



**HUNDRED
NIGHTS**
INCORPORATED

Audited Financial Statements

As of and for the Years Ended
December 31, 2022 and 2021

ANDERSON & GILBERT, INC.
295 PARK AVENUE
KEENE, NH 03431
603.357.1928
WWW.AGTAXFOLKS.COM

To the Board of Directors

Hundred Nights, Inc.
PO Box 833
Keene NH 03431

We have audited the accompanying financial statements of Hundred Nights, Inc. (a New Hampshire non-profit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the relate notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hundred Nights, Inc. as of December 31, 2022, and the results of its change in net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Susan L Gilbert, CPA

Keene, New Hampshire
July 28, 2023

Hundred Nights, Inc.
Statement of Financial Position
December 31, 2022 and 2021

	Assets	
	2022	2021
Current Assets		
Cash & Cash Equivalents	\$ 972,673	\$ 711,775
Pledges Receivable	966,649	494,115
Grants Receivable	1,500	24,549
Prepaid Expenses	<u>24,177</u>	<u>5,225</u>
Total Current Assets	\$ 1,964,999	\$ 1,235,664
Property and Equipment		
Furniture and Equipment	\$ 88,359	\$ 88,359
Vehicles	67,249	67,249
Leasehold Improvements	42,207	42,207
Construction in Progress	-	129,803
Less: Accumulated Depreciation	<u>(67,901)</u>	<u>(45,625)</u>
Net Property and Equipment	\$ 129,914	\$ 281,993
Other Assets		
Long Term Investments	\$ 29	\$ 29
Note Receivable HNFI Investment Fund	<u>4,807,268</u>	<u>-</u>
Total Other Assets	\$ 4,807,297	\$ 29
Total Assets	\$ 6,902,210	\$ 1,517,686
Liabilities and Net Assets		
	2022	2021
Current Liabilities		
Accounts Payable & Accrued Expenses	\$ 12,122	\$ 19,899
Deferred Revenue	<u>15,000</u>	<u>49,000</u>
Total Current Liabilities	\$ 27,122	\$ 68,899
Long-Term Liabilities		
Deferred Revenue - Capital Campaign	\$ 1,534,421	\$ 641,861
Notes Payable, Net of Current Portion	<u>1,053,559</u>	<u>-</u>
Total Long-Term Liabilities	\$ 2,587,980	\$ 641,861
Total Liabilities	\$ 2,615,102	\$ 710,760
Net Assets		
Unrestricted Net Assets, Beginning of the Year	\$ 806,926	\$ 567,835
Change in Net Assets	<u>3,480,182</u>	<u>239,091</u>
Total Net Assets	\$ 4,287,108	\$ 806,926
Total Liabilities and Net Assets	\$ 6,902,210	\$ 1,517,686

Hundred Nights, Inc.
 Statements of Activities and Changes in Net Assets
 For the Year Ended December 31, 2022 and 2021

	2022	2021
Operating Revenue		
Contributions & Other Grants	\$ 459,718	\$ 473,717
In Kind Contributions	58,034	132,648
Program Service Revenue	137,055	137,468
Federal & State Government Grants	91,429	80,990
Special Covid Grants	194,285	282,155
Fundraising Events	<u>18,367</u>	<u>14,455</u>
Total Operating Revenue	\$ 958,888	\$ 1,121,433
Operating Expenses		
Salaries & Benefits	\$ 543,316	\$ 500,204
Resource Center & Shelter Program Expenses	182,448	204,081
Occupancy & Facility Expenses	205,991	246,637
General & Administrative Expense	27,934	16,481
Insurance	14,991	15,063
Fundraising Expenses	5,955	1,632
Depreciation Expense	<u>22,276</u>	<u>20,055</u>
Total Operating Expenses	\$ 1,002,910	\$ 1,004,153
Operating Income (Loss)	<u>\$ (44,022)</u>	<u>\$ 117,280</u>
Other Revenue and Gains (Losses)		
Capital Campaign Income, Net of Expenses of \$346,151 and \$54,688 in 2022 and 2021, respectively	3,523,395	119,803
Investment Income, Net of Expenses of \$0 and \$25 in 2022 and 2021, respectively	809	1,903
Unrealized Gain (Loss) on Investments	<u>0</u>	<u>105</u>
Total Other Revenue & Gains (Losses)	<u>\$ 3,524,204</u>	<u>\$ 121,811</u>
Change in Net Assets	\$ 3,480,182	\$ 239,091
Net Assets, Beginning of Year	<u>\$ 806,926</u>	<u>\$ 567,835</u>
Net Assets, End of Year	<u>\$ 4,287,108</u>	<u>\$ 806,926</u>

