

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Financial Statements and
Uniform Guidance Schedules
Together With Independent Auditors' Reports

December 31, 2020 and 2019

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Independent Auditors' Report

Board of Directors
Cedar Lane Senior Living Community I, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Cedar Lane Senior Living Community I, Inc. (the "Entity"), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and change in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the Entity as of December 31, 2020 and 2019, and the change in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 18 through 28 as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, is not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards on page 29, is presented for purposes of additional analysis as required by the Consolidated Audit Guide for Audits of HUD Programs and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2021, on our consideration of the Entity's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Entity's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Entity's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

Bethesda, Maryland
April 6, 2021

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Statements of Financial Position

	December 31,	
	2020	2019
ASSETS		
Cash	\$ 128,906	\$ 145,009
Construction cash	74,837	69,394
Tenant accounts receivable, net	1,259	3,035
Accounts receivable - HUD	51,410	11,958
Prepaid expenses	39,451	23,298
Restricted deposits	910,874	853,668
Tenant security deposits held in trust	63,406	64,203
Fixed assets, net	3,937,311	4,190,068
	\$ 5,207,454	\$ 5,360,633
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 180,437	\$ 149,295
Accrued interest	26,316	23,761
Prepaid revenue	18,988	9,298
Due to related party	-	8,177
Tenant security deposit liabilities	59,014	59,605
Notes payable - surplus cash	35,240	35,240
Mortgages payable, net	2,448,168	2,487,769
Total Liabilities	2,768,163	2,773,145
Net Assets		
Without donor restrictions	2,439,291	2,587,488
	\$ 5,207,454	\$ 5,360,633

See notes to financial statements

Cedar Lane Senior Living Community I, Inc.
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Statements of Activities and Change in Net Assets

	Year Ended December 31,	
	2020	2019
NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE		
Rental Revenue		
Gross potential tenant rent	\$ 721,235	\$ 682,275
Gross potential subsidy rent	740,345	758,057
Stores and commercial rent	20,850	23,220
Excess rent	5,170	5,207
Vacancy loss	<u>(78,429)</u>	<u>(39,753)</u>
Net Rental Revenue	1,409,171	1,429,006
Financial income	1,704	3,315
Grant income	51,410	52,847
Donations	15,434	-
Other income	<u>100,552</u>	<u>101,896</u>
Total Revenue	<u>1,578,271</u>	<u>1,587,064</u>
EXPENSES		
Administrative	466,362	475,398
Utilities	173,093	187,564
Operating and maintenance	442,239	489,529
Taxes and insurance	207,800	200,292
Interest	109,168	114,698
Financial	13,472	12,406
Depreciation	<u>314,334</u>	<u>312,749</u>
Total Expenses	<u>1,726,468</u>	<u>1,792,636</u>
Change in Net Assets	(148,197)	(205,572)
NET ASSETS		
Beginning of year	<u>2,587,488</u>	<u>2,793,060</u>
End of year	<u>\$ 2,439,291</u>	<u>\$ 2,587,488</u>

See notes to financial statements

Cedar Lane Senior Living Community I, Inc.
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Statements of Cash Flows

	Year Ended December 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Rental	\$ 1,381,160	\$ 1,413,947
Financial	1,704	3,315
Grant income	51,410	52,847
Other	115,986	108,816
Total Receipts	1,550,260	1,578,925
Administrative	(132,580)	(85,142)
Utilities	(173,093)	(173,579)
Operating and maintenance	(769,662)	(853,810)
Taxes and insurance	(220,588)	(209,063)
Financial	(98,897)	(100,591)
Total Disbursements	(1,394,820)	(1,422,185)
Net Cash from Operating Activities	155,440	156,740
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets, net	(61,577)	(69,616)
CASH FLOWS FROM FINANCING ACTIVITIES		
Surplus cash note payable	-	(23,329)
Mortgage principal payments	(47,317)	(45,624)
Net Cash from Financing Activities	(47,317)	(68,953)
Net Change in Cash and Restricted Cash	46,546	18,171
CASH AND RESTRICTED CASH		
Beginning of year	1,068,071	1,049,900
End of year	\$ 1,114,617	\$ 1,068,071

See notes to financial statements

Cedar Lane Senior Living Community I, Inc.
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Statements of Cash Flows (*continued*)

	Year Ended December 31,	
	2020	2019
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
Change in net assets	\$ (148,197)	\$ (205,572)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	314,334	312,749
Amortization of debt issuance costs	7,716	7,716
Bad debt	25	1,343
Changes in operating assets and liabilities		
Tenant accounts receivable	1,751	(4,152)
Accounts receivable - HUD	(39,452)	(4,144)
Accounts receivable - Entity	-	6,920
Prepaid expenses and other assets	(16,153)	(111)
Tenant security deposits held in trust	797	2,209
Related party advance	(8,177)	8,177
Accounts payable and accrued expenses	31,142	33,838
Deferred revenue	9,690	(6,763)
Accrued interest payable	2,555	5,034
Tenant security deposit liabilities	(591)	(504)
	\$ 155,440	\$ 156,740
Net Cash from Operating Activities	\$ 155,440	\$ 156,740

