

THE RIVERWOODS GROUP
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEARS ENDED JUNE 30, 2025 AND 2024



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**THE RIVERWOODS GROUP
TABLE OF CONTENTS
YEARS ENDED JUNE 30, 2025 AND 2024**

INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION	4
CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT	6
CONSOLIDATED STATEMENTS OF CASH FLOWS	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	10
SUPPLEMENTARY INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – JUNE 30, 2025	44
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) – YEAR ENDED JUNE 30, 2025	46
CONSOLIDATING STATEMENT OF CASH FLOWS – YEAR ENDED JUNE 30, 2025	48
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – JUNE 30, 2024	50
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) – YEAR ENDED JUNE 30, 2024	52
CONSOLIDATING STATEMENT OF CASH FLOWS – YEAR ENDED JUNE 30, 2024	54



INDEPENDENT AUDITORS' REPORT

Board of Trustees
The RiverWoods Group
Exeter, New Hampshire

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of The RiverWoods Group, which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of operations and changes in net assets (deficit), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The RiverWoods Group as of June 30, 2025 and 2024, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, consolidating statements of operations, and changes in net assets (deficit), and consolidating statements of cash flows are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Boston, Massachusetts
September 18, 2025

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2025 AND 2024

ASSETS	2025	2024
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 26,919,926	\$ 17,828,652
Assets Limited as to Use – Other	251,866	144,194
Accounts Receivable	1,107,230	1,475,064
Employee Retention Credit Receivable	7,653,759	-
Inventories	353,346	708,867
Prepaid Expenses and Other Current Assets	916,427	1,177,901
Accrued Interest Receivable	251,248	250,496
Total Current Assets	37,453,802	21,585,174
ASSETS LIMITED AS TO USE		
Other Restricted Funds	2,296,046	2,032,388
Endowment Funds	6,339,306	5,627,350
Total Assets Limited as to Use	8,635,352	7,659,738
PROPERTY AND EQUIPMENT		
Land and Land Improvements	25,169,930	22,822,697
Buildings and Improvements	387,656,071	362,957,078
Furniture and Equipment	28,187,057	25,708,132
Projects in Process	6,255,938	21,355,234
Total	447,268,996	432,843,141
Less: Accumulated Depreciation	(196,302,350)	(179,063,290)
Total Property and Equipment, Net	250,966,646	253,779,851
OTHER ASSETS		
Investments	137,892,842	127,967,627
Right-of-Use Assets, Operating Net	179,514	215,943
Benevolent Fund - Unrestricted Portion	1,539,968	1,564,259
Asset Under Interest Rate Swap Agreement, Net	1,013,215	1,682,328
Other Assets	281,048	266,555
Software and Data Management	587,052	657,867
Deferred Marketing Costs	645,543	754,307
Total Other Assets	142,139,182	133,108,886
Total Assets	\$ 439,194,982	\$ 416,133,649

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2025 AND 2024

LIABILITIES AND NET ASSETS (DEFICIT)	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 4,054,563	\$ 7,370,698
Current Portion of Lease Obligation	76,559	78,258
Current Portion of Refundable Entrance Fee Liability	3,666,535	526,383
Accounts Payable and Accrued Expenses	5,181,884	5,143,820
Accrued Salaries, Wages, and Related Taxes	4,061,958	3,709,647
Accrued Interest Payable	616,890	263,994
Total Current Liabilities	<u>17,658,389</u>	<u>17,092,800</u>
 LONG-TERM DEBT, NET OF CURRENT PORTION, DEFERRED FINANCING COSTS AND BOND PREMIUM	 105,784,388	 104,504,710
 LONG-TERM LEASE OBLIGATION, NET OF CURRENT PORTION	 102,955	 137,685
 WAIT LIST DEPOSITS	 40,494,870	 33,145,866
 REFUNDABLE ENTRANCE FEE LIABILITY, NET OF CURRENT PORTION	 297,137,976	 292,171,888
 DEFERRED REVENUE FROM ENTRANCE FEES	 <u>54,609,239</u>	 <u>52,478,725</u>
Total Liabilities	515,787,817	499,531,674
 NET ASSETS (DEFICIT)		
Without Donor Restrictions	(83,561,681)	(89,608,080)
With Donor Restrictions	6,968,846	6,210,055
Total Net Deficit	<u>(76,592,835)</u>	<u>(83,398,025)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 439,194,982</u>	<u>\$ 416,133,649</u>

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET DEFICIT
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
REVENUES		
Residential Service Fees	\$ 56,068,675	\$ 53,136,270
Earned Entrance Fees	7,044,840	7,173,624
Health Center Fees	20,941,275	21,241,096
Other Operating Revenue (Credits)	(62,802)	316,313
Investment Income, Net of Fees	4,109,156	4,068,057
Net Assets Released from Restrictions	1,044,763	984,960
Total Revenues	89,145,907	86,920,320
EXPENSES		
General and Administrative	25,431,663	24,804,143
Resident Services	4,004,730	3,720,314
Dining Services	11,578,061	10,965,404
Nursing Services	21,324,839	21,453,499
Environmental Services	9,963,312	9,710,538
Facility Costs and Utilities	8,155,840	8,331,616
Depreciation	17,356,701	16,483,773
Amortization	375,691	302,424
Interest	3,575,463	3,798,745
Total Expenses	101,766,300	99,570,456
LOSS FROM OPERATIONS	(12,620,393)	(12,650,136)
NONOPERATING GAINS (LOSSES)		
Contributions	28,376	31,544
Employee Retention Credit Revenue	7,949,608	-
Change in Charitable Gift Annuity Liability	70,788	(1,304)
Changes in Net Unrealized Gains on Equity Investments	2,694,165	7,628,795
Gains (Losses) on Sale of Investments and Capital Gains	5,768,424	1,956,817
Losses on Asset Disposals and Inventory Write-off	(430,023)	-
Change in the Fair Value of Interest Rate Swap Agreements	(587,635)	(314,696)
Total Nonoperating Gains	15,493,703	9,301,156
EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	2,873,310	(3,348,980)

See accompanying Notes to Consolidated Financial Statements.

**THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF OPERATIONS AND
CHANGES IN NET DEFICIT (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024**

	2025	2024
EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	\$ 2,873,310	\$ (3,348,980)
OTHER CHANGES IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS		
Other Nonoperating Revenue	38,710	1,434
Changes in Net Unrealized Gains on Nonequity Investments	3,134,379	1,114,970
Total Other Changes in Net Assets Without Donor Restrictions	3,173,089	1,116,404
CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	6,046,399	(2,232,576)
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	1,225,925	794,470
Changes in Net Realized and Unrealized Gains on Investments	577,629	495,595
Net Assets Released from Restrictions	(1,044,763)	(984,960)
Changes in Net Assets With Donor Restrictions	758,791	305,105
CHANGE IN NET ASSETS (DEFICIT)	6,805,190	(1,927,471)
Net Deficit - Beginning of Year	(83,398,025)	(81,470,554)
NET DEFICIT - END OF YEAR	\$ (76,592,835)	\$ (83,398,025)

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets (Deficit)	\$ 6,805,190	\$ (1,927,471)
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided by Operating Activities:		
Proceeds from Entrance Fees - Nonrefundable	9,014,810	7,620,790
Noncash Items Included in Change in Net Assets (Deficit):		
Amortization of Deferred Entrance Fee Revenue	(7,044,840)	(7,173,624)
Depreciation and Amortization	17,732,392	16,786,197
Amortization of Bond Issuance Costs and (Bond Premiums)	214,948	559,621
Loss on Inventory Writeoff	231,082	-
Change in Interest Rate Swap Agreements	669,113	314,696
Unrealized Gains on Investments, Net	(6,241,942)	(9,099,835)
(Increase) Decrease in Assets:		
Accounts Receivable	367,834	712,879
Employee Retention Credit Receivable	(7,653,759)	-
Inventories	124,439	150,371
Prepaid Expenses and Other Assets	246,981	(220,099)
Accrued Interest Receivable	(752)	(21,109)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	637,535	(735,854)
Accrued Salaries, Wages, and Related Taxes	352,311	288,398
Accrued Interest Payable and Other Liabilities	(211,008)	419,728
Net Cash Provided by Operating Activities	15,244,334	7,674,688
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	(15,142,967)	(27,959,505)
Purchases of Software & Data Management	(196,112)	(462,297)
(Increase) Decrease in Investments	(3,673,348)	1,044,692
Increase in Other Restricted Funds	(920,984)	(630,798)
(Increase) Decrease in Benevolent Fund	24,291	(552,981)
Net Cash Used by Investing Activities	(19,909,120)	(28,560,889)

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2025 AND 2024

	2025	2024
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments and Redemption of Long-Term Debt	\$ (4,362,708)	\$ (15,715,329)
Cash Paid at Bond Issuance Closing	(49,927)	-
Proceeds from Long-Term Debt	2,091,116	13,156,064
Change in Wait List Deposits	7,349,004	1,826,713
Proceeds from Entrance Fees - Refundable	24,455,290	24,787,210
Proceeds from Entrance Fees - Initial Sales - Refundable	472,430	8,367,310
Proceeds from Entrance Fees - Initial Sales - Nonrefundable	202,470	3,957,990
Refunds of Entrance Fees	(16,229,388)	(19,462,595)
Net Cash Provided by Financing Activities	13,928,287	16,917,363
 NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	9,263,501	(3,968,838)
 Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	18,131,935	22,100,773
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 27,395,436	\$ 18,131,935
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 2,991,280	\$ 3,238,283
 SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Lease Asset Acquired	\$ (46,095)	\$ (158,544)
Lease Liability Incurred	46,095	158,544
Cash Paid for Lease Acquisition	\$ -	\$ -
Additions to Property and Equipment	\$ (14,543,496)	\$ (28,425,604)
Plus: Additions Included in Accounts Payable	-	599,471
Less: Additions Included in Accounts Payable in Prior Year	(599,471)	(133,372)
Cash Paid for Property and Equipment	\$ (15,142,967)	\$ (27,959,505)
Proceeds from Issuance of Series 2024 Bonds	\$ 39,680,000	\$ -
Premium of Series 2024 Bonds	3,567,513	-
Debt Issuance Costs of Series 2024 Bonds	(617,736)	-
Series 2012A and 2012B Bond Principal and Interest Paid-Off	(42,679,704)	-
Net Cash Paid at Bond Issuance Closing	\$ (49,927)	\$ -

See accompanying Notes to Consolidated Financial Statements.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The RiverWoods Group (TRWG), a New Hampshire nonprofit voluntary corporation, was incorporated on February 17, 2011. Its purpose is to support nonprofit continuing care retirement communities and further its charitable purposes by establishing, maintaining, and governing an integrated system which provides for the effective and efficient delivery of housing, food services, health services, and other services in the continuum of care to elderly persons. TRWG is the Sole Member of RiverWoods Exeter, RiverWoods Manchester and RiverWoods Durham.

The RiverWoods Company at Exeter, New Hampshire (RiverWoods Exeter or RWE), a nonprofit charitable organization, was incorporated on June 6, 1983 as a voluntary corporation. RiverWoods Exeter operates a three-campus continuing care retirement community which provides housing, health care, and other related services to residents. The original campus, known as The Woods, has 201 independent living units, 20 assisted living units, and 39 nursing beds. The second campus, known as The Ridge, has 81 independent living units and 11 cottages, 27 assisted living units, and 23 skilled nursing beds. The third campus, known as The Boulders, has 76 independent living units and 24 cottages, 24 assisted living units, and 16 nursing beds. The operations of The Woods, The Ridge, and The Boulders began in August 1994, October 2004, and March 2010, respectively.

Birch Hill Terrace (Birch Hill) a nonprofit charitable organization, is the Sole Member of Women's Aid Home dba: Pearl Manor at Hillcrest Terrace (Pearl Manor). During the fiscal year ended June 30, 2017, Birch Hill merged with its previous sole member, Hillcrest Manor, Inc. (Hillcrest). During fiscal year 2024, Birch Hill completed an 18 unit cottage expansion project. The community has 134 independent living units and 22 cottages, 44 assisted living units, 12 memory care units, and 9 nursing beds. Pearl Manor holds the endowments of Birch Hill and, as a supporting entity, transfers most net investment income earned to Birch Hill. In July 2016, Hillcrest and The RiverWoods Group (TRWG) received regulatory approval from the Director of Charitable Trusts and the New Hampshire Insurance Department for the affiliation between the two organizations. Under the affiliation agreement, TRWG became the sole corporate member of Hillcrest Manor. During the fiscal year ended June 30, 2021, the organization completed its rebranding of the community to be consistent with the other communities within the System. Birch Hill now does business as RiverWoods Manchester (RWM).

RiverWoods Durham (RWD), a nonprofit charitable organization, was incorporated on March 7, 2017. Construction began in June 2018 and was completed in July 2020. The campus has 150 independent living apartments, 24 assisted living suites, 36 memory support assisted living suites, and 12 nursing beds. The independent living common areas and apartments were completed and available for occupancy in three phases during fiscal year 2020. The Health Center, which includes the assisted living, memory support, and nursing units as well as associated common areas, was completed and available for occupancy in two phases during fiscal year 2022.

Collectively, these entities are referred to herein as "the Company."

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

In February 2021, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham completed the regulatory process to establish a unitary board structure. This process combined the existing operating boards into one unitary board which has fiduciary duties for all currently existing communities.

Principles of Consolidation

The consolidated financial statements include the accounts of TRWG, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham. All significant intercompany balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Measure of Operations

For purposes of display, transactions deemed by management to be an integral part of its programs and supporting activities, investment income net of fees, net assets released from donor restrictions to support operating expenditures, and transfers from board-designated and other nonoperating funds to support current operating activities are reported as operating revenues and expenses. The measure of operations excludes donations and contribution income, Employee Retention Credit revenue, change in charitable gift annuity liability, losses on asset disposals and inventory write-off, change in the fair value of interest rate swap agreements, gains and losses on sale of investments and capital gains, and changes in net unrealized gains and losses on equities investments.

