

Cedar Lane Senior Living III, Inc.

Financial Statements Together
With Independent Auditors' Report

December 31, 2021 and 2020

Cedar Lane Senior Living III, Inc.

Financial Statements Together
With Independent Auditors' Report
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Independent Auditors' Report

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Independent Auditors' Report

**Board of Directors
Cedar Lane Senior Living III, Inc.**

Report On The Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Cedar Lane Senior Living III, Inc. (the "Entity"), which comprise the statements of financial position as of December 31, 2021 and 2020, 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.

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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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 presented on pages 16 to 18 are for the purpose of additional analysis 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

PKF O'Connor Davies, LLP

Bethesda, Maryland
June 1, 2022

Cedar Lane Senior Living III, Inc.

Statements of Financial Position

	December 31,	
	2021	2020
ASSETS		
Cash	\$ 263,265	\$ 431,692
Tenant account receivable	1,186	961
Prepaid expenses	6,312	7,915
Note receivable - related party	35,240	35,240
Reserve for replacements	164,673	164,557
Tenant security deposit held in trust	46,937	47,731
Fixed assets, net	<u>1,764,705</u>	<u>1,861,474</u>
	<u>\$ 2,282,318</u>	<u>\$ 2,549,570</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 37,333	\$ 65,342
Loan payable - PPP	-	243,515
Prepaid revenue	7,712	18,350
Capital lease liability	-	11,606
Tenant security deposit liabilities	38,778	39,299
Intercompany payable	68,409	29,922
Mortgage payable, net	<u>1,385,686</u>	<u>1,429,444</u>
Total Liabilities	1,537,918	1,837,478
Net assets without donor restrictions	<u>744,400</u>	<u>712,092</u>
	<u>\$ 2,282,318</u>	<u>\$ 2,549,570</u>

See notes to financial statements

Cedar Lane Senior Living III, Inc.

Statements of Activities and Change in Net Assets

	Year Ended	
	December 31,	
	2021	2020
REVENUE		
Rental revenue	\$ 432,439	\$ 419,790
Dietary income	5,355	8,915
Financial income	152	399
Other income	175,970	52,759
Total Revenue	613,916	481,863
EXPENSES		
Administrative	33,889	26,777
Salaries and employee benefits	185,081	197,572
Utilities	23,529	23,558
Operating and maintenance	106,445	65,301
Taxes and insurance	40,951	39,063
Interest	70,485	74,460
Depreciation	121,228	120,775
Total Expenses	581,608	547,506
Change in Net Assets	32,308	(65,643)
NET ASSETS		
Beginning of year	712,092	777,735
End of year	\$ 744,400	\$ 712,092

See notes to financial statements

Cedar Lane Senior Living III, Inc.

Statements of Cash Flows

	Year Ended December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 32,308	\$ (65,643)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	121,228	120,775
Interest expense related to debt issuance costs	787	787
PPP loan forgiveness	(243,515)	-
Changes in operating assets and liabilities		
Tenant accounts receivable	(225)	(961)
Accounts receivable - other	-	3,610
Prepaid expenses	1,603	(1,656)
Accounts payable and accrued expenses	(28,009)	5,509
Intercompany payable	38,487	1,894
Tenant security deposits	273	(315)
Prepaid revenue	<u>(10,638)</u>	<u>17,950</u>
Net Cash from Operating Activities	<u>(87,701)</u>	<u>81,950</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(24,459)</u>	<u>(29,401)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Mortgage principal payments	(44,545)	(42,417)
Capital lease payments	(11,606)	(16,283)
Proceeds from PPP loan	<u>-</u>	<u>243,515</u>
Net Cash from Financing Activities	<u>(56,151)</u>	<u>184,815</u>
Net Change in Cash and Restricted Cash	(168,311)	237,364
CASH AND RESTRICTED CASH		
Beginning of year	<u>596,249</u>	<u>358,885</u>
End of year	<u>\$ 427,938</u>	<u>\$ 596,249</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 69,698	\$ 73,673
PPP loan forgiveness	243,515	-

See notes to financial statements

Cedar Lane Senior Living III, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

1. Organization

Cedar Lane Senior Living III, Inc. (the "Entity") is a Maryland non-stock, non-profit corporation (formerly known as St. Mary's Home for the Elderly III, Inc.). It began operations during 2002. The Entity owns and operates a 30-unit housing project for the elderly in Leonardtown, Maryland. In conjunction with the rental units, the Entity provides support services consisting of a dining facility and a licensed congregate housing program.

