636)	-	(256,636)	-	-	(256,636)
Forgiveness of COVID phase 4 loan	342,867	-	342,867	-	-	342,867
Loss of investment in subsidiary	(268,928)	-	(268,928)	-	268,928	-
Loss on disposal of property and equipment	(10,979)	-	(10,979)	-	-	(10,979)
<i>Total nonoperating gains (losses) and other changes</i>	<u>574,492</u>	<u>(1,238,919)</u>	<u>(664,427)</u>	<u>-</u>	<u>268,928</u>	<u>(395,499)</u>
<i>Decrease in net assets</i>	<u>(389,950)</u>	<u>(1,648,990)</u>	<u>(2,038,940)</u>	<u>(424,309)</u>	<u>268,928</u>	<u>(2,194,321)</u>
Noncontrolling interest in net loss of subsidiary	-	-	-	-	155,381	155,381
Net loss attributable to controlling interest	(389,950)	(1,648,990)	(2,038,940)	(424,309)	424,309	(2,038,940)
Retained earnings, beginning of year - controlling interest	-	-	-	10,171,957	(10,171,957)	-
Retained earnings, beginning of year - noncontrolling interest	-	-	-	3,513,364	-	3,513,364
Net assets, beginning of year	<u>2,659,323</u>	<u>14,432,154</u>	<u>17,091,477</u>	<u>-</u>	<u>-</u>	<u>17,091,477</u>
<i>Retained earnings, end of year - controlling interest</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,903,029</u>	<u>\$ (9,903,029)</u>	<u>\$ -</u>
<i>Retained earnings, end of year - noncontrolling interest</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,357,983</u>	<u>\$ -</u>	<u>\$ 3,357,983</u>
<i>Net assets, end of year</i>	<u>\$ 2,269,373</u>	<u>\$ 12,783,164</u>	<u>\$ 15,052,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,052,537</u>

TAYLOR COMMUNITY

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2024

	Taylor Community						Sugar Hill				
	General and Administrative	Program				2024 Total	General and Administrative	Facilities	Dietary	2024 Total	2024 Total
		Independent	Assisted Living	Nursing	Community						
Wages	\$ 3,236,748	\$ 1,370,649	\$ 3,357,721	\$ 3,541,299	\$ 107,493	\$ 11,613,910	\$ -	\$ 454,686	\$ -	\$ 454,686	\$ 12,068,596
Payroll taxes	273,774	101,084	251,085	262,297	7,909	896,149	-	-	-	-	896,149
Benefits	734,322	324,176	767,480	808,865	24,387	2,659,230	33,075	-	-	33,075	2,692,305
Food service expense	167,510	670,774	1,222,584	758,227	185	2,819,280	-	-	259,421	259,421	3,078,701
Utilities	79,974	684,362	218,253	141,550	-	1,124,139	20,043	262,601	9,557	292,201	1,416,340
Insurance	82,715	232,724	125,369	87,947	1,099	529,854	62,083	-	-	62,083	591,937
Equipment expense	318,507	110,387	100,713	95,114	-	624,721	59,780	47,508	24,331	131,619	756,340
Contract work	18,315	161,473	39,560	29,065	-	248,413	223,918	121,294	544,765	889,977	1,138,390
Professional fees	372,586	-	-	-	-	372,586	268,728	-	-	268,728	641,314
Office supplies	140,291	1,760	19,044	7,844	-	168,939	25,841	4,199	17,067	47,107	216,046
Printing, publishing, postage and advertising	186,819	49,799	38,238	35,163	-	310,019	420	-	-	420	310,439
Housekeeping and maintenance supplies	73,408	191,741	172,172	118,778	-	556,099	-	-	7,142	7,142	563,241
Licenses, fees and website expense	160,647	1,620	360	-	-	162,627	-	-	-	-	162,627
Promotional resident move-in expense	15,916	-	24,138	-	-	40,054	-	-	-	-	40,054
Employment related expenses	251,110	1,950	23,513	11,864	90	288,527	857	810	-	1,667	290,194
Functions and programs expenses	84,220	91,537	2,555	1,866	260	180,438	-	-	-	-	180,438
Sugar Hill IR fees	1,676,357	-	-	-	-	1,676,357	-	-	-	-	1,676,357
Miscellaneous expenses	237,365	171,610	163,415	205,788	-	778,178	33,640	11,801	-	45,441	823,619
Municipal payments and provider tax	-	479,479	-	266,249	-	745,728	135,300	-	-	135,300	881,028
Interest expense	-	1,325,923	126,147	62,554	-	1,514,624	-	-	-	-	1,514,624
Amortization	-	-	-	-	-	-	409,113	-	-	409,113	409,113
Depreciation	9,499	2,448,386	883,146	310,683	-	3,651,714	628,024	-	-	628,024	4,279,738
<i>Total functional expenses</i>	<b>\$ 8,120,083</b>	<b>\$ 8,419,434</b>	<b>\$ 7,535,493</b>	<b>\$ 6,745,153</b>	<b>\$ 141,423</b>	<b>\$ 30,961,586</b>	<b>\$ 1,900,822</b>	<b>\$ 902,899</b>	<b>\$ 862,283</b>	<b>\$ 3,666,004</b>	<b>\$ 34,627,590</b>