Performance Indicator

For purposes of display, the excess (deficit) of revenues and gains over expenses and losses is the operating indicator for the Company. Other changes in net assets (deficit) without donor restrictions that are excluded from the operating indicator, consistent with industry practice, include unrealized gains and losses on nonequities investments, restricted contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets) and net asset transfers noted as System Development Fee on the consolidating statement of operations and changes in net assets (deficit) and other nonoperating revenues.

Cash, Cash Equivalents, and Restricted Cash

Cash equivalents include short-term investments, excluding unrestricted invested cash in investment advisory accounts, which have a maturity of three months or less when purchased and are recorded at cost, which approximates fair value.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash (Continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated and consolidating statements of financial position that sum to the total of the same such amounts shown in the consolidated and consolidating statements of cash flows at June 30, 2025 and 2024:

	2025				
	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidated
	\$	\$	\$	\$	\$
Cash and Cash Equivalents	3,537,615	13,013,149	4,650,919	5,718,243	26,919,926
Restricted Cash Included in Restricted Funds and Assets Limited as to Use	-	397,659	45,156	54,470	497,285
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidating and Consolidated Statements of Cash Flows	<u>3,537,615</u>	<u>13,410,808</u>	<u>4,696,075</u>	<u>5,772,713</u>	<u>27,417,211</u>
	2024				
	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidated
	\$	\$	\$	\$	\$
Cash and Cash Equivalents	2,775,952	5,073,355	4,542,370	5,436,975	17,828,652
Restricted Cash Included in Restricted Funds and Assets Limited as to Use	-	230,921	52,084	42,053	325,058
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Consolidating and Consolidated Statements of Cash Flows	<u>2,775,952</u>	<u>5,304,276</u>	<u>4,594,454</u>	<u>5,479,028</u>	<u>18,153,710</u>

Accounts Receivable (Includes Entrance Fees Receivable)

The Company provide an allowance for credit losses based on the allowance method using management's judgment considering historical information. Residents are not required to provide collateral for services rendered. Payment for services is required within 30 days of receipt of invoice or claim submitted. Accounts are continually analyzed for collectability and management determines when accounts are written off. The allowance for credit losses was \$13,680 and \$15,180 at June 30, 2025 and 2024, respectively. In certain instances, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham offer incoming residents the ability to defer payment of entrance fees in full on a short-term basis for a period not to exceed one year based upon market conditions. The balances related to entrance fees receivables amounted to \$26,199 and \$33,699 at June 30, 2025 and 2024, respectively.

The opening and closing balances in Accounts Receivable (includes Entrance Fees Receivable) were as follows:

	Accounts Receivable
Balance as of July 1, 2023	\$ 2,187,943
Balance as of June 30, 2024	1,475,064
Balance as of June 30, 2025	1,107,230

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tax Status and Uncertain Tax Positions

TRWG, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and are exempt from federal income taxes on related income pursuant to Section 501(a) of the IRC.

The Company follow the provisions of the income tax accounting standards regarding the recognition and measurement of uncertain tax positions. The application of these provisions has no impact on the consolidated financial statements.

Inventories

Inventories of supplies are carried at the lower of cost (determined by the first-in, first-out method) or net realizable value.

Investments and Investment Income

Investments, which are comprised of U.S. government, government agency and corporate obligations, equity securities, hedge fund of funds, and invested cash and cash equivalents, are measured at fair value in the statement of financial position. Investment income or loss (including realized gains and losses on investments, interest and dividends, investment management fees, and write down of impaired investments) is included in the excess of revenues and net gains over expenses and losses. Unrealized gains and losses on nonequity investments are excluded from the excess (deficit) of revenues and net gains over expenses and losses.

Investment securities are exposed to various risks, such as interest rate, market, and credit risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near-term and that such changes could materially affect the amounts reported in the statement of financial position.

Assets Limited as to Use

Assets limited as to use includes certain cash and cash equivalents, donor-restricted funds, and certain employee funds. Amounts required to meet current liabilities have been classified as current assets in the consolidated statements of financial position at June 30, 2025 and 2024.

Benevolence

RiverWoods Exeter, RiverWoods Manchester and RiverWoods Durham have established benevolence policies to provide a source for financial assistance to residents of their retirement communities who are able to demonstrate financial need to the satisfaction of their respective board of trustees.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Benevolence (Continued)

The table below shows the amount of financial assistance provided during the years ended June 30:

	2025	2024
RiverWoods Exeter	\$ 226,000	\$ 157,000
Riverwoods Manchester	388,000	505,000
Riverwoods Durham	54,000	-
Total Benevolence	\$ 668,000	\$ 662,000

Fair Value of Financial Instruments

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Company emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Inputs that utilize quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access.

Level 2 – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

The fair values of financial instruments are summarized further in Note 4.

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. The Company’s policy is to capitalize expenditures for major improvements that have a per unit price of \$1,500 and an economic life of at least three years and charge maintenance and repairs currently for expenditures that do not extend the useful lives of the related assets. The provision for depreciation has been computed using the straight-line method at rates that are intended to amortize the cost of assets over their estimated useful lives. Projects in process consist of ongoing projects that will be depreciated when projects are completed and placed in service. See additional detail on projects in process in Note 16.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

The Company records impairment losses on property and equipment when events and circumstances indicate that it is probable that the assets are impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. Based on management's estimated process, no impairment losses have been recorded as of June 30, 2025 and 2024.

Deferred Financing Costs

Deferred financing costs are being amortized using the straight-line method, which approximates the effective interest method, over the commitment period of each respective direct purchase lender agreement or public debt issuance agreement.

Bond Premium

Bond premiums are amortized using the effective interest method, over the term of the related bond issuance. The unamortized bond premium is included in long-term debt on the consolidated statements of financial position, and amortization is recorded as a reduction to interest expense in the consolidated statements of operations.

Deferred Marketing Costs

Deferred marketing costs represent costs incurred in connection with obtaining the initial residence and care agreements of each campus and are being amortized over the estimated remaining lives of each campus' first residents.

RiverWoods Durham has allowable deferred marketing costs of \$1,196,405 and accumulated amortization of \$550,862 and \$442,098 as of June 30, 2025 and 2024, respectively.

Entrance Fees, Refund Liability, and Deferred Revenue

As of June 30, 2025, RiverWoods Exeter had three types of entrance fee agreements: 90% refundable, 50% refundable, and declining balance refund. Under the 90% agreement, resident entrance fees for the unit's first person are 90% refundable upon both the termination of residency in the retirement community of the resident, or in the case of joint residency, both residents, and upon resale of the unit. Resident entrance fees for the unit's second person are nonrefundable.

The provisions of the 50% refundable agreement are similar in all regards to the 90% agreement, except that the maximum refund upon termination of residency and resale of the unit is 50% of the first-person entrance fee.

Under the declining balance refund agreement, the resident or resident's designee is entitled to a refund equal to the first-person entrance fee paid less a sum equal to a 4% administrative fee and 2% per month for every month of residence.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Entrance Fees, Refund Liability, and Deferred Revenue (Continued)

The nonrefundable portions of the entrance fees are amortized into operating revenue over the actuarially determined life expectancy of each resident. Upon termination of the contract, whether by move-out or death of the resident(s), the unamortized nonrefundable portion of the entrance fee is recorded as operating revenue. The refundable portion of these entrance fees is recorded as a liability.

As of June 30, 2025, RiverWoods Manchester had four types of entrance fee agreements: 70% refundable, 50% refundable, 0% refundable, and declining balance refund. For the refundable contracts, resident entrance fees for the unit's first person are refundable upon the termination of residency at RiverWoods Manchester and upon resale of the unit. Resident entrance fees for unit's second person are nonrefundable.

The nonrefundable portions of entrance fees are amortized into operating revenue over the actuarially determined life expectancy of each resident. Amortization of the nonrefundable entrance fees begins in the month of residency. Upon termination of the contract, whether by move-out or death of the resident(s), the unamortized nonrefundable portion of the entrance fees is recorded as operating revenue. The refundable portion of these entrance fees is recorded as a liability.

As of June 30, 2025, RiverWoods Durham had three types of entrance fee agreements: 90% and 50% refundable for single contracts and 80% refundable for joint contracts. For these refundable contracts, resident entrance fees are refundable upon the termination of residency at RiverWoods Durham and upon resale of the unit. There is no resident entrance fee for a unit's second person.

The nonrefundable portions of entrance fees are amortized into operating revenue over the actuarially determined life expectancy of each resident. Amortization of the nonrefundable entrance fees begins in the month of residency. Upon termination of the contract, whether by move-out or death of the resident(s), the unamortized nonrefundable portion of the entrance fees is recorded as operating revenue. The refundable portion of these entrance fees is recorded as a liability.

Charges for services rendered to residents are recorded when the services are provided at the estimated net amounts realizable from residents.

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

	2025			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Entrance Fees Received	\$ 20,615,000	\$ 7,226,000	\$ 5,629,100	\$ 33,470,100
Entrance Fees First Generation	-	674,900	-	674,900
Entrance Fees Refunded	(12,027,835)	(1,043,263)	(3,158,290)	(16,229,388)
Net Entrance Fees Received	<u>\$ 8,587,165</u>	<u>\$ 6,857,637</u>	<u>\$ 2,470,810</u>	<u>\$ 17,915,612</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Entrance Fees, Refund Liability, and Deferred Revenue (Continued)

	2024			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
	Entrance Fees Received	\$ 22,001,000	\$ 4,648,000	\$ 5,759,000
Entrance Fees First Generation	-	12,325,300	-	12,325,300
Entrance Fees Refunded	(15,796,440)	(564,785)	(3,101,370)	(19,462,595)
Net Entrance Fees Received	\$ 6,204,560	\$ 16,408,515	\$ 2,657,630	\$ 25,270,705

First generation entrance fees represent the entrance fees paid for initial occupancy of the new cottage units. These proceeds were utilized to fund project costs and are excluded from RiverWoods Manchester's covenant calculations.

Based upon the terms of their respective refund policies, RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham had the following contractually refundable resident entrance fees liability for the years ended June 30:

	2025			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Contractually Refundable Resident Entrance Fees	\$ 187,427,774	\$ 37,528,472	\$ 78,625,280	\$ 303,581,526

	2024			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Contractually Refundable Resident Entrance Fees	\$ 184,853,917	\$ 33,426,387	\$ 77,307,190	\$ 295,587,494

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

	Amortizable Entrance Fees
Balance as of July 1, 2023	\$ 47,886,907
Balance as of June 30, 2024	52,478,725
Balance as of June 30, 2025	54,609,239

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Entrance Fees, Refund Liability, and Deferred Revenue (Continued)

The following table provides information about significant changes in deferred revenue for the years ended:

	<u>2025</u>	<u>2024</u>
Deferred Revenue - Beginning of Year	\$ 52,478,725	\$ 47,886,907
Revenue Recognized that was Included in Deferred Revenue at Beginning of Year	(7,044,840)	(7,173,624)
Increases in Deferred Revenue Due to Cash Received During the Year	<u>9,175,354</u>	<u>11,765,442</u>
Deferred Revenue - End of Year	<u>\$ 54,609,239</u>	<u>52,478,725</u>

Obligation to Provide Future Services

The Company periodically engages an actuary to calculate the net present value of future revenues and the cost of providing future services and use of facilities to current residents, which is compared to the balance of deferred entrance fee revenue, allocable depreciation, and unamortized costs of acquiring initial continuing care contracts. If this calculation produces an obligation, a liability is recorded (obligation to provide future services and use of facilities) with the corresponding charge to income. RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham most recently had these calculations performed for the fiscal year ended 2024. As of June 30, 2025 and 2024, management's estimate indicated no need to record an additional liability for an obligation to provide future services and use of facilities.

Wait List Deposits

Wait list deposits are required prior to the execution of resident agreements and the acceptance of entrance fees. Upon full payment of the entrance fee establishing residency, the wait list deposit is refunded to the resident. Wait list deposits may also be refunded, less a processing fee, should the depositor not pursue residency.

Malpractice Loss Contingencies

The Company has a claims made policy for its malpractice insurance coverage. In the event a loss contingency should occur, the Company would give it appropriate recognition in its consolidated financial statements.

Employee Fringe Benefits

The Company has an "earned time off" plan to provide fringe benefits for its employees. Under this plan each qualifying employee "earns" hours of paid leave for each pay period worked. These hours of paid leave may be used for vacations or illness. Hours earned but not used are vested with the employee. The Company accrues the cost of these benefits as they are earned.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Charitable Gift Annuities

RiverWoods Exeter has a number of charitable gift annuities. The liability to the annuitants has been discounted to its present value, taking into consideration the life expectancy of the annuitant. The difference between the annuitant's gift and the liability to the annuitant is recorded as a contribution without donor restrictions in the year of the gift. These gift annuities provide for a series of quarterly payments during the annuitants' lives.

Employee Retention Credit

The Company accounts for governmental assistance, including the Employee Retention Credit (ERC), in accordance with grant accounting guidance under ASC 958-605. Revenue is recognized when there is reasonable assurance that the conditions attached to the grant have been met and the funds will be received. See Note 15 for further details on the ERC.

Net Assets (Deficit)

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

Net Assets (Deficit) Without Donor Restrictions – Include net assets (deficit) available for use in general operations and not subject to donor (or certain grantor) restrictions. At times, the board of trustees can designate, from net assets (deficit) without donor restrictions, net assets (deficit) designated for special use. The RiverWoods Fund, the Employee Emergency Fund, the Charitable Gift Annuities, and the unrestricted portions of the Funds detailed in Notes 8 and 9 are included in net deficit without donor restrictions.