The Entity is related through a common board of directors to Cedar Lane Senior Living Community I, Inc. and Cedar Lane Senior Living Community II, Inc. (the "Entities"). 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.

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.

Advertising

Advertising costs are charged to operations when incurred. Advertising expenses charged to operations for the years ended December 31, 2021 and 2020 were \$1,586 and \$1,315.

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 effective interest method. The Entity reflects amortization of debt issuance costs within interest expense, in accordance with U.S. GAAP.

Cedar Lane Senior Living III, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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

Fixed Assets

Fixed assets are recorded at cost. Capital asset additions and improvements which meet a cost in excess of \$2,500 and 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:

Building and improvements	5-40 years
Equipment	5-15 years
Furniture and fixtures	3-10 years

Accounts Receivables and Bad Debts

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. U.S. GAAP requires 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.

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 was no impairment loss recognized during the years ended December 31, 2021 and 2020.

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 operating leases and are no longer than one year in duration.

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 III, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

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

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.

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 \$7,722 and \$14,965 for vacation days at December 31, 2021 and 2020, which is included in accounts payable and accrued expenses in the accompanying statements of financial position.

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 without donor restrictions unless they are received with donor restrictions. Restrictions on donated fixed assets are released when the fixed 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 years prior to December 31, 2018.

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 June 1, 2022.

3. Cash Flow Information

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

	<u>2021</u>	<u>2020</u>
Operating Cash		
Cash	\$ 263,265	\$ 431,692
Restricted Cash		
Reserves for replacements	<u>164,673</u>	<u>164,557</u>
Total Cash and Restricted Cash	<u>\$ 427,938</u>	<u>\$ 596,249</u>

Cedar Lane Senior Living III, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

4. Reserve for Replacements

The Entity has established a reserve for replacements escrow. There are no restrictions over these funds, and funds are used for capital items and large expenditures.

The activity in these funds for the years ended December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 164,557	164,219
Interest earned	<u>116</u>	<u>338</u>
Ending Balance	<u>\$ 164,673</u>	<u>\$ 164,557</u>

5. Fixed Assets

Fixed assets consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,057	\$ 1,057
Building and improvements	3,362,026	3,354,642
Furniture and fixtures	206,143	189,068
Equipment	201,842	201,842
Accumulated depreciation	<u>(2,006,363)</u>	<u>(1,885,135)</u>
	<u>\$ 1,764,705</u>	<u>\$ 1,861,474</u>

6. PPP Loan Payable

On May 8, 2020, the Entity received loan proceeds in the amount of \$243,515 under the Paycheck Protection Program (the "PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), provides for loans to qualifying entities for amounts up to 2.5 times their 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. Under the terms of the PPP, up to 100% of the loan (and related interest) may be forgiven if the proceeds are used for covered expenses and certain other requirements related to wage rates and maintenance of full-time equivalents are met.

The Entity applied for forgiveness with the lender and received forgiveness of \$243,515 and related interest from the Small Business Administration on September 13, 2021. The amount of loan forgiveness allocated to the Entity of \$129,021, is presented as other income on the statements of activities and change in net assets. Cedar Lane Senior Living Community, Inc. ("CLSCL I") and Cedar Lane Senior Living Community II, Inc. ("CLSCL II") (related parties via a common board of directors), were allocated \$79,001 and \$35,493, respectively.

Cedar Lane Senior Living III, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

7. Mortgage Payable

On April 21, 2008, the Entity refinanced its mortgage with Community Bank of Tri-County in the amount of \$1,850,000. On October 1, 2010, the Entity entered into a loan modification agreement with Community Bank of the Chesapeake on the unpaid principal balance of \$1,793,991. The interest is payable at a rate of 4.875%. The interest rate will change on October 1, 2025 and every 180th day thereafter to equal 3% plus the Federal Home Loan Bank Long Term Fixed Rate Advances Index with a maximum of 12.125% and a minimum of .125%. Principal and interest in the amount of \$9,494 is payable monthly through maturity in October 1, 2040. The note is secured by the property. The balance at December 31, 2021 and 2020 is \$1,398,543 and \$1,443,087. Interest expense for the years ended December 31, 2021 and 2020 is \$69,698 and \$73,673.