See notes to financial statements

Cedar Lane Senior Living Community I, Inc.
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Notes to Financial Statements
December 31, 2020 and 2019

1. Organization

Cedar Lane Senior Living Community I, Inc. (the "Entity") is a Maryland corporation (formerly known as St. Mary's Home for the Elderly I, Inc.) organized on May 4, 1971 for the purpose of constructing and operating rental housing and related facilities which consist of 114 units located in Leonardtown, Maryland for persons who are elderly. The Entity receives assistance under the provisions of Section 236 of the National Housing Act. Such projects are regulated by the U.S. Department of Housing and Urban Development ("HUD") as to rent charges and operating methods. Surplus cash, as defined by HUD, is required to be deposited into a residual receipts reserve.

The Entity is related through common board of directors to Cedar Lane Senior Living Community II, Inc., and Cedar Lane Senior Living Community III, Inc. (the "Organization"). The Organization shares certain board members with Friends of Cedar Lane.

The Entity is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and accordingly, is not subject to federal income taxes. The Internal Revenue Service has ruled that the Entity is not a private foundation under Section 509(a)(1) of the Internal Revenue Code.

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Some of the more significant estimates required to be made by management include impairment loss, and depreciation expense.

Net Asset Presentation

Net assets and revenues are classified based on the existence or absence of donor imposed restrictions. Accordingly, the Entity's net assets are classified as with or without donor restrictions.

Functional Expense Allocation

The majority of expenses can generally be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses by function have been allocated among program and supporting service classifications on the basis of square footage of office space occupied and other bases as determined by management of the Entity to be appropriate.

Cedar Lane Senior Living Community I, Inc.
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Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Accounts Receivable

Tenant receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Debt Issuance Costs

Debt issuance costs are reported on the statements of financial position as a direct deduction from the face amount of the debt. The debt issuance costs are being amortized over the term of the debt on a method that approximates the interest method. The Entity reflects amortization of debt issuance costs within interest expense.

Fixed Assets

Fixed assets are recorded at cost. Capital asset additions and improvements which meet a cost in excess of \$2,500 and a useful life expected to exceed 12 months are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	5-40 years
Building equipment (portable)	5 years
Furnishings	5-10 years

Investment in Real Estate

The Entity reviews its investment in real estate for impairment annually and whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. For assets held and used, if management's estimate of the aggregate future cash flows to be generated by the rental property, undiscounted and without interest charges, are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the excess of the asset's carrying value over its estimated fair value. The determination of undiscounted cash flows requires significant estimates by management. Subsequent changes in estimated undiscounted cash flows could impact the determination of whether impairment exists. There were no impairment losses recognized during the years ended December 31, 2020 and 2019.

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Notes to Financial Statements
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2. Summary of Significant Accounting Policies (continued)

Cash and Restricted Cash

The Entity considers all highly liquid debt instruments with a maturity of three months or less at time of purchase to be cash equivalents. Restricted cash consists principally of cash held for real estate taxes, construction costs, property maintenance, insurance, minimum occupancy and property operating income requirements as required by certain loan and regulatory agreements.

Rental Income and Prepaid Rent

Rental income is recognized for apartment rentals as it accrues and advance receipts of rental income are deferred and classified as liabilities until earned. All leases between the Entity and the tenants of the property are considered to be operating leases and are no longer than one year in duration.

Compensated Absences

Employees of the Entity are entitled to paid vacation days depending on job classification, length of service, and other factors. The Entity has accrued approximately \$44,592 and \$41,540 for vacation days as of December 31, 2020 and 2019. These amounts are included in accounts payable and accrued expenses on the statement of financial position.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses charged to operations for the years ended December 31, 2020 and 2019 were \$3,928 and \$6,506.

Grants and Donations Recognition

Grants and donations are recorded as revenue in the year notification is received from the donor. Grants and donations received by the Entity are recognized as unrestricted support upon satisfaction of donor-imposed restrictions. Grants with donor restrictions, if any, have restrictions that have not yet been met. Restrictions on donated assets are released when the assets are placed in service.

Accounting for Uncertainty in Income Taxes

The Entity recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the Entity had no uncertain tax positions that would require financial statement recognition or disclosure. The Entity is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2017.

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Notes to Financial Statements
December 31, 2020 and 2019

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is April 6, 2021.