Net Assets With Donor Restrictions – Include net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. The Peabody Scholarship Fund, The Spencer Scholarship Fund, The RiverWoods Exeter Scholarship Fund, and the restricted portion of the Benevolent Fund are included in the donor-imposed restrictions that are temporary in nature. The Endowment Fund, Dodge Fund, Abbie Woodman Fund, Fuller Fund, and The Lawrence Fund are included in donor-imposed restrictions that are maintained in perpetuity.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Resident Services – Monthly Fees and Other Operating Revenues

Resident services – monthly fees and other operating revenues are reported at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing resident services and care. These amounts are due from residents.

Performance obligations are determined based on the nature of the services provided by the Company. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred. The Company believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to residents receiving skilled nursing or other services within the facilities or residents receiving services within or outside of the facilities. The Company measures the performance obligation from admission into the facilities or commencement of services to the point when the Company is no longer required to provide services to that resident, which is generally at the time of discharge or termination of the resident contract. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to the residents and customers in a retail setting (e.g., guest meals) and the Company does not believe it is required to provide additional goods or services related to that sale.

Nonrefundable entrance fees are considered to contain a material right associated with access to future services, which is the related performance obligation. Revenue from nonrefundable entrance fees is recognized ratably in future periods covering a resident's life expectancy using a time-based measurement.

The Company determines the transaction price based on standard charges for goods and services provided, reduced by contractual adjustments and discounts provided to uninsured patients in accordance with the Company's policy and/or implicit price concessions provided to residents. The Company determines its estimates of contractual adjustments based on contractual agreements, its policies, and historical experience. The Company determines its estimate of implicit price concessions based on its historical collection experience. Substantially all of the Company's revenue is from private pay and delivered based on the terms of the resident contract.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

	<u>2025</u>	<u>2024</u>
Service Lines:		
Independent Living	\$ 62,583,407	\$ 60,125,052
Nursing Facility	6,088,007	6,610,079
Assisted Living	11,652,692	11,411,073
Memory Care	3,667,882	3,721,099
Total	<u>\$ 83,991,988</u>	<u>\$ 81,867,303</u>
Primary Payor:		
Private Pay and Co-Insurance	\$ 83,626,928	\$ 81,173,243
Medicare	365,060	694,060
Total	<u>\$ 83,991,988</u>	<u>\$ 81,867,303</u>
Method of Reimbursement:		
Fee for Service	\$ 83,854,897	\$ 81,637,012
Retail Sales	137,091	230,291
Total	<u>\$ 83,991,988</u>	<u>\$ 81,867,303</u>
Timing of Revenue and Recognition:		
Services Transferred Over Time	\$ 83,854,897	\$ 81,637,012
Sales at Point in Time	137,091	230,291
Total	<u>\$ 83,991,988</u>	<u>\$ 81,867,303</u>

Leases

The Company rents office and other equipment and determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets, current lease obligations, and long-term lease obligations on the consolidated statements of financial position.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Continued)

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The individual lease contracts do not provide information about the discount rate implicit in the leases. Therefore, the Company has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease obligations or right of use assets on the consolidated statements of financial position.

The Company has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, the Company considers factors such as if the Company has obtained substantially all of the rights to the underlying asset through exclusivity, if the Company can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

Reclassifications

Certain items in the 2024 consolidated financial statements have been reclassified to conform to 2025 consolidated financial statement presentation. The reclassifications have no effect on the results of operations or net assets (deficit).

Subsequent Events

In preparing these consolidated financial statements, the Company's policy is to evaluate events and transactions for potential recognition or disclosure through September 18, 2025, the date the consolidated financial statements were issued. The results of this evaluation indicated that there are no material subsequent events or transactions that are required to be disclosed in these consolidated financial statements.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure within one year of the statements of financial position date, consist of the following:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 26,919,926	\$ 17,828,652
Accounts Receivable	1,107,230	1,475,064
Employee Retention Credit Receivable	7,653,759	-
Investments	137,892,842	127,967,627
Benevolent Fund	1,539,968	1,564,259
Assets Limited as to Use:		
Other Restricted Funds	2,547,912	2,176,582
Endowment Funds	6,339,306	5,627,350
Total Financial Assets	<u>184,000,943</u>	<u>156,639,534</u>
Less: Amounts not Available to be Used Within One Year:		
TRWG Board-Designated Funds	15,418,443	15,531,837
TRWG Other Investment (Dorvie)	-	200,000
RWE Structured Credit Fund	5,365,365	4,848,055
RWE Special Situations Fund	4,625,337	4,223,024
RWE Capital Replacement Fund	4,399,000	3,820,000
RWE Future Benevolence Fund	1,816,000	1,758,000
RWE Community Loan Fund	529,957	517,932
RWE Ziegler Link-Age Longevity Fund	53,167	56,389
RWE Peabody Scholarship Fund	771,631	694,379
RWE Spencer Scholarship Fund	884,047	783,144
RWE Scholarship Fund	465,855	398,786
RWE Endowment Fund	1,379,108	1,001,023
RWM Donor Funds - Perpetually Restricted	3,409,662	3,409,662
RWM Capital Replacement Fund	1,000,000	1,000,000
RWM Scholarship Fund	12,921	10,846
RWD Capital Replacement Fund	1,000,000	1,000,000
Total Financial Assets not Available Within One Year	<u>41,130,493</u>	<u>39,253,077</u>
Total Financial Assets Available Within One Year	<u>\$ 142,870,450</u>	<u>\$ 117,386,457</u>

The Company has certain board-designated and donor-restricted assets limited as to use which are available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above. The Company has other assets limited as to use for donor-restricted purposes, which are more fully described in Note 7. Additionally, certain other board-designated assets are designated for future use. These assets limited as to use, which are more fully described in Note 3, are not available for general expenditure within the next year; however, these amounts could be made available, if necessary.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham calculate Days Cash on Hand per their respective continuing covenant agreements. The following table reflects the Days Cash on Hand at June 30:

	<u>2025</u>	<u>2024</u>
RiverWoods Exeter	782 Days	671 Days
RiverWoods Manchester	298 Days	272 Days
RiverWoods Durham	715 Days	640 Days

NOTE 3 INVESTMENTS AND ASSETS LIMITED AS TO USE

The composition of investments and assets limited as to use, which are stated at fair value, is set forth in the following table at June 30:

	<u>2025</u>	<u>2024</u>
Cash and Cash Equivalents	\$ 11,954,620	\$ 1,213,862
U.S. Government and Government Agency Obligations	9,184,562	8,653,512
Corporate Debt Obligations	41,318,969	44,456,732
Equity Securities	72,993,432	70,909,579
Alternative Assets	13,119,693	12,352,629
Total	<u>\$ 148,571,276</u>	<u>\$ 137,586,314</u>
	<u>2025</u>	<u>2024</u>
Current Portion of Assets Limited as to Use	\$ 251,866	\$ 144,194
Accrued Interest Receivable	251,248	250,496
Investments	137,892,842	127,967,627
Benevolent Fund and Other Restricted Funds	10,175,320	9,223,997
Total	<u>\$ 148,571,276</u>	<u>\$ 137,586,314</u>

Management performs due diligence on the valuation of all investments. The vast majority of the underlying manager holdings are publicly traded securities with readily available market prices. Management continually reviews its investment portfolios and evaluates whether declines in the fair value of securities should be considered other-than-temporary. Factored into this evaluation are the general market conditions, the issuer's financial condition and near-term prospects, conditions in the issuer's industry, the recommendation of investment advisors and the length of time and extent to which the market value has been less than cost, and the ability and intent of the Company to hold investments in the long term. During the years ended June 30, 2025 and 2024, no material declines in the market value of investments are considered to be other than temporary.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30:

	2025			
	Total	Level 1	Level 2	Level 3
Assets:				
Assets Limited as to Use	\$ 8,887,218	\$ 8,887,218	\$ -	\$ -
Investments	114,358,497	113,828,540	-	529,957
Asset Under Interest Rate Swap Agreements, Net	1,013,215	-	1,013,215	-
Total	<u>124,258,930</u>	<u>\$ 122,715,758</u>	<u>\$ 1,013,215</u>	<u>\$ 529,957</u>
Cash and Cash Equivalents	11,954,620			
Investments Measured at NAV	13,119,693			
Total	<u>\$ 149,333,243</u>			
	2024			
	Total	Level 1	Level 2	Level 3
Assets:				
Assets Limited as to Use	\$ 7,803,932	\$ 7,803,932	\$ -	\$ -
Investments	115,965,395	115,447,463	-	517,932
Asset Under Interest Rate Swap Agreements, Net	1,682,328	-	1,682,328	-
Total	<u>125,451,655</u>	<u>\$ 123,251,395</u>	<u>\$ 1,682,328</u>	<u>\$ 517,932</u>
Cash and Cash Equivalents	1,213,862			
Investments Measured at NAV	12,152,629			
Investments Measured at Cost	200,000			
Total	<u>\$ 139,018,146</u>			

The determination of the fair values above incorporates various factors. These factors include not only the credit standing of the counterparties involved and the impact of credit enhancements, but also the impact of the Company's nonperformance risk on its liabilities.

The fair value of investments is determined by third-party service providers utilizing various methods dependent upon the specific type of investment. When quoted prices are available in the active market, securities are classified within Level 1 of the valuation hierarchy. Assets utilizing Level 1 inputs include money market funds and bank deposits, U.S. government and agency securities, corporate bonds, common stock, and mutual funds.

Assets and liabilities utilizing Level 2 inputs are derivatives. The carrying amount represents fair market value and is based on a price estimated by a third party using the income approach, which uses valuation techniques to convert future cash flows to a discounted value, using current market expectations.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 4 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table provides a summary of unobservable inputs related to the Company's Level 3 financial instruments as of June 30:

	2025	2024	Principal Valuation Technique	Unobservable Inputs
			Principal Plus	
New Hampshire Community Loan Fund	\$ 529,957	\$ 517,932	Accrued Interest	Maturity Date of Investment

The changes in investments measured at fair value for which RWE has used Level 3 inputs to determine fair value are as follows:

	New Hampshire Community Loan Fund
Balance - June 30, 2023	\$ 509,090
Reinvestment of Accrued Interest	8,842
Balance - June 30, 2024	517,932
Reinvestment of Accrued Interest	12,025
Balance - June 30, 2025	\$ 529,957

Investments measured at cost and net asset value (NAV) are evaluated by management for impairment. Based on management's evaluation, no impairment to investments measured at cost has occurred as of June 30, 2025.

The following table presents those assets measured using NAV per share by fund as of June 30:

	2025			
	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
SEI Core Property Fund, LP	\$ 3,075,432	\$ -	Quarterly	105 Days
SEI Special Situations Fund, LTD	4,625,337	-	Semi-Annual	95 Days
SEI Structured Credit Fund, LTD	5,365,365	-	Quarterly	65 Days
Ziegler Link-Age Longevity Fund, LP	53,559	-	N/A	N/A
Total	\$ 13,119,693	\$ -		

	2024			
	NAV	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
SEI Core Property Fund, LP	\$ 3,024,770	\$ -	Quarterly	95 Days
SEI Special Situations Fund, LTD	4,223,024	-	Semi-Annual	95 Days
SEI Structured Credit Fund, LTD	4,848,054	-	Quarterly	65 Days
Ziegler Link-Age Longevity Fund, LP	56,781	-	N/A	N/A
Total	\$ 12,152,629	\$ -		

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 LONG-TERM DEBT

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

<u>Description</u>	<u>2025</u>	<u>2024</u>
New Hampshire Health and Education Facilities Authority:		
RWE Series 2012 Revenue Bonds, Series A	\$ -	\$ 20,995,000
RWE Series 2012 Revenue Bonds, Series B	-	22,840,000
RWE Series 2024 Revenue Bonds	39,680,000	-
RWM Series 2016 Revenue Bonds	4,198,870	5,381,154
RWM Series 2021 Revenue Bonds	7,937,676	8,000,000
TRWG 2017 Revolving Credit Loan	3,833,946	1,742,830
RWD Series 2018 Revenue Bonds, Series A	52,193,900	52,980,000
RWD 2021 Taxable Loan	-	1,092,000
Total Long-Term Debt	<u>107,844,392</u>	<u>113,030,984</u>
Less: Unamortized Deferred Financing Costs	(1,369,504)	(1,155,576)
Plus: Unamortized Bond Premium	<u>3,364,063</u>	<u>-</u>
Total Long-Term Debt, Net of Unamortized Deferred Financing Costs and Bond Premium	109,838,951	111,875,408
Less: Current Portion	<u>(4,054,563)</u>	<u>(7,370,698)</u>
Total Long-Term Debt, Net of Current Portion, Unamortized Deferred Financing Costs and Bond Premium	<u>\$ 105,784,388</u>	<u>\$ 104,504,710</u>

RWE

In September 2012, RiverWoods Exeter entered into an agreement with the New Hampshire Health and Education Facilities Authority (NHHEFA) for the issuance of \$65,605,000 Revenue Bonds, Series 2012A and Series 2012B. The proceeds were used to redeem \$64,120,000 of outstanding Series 1997B, Series 2003, Series 2007, and Series 2008 Bonds and to pay related issuance costs. The Series 2012A and Series 2012B Bonds were Direct Purchase Revenue Bonds with interest payable at variable rates.

In April 2015, RiverWoods Exeter modified the terms of the Series 2012A and Series 2012B Bonds, reducing the variable interest rate and extending the commitment terms to April 1, 2025 (Series 2012A) and April 1, 2030 (Series 2012B). Costs associated with the modification were capitalized and included in unamortized bond issuance costs.