Hundred Nights, Inc.
Statement of Cash Flows
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets		
Change in Net Assets	\$ 3,480,182	\$ 239,091
Total Change in Net Assets	\$ 3,480,182	\$ 239,091
Adjustments to Change in Net Assets		
Adjustments to reconcile Change in Net Assets to Net Cash:		
Depreciation Expense	\$ 22,276	\$ 20,055
Unrealized (Gain) Loss on Investments	\$ -	\$ (105)
(Increase) Decrease in the Following Assets:		
Grants Receivable	\$ 23,049	\$ 55,476
Prepaid Expenses	\$ (18,952)	\$ (4,252)
Increase (Decrease) in the Following Liabilities:		
Accounts Payable & Accrued Expenses	\$ (7,777)	\$ (6,953)
Deferred Revenue	\$ (34,000)	\$ (3,500)
Total Adjustments	\$ (15,404)	\$ 60,721
Net Cash Provided By (Used In) Operating Activities	\$ 3,464,778	\$ 299,812
Cash Flows from Investing Activities		
Capital Expenditures, Net of Disposals	\$ 129,803	\$ (149,547)
(Increase) Decrease in Long Term Investments	(4,807,268)	377
Net Cash Provided By (Used In) Investing Activities	\$ (4,677,465)	\$ (149,170)
Cash Flows from Financing Activities		
Capital Campaign, Pledges Receivable	\$ (472,534)	\$ (494,115)
Capital Campaign, Deferred Revenue	892,560	634,936
Proceeds from Issuance of Long Term Debt, Net of Repayments	1,053,559	-
Net Cash Provided By (Used In) Financing Activities	\$ 1,473,585	\$ 140,821
Cash at Beginning of the Year		
Cash at Beginning of the Year	\$ 711,775	\$ 420,312
Total Cash at Beginning of the Year	\$ 711,775	\$ 420,312
Cash at End of the Year	\$ 972,673	\$ 711,775

Hundred Nights, Inc.
Notes to Financial Statements
As of and for the Years Ended December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Hundred Nights, Inc., “HN” is a not-for-profit corporation organized in New Hampshire in 2011. HN is exempt from income tax under Internal Revenue Code Section 501(c) (3).

HN is a community organization providing shelter and crisis related services to the displaced or homeless. HN’s goal is to collaborate with and enable the community to see, hear, and support members of society who are equally deserving of dignity, but currently lack the means to live independently. HN’s vision is a community where all members of society, regardless of means, are equally valued and supported.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting standards generally accepted in the United States of America.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with original maturities of three months or less, excluding any assets limited as to use. Short-term liquid investments with an original maturity of more than three months are classified as temporary investments. For the years ending December 31, 2022 and 2021 cash and cash equivalents consist exclusively of checking and money market savings accounts, including the Board designated reserve savings account. The Board designated \$50,000 in 2019, to be held in the reserve savings account for current and future capital campaign expenditures. In 2021, the Board designated another \$50,000 to be held in reserve for future expenditures. The reserve savings account held \$114,483 and \$114,426 as of December 31, 2022 and 2021, respectively.

Assets Limited as to Use

Assets limited as to use consist of assets designated by the board and restricted by donors. For the year ended December 31, 2022 and 2021 there were no restricted assets.

Hundred Nights, Inc.
Notes to Financial Statements
As of and for the Years Ended December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pledges and Grants Receivable

Pledges Receivable are Capital Campaign pledges received from individuals, corporations, private foundations and federal and state government grants. For the year ending December 31, 2022 there is \$966,649 of pledges receivable. The pledges are due over the years 2023 through 2024, subsequent to the reporting year end date over \$600,000 of the pledges have been received. The remaining \$357,000 is due by December 31, 2024 and management does not believe there is a requirement for an allowance for bad debt.

Grants Receivable consist primarily of Federal and State Grants for program services performed for the current reporting year and not received until the subsequent year. For the year ending December 31, 2022 and 2021 there is \$1,500 and \$24,549 of grants receivable, respectively. There is no requirement for an allowance for bad debt as the grants were received in full subsequent to the reporting year end date.