3. Cash Flow Information

At December 31, cash and restricted cash consisted of the following:

	<u>2020</u>	<u>2019</u>
Operating Cash		
Cash	\$ 128,906	\$ 145,009
Construction cash	<u>74,837</u>	<u>69,394</u>
Total Cash	<u>203,743</u>	<u>214,403</u>
Restricted Cash		
Operating deficit escrow	22,250	22,250
Residual receipts reserve	27,475	27,424
Replacement reserve	784,104	726,399
Non-critical repairs escrow	47,375	47,375
Tax and insurance escrows	<u>29,670</u>	<u>30,220</u>
Total Restricted Cash	<u>910,874</u>	<u>853,668</u>
 Total Cash and Restricted Cash	 <u>\$1,114,617</u>	 <u>\$1,068,071</u>

4. Escrows and Restricted Deposits

Replacement Reserve

In accordance with the regulatory agreement, the Entity is required to establish with the mortgagee a reserve for replacements escrow. The required monthly deposit into this account is \$4,275.

Operating Deficit Escrow

In May 2016, the Entity entered into an Escrow Agreement for an Operating Deficit Escrow with Grandbridge Real Estate Capital, LLC and insured by HUD under Section 207 pursuant to Section 223(f) of the National Housing Act. In accordance with the agreement, the Entity is required to establish with the mortgagee a debt service reserve of \$65,000. HUD approval will be required for each disbursement.

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Notes to Financial Statements
December 31, 2020 and 2019

4. Escrows and Restricted Deposits (continued)

Residual Receipts Reserve

In accordance with the regulatory agreement, the Entity is required to establish with the mortgagee a residual receipts escrow and make semiannual and annual deposits of surplus cash after deduction of all distributions.

Non-Critical Repairs Escrow

In May 2016, the Entity entered into an Escrow Agreement for a Non-Critical Repairs Escrow with Grandbridge Real Estate Capital, LLC and insured by HUD under Section 207 pursuant to Section 223(f) of the National Housing Act. In accordance with the agreement, the Entity is required to establish with the mortgagee a repairs escrow of \$2,084,500. HUD approval will be required for each disbursement.

Tax and Insurance Escrows

In accordance with the loan agreement, the Entity is required to make monthly deposits to the mortgage escrow accounts for payment of real estate taxes and insurance so that a sufficient amount is on deposit with the mortgagee when actual payment of such expenses is due.

All restricted deposits are held in cash and withdrawals require approval from HUD. These funds have been deposited into a separate Federal Deposit Insurance Corporation ("FDIC") insured saving account.

The activity in these funds for the year ended December 31, 2020 is as follows:

	Replacement Reserve	Operating Deficit Escrow	Residual Receipts Reserve	Non-Critical Repairs Escrow	Tax and Insurance Escrows	Total
Beginning balance	\$ 726,399	\$ 22,250	\$ 27,424	\$ 47,375	\$ 30,220	\$ 853,668
Interest earned	1,363	-	51	-	-	1,414
Withdrawals	-	-	-	-	(63,736)	(63,736)
Deposits	56,342	-	-	-	63,186	119,528
Ending balance	<u>\$ 784,104</u>	<u>\$ 22,250</u>	<u>\$ 27,475</u>	<u>\$ 47,375</u>	<u>\$ 29,670</u>	<u>\$ 910,874</u>

Cedar Lane Senior Living Community I, Inc.
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Notes to Financial Statements
December 31, 2020 and 2019

4. Escrows and Restricted Deposits (continued)

The activity in these funds for the year ended December 31, 2019 is as follows:

	Replacement Reserve	Operating Deficit Escrow	Residual Receipts Reserve	Non-Critical Repairs Escrow	Tax and Insurance Escrows	Total
Beginning balance	\$ 668,025	\$ 22,250	\$ 19,558	\$ 47,375	\$ 30,528	\$ 787,736
Interest earned	1,909	-	90	-	-	1,999
Withdrawals	-	-	(23,329)	-	(44,162)	(67,491)
Deposits	56,465	-	31,105	-	43,854	131,424
Ending balance	<u>\$ 726,399</u>	<u>\$ 22,250</u>	<u>\$ 27,424</u>	<u>\$ 47,375</u>	<u>\$ 30,220</u>	<u>\$ 853,668</u>

5. Fixed Assets

Fixed assets consisted of the following at December 31:

	2020	2019
Land	\$ 2,570	\$ 2,570
Buildings	7,033,124	6,979,581
Building equipment (portable)	1,467,016	1,467,016
Furnishings	1,256,945	1,248,911
Accumulated depreciation	<u>(5,822,344)</u>	<u>(5,508,010)</u>
	<u>\$ 3,937,311</u>	<u>\$ 4,190,068</u>

6. Mortgages Payable

In May 2016, the Entity entered into a Multifamily Deed of Trust mortgage with Grandbridge Real Estate Capital, LLC and insured by HUD under Section 207 pursuant to Section 223(f) of the National Housing Act in the amount of \$3,039,100. The mortgage is secured by the Entity's property and bears an interest rate at 3.65% per annum. The required monthly principal and interest payment was \$21,920 through October 2017, and was reduced to \$12,185 thereafter. The maturity and final payment date shall be 35 years or June 2051. Interest expense for the years ended December 31, 2020 and 2019 was \$98,897 and \$101,948 and is included in financial expenses on the Statements of Activities and Changes in Net Assets. Accrued interest at December 31, 2020 and 2019 was \$8,175 and \$8,319.