To hedge interest rate exposure on the variable rate debt, RiverWoods Exeter entered into two interest rate swap agreements with TD Bank. These swaps fixed interest rates at 2.842% and 2.526% on notional amounts of \$22,840,000 and \$20,995,000, respectively. The swaps were effective October 3, 2022, with an expiration date of April 1, 2025. Prior to their terminations, the swaps were recorded at fair value and qualified as derivative instruments. Both swap agreements were terminated in conjunction with the refinancing of the Series 2012 Bonds.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 LONG-TERM DEBT (CONTINUED)

RWE (Continued)

In December 2024, RiverWoods Exeter refinanced the Series 2012A and Series 2012B Bonds and terminated the interest rate swaps, through the issuance of \$39,680,000 NHHEFA Revenue Bonds, RiverWoods at Exeter Issue, Series 2024. The Series 2024 Bonds were issued at a premium of \$3,567,512.80, with an interest coupon of 5%, and an approximate yield to maturity of 3.7%. The bonds mature on October 1, 2038. The refinancing did not result in a significant economic gain or loss and was undertaken to restructure existing debt and extend maturities.

The Series 2024 Bonds are secured by a pledge of gross revenues and a mortgage on the Institution's facilities.

RWM

In July 2016, RiverWoods Manchester entered into an agreement with the New Hampshire Health and Education Facilities Authority for \$12,680,000 Revenue Bonds, Series 2016. The proceeds were used to redeem \$9,650,000 of outstanding Series 1994 Bonds and to pay certain costs related to the issuance of these bonds. An additional \$4,020,000 was acquired through the Series 2016 Revenue Bonds for planned capital projects. The Series 2016 Revenue Bonds have a commitment term to July 1, 2026, and RWM intends to refinance this debt with an extended commitment during FY 2026.

In November 2021, RiverWoods Manchester entered into an agreement with the New Hampshire Health and Education Facilities Authority for up to \$8,000,000 Revenue Bonds, Series 2021. The proceeds will be used to fund or reimburse all or a portion of the cost of construction, renovation, and equipping of the Institution's facilities including, but not limited to, roofing, siding, construction of a new kitchen, renovation to the Institution's Health Center and other miscellaneous and routine capital improvements, as well as to pay certain costs related to the issuance of these bonds.

These bonds have been fully drawn down through the approved requisition process throughout the project. The Series 2021 Revenue Bonds have a commitment term to November 1, 2036.

RiverWoods Manchester has a swap agreement with M&T Bank, successor to People's United Bank, which enacts a fixed rate swap on variable rate debt. During the years ended June 30, 2025 and 2024, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement expires on July 1, 2026.

RiverWoods Manchester has a second swap agreement with M&T Bank, successor to People's United Bank, which enacts a fixed rate swap on variable rate debt. During the years ended June 30, 2025 and 2024, the swap was recorded as a financial instrument at fair value and met the criteria as a derivative instrument. The swap agreement went into effect on August 1, 2022 and expires on November 1, 2036.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 LONG-TERM DEBT (CONTINUED)

RWM (Continued)

In May 2023, RiverWoods Manchester entered into an agreement with M&T Bank, for a draw-down construction loan of \$12,000,000. The draws were used to fund certain costs and expenses in connection with the construction of an 18-unit independent living cottage expansion project. As of June 30, 2025 and 2024, the outstanding balances totaled \$-0-. RiverWoods Manchester recognized approximately \$302,000 of capitalized interest as of June 30, 2024. The loan formally matured in May 2025.

TRWG

In August 2017, TRWG closed on a revolving credit loan with TD Bank, NA. The loan initially provided for up to \$7,000,000 of credit and was collateralized by certain cash and investments of TRWG. TRWG modified the loan in October 2022, increasing the credit amount to \$12,000,000 and extending its maturity date. In April 2025, the maturity date was extended to February 28, 2027. It carries an interest rate of Term SOFR plus 1.68%. As of June 30, 2025 and 2024, the outstanding balance on the line of credit is \$3,833,946 and \$1,742,830, respectively.

RWD

In May 2018, RiverWoods Durham entered into an agreement with the New Hampshire Health and Education Facilities Authority for \$98,380,000 Revenue Bonds, Series 2018A (\$52,980,000) and Series 2018B (\$45,400,000). The proceeds of the issuance were utilized to fund the RiverWoods Durham Project (the Project). The Project consisted of 1) financing the acquisition, construction, renovation, and equipping of a new continuing care retirement community comprised of independent living apartments, assisted living suites, memory support assisted living suites, and skilled nursing beds; 2) financing certain other capital expenditures by RiverWoods Durham; and 3) paying certain costs of issuing the bonds. The Series 2018A and Series 2018B bonds were Direct Purchase Revenue Bonds and interest was payable at variable rates. Proceeds were drawn down as costs of the Project were incurred. The Series 2018B bonds were fully retired in March 2020.

In September 2021, RiverWoods Durham modified its Series 2018A bonds by entering into a 15-year agreement with TD Bank at an annual fixed rate of 2.14%. As part of this modification, RiverWoods Durham also entered into a \$6,000,000 taxable loan agreement with TD Bank to pay certain costs of issuance, early termination fees on its interest rate swaps, and capital expenditures. The taxable loan carried an annual fixed interest rate of 1.48% and amortized monthly through January 1, 2025.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 5 LONG-TERM DEBT (CONTINUED)

RWD (Continued)

RiverWoods Durham previously had interest rate swap agreements with TD Bank, SunTrust Bank (now Truist Bank), and People's United Bank (now M&T Bank) that effectively converted the variable interest rate of the Series 2018A Bonds to a fixed interest rate. The swap agreements were designated as derivatives and recorded at fair value as an asset or liability in the statement of financial position. The swap agreements were terminated in September 2021 as part of the loan modification.

Following is a summary of interest rate swaps outstanding at June 30, 2025:

	Current Notional Amount	Fixed Rate	Expiration Calendar Year
RWM - M&T Bank	\$ 4,198,611	2.586 %	2026
RWM - M&T Bank	7,937,676	1.437 %	2036
Total Notional Amount	<u>\$ 12,136,287</u>		

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

Year Ending June 30,	RWE 2024 Series	RWM 2016 Series	RWD 2018A Series	RWM 2021 Series	TRWG 2017 Line	Total
2026	\$ 1,630,000	\$ 400,238	\$ 1,915,900	\$ 108,425	\$ -	\$ 4,054,563
2027	2,150,000	335,718	1,956,800	111,671	3,833,946	8,388,135
2028	2,255,000	343,932	1,998,600	114,359	-	4,711,891
2029	2,370,000	352,795	2,040,700	118,406	-	4,881,901
2030	2,485,000	361,659	2,084,600	121,935	-	5,053,194
Thereafter	28,790,000	2,404,528	42,197,300	7,362,880	-	80,754,708
Total	<u>\$ 39,680,000</u>	<u>\$ 4,198,870</u>	<u>\$ 52,193,900</u>	<u>\$ 7,937,676</u>	<u>\$ 3,833,946</u>	<u>\$ 107,844,392</u>

RiverWoods Exeter, RiverWoods Manchester, and RiverWoods Durham are required by their respective loan agreements to meet certain financial ratios. As of June 30, 2025 and 2024, management is not aware of any violations with these financial covenants.

Total interest expense incurred on swaps and bonds was approximately \$2,991,000 and \$3,263,000 for the years ended June 30, 2025 and 2024, respectively.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 6 LONG-TERM LEASE OBLIGATIONS

The Company leases equipment for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2028 and provide for various renewal options. The following table provides quantitative information concerning the Company's leases for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Lease Cost:		
Operating Lease Cost	\$ 89,904	\$ 98,027
Total Lease Cost	<u>\$ 89,904</u>	<u>\$ 98,027</u>
Other Information:		
Operating Cash Flows from Operating Leases	\$ 89,904	\$ 98,027
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ 46,095	\$ 117,405
Weighted-Average Remaining Lease Term - Operating Leases	2.4 Years	3.0 Years
Weighted-Average Discount Rate - Finance Leases	N/A	N/A
Weighted-Average Discount Rate - Operating Leases	3.97%	3.88%

The Company classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2025, is as follows:

<u>Year Ending June 30,</u>	<u>Operating Leases</u>
2026	\$ 82,022
2027	67,498
2028	38,482
Thereafter	-
Undiscounted Cash Flows	<u>188,002</u>
(Less) Imputed Interest	<u>(8,488)</u>
Total Present Value	<u>\$ 179,514</u>
Short-Term Lease Liabilities	\$ (76,559)
Long-Term Lease Liabilities	<u>(102,955)</u>
Total	<u>\$ (179,514)</u>

For the years ended June 30, 2025 and 2024, the Company had approximately \$90,000 and \$98,000 of lease expense, respectively.

In July 2025, TRWG signed a 15-year lease for office space in Durham, New Hampshire, to serve as the new location of its headquarters. The lease will commence upon completion of landlord improvements and pertains to future reporting periods only.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2025</u>	<u>2024</u>
Unappropriated Income on Permanently Restricted Endowments - RiverWoods Manchester	\$ 1,550,536	\$ 1,216,665
RiverWoods Manchester - Employee Appreciation	28,523	28,996
RiverWoods Manchester - Scholarship Fund	12,921	10,846
The RiverWoods Group - Dementia Hub	62,664	-
RiverWoods Exeter - Peabody Scholarship Fund	382,230	382,316
RiverWoods Exeter - Scholarship Fund	277,796	264,267
RiverWoods Exeter - Benevolent Fund	47,457	-
RiverWoods Exeter - Spencer Scholarship Fund	372,641	361,534
RiverWoods Exeter - Employee Appreciation	122,647	73,145
RiverWoods Durham - Zunz Family Education Fund	-	8,618
RiverWoods Durham - Senior Celebration Fund	8,911	17,398
RiverWoods Durham - Employee Appreciation	54,470	42,053
Total	<u>\$ 2,920,796</u>	<u>\$ 2,405,838</u>

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

	<u>2025</u>	<u>2024</u>
Permanently Restricted Endowment Funds - RiverWoods Manchester		
Dodge Fund, Income Unrestricted	\$ 73,733	\$ 73,733
Abbie Woodman Fund, Income Unrestricted	155,692	155,692
Fuller Fund, Income Unrestricted	3,169,205	3,169,205
Lawrence Fund, Income Restricted for Pin Money to the Residents of Pearl Manor	11,032	11,032
Total Permanently Restricted Endowments - RiverWoods Manchester	<u>3,409,662</u>	<u>3,409,662</u>
Permanently Restricted Endowment Funds - RiverWoods Exeter	<u>638,388</u>	<u>394,555</u>
Total	<u>\$ 4,048,050</u>	<u>\$ 3,804,217</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 8 RIVERWOODS EXETER FUND BALANCES

The following table represents the changes in the net assets without donor restrictions and with donor restrictions for the various funds held at RiverWoods Exeter for fiscal year June 30, 2025:

	Without Donor Restrictions	Temporary in Nature	Held in Perpetuity	Total
Total Fund Balances - RWE, June 30, 2024	\$ 2,472,391	\$ 1,081,262	\$ 394,555	\$ 3,948,208
RWE Peabody Fund, June 30, 2024	288,018	382,316	-	670,334
Donations	-	23,914	-	23,914
Investment Income	77,601	-	-	77,601
Net Assets Released from Restrictions	-	(24,000)	-	(24,000)
Total RWE Peabody Fund, June 30, 2025	365,619	382,230	-	747,849
RWE Scholarship Fund, June 30, 2024	113,519	264,267	-	377,786
Donations	-	42,009	-	42,009
Investment Income	45,076	-	-	45,076
Net Assets Released from Restrictions	-	(28,480)	-	(28,480)
Total RWE Scholarship Fund, June 30, 2025	158,595	277,796	-	436,391
RWE Employee Appreciation Fund, June 30, 2024	-	73,145	-	73,145
Donations	-	399,696	-	399,696
Net Assets Released from Restrictions	-	(350,195)	-	(350,195)
Total RWE Employee Appreciation Fund, June 30, 2025	-	122,646	-	122,646
RWE Benevolent Fund, June 30, 2024	1,058,776	-	-	1,058,776
Donations	-	28,683	-	28,683
Investment Income	101,738	-	-	101,738
Disbursements of Funds	(244,590)	-	-	(244,590)
Net Assets Returned from Restrictions	-	18,582	-	18,582
Total RWE Benevolent Fund, June 30, 2025	915,924	47,265	-	963,189
RWE Endowment Fund, June 30, 2024	606,468	-	394,555	1,001,023
Donations	-	-	243,833	243,833
Investment Income	134,252	-	-	134,252
Total RWE Endowment Fund, June 30, 2025	740,720	-	638,388	1,379,108
RWE Spencer Fund, June 30, 2024	405,610	361,534	-	767,144
Donations	-	34,300	-	34,300
Investment Income	90,082	-	-	90,082
Net Assets Released from Restrictions	-	(23,000)	-	(23,000)
Total RWE Spencer Fund, June 30, 2025	495,692	372,834	-	868,526
Total Fund Balances - RWE, June 30, 2025	<u>\$ 2,676,550</u>	<u>\$ 1,202,771</u>	<u>\$ 638,388</u>	<u>\$ 4,517,709</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 RIVERWOODS MANCHESTER ENDOWMENT AND FUND BALANCES

RiverWoods Manchester's endowment primarily consists of funds established to support operations. Its endowment includes donor-restricted endowment funds to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no investments with a deficiency at June 30, 2025 and 2024.

Interpretation of Relevant Law

RWM has interpreted the state of New Hampshire Uniform Prudent Management of Institutional Funds Act (the Act) as requiring the preservation of the contributed value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, RWM classifies as net assets with donor restrictions held in perpetuity (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accordingly, unless explicitly stated otherwise by the donor, realized and unrealized net appreciation in investments in donor-restricted endowment funds held in perpetuity is classified as net assets with donor restrictions that are temporary in nature until appropriated by the board of trustees for expenditure. Funds designated by the board of trustees to function as endowments are classified as net assets without donor restrictions.

