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**VISIONS FOR CREATIVE HOUSING SOLUTIONS, INC.**

**FINANCIAL REPORT**

**DECEMBER 31, 2022**



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Visions For Creative Housing Solutions, Inc.

### Opinion

We have audited the accompanying financial statements of Visions For Creative Housing Solutions, Inc. (a New Hampshire non-profit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Visions For Creative Housing Solutions, Inc. as of December 31, 2022 and 2021, 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. 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 Visions For Creative Housing Solutions, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Visions For Creative Housing Solutions, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Visions For Creative Housing Solutions, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Visions For Creative Housing Solutions, Inc.'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.

*A. M. Peisoch & Company LLP*

West Lebanon, New Hampshire  
August 23, 2023  
NH Reg. No. 00157

**VISIONS FOR CREATIVE HOUSING SOLUTIONS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2022 AND 2021**

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 562,191	\$ 528,043
Cash - with donor restrictions	908,955	512,147
Total cash, cash equivalents, and restricted cash	<u>1,471,146</u>	<u>1,040,190</u>
Accounts receivable	152,554	193,025
Pledges receivable, current portion	123,750	153,175
Prepaid expenses	14,561	16,542
Total current assets	<u>1,762,011</u>	<u>1,402,932</u>
<b>FIXED ASSETS</b>		
Land	605,189	519,589
Buildings and improvements	3,120,944	3,631,399
Equipment and machinery	16,352	16,352
Vehicles	103,027	71,981
Construction-in-process	212,953	84,514
	<u>4,058,465</u>	<u>4,323,835</u>
Less: accumulated depreciation	<u>(301,405)</u>	<u>(225,780)</u>
Total fixed assets	<u>3,757,060</u>	<u>4,098,055</u>
<b>OTHER ASSETS</b>		
Deposits	-	1,371
Pledges receivable, long term portion	20,000	-
Restricted escrows and reserves	91,960	47,163
Total other assets	<u>111,960</u>	<u>48,534</u>
 Total assets	 <u>\$ 5,631,031</u>	 <u>\$ 5,549,521</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 42,875	\$ 99,482
Accrued expenses	66,017	48,543
Deferred revenue	4,395	3,208
Long-term debt, current portion	37,091	33,607
Total current liabilities	<u>150,378</u>	<u>184,840</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	1,785,668	1,732,042
Total long-term liabilities	<u>1,785,668</u>	<u>1,732,042</u>
 Total liabilities	 <u>1,936,046</u>	 <u>1,916,882</u>
<b>COMMITMENTS AND CONTINGENCIES (See Notes)</b>		
<b>NET ASSETS</b>		
Without donor restrictions	2,678,530	2,994,492
With donor restrictions	1,016,455	638,147
Total net assets	<u>3,694,985</u>	<u>3,632,639</u>
 Total liabilities and net assets	 <u>\$ 5,631,031</u>	 <u>\$ 5,549,521</u>

See accompanying notes.

**VISIONS FOR CREATIVE HOUSING SOLUTIONS, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Grants	\$ 229,569	\$ 297,000	\$ 526,569
Contributions	126,069	284,236	410,305
Contributions in-kind	14,800	-	14,800
Program income	1,534,812	-	1,534,812
Interest income	3,816	-	3,816
Gain on disposal of fixed assets	9,423	-	9,423
Total revenues and other support	<u>1,918,489</u>	<u>581,236</u>	<u>2,499,725</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>202,928</u>	<u>(202,928)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	1,568,979	-	1,568,979
Management and general	313,275	-	313,275
Fundraising	155,524	-	155,524
Total expenses	<u>2,037,778</u>	<u>-</u>	<u>2,037,778</u>
Impairment loss	<u>399,601</u>	<u>-</u>	<u>399,601</u>
Total expenses and losses	<u>2,437,379</u>	<u>-</u>	<u>2,437,379</u>
Change in net assets	<u>(315,962)</u>	<u>378,308</u>	<u>62,346</u>
<b>NET ASSETS, beginning of year</b>	<u>2,994,492</u>	<u>638,147</u>	<u>3,632,639</u>
<b>NET ASSETS, end of year</b>	<u>\$ 2,678,530</u>	<u>\$ 1,016,455</u>	<u>\$ 3,694,985</u>

See accompanying notes.