Investments

Investments in equity and debt securities with readily determined fair value are measured at fair value at the balance sheet dates. Fair value is determined in accordance with Accounting Standards Codification Topic 820, *Fair Value Measurement and Disclosures*. As a result, investment income and loss (including unrealized and realized gains and losses on investments, interest and dividends, net of investment expenses) is included in the change in net assets.

Property and Equipment

Property and equipment are carried at cost. Maintenance repairs and minor renewals are expensed as incurred. Major renewals, betterments and leasehold improvements are capitalized. Depreciation is computed on the straight-line method, using half-year convention in the year of acquisition and the year of disposal, and is provided over the estimated useful life of each class of depreciable assets. Leasehold improvements are being depreciated over 39 years and at the end of the lease if not renewed any undepreciated value will be taken. Furniture, equipment and vehicles have estimated useful lives between 5 and 12 years.

Hundred Nights, Inc.
Notes to Financial Statements
As of and for the Years Ended December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

HN recognizes grant and donor revenue in the period that the related work or use of the funds is performed. Accordingly, grant and donation income are deferred until the work is completed or the funds are used in the case of donations.

Additionally, in 2022 capital campaign funds are included in deferred revenue to be recognized as campaign expenses and construction expenses are incurred. See Pledges and Grants Receivable above, and Note 4-Deferred Revenue.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by HN has been limited by donors to a specific time period or purpose. Permanently restricted net assets are restricted by donors to be maintained by HN in perpetuity.

Revenues

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between applicable classes of net assets.

Gifts of Long-Lived Assets

Gifts of long-lived assets, such as land, buildings or equipment, are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Hundred Nights, Inc.
Notes to Financial Statements
As of and for the Years Ended December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received, which is then treated as cost. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Change in Net Assets

The statement of activities includes change in net assets as a performance indicator. HN differentiates its operating activities through the use of income from operations as an intermediate measure of operations. For purpose of display, certain investment income and other transactions which management does not consider components of HN's operating activities, are excluded from the income from operations and reported as non-operating revenue in the statements of activities. Changes in unrestricted net assets, which are excluded from operations, consistent with industry practice, include change in net unrealized gains and losses on investments, permanent transfers of assets to and from affiliates for other than goods and services, and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets).

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with HN's financial statements for the year ended December 31, 2021 from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2021 financial statements to conform to the 2022 presentation.

Hundred Nights, Inc.
Notes to Financial Statements
As of and for the Years Ended December 31, 2022 and 2021

NOTE 2 – FUNCTIONAL EXPENSES

HN provides shelter and a resource center for homeless individuals in the Monadnock region. Expenses related to providing these services are as follows:

		<u>2022</u>		<u>2021</u>
Program Expenses	\$	779,623	\$	810,117
Administrative and General		186,136		166,697
Fundraising Expenses		<u>377,347</u>		<u>80,421</u>
Total	\$	<u>1,343,106</u>	\$	<u>1,057,235</u>

NOTE 3 – COMMITMENT AND CONTINGENCIES

HN leases its office, shelter and resource center facilities from Patricia Moreno, the current lease extension expired June 30, 2022. The lessor has verbally agreed to continue the lease at the same rates through the spring of 2023 when the new HN facility is projected to be completed. The lease payments for 2022 were \$6000 per month for the year for a total of \$72,000. The future minimum lease payments for 2023 are expected to continue through July 2023 and will be \$42,000.

The lease agreement for the land and building with Hundred Nights Foundation, Inc. commenced on November 22, 2022. The first lease payment will commence on October 1, 2023 and will continue through 2047. Lease payments will be made annually on the first day of October. The future minimum lease payments will be as follows.