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

2022	\$ 46,603
2023	48,927
2024	51,366
2025	53,928
2026	61,281
Thereafter	<u>1,136,438</u>
	<u>\$ 1,398,543</u>

Costs incurred to obtain financing are being shown net of the debt issuance costs at December 31:

	<u>2021</u>	<u>2020</u>
Mortgages payable	\$ 1,398,543	\$ 1,443,087
Debt issuance costs, net	<u>(12,857)</u>	<u>(13,643)</u>
Mortgages Payable, net	<u>\$ 1,385,686</u>	<u>\$ 1,429,444</u>

	<u>2021</u>	<u>2020</u>
Mortgages acquisition costs	\$ 23,615	\$ 23,615
Accumulated amortization	<u>(10,758)</u>	<u>(9,972)</u>
Debt issuance costs, net	<u>\$ 12,857</u>	<u>\$ 13,643</u>

Cedar Lane Senior Living III, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

8. Capital Leases

The Entity has entered into a capital lease agreement for television equipment valued at \$75,950. The leased equipment is amortized on a straight-line basis over 5 years beginning in September 2016. At December 31, 2021 and 2020, the gross amount of the capital lease assets and related accumulated depreciation recorded under the leases is as follows:

	<u>2021</u>	<u>2020</u>
Television equipment	\$ 75,950	\$ 75,950
Accumulated depreciation	<u>(75,950)</u>	<u>(64,344)</u>
	<u>\$ -</u>	<u>\$ 11,606</u>

The lease was paid in full in during 2021.

9. 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 statement of financial position date, are comprised of the following:

	<u>2021</u>	<u>2020</u>
Cash	\$ 263,265	\$ 431,692
Tenant receivables	<u>1,186</u>	<u>961</u>
Financial Assets Available within One Year	<u>\$ 264,451</u>	<u>\$ 432,653</u>

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, and other obligations come due. In addition, the Entity invests cash in excess of daily requirements in short-term investments.

Cedar Lane Senior Living III, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

10. Functional Expenses

The cost of providing various programs and other activities is summarized on a functional basis as follows for the years ended December 31:

	2021		
	Program Services Rental Operations	Supporting Activities- Administration	Total
Program services	\$ 185,081	\$ -	\$ 185,081
Advertising	-	1,586	1,586
Office expense	-	4,203	4,203
Legal	-	181	181
Auditing	-	12,825	12,825
Other administrative	-	15,094	15,094
Utilities	23,529	-	23,529
Operating and maintenance	106,445	-	106,445
Taxes and insurance	40,951	-	40,951
Interest	69,698	-	69,698
Other financial	787	-	787
Depreciation	121,228	-	121,228
	\$ 547,719	\$ 33,889	\$ 581,608

	2020		
	Program Services Rental Operations	Supporting Activities- Administration	Total
Program services	\$ 197,572	\$ -	\$ 197,572
Advertising	-	1,315	1,315
Office expense	-	2,885	2,885
Legal	-	39	39
Auditing	-	10,200	10,200
Other administrative	-	12,338	12,338
Utilities	23,558	-	23,558
Operating and maintenance	62,322	-	62,322
Taxes and insurance	39,063	-	39,063
Interest	76,652	-	76,652
Other financial	787	-	787
Depreciation	120,775	-	120,775
	\$ 520,729	\$ 26,777	\$ 547,506

Cedar Lane Senior Living III, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

11. 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 ("IRC") 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 IRC Section 401(k)(12) for the 2015 plan year with a non-elective employer contribution of 3% of the participant's eligible compensation.

For the years ended December 31, 2021 and 2020, 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 \$7,722 and \$4,957. At December 31, 2021 and 2020, \$4,990 and \$5,275, remains payable and included in accounts payable and accrued expenses in the accompanying statements of financial position.

12. Line of Credit

On June 30, 2009, the Entity established a line of credit with Community Bank of the Chesapeake in the amount of \$100,000 with an interest rate of 5%. At December 31, 2021 and 2020, there is no balance due on the line of credit.

13. Related Party Transactions

Intercompany Transactions

The Entity, CLSLC I and CLSLC II, 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 each entity's share of the disbursements. The Entities use 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. For the years ended December 31, 2021 and 2020, the Entity has an intercompany payable for operational expenses of \$68,409 and \$29,922.

These amounts have historically been paid within 12 months following year end and are appropriately classified as current assets or liabilities.

Surplus Cash Note Receivable

In June 2016, the Entity executed a Surplus Cash Note with Cedar Lane Senior Living Community I, Inc. totaling advances of \$108,000 at 3.714% interest. The note matures in May 2052, at which time the entire principal and accrued interest balance is owed. The current amount receivable at December 31, 2021 and 2020 is \$35,240.

Cedar Lane Senior Living III, Inc.