**VISIONS FOR CREATIVE HOUSING SOLUTIONS, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT</b>			
Grants	\$ 784,892	\$ 185,500	\$ 970,392
Contributions	145,562	584,927	730,489
Contributions in-kind	53,016	1,116	54,132
Program income	1,103,061	-	1,103,061
Interest income	130	-	130
Other revenues	2,640	-	2,640
Total revenues and other support	<u>2,089,301</u>	<u>771,543</u>	<u>2,860,844</u>
<b>NET ASSETS RELEASED FROM RESTRICTIONS</b>	<u>190,662</u>	<u>(190,662)</u>	<u>-</u>
<b>EXPENSES</b>			
Program services	1,003,250	-	1,003,250
Management and general	241,649	-	241,649
Fundraising	53,511	-	53,511
Total expenses	<u>1,298,410</u>	<u>-</u>	<u>1,298,410</u>
Change in net assets	<u>981,553</u>	<u>580,881</u>	<u>1,562,434</u>
<b>NET ASSETS, beginning of year</b>	<u>2,012,939</u>	<u>57,266</u>	<u>2,070,205</u>
<b>NET ASSETS, end of year</b>	<u>\$ 2,994,492</u>	<u>\$ 638,147</u>	<u>\$ 3,632,639</u>

See accompanying notes.

**VISIONS FOR CREATIVE HOUSING SOLUTIONS, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 1,089,159	\$ 165,955	\$ 42,348	\$ 1,297,462
Payroll taxes and benefits	116,685	17,780	4,537	139,002
Professional fees	13,000	69,400	31,245	113,645
Advertising and marketing	1,107	3,589	99	4,795
Office expense	9,640	3,565	534	13,739
Information technology	-	7,870	266	8,136
Occupancy	78,076	11,896	3,036	93,008
Travel expense	44,502	789	-	45,291
Interest	13,380	2,039	520	15,939
Insurance	58,879	8,972	2,289	70,140
Food and supplies	35,623	-	-	35,623
Contract labor	1,130	-	-	1,130
Miscellaneous	12,128	804	-	12,932
Postage and printing	-	1,229	1,552	2,781
Dues and subscriptions	108	1,270	50	1,428
Staff expenses	1,418	3,880	50	5,348
Direct fundraising expenses	-	-	63,330	63,330
Bad debt expense	1,000	-	-	1,000
Bank fees	83	58	2,050	2,191
Total expenses before depreciation	1,475,918	299,096	151,906	1,926,920
Depreciation	93,061	14,179	3,618	110,858
Total expenses	<u>\$ 1,568,979</u>	<u>\$ 313,275</u>	<u>\$ 155,524</u>	<u>\$ 2,037,778</u>

	<b>2021</b>			
	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 698,476	\$ 127,580	\$ 30,836	\$ 856,892
Payroll taxes and benefits	68,057	18,131	3,126	89,314
Professional fees	10,000	31,600	3,188	44,788
Advertising and marketing	-	3,208	-	3,208
Office expense	1,966	6,866	97	8,929
Information technology	-	291	421	712
Occupancy	49,614	13,218	2,279	65,111
Travel expense	29,872	655	98	30,625
Interest	11,759	3,133	540	15,432
Insurance	32,056	14,600	1,203	47,859
Food and supplies	29,510	60	-	29,570
Contract labor	2,135	-	-	2,135
Miscellaneous	5,890	1,111	-	7,001
Postage and printing	-	1,977	303	2,280
Dues and subscriptions	-	1,050	180	1,230
Staff expenses	5,379	1,615	27	7,021
Direct fundraising expenses	-	937	6,739	7,676
Bank fees	44	35	1,787	1,866
Total expenses before depreciation	944,758	226,067	50,824	1,221,649
Depreciation	58,492	15,582	2,687	76,761
Total expenses	<u>\$ 1,003,250</u>	<u>\$ 241,649</u>	<u>\$ 53,511</u>	<u>\$ 1,298,410</u>

See accompanying notes.