TAYLOR COMMUNITY

CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES

Year Ended April 30, 2023

	Taylor Community						Sugar Hill				
	General and Administrative	Program				2023 Total	General and Administrative	Facilities	Dietary	2023 Total	2023 Total
		Independent	Assisted Living	Nursing	Community						
Wages	\$ 2,736,616	\$ 933,672	\$ 2,587,135	\$ 3,025,241	\$ 100,375	\$ 9,383,039	\$ -	\$ 207,651	\$ -	\$ 207,651	\$ 9,590,690
Payroll taxes	230,398	70,196	193,424	224,699	7,241	725,958	-	-	-	-	725,958
Benefits	578,412	201,475	548,606	641,123	21,215	1,990,831	17,400	-	-	17,400	2,008,231
Food service expense	14,849	512,913	1,143,162	640,431	34	2,311,389	-	-	158,832	158,832	2,470,221
Utilities	46,702	501,189	203,237	137,647	-	888,775	3,994	187,123	5,591	196,708	1,085,483
Insurance	55,860	244,841	120,044	91,630	1,326	513,701	16,627	-	-	16,627	530,328
Equipment expense	272,227	122,794	71,177	76,746	-	542,944	31,547	53,560	14,805	99,912	642,856
Contract work	3,279	162,283	46,416	37,118	-	249,096	125,219	59,565	296,064	480,848	729,944
Professional fees	188,843	-	-	-	-	188,843	211,501	-	-	211,501	400,344
Office supplies	98,237	-	18,650	6,267	-	123,154	51,473	2,260	9,711	63,444	186,598
Printing, publishing, postage and advertising	149,397	50,757	25,403	20,438	-	245,995	163	-	-	163	246,158
Housekeeping and maintenance supplies	66,222	180,983	121,969	104,695	-	473,869	-	-	853	853	474,722
Licenses, fees and website expense	149,076	-	-	-	-	149,076	-	-	-	-	149,076
Promotional resident move-in expense	37,943	-	-	-	-	37,943	-	-	-	-	37,943
Employment related expenses	90,949	810	10,930	7,917	-	110,606	30	1,035	-	1,065	111,671
Functions and programs expenses	46,703	47,535	868	707	-	95,813	-	-	-	-	95,813
Sugar Hill IR fees	1,271,564	-	-	-	-	1,271,564	-	-	-	-	1,271,564
Miscellaneous expenses	187,918	111,548	177,844	153,881	-	631,191	9,351	3,233	-	12,584	643,775
Municipal payments and provider tax	-	403,879	-	228,971	-	632,850	81,750	-	-	81,750	714,600
Interest expense	-	691,182	67,164	34,229	-	792,575	-	-	-	-	792,575
Depreciation	9,416	2,199,555	544,650	211,910	-	2,965,531	351,650	-	-	351,650	3,317,181
<i>Total functional expenses</i>	<b>\$ 6,234,611</b>	<b>\$ 6,435,612</b>	<b>\$ 5,880,679</b>	<b>\$ 5,643,650</b>	<b>\$ 130,191</b>	<b>\$ 24,324,743</b>	<b>\$ 900,705</b>	<b>\$ 514,427</b>	<b>\$ 485,856</b>	<b>\$ 1,900,988</b>	<b>\$ 26,225,731</b>