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Notes to Financial Statements
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6. Mortgages Payable (continued)

Annual maturities of the mortgage principal for years ended December 31 are payable as follows:

2021	\$ 49,073
2022	50,985
2023	52,784
2024	54,743
2025	56,602
Thereafter	<u>2,419,562</u>
	<u>\$ 2,683,749</u>

Costs incurred to obtain financing by the Entity are being shown net of the mortgage loan balance as described below:

	<u>2020</u>	<u>2019</u>
Mortgages payable	\$ 2,683,749	\$ 2,731,066
Debt issuance costs, net	<u>(235,581)</u>	<u>(243,297)</u>
Mortgages Payable, net	<u>\$ 2,448,168</u>	<u>\$ 2,487,769</u>
	<u>2020</u>	<u>2019</u>
Loan and other fees	\$ 270,073	\$ 270,073
Accumulated amortization	<u>(34,492)</u>	<u>(26,776)</u>
Debt issuance costs, net	<u>\$ 235,581</u>	<u>\$ 243,297</u>

7. Housing Assistance Payment Contract

The Entity has a Housing Assistance Payment Contract Agreement (“HAP”) with HUD. The term of the contract is 20 years, which expires on October 1, 2036.

8. Property Management

The property is self-managed pursuant to a management agreement approved by HUD. The property is not being charged a management fee at this time.

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Notes to Financial Statements
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9. Related Party Transactions

Intercompany Transactions

The Company, Cedar Lane Senior Living Community II, Inc. and Cedar Lane Senior Living Community III, Inc. (all related parties via a common board of directors) all utilize a centralized operating cash account for cash disbursements of certain expenses that are shared among the related parties. The vast majority of cash receipts are deposited into the respective entity's operating account and cash is transferred from there into the centralized account in amounts needed to cover the entity's share of the disbursements.

The Entity uses accounting software that maintains a separate set of accounting records for each entity making the cash position easily identifiable and traceable to the accounting records. The Entity has \$0 amount due to related parties for operational expenses at December 31, 2020. The Entity has an amount due to related parties of \$8,177 for operational expenses at December 31, 2019. These balances are included in due to related party on the statements of financial position.

Surplus Cash Note Loan

In June 2016, the Entity executed a Surplus Cash Note with Cedar Lane Senior Living Community III, Inc. totaling advances of \$108,000. The current amount of this loan as of December 31, 2020 and 2019 is \$35,240. The 3.714% note matures in May 2052, at which time the entire principal and accrued interest balance is due. Interest expense for December 31, 2020 and 2019 was \$2,555 and \$5,034. The accrued interest recorded at December 31, 2020 and 2019 is \$18,141 and \$15,442.

Service Coordinator Grant

The Entity had entered into an agreement with HUD in which HUD would reimburse the reasonable expenses of the Entity related to maintaining a service coordinator. The contract was renewed through December 31, 2020. Revenue related to the service coordinator grant for the years ended December 31, 2020 and 2019 amounted to \$51,410 and \$52,847. The amount due from HUD related to the service coordinator grant as of December 31, 2020 and 2019 was \$51,410 and \$11,958 and is included in accounts receivable - HUD on the statements of financial position.

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Notes to Financial Statements
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10. Liquidity and Availability of Financial Assets

The Entity's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the Statements of Financial Position date, are comprised of the following:

	2020	2019
Cash	\$ 128,906	\$ 145,009
Construction cash	74,837	69,394
Tenants accounts receivable, net	1,259	3,035
Accounts receivable - HUD	51,410	11,958
	\$ 256,412	\$ 229,396

As part of the Entity's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, other obligations come due. In addition, the Entity invests cash in excess of daily requirements in short-term investments.

11. Functional Expenses

The costs of providing various programs and other activities are summarized on a functional basis for the year ended December 31, 2020 as follows:

	Program Services		Supporting Activities	Total
	Rental Operations	Service Coordinator	Administration	
Program services	\$ 395,103	\$ 51,410	\$ -	\$ 446,513
Advertising	-	-	3,928	3,928
Office expense	-	-	3,249	3,249
Legal	-	-	147	147
Auditing	-	-	12,500	12,500
Bad debt	-	-	25	25
Utilities	173,093	-	-	173,093
Operating and maintenance	442,239	-	-	442,239
Taxes and insurance	207,800	-	-	207,800
Interest	109,168	-	-	109,168
Other financial	13,472	-	-	13,472
Depreciation	314,334	-	-	314,334
	\$ 1,655,209	\$ 51,410	\$ 19,849	\$ 1,726,468

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Notes to Financial Statements
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11. Functional Expenses (continued)

The costs of providing various programs and other activities are summarized on a functional basis for the year ended December 31, 2019 as follows:

	Program Services		Supporting Activities	Total
	Rental Operations	Service Coordinator	Administration	
Program services	\$ 391,664	\$ 52,847	\$ -	\$ 444,511
Advertising	-	-	6,506	6,506
Office expense	-	-	11,038	11,038
Auditing	-	-	12,000	12,000
Bad debt	-	-	1,343	1,343
Utilities	187,564	-	-	187,564
Operating and maintenance	489,529	-	-	489,529
Taxes and insurance	200,292	-	-	200,292
Interest	114,698	-	-	114,698
Other financial	12,406	-	-	12,406
Depreciation	312,749	-	-	312,749
	<u>\$ 1,708,902</u>	<u>\$ 52,847</u>	<u>\$ 30,887</u>	<u>\$ 1,792,636</u>

12. Excess Income

In accordance with HUD requirements, HUD determines the "basic rent" for rental units. For the Section 236 HUD projects, tenants whose income exceeds HUD's "basic rent" requirement pay rent in excess of the "basic rent" up to the fair market rate set by HUD. The rent in excess of the basic rental rate was refunded to HUD in accordance with the HUD regulations. Effective May 2012, the Entity obtained approval from HUD to retain its calculated excess income as deposits to the replacement reserve. During the years ended December 31, 2020 and 2019, the Entity earned \$5,170 and \$5,207 in excess income.

13. Pension Plan

The Entity established a 401(k) retirement plan (the "Plan") on September 1, 2008. The Plan is a defined contribution plan under Section 401(k) of the Internal Revenue Service Code ("IRSC") of 1986 covering substantially all employees of the Entity who have completed 90 days of service and are age 18 or older. The Entity adopted the Safe Harbor provisions under IRSC section 401(k)(12) for the 2015 plan year with a non-elective employer contribution of 3% of the participant's eligible compensation.

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Notes to Financial Statements
December 31, 2020 and 2019

13. Pension Plan (continued)

For the years ended December 31, 2020 and 2019, the amount allocable to the Entity under the terms of the above and included in health insurance and other employee benefits in the accompanying statements of activities and change in net assets was \$18,954 and \$17,550. As of December 31, 2020 and 2019, \$19,968 and \$18,703 remains payable and is included in accounts payable and accrued expenses in the accompanying statements of financial position.

14. Concentrations

Financial instruments that potentially subject the Entity to concentrations of credit risk consist principally of cash. The Entity places its cash with various financial institutions. At times, the cash balances may be in excess of the FDIC insurance limits.

The Entity earned approximately 47% and 48% of its income in the form of HAP subsidies for the years ended December 31, 2020 and 2019. The balance of the rent is received from tenants, many of whom receive public assistance.

15. Operating Risk

The Entity's primary asset is a 114 unit residential project. The Entity's operations are concentrated in the multifamily real estate market. In addition, the Entity operates in a heavily regulated environment. The operations of the Entity are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

16. Risks and Uncertainties

The coronavirus outbreak may have an adverse effect on the results of operations. Given the uncertainty around the extent and timing of the potential future spread or mitigation of the coronavirus and around the imposition or relaxation of protective measures, management cannot reasonably estimate the impact to future results of operations, cash flows, or financial condition.

* * * * *

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Supplementary Schedules
December 31, 2020

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Balance Sheet Data
December 31, 2020

Account No.		
	ASSETS	
	Current Assets	
1120	Cash - Operations	\$ 128,906
1121	Construction cash account	74,837
1130	Tenant/Member Accounts Receivable (Coops)	1,259
1135	Accounts receivable - HUD	51,410
1200	Prepaid expenses	<u>39,451</u>
1100T	Total Current Assets	<u>295,863</u>
1191	Tenant/Patient Deposits Held in Trust	<u>63,406</u>
	Restricted Deposits	
1310	Escrow deposits	29,670
1320	Replacement Reserve	784,104
1330	Other reserves	69,625
1340	Residual receipts reserve	<u>27,475</u>
1300T	Total Deposits	<u>910,874</u>
	Fixed Assets	
1410	Land	2,570
1420	Building and improvements	7,033,124
1440	Building equipment (portable)	1,467,016
1460	Furnishings	<u>1,256,945</u>
1400T	Total Fixed Assets	9,759,655
1495	Accumulated depreciation	<u>(5,822,344)</u>
1400N	Net Fixed Assets	<u>3,937,311</u>
1000T	Total Assets	<u><u>\$ 5,207,454</u></u>

See independent auditors' report

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Balance Sheet Data *(continued)*
December 31, 2020