**VISIONS FOR CREATIVE HOUSING SOLUTIONS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 62,346	\$ 1,562,434
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	110,858	76,761
Gain on disposition of fixed assets	(9,423)	-
Donations of fixed assets received	(14,200)	(49,875)
Impairment loss	399,601	-
(Increase) decrease in assets:		
Accounts receivable	40,471	(102,645)
Pledges receivable	9,425	(77,268)
Prepaid expenses	1,981	8,551
Deposits	1,371	(100)
Restricted escrows and reserves	(44,797)	(685)
(Decrease) increase in liabilities:		
Accounts payable	(56,607)	51,253
Accrued expenses	17,474	21,565
Deferred revenue	1,187	1,422
Net cash provided by operating activities	<u>519,687</u>	<u>1,491,413</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from disposition of fixed assets	15,423	-
Purchases of fixed assets	(161,264)	(1,477,969)
Net cash used by investing activities	<u>(145,841)</u>	<u>(1,477,969)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from long-term debt	89,073	1,876,927
Repayment of long-term debt	(31,963)	(1,219,495)
Net cash provided by financing activities	<u>57,110</u>	<u>657,432</u>
 Net increase in cash, cash equivalents, and restricted cash	 430,956	 670,876
 Cash, cash equivalents, and restricted cash, beginning of year	 <u>1,040,190</u>	 <u>369,314</u>
 Cash, cash equivalents, and restricted cash, end of year	 <u>\$ 1,471,146</u>	 <u>\$ 1,040,190</u>
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
 Cash paid during the year for interest	 <u>\$ 15,939</u>	 <u>\$ 15,432</u>

See accompanying notes.

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Nature of Activities

Visions For Creative Housing Solutions, Inc. (VFCHS) is incorporated under the laws of New Hampshire as a non-profit corporation. Its mission is to provide residential options, services and support designed to meet the needs of adults with developmental disabilities and similar disabling conditions. It is dedicated to fostering growth and independence through vocational, social, and recreational opportunities.

### Note 2. Summary of Significant Accounting Policies

**Basis of presentation:** Under U.S. generally accepted accounting principles, VFCHS reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent funds that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of VFCHS. Net assets without donor restrictions at December 31, 2022 and 2021 were \$2,678,530 and \$2,994,492, respectively.

Net assets with donor restrictions are funds subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of VFCHS or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets. Net assets with donor restrictions at December 31, 2022 and 2021 were \$1,016,455 and \$638,147, respectively.

**Revenue recognition:** The financial statements of VFCHS reflect the accrual method of accounting. Revenues are reported as increases in net assets without donor restrictions unless the use of those assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions.

**Revenue from contracts with residents:** VFCHS recognizes revenue from residents during the period in which the related services are provided. The performance obligation of delivering room and board, including utilities, internet and cable, meals, and personal services as required for health, safety, and well-being of residents is simultaneously received and consumed by the residents; therefore revenue is recognized month to month as fees are assessed and paid.

**Deferred revenue:** VFCHS recognizes revenues when earned. Revenue received in advance of services being provided is reported as a liability under “deferred revenue”.

**Use of estimates:** The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Accordingly, actual results could differ from those estimates.

**Cash, cash equivalents, and restricted cash:** For purposes of reporting cash flows, VFCHS considers all highly liquid investment instruments purchased with an original maturity of three months or less to be cash equivalents. As of December 31, 2022 and 2021, VFCHS had no cash equivalents.

## **Note 2. Summary of Significant Accounting Policies** (continued)

**Accounts receivable:** Accounts receivable are primarily program funding amounts due from Developmental Services of Sullivan County, Inc. Funds are provided based on incurred residential costs and other support service expenses. Receivables are considered past due based on the terms of the underlying agreement and due date. VFCHS does not require collateral on accounts receivable. Management considers the individual circumstances of each accounts receivable when determining the collectability of these balances. The allowance for doubtful accounts was \$-0- as of December 31, 2022 and 2021.

**Pledges receivable and recognition of donor restricted contributions:** Contributions are recognized when the donor makes a promise to give to VFCHS that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. VFCHS uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Capitalization policy:** Equipment or other asset purchases with a dollar value of \$5,000 or more are capitalized at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is computed over the estimated useful life of the property using primarily the straight-line method. Expenditures for major renewals and improvements that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are expensed as incurred.

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

**Donated services:** Amounts have been reflected in the financial statements for donated services that either expand or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by VFCHS.

Donations of services recorded for the years ended December 31, 2022 and 2021 were \$-0-. Some individuals also volunteer time and perform tasks that assist VFCHS in providing program services. These amounts are not recorded in the financial statements.

**Functional expenses:** The financial statements report categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and wages, payroll taxes, occupancy, interest, and depreciation. These expenses have been allocated based on Management's estimate of personnel time and effort for each respective function.

**Concentration of risk:** VFCHS maintains its cash and cash equivalents in various bank accounts which at times may exceed federally insured limits. VFCHS has not experienced any losses with these accounts. Management considers this a normal business risk.