Notes to Financial Statements
December 31, 2021 and 2020

14. Congregate Housing Services Program

The Entity has entered into an agreement with the Maryland Department of Aging (the "MDA") in which the Entity shall provide congregate housing services (including food, housekeeping and personal services) to eligible residents and the MDA shall pay the Entity operating subsidies to provide such services. Eligibility determinations and subsidy calculations are subject to review by the MDA. The agreement expired on June 30, 2020 and was not renewed. Congregate Housing Services revenue included in other operating income on the statements of activities and change on net assets amounted to \$0 and \$15,525 for the years ended December 31, 2021 and 2020.

15. 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 Federal Deposit Insurance Corporation insurance limits.

16. Contingency

The Entity's primary asset is 30 units in a three-story apartment building. The Entity's operations are concentrated in the multifamily real estate market. The Entity, as an owner of real estate, is subject to various federal, state and local environmental laws. While the Entity is currently in compliance with existing laws, the Entity cannot predict the impact of new or future changes in laws or regulations on its properties.

The Entity is currently involved in a legal proceeding instituted by a tenant on a claim that occurred during 2019 arising in the ordinary course of business. During 2021, the Entity reached a settlement agreement with the tenant for \$50,000, which released, acquitted, and discharged the Entity of all claims. All proceeds for the claim were paid from insurance coverage.

17. 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.

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Cedar Lane Senior Living III, Inc.

Supplementary Information
Years Ended December 31, 2021 and 2020

Cedar Lane Senior Living III, Inc.

Schedules of Other Income and Expenses

	Year Ended December 31,	
	2021	2020
OTHER INCOME		
Laundry and vending	\$ 3,490	\$ 2,820
Miscellaneous tenant charges	948	647
Cable income	26,816	29,048
Grant income	348	15,525
PPP loan forgiveness income	129,021	-
Miscellaneous revenue	15,347	4,719
	\$ 175,970	\$ 52,759
 ADMINISTRATIVE		
Advertising	\$ 1,586	\$ 1,315
Office expense	4,203	2,885
Legal expense - project	181	39
Audit expense	12,825	10,200
Other professional fees	2,769	3,057
Miscellaneous administrative expense	12,325	9,281
	\$ 33,889	\$ 26,777
 UTILITIES		
Electricity	\$ 17,297	\$ 17,445
Water and sewer	6,232	6,113
	\$ 23,529	\$ 23,558
 OPERATING AND MAINTENANCE		
Supplies	\$ 6,635	\$ 4,045
Contracts	55,555	27,851
Grounds	4,123	3,157
Trash removal	4,950	5,570
Exterminating	989	409
Elevator	8,996	7,334
Security	2,512	1,661
Miscellaneous operating expenses	22,685	15,274
	\$ 106,445	\$ 65,301

See independent auditors' report

Cedar Lane Senior Living III, Inc.

Schedules of Other Income and Expenses *(continued)*

	Year Ended December 31,	
	<u>2021</u>	<u>2020</u>
TAXES AND INSURANCE		
Real estate taxes		
Payroll taxes - project share	\$ 16,484	\$ 14,495
Property and liability insurance	15,271	15,838
Other taxes, licenses and permits	<u>9,196</u>	<u>8,730</u>
	<u>\$ 40,951</u>	<u>\$ 39,063</u>
INTEREST		
Amortization of debt issuance costs	\$ 787	\$ 787
Interest on mortgage payable	<u>69,698</u>	<u>73,673</u>
	<u>\$ 70,485</u>	<u>\$ 74,460</u>

See independent auditors' report

Cedar Lane Senior Living III, Inc.

Schedule of Changes in Fixed Asset Accounts
Year Ended December 31, 2021

	Beginning Balance	Additions	Deductions	Ending Balance
Land	\$ 1,057	\$ -	\$ -	\$ 1,057
Building and improvements	3,354,642	7,384	-	3,362,026
Furniture and fixtures	189,068	17,075	-	206,143
Equipment	<u>201,842</u>	<u>-</u>	<u>-</u>	<u>201,842</u>
Total Fixed Assets	3,746,609	<u>\$ 24,459</u>	<u>\$ -</u>	3,771,068
Accumulated depreciation	<u>(1,885,135)</u>	<u>\$ (121,228)</u>	<u>\$ -</u>	<u>(2,006,363)</u>
Total Net Book Value	<u>\$ 1,861,474</u>			<u>\$ 1,764,705</u>
Fixed asset additions				
Lighting		<u>\$ 7,384</u>		
Furniture and Fixtures				
Countertops		\$ 14,380		
Flooring		<u>2,695</u>		
		<u>\$ 17,075</u>		

See independent auditors' report