In accordance with the Act, RWM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

Return Objectives and Risk Parameters

RWM has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that RWM must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of appropriate market indices while assuming a moderate level of investment risk.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 RIVERWOODS MANCHESTER ENDOWMENT AND FUND BALANCES (CONTINUED)

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, RWM relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RWM targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Policy

In accordance with the Act, the board of trustees is allowed to appropriate for expenditure for the uses and purposes for which the endowment fund is established so much of the net appreciation, realized and unrealized, in the fair value of the assets of the endowment fund over the historic dollar value of the fund as is prudent. In so doing, the board must consider long- and short-term needs of the institution in carrying out its purpose, its present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. The board has established a spending policy providing for distributions of a minimum of 85% of the interest and dividends and realized gains, less all fees and realized losses, from Pearl Manor's investment portfolio to RWM, unless additional amounts are appropriated to support operations. Under this policy, total distributions are not to exceed 5% of the trailing three-year average market value of endowed funds, unless approved by the board. Distributions of approximately \$244,000 and \$232,000 were made pursuant to this policy, during the years ended June 30, 2025 and 2024, respectively.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 9 RIVERWOODS MANCHESTER ENDOWMENT AND FUND BALANCES (CONTINUED)

RWM Fund Balances Including Endowment Composition and Changes in Endowment

The following table represents the changes in the net assets without donor restrictions and with donor restrictions for the various funds held at RWM including endowment fund asset composition and changes in endowment assets for the fiscal year June 30, 2025:

	Without Donor Restrictions	Temporary in Nature	Held in Perpetuity	Total
Total Fund Balances - RWM, June 30, 2024	\$ 505,483	\$ 1,256,507	\$ 3,409,662	\$ 5,171,652
RWM Employee Appreciation Fund, June 30, 2024	-	28,996	-	28,996
Donations	-	124,148	-	124,148
Net Assets Released from Restrictions	-	(124,621)	-	(124,621)
Total RWM Employee Appreciation Fund, June 30, 2025	-	28,523	-	28,523
RWM Endowment Fund, June 30, 2024	-	1,216,665	3,409,662	4,626,327
Investment Income	-	164,231	-	164,231
Net Appreciation	-	413,398	-	413,398
Amounts Appropriated for Expenditure	-	(237,024)	-	(237,024)
Distribution of Pearl Manor's Income	-	(6,734)	-	(6,734)
Total RWM Endowment Fund, June 30, 2025	-	1,550,536	3,409,662	4,960,198
RWM Scholarship Fund, June 30, 2024	-	10,846	-	10,846
Donations	-	37,073	-	37,073
Net Assets Released from Restrictions	-	(34,998)	-	(34,998)
Total RWM Scholarship Fund, June 30, 2025	-	12,921	-	12,921
RWM Benevolent Fund, June 30, 2024	505,483	-	-	505,483
Donations	-	6,219	-	6,219
Investment Income	71,296	-	-	71,296
Net Assets Released from Restrictions	-	(6,219)	-	(6,219)
Total RWM Benevolent Fund, June 30, 2025	576,779	-	-	576,779
Total Fund Balances - RWM, June 30, 2025	<u>\$ 576,779</u>	<u>\$ 1,591,980</u>	<u>\$ 3,409,662</u>	<u>\$ 5,578,421</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 10 FUNCTIONAL EXPENSES

The Company provides residential living services and general health care services to its residents. All natural classes of expenses that are not directly related to the Company's programs are allocated to one or more management and general functions based on estimates of time and effort involved. Expenses related to providing these services are as follows at June 30:

	2025		
	Care and Service to Community Members	Management and General	Total Expenses
Salaries	\$ 39,123,279	\$ 7,046,104	\$ 46,169,383
Payroll Taxes and Fringe Benefits	8,394,796	2,482,438	10,877,234
Contract Labor	2,441,144	262,753	2,703,897
Professional Fees	156,643	1,435,813	1,592,456
Dues and Subscriptions	44,269	261,107	305,376
Resident Supplies/Expenses	597,515	1,373	598,888
Office Supplies	1,658,912	249,207	1,908,119
Printing and Advertising	257,862	68,201	326,063
Equipment Leases and Maintenance	1,190,337	197,349	1,387,686
Telephone and IT Services	559,388	1,384,775	1,944,163
Insurance	1,306,719	234,839	1,541,558
Interest and Banking Fees	2,975,890	701,208	3,677,098
Facility Costs and Utilities	3,480,962	612,899	4,093,861
Property Taxes	1,973,120	365,929	2,339,049
Depreciation and Amortization	14,309,201	3,423,191	17,732,392
Travel	-	309,347	309,347
Raw Food	3,347,234	500,161	3,847,395
Miscellaneous	240,834	171,501	412,335
Total Expenses	<u>\$ 82,058,105</u>	<u>\$ 19,708,195</u>	<u>\$ 101,766,300</u>
	2024		
	Care and Service to Community Members	Management and General	Total Expenses
Salaries	\$ 37,335,355	\$ 7,846,176	\$ 45,181,531
Payroll Taxes and Fringe Benefits	7,518,653	2,391,939	9,910,592
Contract Labor	2,389,311	246,265	2,635,576
Professional Fees	287,792	1,315,060	1,602,852
Dues and Subscriptions	31,344	147,021	178,365
Resident Supplies/Expenses	1,030,508	16,252	1,046,760
Office Supplies	1,758,181	379,488	2,137,669
Printing and Advertising	235,394	164,933	400,327
Equipment Leases and Maintenance	1,164,538	287,167	1,451,705
Telephone and IT Services	523,719	1,469,406	1,993,125
Insurance	1,207,499	216,619	1,424,118
Interest and Banking Fees	2,928,957	930,721	3,859,678
Facility Costs and Utilities	3,206,682	565,885	3,772,567
Property Taxes	2,478,617	437,403	2,916,020
Depreciation and Amortization	13,463,250	3,322,947	16,786,197
Travel	49,798	282,191	331,989
Raw Food	3,132,431	468,064	3,600,495
Miscellaneous	195,434	145,456	340,890
Total Expenses	<u>\$ 78,937,463</u>	<u>\$ 20,632,993</u>	<u>\$ 99,570,456</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 11 EMPLOYEE BENEFIT PLAN

The Company offers defined contribution plans for all eligible employees of the System. The plans require each entity to match certain percentages of employee voluntary contributions based upon years of service. Pension expense is as follows for the years ended June 30:

	<u>2025</u>	<u>2024</u>
The RiverWoods Group	\$ 152,367	\$ 157,503
RiverWoods Exeter	241,999	227,913
RiverWoods Manchester	88,650	70,324
RiverWoods Durham	76,590	78,591
Total	<u>\$ 559,606</u>	<u>\$ 534,331</u>

NOTE 12 CONCENTRATION OF CREDIT RISK

The Company maintains its cash accounts at commercial banks. The cash balances in each bank are insured by the FDIC up to certain dollar limitations. The concentration of credit risk varies with the funds held in the accounts and fluctuates based on available balances during the year.

The Company grants credit without collateral to its residents. The Company requires third-party insurance for those residents receiving health care services. The mix of receivables from patients and third-party payors at June 30 was as follows:

	<u>2025</u>	<u>2024</u>
Medicare and Supplemental Insurance	50 %	23 %
Residents and Other Accounts Receivable	50	77
Total	<u>100 %</u>	<u>100 %</u>

NOTE 13 RELATED PARTY

RWE, RWM, and RWD remit fees to TRWG for management, information technology, and administrative support services as agreed upon in their respective management service agreements.

Management, information technology, and administrative support fees paid by RWE, RWM, and RWD are as follows for the years ended June 30. All amounts eliminate upon consolidation.

	<u>2025</u>			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Fees Paid to TRWG:				
Management	\$ 693,721	\$ 338,491	\$ 445,468	\$ 1,477,680
Information Technology	1,208,914	424,708	558,933	2,192,555
Administrative Support	2,104,974	806,421	1,088,884	4,000,279
Total	<u>\$ 4,007,609</u>	<u>\$ 1,569,620</u>	<u>\$ 2,093,285</u>	<u>\$ 7,670,514</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 RELATED PARTY (CONTINUED)

	2024			
	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
	Fees Paid to TRWG:			
Management and Development	\$ 1,487,632	\$ 643,364	\$ 938,120	\$ 3,069,116
Information Technology	1,256,220	391,164	570,376	2,217,760
Administrative Support	1,413,840	509,924	684,452	2,608,216
Total	\$ 4,157,692	\$ 1,544,452	\$ 2,192,948	\$ 7,895,092

During fiscal years ended June 30, 2025 and 2024, RiverWoods Exeter incurred expenses reimbursed by TRWG totaling \$120,188 and \$112,434, respectively, which were eliminated in consolidation.

In March 2024, the RiverWoods Group Board and the CCRC Board approved a new mechanism to fund system growth, the System Development Fee. This mechanism allows TRWG to bear most of the risk of future growth, providing protection to the stabilized communities. System Development Fees, recorded as net asset transfers and eliminated upon consolidation, paid by RWE, RWM, and RWD are as follows for the years ended June 30:

	2025	2024
RiverWoods Exeter	\$ 1,523,550	\$ -
RiverWoods Manchester	632,000	-
RiverWoods Durham	449,016	-
Total	\$ 2,604,566	\$ -

On July 8, 2016, and amended with the issuance of the Series 2021 Bonds, RiverWoods Manchester entered into an equity support agreement with TRWG, for a \$2,000,000 subordinated loan, with the availability of an additional \$5,000,000, if needed. This agreement provides liquidity support as required under the People's United Muni Finance Corp and People's United Bank, National Association (now M&T Bank) lending agreement. Principal may be repaid upon the latter of i) July 8, 2021, or ii) satisfaction of certain financial benchmarks as defined in the Financial Support Agreement. Interest at 3% is paid in monthly installments. All unpaid principal and accrued interest must be repaid by July 8, 2026, unless extended by TRWG. The amount outstanding on the loan at June 30, 2025 and 2024 is \$2,000,000. RiverWoods Manchester paid TRWG \$60,000 in interest on the loan during each of the years ended June 30, 2025 and 2024. These amounts are eliminated in consolidation.

On June 25, 2019, RiverWoods Manchester entered into a loan agreement with TRWG in an amount up to \$1,700,000 that can be drawn upon at an interest rate of 0%, until June 30, 2025. The agreement was intended to allow RiverWoods Manchester to be able to meet certain financial covenants contained in its bond purchase agreements. Principal outstanding on the loan will be repaid in 36 equal installments beginning August 1, 2025. The amount outstanding on the loan at June 30, 2025 and 2024 is \$495,000 and is eliminated in consolidation.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 RELATED PARTY (CONTINUED)

On June 15, 2023, RiverWoods Exeter entered into a promissory note agreement in an amount up to \$10,000,000 with TRWG to support the financing of RiverWoods Exeter’s centralized health center and independent living expansion capital project. The interest on the note is the same interest rate incurred by TRWG under its line of credit (see Note 5). The amount outstanding on the loan at June 30, 2025 and 2024 is \$3,615,902 and \$1,781,240, respectively, and is eliminated in consolidation.

On February 18, 2025, RiverWoods Durham entered into a promissory note agreement in an amount up to \$5,400,000 with TRWG to support the financing of RiverWoods Durham’s Phase II independent living expansion capital project. The interest on the note is the same interest rate incurred by TRWG under its line of credit (see Note 5). The amount outstanding on the loan at June 30, 2025 is \$441,647 and is eliminated in consolidation.

A benefit of a system is the ability to share knowledge and resources across the entities. For the Company’s System, this typically includes shared staffing and employee benefits, supplies and personal protective equipment, and management fees. The accounts are reconciled on a monthly basis.

Effective with its fiscal year 2023, the RiverWoods Group System opted into a self-insured health insurance program for covered employees. Based upon purchasing power and the combined risk pool, the organization anticipated significant savings in aggregate as compared to commercial options. As part of the program, the organization purchases stop loss insurance to provide a maximum cost ceiling. The RiverWoods Group charge the communities at “expected” costs and bears the risk of maximum costs. TRWG will annually evaluate the risk/return benefit of adjusting stop loss insurance amounts. TRWG has established a Self-Insured Health Insurance board-designated reserve for claims exposure.

The amounts due (to)/from the entities that are eliminated in consolidation are comprised of the following at June 30, 2025:

	The RiverWoods Group	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Due to TRWG	\$ -	\$ (677,551)	\$ (208,838)	\$ (278,823)	\$ (1,165,212)
Due to RiverWoods Exeter	-	-	(607)	(3,028)	(3,635)
Due to RiverWoods Durham	-	-	(1,045)	-	(1,045)
Due from RiverWoods Exeter	677,551	-	-	-	677,551
Due from RiverWoods Manchester	208,838	607	-	1,045	210,490
Due from RiverWoods Durham	278,823	3,028	-	-	281,851
Total	<u>\$ 1,165,212</u>	<u>\$ (673,916)</u>	<u>\$ (210,490)</u>	<u>\$ (280,806)</u>	<u>\$ -</u>

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 13 RELATED PARTY (CONTINUED)

The amounts due (to)/from the entities that are eliminated in consolidation are comprised of the following at June 30, 2024:

	The RiverWoods Group	RiverWoods Exeter	RiverWoods Manchester	RiverWoods Durham	Total
Due to TRWG	\$ -	\$ (558,013)	\$ (222,748)	\$ (217,102)	\$ (997,863)
Due to RiverWoods Exeter	-	-	(1,110)	(4,107)	(5,217)
Due to RiverWoods Manchester	-	-	-	(34)	(34)
Due from RiverWoods Exeter	558,013	-	-	-	558,013
Due from RiverWoods Manchester	222,748	1,110	-	-	223,858
Due from RiverWoods Durham	217,102	4,107	34	-	221,243
Total	<u>\$ 997,863</u>	<u>\$ (552,796)</u>	<u>\$ (223,824)</u>	<u>\$ (221,243)</u>	<u>\$ -</u>

NOTE 14 INSURANCE

Effective October 23, 2014, RiverWoods Exeter began participating in an insurance risk retention group, the Caring Communities, a Reciprocal Risk Retention Group (CCrRRG), a group insurance captive corporation licensed by the state of Illinois, to cover basic professional and general liability insurance on a claims-made basis. Participation has been expanded to include The RiverWoods Group, RiverWoods Manchester, and RiverWoods Durham.