Account No.			
	LIABILITIES AND NET ASSETS		
	Current Liabilities		
2110	Accounts Payable - Operations	\$	87,681
2120	Accrued wages payable		92,756
2170	Mortgage (or Bonds) Payable - First Mortgage (Bonds) (Short Term)		49,073
2210	Prepaid revenue		<u>18,988</u>
2122T	Total Current Liabilities		<u>248,498</u>
2191	Tenant/Patient Deposits Held In Trust (Contra)		<u>59,014</u>
	Long Term Liabilities		
2311	Notes payable - surplus cash		35,240
2320	Mortgage (or Bonds) Payable - First Mortgage (or Bonds)		2,634,676
2330	Accrued interest		8,175
2332	Accrued Interest Notes Payable (Surplus Cash) Long Term		18,141
2340	Debt issuance costs		<u>(235,581)</u>
2300T	Total Long Term Liabilities		<u>2,460,651</u>
2000T	Total Liabilities		2,768,163
3131	Net Assets Without Donor Restrictions		<u>2,439,291</u>
3130	Total Net Assets		<u>2,439,291</u>
2033T	Total Liabilities and Equity/Net Assets	\$	<u><u>5,207,454</u></u>

See independent auditors' report

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Profit and Loss Data
Year Ended December 31, 2020

Account No.		
	REVENUE	
	Rental Revenue	
5120	Rent revenue - gross potential	\$ 721,235
5121	Tenant assistance payments	740,345
5140	Rent Revenue - Stores and Commercial	20,850
5194	Retained excess income	<u>5,170</u>
5100T	Total Rent Revenue	<u>1,487,600</u>
	Vacancies	
5220	Apartments	<u>(78,429)</u>
5200T	Total Vacancies	<u>(78,429)</u>
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)	<u>1,409,171</u>
	Financial Revenue	
5410	Financial revenue - project operations	290
5430	Revenue from investments - residual receipts	51
5440	Revenue from investments - replacement reserve	<u>1,363</u>
5400T	Total Financial Revenue	<u>1,704</u>
	Other Revenue	
5910	Laundry and Vending Revenue	28,674
5920	Tenant charges	65,323
5970	Gifts	66,844
5990	Miscellaneous other revenue	<u>6,555</u>
5900T	Total Other Revenue	<u>167,396</u>
5000T	Total Revenue	<u>1,578,271</u>
	EXPENSES	
	Administrative	
6204	Management consultants	14,480
6210	Advertising and marketing	3,928
6310	Office salaries	375,492
6311	Office expenses	3,249
6340	Legal expense - project	147
6350	Audit expense	12,500
6370	Bad debts	25
6390	Miscellaneous administrative expenses	<u>56,541</u>
6263T	Total Administrative Expenses	<u>466,362</u>

See independent auditors' report

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Profit and Loss Data *(continued)*
Year Ended December 31, 2020

Account No.		
	EXPENSES <i>(continued)</i>	
	Utilities	
6450	Electricity	\$ 132,953
6451	Water	40,140
6400T	Total Utilities Expenses	<u>173,093</u>
	Operating and Maintenance	
6510	Payroll	307,268
6515	Supplies	782
6520	Contracts	94,362
6525	Garbage and trash removal	16,315
6570	Vehicle maintenance equipment operation and repairs	46
6590	Miscellaneous operating and maintenance expenses	<u>23,466</u>
6500T	Total Operating and Maintenance Expenses	<u>442,239</u>
	Taxes and Insurance	
6711	Payroll taxes (Project's Share)	55,067
6720	Property & liability insurance (Hazard)	40,667
6722	Workman's compensation	7,543
6723	Health insurance and other employee benefits	93,079
6790	Miscellaneous taxes, licenses, permits and insurance	<u>11,444</u>
6700T	Total Taxes and Insurance	<u>207,800</u>
	Financial	
6820	Interest on First Mortgage (or Bonds) Payable	106,613
6830	Interest on notes payable	2,555
6850	Mortgage insurance premium/service charge	12,192
6890	Miscellaneous financial expenses	<u>1,280</u>
6800T	Total Financial Expenses	<u>122,640</u>
6000T	Total Cost of Operations before Depreciation	<u>1,412,134</u>
5060T	Profit (Loss) before Depreciation	166,137
6600	Depreciation expense	<u>314,334</u>
5060N	Operating Profit or (Loss)	<u>\$ (148,197)</u>
3247	Change in Net Assets Without Donor Restrictions from Operation	<u>\$ (148,197)</u>
3250	Change in Total Net Assets from Operations	<u>\$ (148,197)</u>

See independent auditors' report

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Profit and Loss Data *(continued)*
Year Ended December 31, 2020

S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans, HUD - held and HUD - insured first mortgages.	\$ 47,317
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	\$ 51,300
S1000-030	Replacement Reserves, or Residual Receipts and Releases which are included as expense items on this Profit and Loss statement.	\$ -
S1000-040	Project Improvement Reserve releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss statement.	\$ -

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Profit and Loss Data Detail
Year Ended December 31, 2020

Account <u>No.</u>		
6390	Miscellaneous administrative expenses	
	Telephone expense	\$ 9,954
	Licenses	17
	Travel expense	528
	Education	2,108
	Dues	2,460
	Background checks	1,089
	Cable expense	40,385
		<u>\$ 56,541</u>

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Equity Data
Year Ended December 31, 2020