<u>Year Ending</u> <u>December 31,</u>	<u>GAAP</u>	<u>Tax Basis</u>	<u>Difference</u>
2023	\$ 144,540	\$ 31,500	\$ 113,040
2024	247,790	54,000	193,790
2025	247,790	54,000	193,790
2026	247,790	54,000	193,790
2027	247,790	60,000	187,790
Thereafter	<u>4,955,800</u>	<u>5,838,000</u>	<u>(882,200)</u>
	<u>\$ 6,091,500</u>	<u>\$ 6,091,500</u>	<u>\$ -</u>

Hundred Nights, Inc.
Notes to Financial Statements
As of and for the Years Ended December 31, 2022 and 2021

NOTE 4 – NOTE RECEIVABLE

Note Receivable is all long-term and consist of the following at December 31,2022

Note receivable from 481 Hundred Nights Investment Fund, LLC dated November 22, 2022 in the amount of \$4,807,268. The note calls for interest of 0.571% per annum. The note calls for interest only payments through October 1, 2030, at which time the payments will change to principal and interest payments through October 31, 2056. The Borrower is not permitted to prepay, in whole or in part, the note during the first seven years. A shared first mortgage is pledged as collateral for the loan. For the year ended December 31, 2022, no interest income was received.	\$ 4,807,268
---	--------------

NOTE 5 – DEFERRED REVENUE

Deferred Revenue consists of funds received to be used for future expenses, activities and events. As of December 31, 2022, and 2021 this amount is \$15,000 and \$49,000, respectively and is primarily funds designated for operations in the following year.

HN is receiving pledges and funds related to the Capital Campaign. These funds are being recognized as campaign expenses are incurred and cost of obtaining the property and construction expenses are incurred. As of December 31, 2022 and 2021, the deferred revenue related to the capital campaign is \$1,534,421 and \$641,861, respectively. Pledge Receivables of \$966,649 and \$494,115 are included in the deferred revenue for the years ended December 31, 2022 and 2021, respectively.

NOTE 6 – DONATED GOODS AND SERVICES

HN receives significant donations of volunteer time which are not recognized in these statements. For the year ending December 31, 2022 and 2021 there was volunteer labor with an estimated value of \$103,223 and \$197,818, respectively. Additionally, there are significant donations of food, supplies and clothing, which have been recorded as Gifts in Kind at their fair market value. The total of program supplies donated in 2022 and 2021 is \$57,504 and \$132,529, respectively. Also recorded as Gifts in Kind are discounted services provided of \$850 and \$120, for the year ended December 31, 2022 and 2021, respectively. The food, clothing and supplies are also listed in these financial statements as Program Supplies and the discounted services are recorded as expenses in the appropriate categories.

Hundred Nights, Inc.
Notes to Financial Statements
As of and for the Years Ended December 31, 2022 and 2021

NOTE 7 – RETIREMENT PLAN

In 2016 HN adopted a Simple IRA plan for its eligible employees. Employees who earn at least \$5,000 in a calendar year are eligible to participate in the Simple IRA plan. HN matches 100% of the employee contributions up to 3% of compensation for all participating employees. For the year ended December 31, 2022 and 2021 the matching contribution to eligible employees amounted to \$5,144 and \$4,110, respectively.

NOTE 8 – NOTES PAYABLE

- | | |
|--|------------|
| 1. Massachusetts Housing Investment Corporation (MHIC) Bridge Loan Payable dated November 22, 2022 in the amount of \$966,722. The note bears interest of 6.5%. Pledges Receivable are collateral for the note and payments of principal and interest are required monthly of 80% of pledges received. | \$ 918,741 |
| 2. New Hampshire Community Loan Fund, Inc. (NHCLF) Bridge Loan Payable dated November 22, 2022 in the amount of \$256,893. The note bears interest of 6%. On December 15, 2022, interest only payments for a term of 37 months with a balloon payment due December 15, 2025 for remaining principal balance. | \$ 134,818 |

NOTE 9 – RELATED PARTY TRANSACTIONS

On May 3, 2022 HN formed Hundred Nights Foundation, Inc. (the “Foundation”), a New Hampshire 501(c)(3) non-profit organization to support the charitable mission of HN. The Foundation is organized as a Type I supporting organization under section 509(a)(3) of the Internal Revenue Service. The Foundation was established to build and lease a commercial real estate project in accordance with the terms under the New Market Tax Credit Program pursuant to Section 45D of the IRC.

Management has obtained a separate audit of the financial statements of the Foundation which can be relied on and referred to in conjunction with the audited financial statements of HN as of December 31, 2022.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 28, 2023 which is the date the financial statements were available to be issued. HN does not believe that any events requiring recognition or disclosure occurred between December 31, 2022 and July 28, 2023. HN has not reviewed events occurring after the report date for their potential impact on the information contained in these financial statements.