NOTE 15 CONTINGENCIES AND COMMITMENTS

Litigation

The Company occasionally finds itself as a defendant in legal suits that develop in the normal course of its activities. Although it is impossible to determine the ultimate resolution of matters that remain unresolved at this time, the Company does not anticipate that there will be any material effect on these consolidated financial statements as a result of any action presently in progress.

Industry Regulation

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse.

Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Company is in compliance with fraud and abuse statutes as well as other applicable government statutes.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 15 CONTINGENCIES AND COMMITMENTS (CONTINUED)

Employee Retention Credit

The Employee Retention Credit (ERC) is a refundable tax credit against certain employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before January 1, 2021. On December 27, 2020, the Consolidated Appropriations Act (CAA) was signed into law. Among other provisions, the CAA expanded the eligibility for ERC to include more entities as well as extending ERC into calendar year 2021 including the first, second and third calendar quarters. Furthermore, the refundable tax credit for the calendar year 2021 was expanded to 70% of the qualified wages. CAA provided these entities the ability to retroactively recover payroll taxes from earlier in 2020 during which they were previously ineligible. This is done by retroactively applying for the credit.

Employers, including tax-exempt organizations, are eligible for the credit if they operate a trade or business during calendar year 2020 and 2021 and experience either a full or partial suspension of the operation of their trade or business during any calendar quarter due to a significant decline in gross receipts or because of governmental orders limiting commerce, travel or group meetings due to COVID-19. The credit applies to qualified wages (including certain health plan expenses) paid during this period or any calendar quarter in which eligibility requirements were met.

During the fiscal year ended June 30, 2023, each entity of the System filed Form 941-X tax returns for two quarters in 2021.

Due to various uncertainties regarding eligibility and collectability of the funds, the Company determined that all of the conditions of the ERC program had not been fulfilled as of June 30, 2024. Accordingly, the Company did not recognize the amounts received as revenue in the fiscal year ended June 30, 2024.

In April 2025, TRWG received one of its refunds, which included interest income. This refund has been recognized as revenue in fiscal year 2025.

In July 2025, subsequent to the fiscal year ended June 30, 2025, TRWG received its second refund, RWE received both of its refunds, and RWM and RWD each received one of their respective refunds, all with associated interest income. These amounts have been recognized as revenue, along with associated accounts receivable, in the fiscal year ended June 30, 2025.

The Company engaged a third party to assist with determining its eligibility for the credit. The ERC refunds are subject to Internal Revenue Service (IRS) review with a possibility that upon review the IRS could request the funds be returned and reach a different conclusion regarding the Company's eligibility than the third-party determined.

THE RIVERWOODS GROUP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2025 AND 2024

NOTE 16 PROJECTS IN PROGRESS

For projects that meet the Company's capital expenditure guidelines, a capital project is established. Expenditures are captured throughout the project as Capital Projects in Progress (CIP). Upon completion, the project is closed and placed into service and a fixed asset is created and depreciation begins. Projects that are not completed at fiscal year-end are reflected on the statement of financial position as projects in progress. For the fiscal year ended June 30, 2025, the following major projects were part of projects in progress:

<u>RWE</u>	Incurred Costs as of June 30, 2025	Anticipated Completion Year
Centralized Healthcare and ILU Expansion Project	\$ 3,673,698	FY 2030
 <u>RWD</u>		
Expansion Project	615,705	FY 2028

Included in the incurred costs for the RWE Centralized Healthcare and ILU Expansion Project is capitalized interest totaling approximately \$216,000, of which approximately \$177,000 was incurred during fiscal year 2025.

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 3,537,615	\$ 13,013,149	\$ 4,650,919	\$ 5,718,243	\$ 26,919,926	\$ -	\$ 26,919,926
Assets Limited as to Use - Other	-	168,873	28,523	54,470	251,866	-	251,866
Accounts Receivable	-	811,883	262,891	32,456	1,107,230	-	1,107,230
Employee Retention Credit Receivable	287,985	5,433,963	941,442	990,369	7,653,759	-	7,653,759
Inventories	-	279,344	24,082	49,920	353,346	-	353,346
Prepaid Expenses and Other Current Assets	1,132,312	565,362	109,047	94,864	1,901,585	(985,158)	916,427
Intercompany	1,165,212	3,635	-	1,045	1,169,892	(1,169,892)	-
Accrued Interest Receivable	8,100	163,173	19,724	60,251	251,248	-	251,248
Total Current Assets	<u>6,131,224</u>	<u>20,439,382</u>	<u>6,036,628</u>	<u>7,001,618</u>	<u>39,608,852</u>	<u>(2,155,050)</u>	<u>37,453,802</u>
ASSETS LIMITED AS TO USE							
Other Restricted Funds	-	2,121,533	12,921	161,592	2,296,046	-	2,296,046
Endowment Funds	-	1,379,108	4,960,198	-	6,339,306	-	6,339,306
Total Assets Limited as to Use	<u>-</u>	<u>3,500,641</u>	<u>4,973,119</u>	<u>161,592</u>	<u>8,635,352</u>	<u>-</u>	<u>8,635,352</u>
PROPERTY AND EQUIPMENT							
Land and Land Improvements	-	14,496,290	6,977,681	3,695,959	25,169,930	-	25,169,930
Building and Improvements	-	209,649,863	79,106,839	98,899,369	387,656,071	-	387,656,071
Furniture and Equipment	421,394	17,513,532	6,060,378	4,191,753	28,187,057	-	28,187,057
Projects in Process	211,146	4,864,724	323,890	856,178	6,255,938	-	6,255,938
Total	<u>632,540</u>	<u>246,524,409</u>	<u>92,468,788</u>	<u>107,643,259</u>	<u>447,268,996</u>	<u>-</u>	<u>447,268,996</u>
Less: Accumulated Depreciation	<u>(215,237)</u>	<u>(134,301,781)</u>	<u>(42,131,563)</u>	<u>(19,653,769)</u>	<u>(196,302,350)</u>	<u>-</u>	<u>(196,302,350)</u>
Total Property and Equipment, Net	<u>417,303</u>	<u>112,222,628</u>	<u>50,337,225</u>	<u>87,989,490</u>	<u>250,966,646</u>	<u>-</u>	<u>250,966,646</u>
OTHER ASSETS							
Investments	15,418,443	80,231,678	8,583,542	33,659,179	137,892,842	-	137,892,842
Right-of-Use Assets, Operating Net	-	119,473	23,485	36,556	179,514	-	179,514
Notes Receivable	6,552,549	-	-	-	6,552,549	(6,552,549)	-
Benevolent Fund - Unrestricted Portion	-	963,189	576,779	-	1,539,968	-	1,539,968
Asset Under Interest Rate Swap Agreement, Net	-	-	1,013,215	-	1,013,215	-	1,013,215
Other Assets	-	281,048	-	-	281,048	-	281,048
Software & Data Management	347,049	47,076	85,646	107,281	587,052	-	587,052
Deferred Marketing Costs	-	-	-	645,543	645,543	-	645,543
Total Other Assets	<u>22,318,041</u>	<u>81,642,464</u>	<u>10,282,667</u>	<u>34,448,559</u>	<u>148,691,731</u>	<u>(6,552,549)</u>	<u>142,139,182</u>
Total Assets	<u>\$ 28,866,568</u>	<u>\$ 217,805,115</u>	<u>\$ 71,629,639</u>	<u>\$ 129,601,259</u>	<u>\$ 447,902,581</u>	<u>\$ (8,707,599)</u>	<u>\$ 439,194,982</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
LIABILITIES AND NET ASSETS (DEFICIT)							
CURRENT LIABILITIES							
Current Portion of Long-Term Debt	\$ -	\$ 1,630,000	659,913	\$ 1,915,900	\$ 4,205,813	\$ (151,250)	\$ 4,054,563
Current Portion of Lease Obligation	-	41,799	11,089	23,671	76,559	-	76,559
Current Portion of Refundable Entrance Fee Liability	-	1,599,220	701,385	1,365,930	3,666,535	-	3,666,535
Accounts Payable and Accrued Expenses	1,251,288	3,030,704	585,026	1,300,024	6,167,042	(985,158)	5,181,884
Accrued Salaries, Wages, and Related Taxes	1,199,946	1,544,171	607,815	710,026	4,061,958	-	4,061,958
Accrued Interest Payable	-	495,999	27,803	93,088	616,890	-	616,890
Intercompany	-	4,293,453	210,490	723,498	5,227,441	(5,227,441)	-
Total Current Liabilities	<u>2,451,234</u>	<u>12,635,346</u>	<u>2,803,521</u>	<u>6,132,137</u>	<u>24,022,238</u>	<u>(6,363,849)</u>	<u>17,658,389</u>
LONG-TERM DEBT, NET OF CURRENT PORTION, DEFERRED FINANCING COSTS AND BOND PREMIUM	3,833,946	40,834,248	13,781,734	49,678,210	108,128,138	(2,343,750)	105,784,388
LONG-TERM LEASE OBLIGATION, NET OF CURRENT PORTION	-	77,674	12,396	12,885	102,955	-	102,955
WAIT LIST DEPOSITS	-	30,260,920	1,307,700	8,926,250	40,494,870	-	40,494,870
REFUNDABLE ENTRANCE FEE LIABILITY	-	183,121,631	36,756,995	77,259,350	297,137,976	-	297,137,976
DEFERRED REVENUE FROM ENTRANCE FEES	-	29,467,250	14,933,659	10,208,330	54,609,239	-	54,609,239
Total Liabilities	6,285,180	296,397,069	69,596,005	152,217,162	524,495,416	(8,707,599)	515,787,817
NET ASSETS (DEFICIT)							
Without Donor Restrictions	22,518,724	(80,433,113)	(2,968,008)	(22,679,284)	(83,561,681)	-	(83,561,681)
With Donor Restrictions	62,664	1,841,159	5,001,642	63,381	6,968,846	-	6,968,846
Total Net Assets (Deficit)	<u>22,581,388</u>	<u>(78,591,954)</u>	<u>2,033,634</u>	<u>(22,615,903)</u>	<u>(76,592,835)</u>	<u>-</u>	<u>(76,592,835)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 28,866,568</u>	<u>\$ 217,805,115</u>	<u>\$ 71,629,639</u>	<u>\$ 129,601,259</u>	<u>\$ 447,902,581</u>	<u>\$ (8,707,599)</u>	<u>\$ 439,194,982</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
REVENUES							
Residential Service Fees	\$ -	\$ 33,741,851	\$ 9,322,936	\$ 13,003,888	\$ 56,068,675	\$ -	\$ 56,068,675
Earned Entrance Fees	-	3,522,896	2,071,670	1,450,274	7,044,840	-	7,044,840
Health Center Fees	-	7,926,784	6,206,612	6,807,879	20,941,275	-	20,941,275
Management, Development, Administrative, and IT Fees	7,670,514	-	-	-	7,670,514	(7,670,514)	-
Other Operating Revenue (Credits)	-	(161,923)	14,908	84,213	(62,802)	-	(62,802)
Investment Income, Net of Fees	695,819	1,903,631	382,406	1,187,300	4,169,156	(60,000)	4,109,156
Net Assets Released from Restrictions	35,186	407,093	409,596	192,888	1,044,763	-	1,044,763
Total Revenues	<u>8,401,519</u>	<u>47,340,332</u>	<u>18,408,128</u>	<u>22,726,442</u>	<u>96,876,421</u>	<u>(7,730,514)</u>	<u>89,145,907</u>
EXPENSES							
General and Administrative	10,396,734	11,779,148	5,106,074	5,700,033	32,981,989	(7,550,326)	25,431,663
Resident Services	-	2,292,344	803,455	908,931	4,004,730	-	4,004,730
Dining Services	-	6,576,630	2,459,609	2,541,822	11,578,061	-	11,578,061
Nursing Services	-	10,529,431	4,881,785	5,913,623	21,324,839	-	21,324,839
Environmental Services	-	6,263,273	1,862,621	1,837,418	9,963,312	-	9,963,312
Facility Costs and Utilities	120,188	4,654,555	1,402,328	2,098,957	8,276,028	(120,188)	8,155,840
Depreciation	85,776	9,419,826	4,090,810	3,760,289	17,356,701	-	17,356,701
Amortization	184,944	21,281	19,286	150,180	375,691	-	375,691
Interest	9,221	1,727,646	456,273	1,442,323	3,635,463	(60,000)	3,575,463
Total Expenses	<u>10,796,863</u>	<u>53,264,134</u>	<u>21,082,241</u>	<u>24,353,576</u>	<u>109,496,814</u>	<u>(7,730,514)</u>	<u>101,766,300</u>
LOSS FROM OPERATIONS	(2,395,344)	(5,923,802)	(2,674,113)	(1,627,134)	(12,620,393)	-	(12,620,393)
NONOPERATING GAINS (LOSSES)							
Contributions	-	27,283	1,093	-	28,376	-	28,376
Employee Retention Credit Revenue	583,834	5,433,963	941,442	990,369	7,949,608	-	7,949,608
Change in Charitable Gift Annuity Liability	-	70,788	-	-	70,788	-	70,788
Changes in Net Unrealized Gains (Losses) on Equities Investments	(699,131)	2,445,766	(125,303)	1,072,833	2,694,165	-	2,694,165
Gains (Losses) on Sale of Investments & Capital Gains	1,404,552	2,295,509	759,093	1,309,270	5,768,424	-	5,768,424
Losses on Asset Disposals and Inventory Write-off	(431,082)	(3,937)	(3,552)	8,548	(430,023)	-	(430,023)
Change in the Fair Value of Interest Rate Swap Agreements	-	(272,859)	(314,776)	-	(587,635)	-	(587,635)
Total Nonoperating Gains (Losses)	<u>858,173</u>	<u>9,996,513</u>	<u>1,257,997</u>	<u>3,381,020</u>	<u>15,493,703</u>	<u>-</u>	<u>15,493,703</u>
EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	(1,537,171)	4,072,711	(1,416,116)	1,753,886	2,873,310	-	2,873,310