<u>Account No.</u>		
S1100-060	Previous Year Net Assets Without Donor Restrictions	\$ 2,587,488
3247	Change in Net Assets Without Donor Restrictions from Operations	<u>(148,197)</u>
3131	Net Assets Without Donor Restrictions	<u>\$ 2,439,291</u>
S1100-050	Previous Year Total Net Assets	\$ 2,587,488
3250	Change in Total Net Assets from Operations	<u>(148,197)</u>
3130	Total Net Assets	<u>\$ 2,439,291</u>

See independent auditors' report

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Cash Flow Data
December 31, 2020

Account No.		
	CASH FLOWS FROM OPERATING ACTIVITIES	
S1200-010	Rental receipts	\$ 1,381,160
S1200-020	Interest receipts	1,704
S1200-025	Gifts	51,410
S1200-030	Other operating receipts	<u>115,986</u>
S1200-040	Total Receipts	<u>1,550,260</u>
S1200-050	Administrative	(132,580)
S1200-090	Utilities	(173,093)
S1200-100	Salaries and wages	(704,527)
S1200-110	Operating and maintenance	(65,341)
S1200-140	Property Insurance	(44,300)
S1200-150	Miscellaneous taxes and insurance	(162,816)
S1200-160	Tenant security deposits	206
S1200-180	Interest on first mortgage	(98,897)
S1200-210	Mortgage insurance premium	(12,192)
S1200-220	Miscellaneous Financial	<u>(1,280)</u>
S1200-230	Total Disbursements	<u>(1,394,820)</u>
S1200-240	Net Cash provided by (used in) Operating Activities	<u>155,440</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	
S1200-245	Net Deposits to the Mortgage Escrow account	550
S1200-250	Net Deposits to the Reserve for Replacement account	(57,705)
S1200-260	Net Deposits to the Residual Receipts account	(51)
S1200-330	Net Purchase of Fixed Assets	<u>(61,577)</u>
S1200-350	Net Cash used in Investing Activities	<u>(118,783)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES	
S1200-360	Principal Payments - First Mortgage (or Bonds)	<u>(47,317)</u>
S1200-460	Net Cash used in Financing Activities	<u>(47,317)</u>
S1200-470	Net increase (decrease) in Cash and Cash Equivalents	(10,660)
	CASH AND CASH EQUIVALENTS	
S1200-480	Beginning of Period Cash	<u>214,403</u>
S1200T	End of Period Cash	<u><u>\$ 203,743</u></u>

See independent auditors' report

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Reserve Account Data
Year Ended December 31, 2020

Account No.		
	SCHEDULE OF RESERVE FOR REPLACEMENTS	
1320P	Balance at beginning of year	\$ 726,399
1320DT	Total monthly deposits	51,300
1320ODT	Other deposits - Retained excess income	5,042
1320INT	Interest on replacement reserve accounts	<u>1,363</u>
1320	Balance at end of year, confirmed by mortgagee	<u>\$ 784,104</u>
1320R	Deposits suspended or waived indicator	No

Account No.		
	SCHEDULE OF RESIDUAL RECEIPTS	
1340P	Balance at beginning of year	\$ 27,424
1340INT	Interest on residual receipt accounts	<u>51</u>
1340	Balance at current fiscal year end	<u>\$ 27,475</u>

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Computation of Surplus Cash and Residual Receipts
Year Ended December 31, 2020

Account No.		
S1300-010	Cash	\$ 192,312
1135	Accounts receivable - HUD	<u>51,410</u>
S1300-040	Total Cash	<u>243,722</u>
	Current Obligations	
S1300-050	Accrued mortgage interest payable	8,175
S1300-075	Accounts Payable - 30 days	87,681
S1300-100	Accrued expenses (not escrowed)	92,756
2210	Prepaid revenue	18,988
2191	Tenant/Patient Deposits Held In Trust (Contra)	<u>59,014</u>
S1300-140	Total Current Obligations	<u>266,614</u>
S1300-150	Surplus cash (deficiency)	<u><u>\$ (22,892)</u></u>
S1300-210	Deposit Due Residual Receipts	<u><u>\$ -</u></u>

See independent auditors' report

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Changes in Fixed Asset Accounts
Year Ended December 31, 2020

Account No.	Beginning Balance	Additions	Transfers/ Deductions	Ending Balance
1410 Land	\$ 2,570	\$ -	\$ -	\$ 2,570
1420 Buildings	6,979,581	53,543	-	7,033,124
1440 Building equipment (portable)	1,467,016	-	-	1,467,016
1460 Furnishings	<u>1,248,911</u>	<u>8,034</u>	-	<u>1,256,945</u>
1400T Total Fixed Assets	9,698,078	<u>\$ 61,577</u>	<u>\$ -</u>	9,759,655
1495 Accumulated depreciation	<u>(5,508,010)</u>	<u>\$(314,334)</u>	<u>\$ -</u>	<u>(5,822,344)</u>
1400N Total Net Book Value	<u>\$4,190,068</u>			<u>\$3,937,311</u>
Fixed asset additions				
1420A Buildings				
Sound system		\$ 14,895		
Metal flashing & guttering		4,150		
Door lock replacement		<u>34,498</u>		
		<u>\$ 53,543</u>		
1460A Furnishings				
New tub/tile		\$ 4,275		
Bathroom renovations		<u>3,759</u>		
		<u>\$ 8,034</u>		