VFCHS receives annual funding from Pathways of the River Valley (Pathways) for support of their residents. These payments represented 47% of revenues and other support for the year ended December 31, 2022 and 31% for the year ended December 31, 2021. VFCHS signs an annual contract with Pathways which runs on a fiscal year of July to June, and provides an annual budgeted support amount for each of VFCHS' residents.

## Note 2. Summary of Significant Accounting Policies (continued)

**Advertising expense:** Advertising costs are charged to operations when incurred. Advertising expense was \$4,795 and \$3,208 for the years ended December 31, 2022 and 2021, respectively.

**Income taxes:** VFCHS is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no income tax liability has been recorded in the financial statements. Although VFCHS is not currently the subject of tax examination by the Internal Revenue Service (IRS), VFCHS' tax years ended December 31, 2020 through 2022 are open to examination by the IRS under the applicable statute of limitations.

**New accounting pronouncements:** In September 2020, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958), *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard's objective is to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. Analysis of various provisions of this standard resulted in no significant changes in the way VFCHS presents contributed nonfinancial assets in the financial statements, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. Additional disclosures have been added to meet the requirements set forth in the ASU; see Note 6.

## Note 3. Liquidity and Availability

VFCHS has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. VFCHS' primary sources of support are contributions, grants, and program services. Most of that support is held for the purpose of supporting VFCHS' budget.

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2022	2021
Cash and cash equivalents	\$ 562,191	\$ 528,043
Accounts receivable	152,554	193,025
Pledges receivable	16,250	27,175
	<u>\$ 730,995</u>	<u>\$ 748,243</u>

In addition to financial assets available to meet general expenditures over the next 12 months, VFCHS operates with a balanced budget and anticipates collecting sufficient public support and revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of VFCHS' cash and shows positive cash generated by operations for the years ended December 31, 2022 and 2021.

## Note 4. Endowment

During 2022, VFCHS received a donation of funds restricted for use as an endowment with the purpose of providing a perpetual source of funds that will help close the gap between reimbursements and expenses. The funds are required to be maintained in a separate interest-bearing account until the Board creates the structure for the endowment fund. Net assets associated with endowment funds are classified and reported based upon the existence or absence of donor imposed restrictions. Donor-restricted endowment funds were \$65,000 and \$-0- as of December 31, 2022 and 2021, respectively.

### Note 5. Pledges Receivable

Pledges receivable at December 31 are as follows:

	2022	2021
Receivable in less than one year, without donor restrictions	\$ 16,250	\$ 27,175
Receivable in less than one year, with donor restrictions	107,500	126,000
Receivable in one to five years, without donor restrictions	20,000	-
	<u>\$ 143,750</u>	<u>\$ 153,175</u>

The allowance for uncollectible pledges receivable was \$-0- at December 31, 2022 and 2021. No discount rate has been used on long-term pledges receivable as management believes the discounts to net present value in the current rate environment for any remaining receivable would be immaterial.

### Note 6. Contributions In-Kind

For the years ended December 31, contributions in-kind recognized within the Statements of Activities and Changes in Net Assets included:

	2022	2021
Vehicles	\$ 14,200	\$ 49,875
Household items	-	1,890
Household items - with donor restriction	-	1,116
Office supplies	-	1,151
Bicycles	600	-
Gift cards	-	100
	<u>\$ 14,800</u>	<u>\$ 54,132</u>

Unless otherwise noted, contributions in-kind did not have donor-imposed restrictions.

All contributions in-kind are used to meet the mission of VFCHS, as well as in general operations. It is the policy of VFCHS to utilize contributions in-kind where applicable, and for the estimated useful life of the donated asset.

### Note 7. Restricted Escrows and Reserves

Cash balances were restricted at December 31, 2022 and 2021, according to a regulatory agreement entered into with New Hampshire Housing Finance Authority (NHHFA) and VFCHS totaling \$63,600 and \$30,018, respectively. Additionally, at December 31, 2022 and 2021 there was a restricted replacement reserve of \$28,360 and \$17,145, respectively. These restricted accounts are a requirement of the NHHFA mortgage loan and will remain as an asset of VFCHS once the loan is repaid.