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	\$ (1,537,171)	\$ 4,072,711	\$ (1,416,116)	\$ 1,753,886	\$ 2,873,310	\$ -	\$ 2,873,310
OTHER CHANGES IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS							
Other Nonoperating Revenue	-	38,710	-	-	38,710	-	38,710
System Development Fee	2,604,566	(1,523,550)	(632,000)	(449,016)	-	-	-
Changes in Net Unrealized Gains on Nonequities Investments	125,549	2,606,255	115,378	287,197	3,134,379	-	3,134,379
Total Other Changes in Net Assets (Deficit) Without Donor Restrictions	<u>2,730,115</u>	<u>1,121,415</u>	<u>(516,622)</u>	<u>(161,819)</u>	<u>3,173,089</u>	<u>-</u>	<u>3,173,089</u>
CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	1,192,944	5,194,126	(1,932,738)	1,592,067	6,046,399	-	6,046,399
CHANGES IN NET ASSETS (DEFICIT) WITH DONOR RESTRICTIONS							
Contributions	97,850	772,435	167,440	188,200	1,225,925	-	1,225,925
Changes in Net Realized and Unrealized Gains on Investments	-	-	577,629	-	577,629	-	577,629
Net Assets Released from Restrictions	(35,186)	(407,093)	(409,596)	(192,888)	(1,044,763)	-	(1,044,763)
Changes in Net Assets (Deficit) With Donor Restrictions	<u>62,664</u>	<u>365,342</u>	<u>335,473</u>	<u>(4,688)</u>	<u>758,791</u>	<u>-</u>	<u>758,791</u>
CHANGE IN NET ASSETS (DEFICIT)	1,255,608	5,559,468	(1,597,265)	1,587,379	6,805,190	-	6,805,190
Net Assets (Deficit) – Beginning of Year	<u>21,325,780</u>	<u>(84,151,422)</u>	<u>3,630,899</u>	<u>(24,203,282)</u>	<u>(83,398,025)</u>	<u>-</u>	<u>(83,398,025)</u>
NET ASSETS (DEFICIT) – END OF YEAR	<u>\$ 22,581,388</u>	<u>\$ (78,591,954)</u>	<u>\$ 2,033,634</u>	<u>\$ (22,615,903)</u>	<u>\$ (76,592,835)</u>	<u>\$ -</u>	<u>\$ (76,592,835)</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Assets (Deficit)	\$ 1,255,608	\$ 5,559,468	\$ (1,597,265)	\$ 1,587,379	\$ 6,805,190	\$ -	\$ 6,805,190
Adjustments to Reconcile Change in Net Assets (Deficit) to Net Cash Provided (Used) by Operating Activities:							
Proceeds from Entrance Fees - Nonrefundable	-	5,614,000	2,302,200	1,098,610	9,014,810	-	9,014,810
Noncash Items Included in Change in Net Assets (Deficit):							
Amortization of Deferred Entrance Fee Revenue	-	(3,522,896)	(2,071,670)	(1,450,274)	(7,044,840)	-	(7,044,840)
Depreciation and Amortization	270,720	9,441,107	4,110,096	3,910,469	17,732,392	-	17,732,392
Amortization of Bond Issuance Costs and (Bond Premiums)	-	(114,741)	38,897	290,792	214,948	-	214,948
Loss on Inventory Writeoff	231,082	-	-	-	231,082	-	231,082
Change in Interest Rate Swap Agreements	-	354,337	314,776	-	669,113	-	669,113
Unrealized (Gains) Losses on Investments, Net	573,582	(5,052,021)	(403,473)	(1,360,030)	(6,241,942)	-	(6,241,942)
(Increase) Decrease in Assets:							
Accounts Receivable	-	435,072	(154,743)	87,505	367,834	-	367,834
Employee Retention Credit Receivable	(287,985)	(5,433,963)	(941,442)	(990,369)	(7,653,759)	-	(7,653,759)
Inventories	15,142	82,237	11,411	15,649	124,439	-	124,439
Prepaid Expenses and Other Assets	(3,477,500)	246,253	1,581	48,402	(3,181,264)	3,428,245	246,981
Accrued Interest Receivable	14,259	(12,876)	(340)	(1,795)	(752)	-	(752)
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Expenses	458,979	1,526,781	(110,680)	(252,387)	1,622,693	(985,158)	637,535
Accrued Salaries, Wages, and Related Taxes	212,080	88,794	2,473	48,964	352,311	-	352,311
Accrued Interest Payable and Other Liabilities	-	2,163,611	(376,924)	445,392	2,232,079	(2,443,087)	(211,008)
Net Cash Provided (Used) by Operating Activities	(734,033)	11,375,163	1,124,897	3,478,307	15,244,334	-	15,244,334
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property and Equipment	(263,045)	(9,295,088)	(3,584,486)	(2,000,348)	(15,142,967)	-	(15,142,967)
Purchases of Software & Data Management	(72,187)	(11,302)	(11,302)	(101,321)	(196,112)	-	(196,112)
Increase in Investments	(260,188)	(528,881)	(566,705)	(2,317,574)	(3,673,348)	-	(3,673,348)
Increase in Other Restricted Funds	-	(552,299)	(352,326)	(16,359)	(920,984)	-	(920,984)
(Increase) Decrease in Benevolent Fund	-	95,587	(71,296)	-	24,291	-	24,291
Net Cash Used by Investing Activities	(595,420)	(10,291,983)	(4,586,115)	(4,435,602)	(19,909,120)	-	(19,909,120)

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CASH FLOWS FROM FINANCING ACTIVITIES							
Payments on Long-Term Debt	\$ -	\$ (1,240,000)	\$ (1,244,608)	\$ (1,878,100)	\$ (4,362,708)	\$ -	\$ (4,362,708)
Cash Paid Related to Bond Issuance	-	(49,927)	-	-	(49,927)	-	(49,927)
Proceeds from Long-Term Debt	2,091,116	-	-	-	2,091,116	-	2,091,116
Change in Wait List Deposits	-	5,340,114	252,010	1,756,880	7,349,004	-	7,349,004
Proceeds from Entrance Fees - Refundable	-	15,001,000	4,923,800	4,530,490	24,455,290	-	24,455,290
Proceeds from Entrance Fees - Initial Sales - Refundable	-	-	472,430	-	472,430	-	472,430
Proceeds from Entrance Fees - Initial Sales - Nonrefundable	-	-	202,470	-	202,470	-	202,470
Refunds of Entrance Fees	-	(12,027,835)	(1,043,263)	(3,158,290)	(16,229,388)	-	(16,229,388)
Net Cash Provided by Financing Activities	2,091,116	7,023,352	3,562,839	1,250,980	13,928,287	-	13,928,287
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	761,663	8,106,532	101,621	293,685	9,263,501	-	9,263,501
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,775,952	5,304,276	4,594,454	5,479,028	18,153,710	-	18,153,710
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 3,537,615</u>	<u>\$ 13,410,808</u>	<u>\$ 4,696,075</u>	<u>\$ 5,772,713</u>	<u>\$ 27,417,211</u>	<u>\$ -</u>	<u>\$ 27,417,211</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Paid for Interest	\$ -	\$ 1,481,899	\$ 417,175	\$ 1,152,206	\$ 3,051,280	\$ (60,000)	\$ 2,991,280
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES							
Lease Asset Acquired	\$ -	\$ (46,095)	\$ -	\$ -	\$ (46,095)	\$ -	\$ (46,095)
Lease Liability Incurred	-	46,095	-	-	46,095	-	46,095
Cash Paid for Lease Acquisition	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Purchased of Property and Equipment	\$ (263,045)	\$ (9,295,088)	\$ (2,985,015)	\$ (2,000,348)	\$ (14,543,496)	\$ -	\$ (14,543,496)
Plus: Additions Included in Accounts Payable	-	-	-	-	-	-	-
Less: Additions Included in Accounts Payable in Prior Year	-	-	(599,471)	-	(599,471)	-	(599,471)
Cash Paid for Property and Equipment	<u>\$ (263,045)</u>	<u>\$ (9,295,088)</u>	<u>\$ (3,584,486)</u>	<u>\$ (2,000,348)</u>	<u>\$ (15,142,967)</u>	<u>\$ -</u>	<u>\$ (15,142,967)</u>
Proceeds from Issuance of Series 2024 Bonds	\$ -	\$ 39,680,000	\$ -	\$ -	\$ 39,680,000	\$ -	\$ 39,680,000
Premium of Series 2024 Bonds	-	3,567,513	-	-	3,567,513	-	3,567,513
Debt Issuance Costs of Series 2024 Bonds	-	(617,736)	-	-	(617,736)	-	(617,736)
Series 2012A and 2012B Bond Principal and Interest Paid-Off	-	(42,679,704)	-	-	(42,679,704)	-	(42,679,704)
Net Cash Paid at Bond Issuance Closing	\$ -	\$ (49,927)	\$ -	\$ -	\$ (49,927)	\$ -	\$ (49,927)

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
ASSETS							
CURRENT ASSETS							
Cash and Cash Equivalents	\$ 2,775,952	\$ 5,073,355	\$ 4,542,370	\$ 5,436,975	\$ 17,828,652	\$ -	\$ 17,828,652
Assets Limited as to Use - Other	-	73,145	28,996	42,053	144,194	-	144,194
Accounts Receivable	-	1,246,955	108,148	119,961	1,475,064	-	1,475,064
Inventories	246,224	361,581	35,493	65,569	708,867	-	708,867
Prepaid Expenses and Other Current Assets	98,470	824,526	110,594	144,311	1,177,901	-	1,177,901
Intercompany	997,863	5,217	34	-	1,003,114	(1,003,114)	-
Accrued Interest Receivable	22,359	150,297	19,384	58,456	250,496	-	250,496
Total Current Assets	<u>4,140,868</u>	<u>7,735,076</u>	<u>4,845,019</u>	<u>5,867,325</u>	<u>22,588,288</u>	<u>(1,003,114)</u>	<u>21,585,174</u>
ASSETS LIMITED AS TO USE							
Other Restricted Funds	-	1,876,309	10,846	145,233	2,032,388	-	2,032,388
Endowment Funds	-	1,001,023	4,626,327	-	5,627,350	-	5,627,350
Total Assets Limited as to Use	<u>-</u>	<u>2,877,332</u>	<u>4,637,173</u>	<u>145,233</u>	<u>7,659,738</u>	<u>-</u>	<u>7,659,738</u>
PROPERTY AND EQUIPMENT							
Land and Land Improvements	-	12,560,674	6,585,984	3,676,039	22,822,697	-	22,822,697
Building and Improvements	-	203,441,532	61,807,366	97,708,180	362,957,078	-	362,957,078
Furniture and Equipment	336,211	15,891,268	5,664,952	3,815,701	25,708,132	-	25,708,132
Projects in Process	39,616	5,385,459	15,440,168	489,991	21,355,234	-	21,355,234
Total	<u>375,827</u>	<u>237,278,933</u>	<u>89,498,470</u>	<u>105,689,911</u>	<u>432,843,141</u>	<u>-</u>	<u>432,843,141</u>
Less: Accumulated Depreciation	<u>(135,793)</u>	<u>(124,931,567)</u>	<u>(38,055,450)</u>	<u>(15,940,480)</u>	<u>(179,063,290)</u>	<u>-</u>	<u>(179,063,290)</u>
Total Property and Equipment, Net	<u>240,034</u>	<u>112,347,366</u>	<u>51,443,020</u>	<u>89,749,431</u>	<u>253,779,851</u>	<u>-</u>	<u>253,779,851</u>
OTHER ASSETS							
Investments	15,731,837	74,650,776	7,603,439	29,981,575	127,967,627	-	127,967,627
Right-of-Use Assets, Operating Net	6,332	110,187	34,244	65,180	215,943	-	215,943
Notes Receivable	4,276,240	-	-	-	4,276,240	(4,276,240)	-
Benevolent Fund - Unrestricted Portion	-	1,058,776	505,483	-	1,564,259	-	1,564,259
Asset Under Interest Rate Swap Agreement, Net	-	354,337	1,327,991	-	1,682,328	-	1,682,328
Other Assets	-	266,555	-	-	266,555	-	266,555
Software & Data Management	459,806	57,055	93,630	47,376	657,867	-	657,867
Deferred Marketing Costs	-	-	-	754,307	754,307	-	754,307
Total Other Assets	<u>20,474,215</u>	<u>76,497,686</u>	<u>9,564,787</u>	<u>30,848,438</u>	<u>137,385,126</u>	<u>(4,276,240)</u>	<u>133,108,886</u>
Total Assets	<u>\$ 24,855,117</u>	<u>\$ 199,457,460</u>	<u>\$ 70,489,999</u>	<u>\$ 126,610,427</u>	<u>\$ 421,413,003</u>	<u>\$ (5,279,354)</u>	<u>\$ 416,133,649</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