See independent auditors' report

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Uniform Guidance Reports and Schedules
December 31, 2020

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Expenditures of Federal Awards and Accompanying Notes
Year Ended December 31, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Provided To Subrecipients	Total Federal Expenditures
U.S. Department of Housing and Urban Development			
Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	14.155	\$ -	\$ 2,731,066
Multifamily Housing Service Coordinator	14.191	-	51,410
Section 8 Project-Based Cluster			
Section 8 Housing Assistance Payments Program	14.195	-	740,345
Total Expenditures of Federal Awards		<u>\$ -</u>	<u>\$ 3,522,821</u>

Note 1 – Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards (the “Schedule”) are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (“Uniform Guidance”), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Schedule includes the federal award activity of Cedar Lane Senior Living Community I, Inc. (the “Entity”) under programs of the federal government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Entity, it is not intended to and does not present the financial position, change in net assets or cash flows of the Entity.

Note 2 – Indirect Cost Rate

The Entity has elected not to use the 10-percent de minimis indirect cost rate allowable under the Uniform Guidance. The Entity is reimbursed for programmatic and administrative costs in accordance with rules set forth by the U.S. Department of Housing and Urban Development.

Note 3 – Loans/ Loans Guarantee Outstanding Balance

CFDA Number	Program Name	Outstanding Balance
14.155	Mortgage Insurance for the Purchase or Refinancing of Existing Multifamily Housing Projects	<u>\$ 2,683,749</u>

See independent auditors’ report

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Expenditures of Federal Awards and Accompanying Notes *(continued)*
Year Ended December 31, 2020

Note 4 – Federal Loan Programs

The Entity has received a U.S. Department of Housing and Urban Development insured loan under Section 223(f)/207 of the National Affordable Housing Act of 1974. The loan balance outstanding at the beginning of the year for the Section 236 Housing for the Elderly loan is included in the federal expenditures presented in the Schedule.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditors' Report

**Board of Directors
Cedar Lane Senior Living Community I, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cedar Lane Senior Living Community I, Inc. (the "Entity"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and change in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 6, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Bethesda, Maryland
April 6, 2021

**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

Independent Auditors' Report

Board of Directors

Cedar Lane Senior Living Community I, Inc.

Report on Compliance for Each Major Federal Program

We have audited Cedar Lane Senior Living Community I, Inc.'s (the "Entity") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Entity's major federal programs for the year ended December 31, 2020. The Entity's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Entity's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Entity's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Entity's compliance.

Opinion on Each Major Federal Program

In our opinion, the Entity complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Entity is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Entity's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PKF O'Connor Davies, LLP

Bethesda, Maryland
April 6, 2021

Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225

Schedule of Findings and Questioned Costs
Year Ended December 31, 2020

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal program:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
14.155	Mortgage Insurance for the purchase or Refinancing of Existing Multifamily Housing Projects

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X yes _____ no

Section II – Financial Statement Findings

During our audit we noted no material findings for the year ended December 31, 2020.

Section III – Federal Award Findings and Questioned Costs

During our audit we noted no material instances of non-compliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.

Section IV – Prior Year's Findings

There are no prior year audit findings.

**Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225**


Mortgagor's Certification
December 31, 2020

We hereby certify that we have examined the accompanying financial statements and supplementary data, and to the best of our knowledge and belief, the same is complete and accurate.

Cedar Lane Senior Living Community I, Inc.
Federal EIN: 23-7136808
Telephone Number: (301) 475-8966


Beverly Stickle, President and CEO

04/07/2021
Date


Charles Roach, Chair


4/7/21
Date

**Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225**

Managing Agent's Certification
December 31, 2020

We hereby certify that we have examined the accompanying financial statements and supplementary data, and to the best of our knowledge and belief, the same is complete and accurate.

Cedar Lane Senior Living Community I, Inc.
Federal EIN: 23-7136808


Beverly Stuckles, President and CEO


Date

Name of Property Manager: Beverly Stuckles

**Cedar Lane Senior Living Community I, Inc.
HUD Project Number 052-11225**

Identification of Auditor
December 31, 2020

Audit Firm: PKF O'Connor Davies, LLP

Engagement Partner: Stewart A. Grubman

REAC Firm Address: 2 Bethesda Metro Center, Suite 420
Bethesda, MD 20814

Telephone Number: (301) 652-3464

Fax Number: (301) 652-4646

Federal EIN: 27-1728945

Date of Auditor's Report: April 6, 2021

Firm Address: 500 Mamaroneck Avenue, Suite 301
Harrison, NY 10528-1633

UIC: 98370

Contact Email: Sgrubman@pkfod.com