## Note 8. Long-Term Debt

VFCHS' obligations under long-term debt consisted of the following as of December 31:

	<u>2022</u>	<u>2021</u>
Sylvia Dow, due in monthly installments of \$3,992, including interest at 2.44%, secured by mortgage on real estate - 8 Sunrise Farm Lane, Enfield NH (carrying value of \$1,036,182). Due December 2033.	\$ 469,248	\$ 501,211
New Hampshire Housing Finance Authority, 0% interest, no principal paid until project is sold, refinanced or becomes non-compliant with conditions. Secured by mortgage on real estate - 8 Sunrise Farm Lane, Enfield NH (carrying value of \$1,036,182). Due February 2049.	370,511	370,511
New Hampshire Housing Finance Authority, 0% interest, no principal paid until project is sold, refinanced or becomes non-compliant with conditions. Secured by mortgage on real estate - 12 Green Street, Lebanon NH (carrying value of \$2,047,675). Due February 2051.	183,000	183,000
New Hampshire Housing Finance Authority, 0% interest, no principal paid until project is sold, refinanced or becomes non-compliant with conditions. Secured by mortgage on real estate - 12 Green Street, Lebanon NH (carrying value of \$2,047,675). Due February 2051.	<u>800,000</u>	<u>710,927</u>
	1,822,759	1,765,649
Less: current portion	<u>37,091</u>	<u>33,607</u>
	<u>\$ 1,785,668</u>	<u>\$ 1,732,042</u>

The long-term debt is due to mature as follows:

2023	\$ 37,091
2024	38,006
2025	38,944
2026	39,905
2027	40,889
Thereafter	<u>1,627,924</u>
	<u>\$ 1,822,759</u>

Interest expense for the years ended December 31, 2022 and 2021 on long-term debt was \$15,939 and \$15,432, respectively.

## Note 9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	<u>2022</u>	<u>2021</u>
Restricted to purpose:		
Outreach House - Park Street, Hanover, NH	\$ 926,455	\$ 599,647
Music & Arts Program	-	1,000
Restricted to time:		
Operations (2022-2024)	25,000	37,500
Restricted in perpetuity:		
Endowment	65,000	-
	<u>\$ 1,016,455</u>	<u>\$ 638,147</u>

Net assets were released from donor restrictions by incurring expenses or satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. Net assets were released from donor restrictions for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Capital Campaign - Green Street, Lebanon, NH	\$ -	\$ 29,266
Capital Campaign - Green Street, Handicap Access Ramp	-	28,000
Outreach House - Park Street, Hanover, NH	189,428	120,896
Music & Arts Program	1,000	-
Operations (2022)	12,500	12,500
	<u>\$ 202,928</u>	<u>\$ 190,662</u>

## Note 10. Commitments and Contingencies

Grants often require the fulfillment of certain conditions as set forth in the donative instruments. Failure to fulfill the conditions could result in the return of the funds to the grantor. Although the return of the funds is a possibility, the Board of Directors deems the contingency unlikely, since by accepting gifts and their terms, it has made a commitment to fulfill provisions of the gift.

## Note 11. Related-Party Transactions

VFCHS has a promissory note payable to the Executive Director, with an interest rate of 2.44% on the unpaid principal balance. The note is secured by a mortgage on 8 Sunrise Farm Lane, and is due in December 2033. VFCHS obligations to the Executive Director at December 31, 2022 and 2021 were \$469,248 and \$501,211, respectively. During the year, a vehicle was contributed to VFCHS by the Executive Director. The fair value of the in-kind contribution made during 2022 was \$14,200.

VFCHS received contributions from members of the Board of Directors, for years ended December 31, 2022 and 2021 of \$105,836 and \$107,636, respectively.

**Note 12. Impairment Loss**

During 2022, VFCHS demolished existing building assets as part of the ongoing Hanover Outreach project. The buildings were depreciating over 39 years, but were demolished well before the end of the useful life. As such, the property was evaluated for impairment. The carrying value of the property at the time of demolition was \$780,301; the most recent tax assessment available reported a land value of \$380,700. An impairment loss of \$399,601 was recognized in order to adjust the property to fair value at the time of demolition.

**Note 13. Subsequent Events**

On January 15, 2023, VFCHS entered into a forgivable loan agreement of up to \$819,117 with the State of New Hampshire, Department of Business and Economic Affairs, with a 0% interest rate. The loan is to be used for the construction and development of the affordable housing project (Hanover Outreach project). Disbursements from the loan are made upon submission by VFCHS of reimbursement requests for eligible costs. Upon completion of the project, and satisfactory compliance with certain inspection, audit, and reporting requirements, the loan may be forgiven and VFCHS will no longer be liable for the loan.

Subsequent events were evaluated through August 23, 2023, which is the date the financial statements were available to be issued.