LIABILITIES AND NET ASSETS (DEFICIT)	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CURRENT LIABILITIES							
Current Portion of Long-Term Debt	\$ 1,742,830	\$ 2,505,000	\$ 1,244,468	\$ 1,878,400	\$ 7,370,698	\$ -	\$ 7,370,698
Current Portion of Lease Obligation	6,332	32,543	10,759	28,624	78,258	-	78,258
Current Portion of Refundable Entrance Fee Liability	-	526,383	-	-	526,383	-	526,383
Accounts Payable and Accrued Expenses	792,309	1,503,923	1,295,177	1,552,411	5,143,820	-	5,143,820
Accrued Salaries, Wages, and Related Taxes	987,866	1,455,377	605,342	661,062	3,709,647	-	3,709,647
Accrued Interest Payable	-	139,694	28,459	95,841	263,994	-	263,994
Intercompany	-	2,339,253	223,858	221,243	2,784,354	(2,784,354)	-
Total Current Liabilities	<u>3,529,337</u>	<u>8,502,173</u>	<u>3,408,063</u>	<u>4,437,581</u>	<u>19,877,154</u>	<u>(2,784,354)</u>	<u>17,092,800</u>
LONG-TERM DEBT, NET OF CURRENT PORTION AND DEFERRED FINANCING COSTS	-	41,293,802	14,402,890	51,303,018	106,999,710	(2,495,000)	104,504,710
LONG-TERM LEASE OBLIGATION, NET OF CURRENT PORTION	-	77,644	23,485	36,556	137,685	-	137,685
WAIT LIST DEPOSITS	-	24,920,806	1,055,690	7,169,370	33,145,866	-	33,145,866
REFUNDABLE ENTRANCE FEE LIABILITY	-	181,438,311	33,426,387	77,307,190	292,171,888	-	292,171,888
DEFERRED REVENUE FROM ENTRANCE FEES	-	27,376,146	14,542,585	10,559,994	52,478,725	-	52,478,725
Total Liabilities	<u>3,529,337</u>	<u>283,608,882</u>	<u>66,859,100</u>	<u>150,813,709</u>	<u>504,811,028</u>	<u>(5,279,354)</u>	<u>499,531,674</u>
NET ASSETS (DEFICIT)							
Without Donor Restrictions	21,325,780	(85,627,239)	(1,035,270)	(24,271,351)	(89,608,080)	-	(89,608,080)
With Donor Restrictions	-	1,475,817	4,666,169	68,069	6,210,055	-	6,210,055
Total Net Assets (Deficit)	<u>21,325,780</u>	<u>(84,151,422)</u>	<u>3,630,899</u>	<u>(24,203,282)</u>	<u>(83,398,025)</u>	<u>-</u>	<u>(83,398,025)</u>
Total Liabilities and Net Assets (Deficit)	<u>\$ 24,855,117</u>	<u>\$ 199,457,460</u>	<u>\$ 70,489,999</u>	<u>\$ 126,610,427</u>	<u>\$ 421,413,003</u>	<u>\$ (5,279,354)</u>	<u>\$ 416,133,649</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
REVENUES							
Residential Service Fees	\$ -	\$ 32,457,709	\$ 7,978,874	\$ 12,699,687	\$ 53,136,270	\$ -	\$ 53,136,270
Earned Entrance Fees	-	3,589,622	2,274,718	1,309,284	7,173,624	-	7,173,624
Health Center Fees	-	8,327,850	5,955,837	6,957,409	21,241,096	-	21,241,096
Management, Development, Administrative, and IT Fees	7,895,092	-	-	-	7,895,092	(7,895,092)	-
Other Operating Revenue (Credits, Net)	-	156,450	53,955	105,908	316,313	-	316,313
Investment Income, Net of Fees	688,842	1,802,981	498,196	1,138,038	4,128,057	(60,000)	4,068,057
Net Assets Released from Restrictions	4,115	440,595	354,463	185,787	984,960	-	984,960
Total Revenues	8,588,049	46,775,207	17,116,043	22,396,113	94,875,412	(7,955,092)	86,920,320
EXPENSES							
General and Administrative	8,961,044	11,808,744	5,748,116	6,068,897	32,586,801	(7,782,658)	24,804,143
Resident Services	-	2,017,462	847,357	855,495	3,720,314	-	3,720,314
Dining Services	-	6,246,628	2,242,226	2,476,550	10,965,404	-	10,965,404
Nursing Services	-	10,803,317	4,786,210	5,863,972	21,453,499	-	21,453,499
Environmental Services	-	6,170,785	1,788,955	1,750,798	9,710,538	-	9,710,538
Facility Costs and Utilities	112,434	5,131,914	1,138,980	2,060,722	8,444,050	(112,434)	8,331,616
Depreciation	73,166	9,087,175	3,559,627	3,763,805	16,483,773	-	16,483,773
Amortization	94,255	57,401	18,178	132,590	302,424	-	302,424
Interest	319	1,732,757	598,701	1,526,968	3,858,745	(60,000)	3,798,745
Total Expenses	9,241,218	53,056,183	20,728,350	24,499,797	107,525,548	(7,955,092)	99,570,456
LOSS FROM OPERATIONS	(653,169)	(6,280,976)	(3,612,307)	(2,103,684)	(12,650,136)	-	(12,650,136)
NONOPERATING GAINS (LOSSES)							
Contributions	2,281	27,353	1,910	-	31,544	-	31,544
Change in Charitable Gift Annuity Liability	-	(1,304)	-	-	(1,304)	-	(1,304)
Changes in Net Unrealized Gains (Losses) on							
Equities Investments	1,019,635	4,268,886	661,244	1,679,030	7,628,795	-	7,628,795
Gains (Losses) on Sale of Investments & Capital Gains	244,670	1,119,973	241,746	350,428	1,956,817	-	1,956,817
Change in the Fair Value of Interest Rate Swap Agreements	-	(352,303)	37,607	-	(314,696)	-	(314,696)
Total Nonoperating Gains (Losses)	1,266,586	5,062,605	942,507	2,029,458	9,301,156	-	9,301,156
EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	613,417	(1,218,371)	(2,669,800)	(74,226)	(3,348,980)	-	(3,348,980)

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS (DEFICIT) (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
EXCESS (DEFICIT) OF REVENUES AND GAINS OVER EXPENSES AND LOSSES	\$ 613,417	\$ (1,218,371)	\$ (2,669,800)	\$ (74,226)	\$ (3,348,980)	\$ -	\$ (3,348,980)
OTHER CHANGES IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS							
Other Nonoperating Revenue	-	144	1,290	-	1,434	-	1,434
Changes in Net Unrealized Gains (Losses) on Nonequities Investments	(275,208)	1,707,229	(320,399)	3,348	1,114,970	-	1,114,970
Total Other Changes in Net Assets (Deficit) Without Donor Restrictions	(275,208)	1,707,373	(319,109)	3,348	1,116,404	-	1,116,404
CHANGE IN NET ASSETS (DEFICIT) WITHOUT DONOR RESTRICTIONS	338,209	489,002	(2,988,909)	(70,878)	(2,232,576)	-	(2,232,576)
CHANGES IN NET ASSETS (DEFICIT) WITH DONOR RESTRICTIONS							
Contributions	4,115	487,619	135,758	166,978	794,470	-	794,470
Changes in Net Realized and Unrealized Gains on Investments	-	-	495,595	-	495,595	-	495,595
Net Assets Released from Restrictions	(4,115)	(440,595)	(354,463)	(185,787)	(984,960)	-	(984,960)
Changes in Net Assets (Deficit) With Donor Restrictions	-	47,024	276,890	(18,809)	305,105	-	305,105
CHANGE IN NET ASSETS (DEFICIT)	338,209	536,026	(2,712,019)	(89,687)	(1,927,471)	-	(1,927,471)
Net Assets (Deficit) – Beginning of Year	20,987,571	(84,687,448)	6,342,918	(24,113,595)	(81,470,554)	-	(81,470,554)
NET ASSETS (DEFICIT) – END OF YEAR	<u>\$ 21,325,780</u>	<u>\$ (84,151,422)</u>	<u>\$ 3,630,899</u>	<u>\$ (24,203,282)</u>	<u>\$ (83,398,025)</u>	<u>\$ -</u>	<u>\$ (83,398,025)</u>

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES							
Change in Net Deficit	\$ 338,209	\$ 536,026	\$ (2,712,019)	\$ (89,687)	\$ (1,927,471)	\$ -	\$ (1,927,471)
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided (Used) by Operating Activities:							
Proceeds from Entrance Fees - Nonrefundable	-	5,260,200	1,496,600	863,990	7,620,790	-	7,620,790
Noncash Items Included in Change in Net Assets (Deficit):							
Amortization of Deferred Entrance Fee Revenue	-	(3,589,622)	(2,274,718)	(1,309,284)	(7,173,624)	-	(7,173,624)
Depreciation and Amortization	167,421	9,144,576	3,577,805	3,896,395	16,786,197	-	16,786,197
Amortization of Bond Issuance Costs	-	20,335	197,617	341,669	559,621	-	559,621
Change in Interest Rate Swap Agreements	-	352,303	(37,607)	-	314,696	-	314,696
Unrealized Losses on Investments, Net	(744,427)	(5,976,115)	(696,915)	(1,682,378)	(9,099,835)	-	(9,099,835)
(Increase) Decrease in Assets:							
Accounts Receivable	-	183,005	(52,411)	582,285	712,879	-	712,879
Inventories	42,989	102,168	5,991	(777)	150,371	-	150,371
Prepaid Expenses and Other Assets	(1,494,525)	(359,199)	42,717	60,903	(1,750,104)	1,530,005	(220,099)
Accrued Interest Receivable	851	(13,889)	(3,860)	(4,211)	(21,109)	-	(21,109)
Increase (Decrease) in Liabilities:							
Accounts Payable and Accrued Expenses	429,528	(1,607,803)	(352,397)	794,818	(735,854)	-	(735,854)
Accrued Salaries, Wages, and Related Taxes	(56,362)	162,317	81,761	100,682	288,398	-	288,398
Accrued Interest Payable and Other Liabilities	-	2,077,096	(45,833)	(81,530)	1,949,733	(1,530,005)	419,728
Net Cash Provided (Used) by Operating Activities	(1,316,316)	6,291,398	(773,269)	3,472,875	7,674,688	-	7,674,688
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchases of Property and Equipment	(59,600)	(10,796,577)	(14,643,764)	(2,459,564)	(27,959,505)	-	(27,959,505)
Purchases of Software & Data Management	(398,299)	(63,998)	-	-	(462,297)	-	(462,297)
(Increase) Decrease in Investments	770,075	1,874,506	(434,734)	(1,165,155)	1,044,692	-	1,044,692
Increase in Other Restricted Funds	-	(458,271)	(83,583)	(88,944)	(630,798)	-	(630,798)
Increase in Benevolent Fund	-	(492,503)	(60,478)	-	(552,981)	-	(552,981)
Net Cash Provided (Used) by Investing Activities	312,176	(9,936,843)	(15,222,559)	(3,713,663)	(28,560,889)	-	(28,560,889)

THE RIVERWOODS GROUP
CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(SEE INDEPENDENT AUDITORS' REPORT)

	The RiverWoods Group	The RiverWoods Company Exeter, NH	RiverWoods Manchester & Subsidiary	RiverWoods Durham	Consolidating	Eliminations	Consolidated
CASH FLOWS FROM FINANCING ACTIVITIES							
Payment and Redemption of Long-Term Debt	\$ -	\$ (2,430,000)	\$ (11,434,329)	\$ (1,851,000)	\$ (15,715,329)	\$ -	\$ (15,715,329)
Proceeds from Long-Term Debt	1,742,830	-	11,413,234	-	13,156,064	-	13,156,064
Change in Wait List Deposits	-	2,270,129	(902,826)	459,410	1,826,713	-	1,826,713
Proceeds from Entrance Fees - Refundable	-	16,740,800	3,151,400	4,895,010	24,787,210	-	24,787,210
Proceeds from Entrance Fees - Initial Sales - Refundable	-	-	8,367,310	-	8,367,310	-	8,367,310
Proceeds from Entrance Fees - Initial Sales - Nonrefundable	-	-	3,957,990	-	3,957,990	-	3,957,990
Refunds of Entrance Fees	-	(15,796,440)	(564,785)	(3,101,370)	(19,462,595)	-	(19,462,595)
Net Cash Provided by Financing Activities	<u>1,742,830</u>	<u>784,489</u>	<u>13,987,994</u>	<u>402,050</u>	<u>16,917,363</u>	<u>-</u>	<u>16,917,363</u>
NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	738,690	(2,860,956)	(2,007,834)	161,262	(3,968,838)	-	(3,968,838)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>2,037,262</u>	<u>8,165,232</u>	<u>6,580,513</u>	<u>5,317,766</u>	<u>22,100,773</u>	<u>-</u>	<u>22,100,773</u>
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	<u>\$ 2,775,952</u>	<u>\$ 5,304,276</u>	<u>\$ 4,572,679</u>	<u>\$ 5,479,028</u>	<u>\$ 18,131,935</u>	<u>\$ -</u>	<u>\$ 18,131,935</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION							
Cash Paid for Interest	<u>\$ -</u>	<u>\$ 1,711,671</u>	<u>\$ 402,361</u>	<u>\$ 1,184,251</u>	<u>\$ 3,298,283</u>	<u>\$ (60,000)</u>	<u>\$ 3,238,283</u>
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES							
Lease Asset Acquired	\$ -	\$ (112,289)	\$ -	\$ (46,255)	\$ (158,544)	\$ -	\$ (158,544)
Lease Liability Incurred	-	112,289	-	46,255	158,544	-	158,544
Cash Paid for Lease Acquisition	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Purchased of Property and Equipment	\$ (59,600)	\$ (10,796,577)	\$ (15,109,863)	\$ (2,459,564)	\$ (28,425,604)	\$ -	\$ (28,425,604)
Plus: Additions included in Accounts Payable	-	-	599,471	-	599,471	-	599,471
Less: Additions Included in Accounts Payable in Prior Year	-	-	(133,372)	-	(133,372)	-	(133,372)
Cash Paid for Property and Equipment	<u>\$ (59,600)</u>	<u>\$ (10,796,577)</u>	<u>\$ (14,643,764)</u>	<u>\$ (2,459,564)</u>	<u>\$ (27,959,505)</u>	<u>\$ -</u>	<u>\$ (27,959,505)</u>



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