

CATHEDRAL SQUARE CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021

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CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2021

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Cathedral Square Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of Cathedral Square Corporation, which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year 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.

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 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 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 qualified audit opinion.

Basis for Qualified Opinion

As discussed in Note 18 to the financial statements, the Corporation's financial statements do not include the statements of financial position for limited partnerships and corporations controlled by either Cathedral Square Corporation or CSC Partners Inc., a wholly owned subsidiary of Cathedral Square Corporation as of September 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. In our opinion, accounting principles generally accepted in the United States of America require that all controlled entities be consolidated.

Opinion

In our opinion, except for the effects of not consolidating all controlled entities discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Cathedral Square Corporation as of September 30, 2021, and the results of its operations and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes 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 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 March 24, 2022 on our consideration of Cathedral Square Corporation'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 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 Cathedral Square Corporation'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 Cathedral Square Corporation's internal control over financial reporting and compliance.



Certified Public Accountants

March 24, 2022
South Portland, Maine

CATHEDRAL SQUARE CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2021

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 6,294,401
Accounts Receivable	206,417
Accounts Receivable - Related Parties (Note 9)	235,950
Grants Receivable	158,637
Inventory	9,856
Prepaid Expenses	136,888
	<u>7,042,149</u>
OTHER ASSETS	
Restricted Escrow Accounts (Note 6)	1,392,726
Tenant Security Deposits	123,752
Notes Receivable (Note 2)	147,804
Equity Investments (Note 12)	4,614,382
Development Projects (Note 13)	397,006
	<u>6,675,670</u>
PROPERTY AND EQUIPMENT (Note 3)	
Land and Improvements	944,020
Buildings and Improvements	13,014,551
Furniture, Fixtures and Equipment	508,331
Construction in Process	88,635
	<u>14,555,537</u>
Total	14,555,537
Less Accumulated Depreciation	(3,662,911)
	<u>10,892,626</u>
NET PROPERTY AND EQUIPMENT	
	<u>10,892,626</u>
ENDOWMENT (Notes 10 and 11)	
	<u>1,111,712</u>
TOTAL ASSETS	
	<u>\$ 25,722,157</u>

See accompanying notes to the financial statements.

CATHEDRAL SQUARE CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

September 30, 2021

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 178,157
Fundraising Payable (Note 13)	262,500
Accrued Interest Payable	19,711
Other Accrued Liabilities	794,576
Deferred Revenue	10,940
Current Portion of Long-term Debt	<u>240,885</u>
Total Current Liabilities	<u>1,506,769</u>
DEPOSIT LIABILITIES	
Tenant Security Deposit and Interest	122,882
Resident Service Deposits	<u>16,103</u>
Total Deposit Liabilities	<u>138,985</u>
LONG-TERM DEBT	
Notes Payable, Net of Current Portion (Notes 3 and 17)	9,668,837
Less Deferred Loan Fees	(66,087)
Deferred Interest Payable (Note 4)	<u>2,680,222</u>
Total Long-term Debt	<u>12,282,972</u>
TOTAL LIABILITIES	<u>13,928,726</u>
NET ASSETS	
Net Assets Without Donor Restrictions	10,400,254
Net Assets With Donor Restrictions (Note 10)	<u>1,393,177</u>
TOTAL NET ASSETS	<u>11,793,431</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 25,722,157</u></u>

See accompanying notes to the financial statements.

CATHEDRAL SQUARE CORPORATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Year Ended September 30, 2021

REVENUES	
Rental Revenue (Note 16)	\$ 2,360,955
State and Federal Assistance	1,856,209
Donations	141,302
Management and Related Service Fees (Note 9)	3,729,356
Development Fees (Note 9)	1,029,825
Client Fees	816,555
Grant Income	5,395,075
Investment Income	193,468
Other Income	209,925
TOTAL REVENUES	<u>15,732,670</u>
EXPENSES	
Program Services	11,976,737
Management and General	1,470,260
Fundraising	37,413
TOTAL EXPENSES	<u>13,484,410</u>
INCREASE IN NET ASSETS	2,248,260
NET ASSETS, Beginning of Year	<u>9,545,171</u>
NET ASSETS, End of Year	<u>\$ 11,793,431</u>

CHANGES IN NET ASSETS BY RESTRICTION TYPE

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	\$ 8,277,781
Total Support and Revenue	15,315,541
Net Assets Released from Restriction	291,342
Total Operating Expenses	<u>(13,484,410)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	<u>\$ 10,400,254</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
NET ASSETS, WITH DONOR RESTRICTIONS, BEGINNING OF YEAR	\$ 1,267,390
Total Support and Revenue	417,129
Net Assets Released from Restriction	<u>(291,342)</u>
NET ASSETS WITH DONOR RESTRICTIONS, END OF YEAR	<u>\$ 1,393,177</u>

See accompanying notes to the financial statements.

CATHEDRAL SQUARE CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2021

	Program Services				Supportive Services		Total
	Property Management	Development	SASH	Assisted Living	Management and General	Fundraising	
Payroll Costs and Benefits	\$ 3,616,706	\$ 333,752	\$ 2,036,734	\$ 2,250,815	\$ 1,018,049	\$ 35,659	\$ 9,291,715
Agency Call Out	-	-	-	213,352	-	-	213,352
Utilities	299,694	-	-	-	-	-	299,694
Repairs and Property Maintenance	288,799	-	-	-	-	-	288,799
Equipment and Supplies	61,440	-	32,827	69,473	-	-	163,740
Administrative	75,218	-	-	6,431	146,579	-	228,228
Employee Acquisition and Training	-	-	13,974	1,650	46,565	-	62,189
Marketing	2,874	-	-	-	927	1,754	5,555
Travel	-	-	6,605	1,174	3,185	-	10,964
Professional Fees	25,455	-	13,567	4,218	47,102	-	90,342
Rent	-	-	-	-	36,000	-	36,000
Vehicle	-	-	-	-	1,561	-	1,561
Resident Services	17,287	-	-	9,306	-	-	26,593
Food Services	-	-	-	150,478	-	-	150,478
Grant Expenditures	-	-	1,089,565	-	-	-	1,089,565
Nursing Services	-	-	102,161	-	-	-	102,161
Bad Debts (Recoveries)	(2,584)	-	-	-	-	-	(2,584)
Contributions	-	-	-	-	39,735	-	39,735
Investment Expenses	-	-	-	-	6,853	-	6,853
Interest	318,013	-	-	-	-	-	318,013
Taxes and Insurance	336,452	-	-	-	-	-	336,452
Loss on Disposal	157,495	-	-	-	-	-	157,495
Depreciation	412,297	-	-	-	7,978	-	420,275
Miscellaneous	-	-	16,231	15,278	115,726	-	147,235
Total Expenses	\$ 5,609,146	\$ 333,752	\$ 3,311,664	\$ 2,722,175	\$ 1,470,260	\$ 37,413	\$ 13,484,410

See accompanying notes to the financial statements.

CATHEDRAL SQUARE CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 2,248,260
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	420,275
Amortization of Debt Issuance Costs	4,927
Unrealized Gain on Endowment Investments	4,837
Change in Operating Assets and Liabilities	
Accounts Receivable	155,360
Accounts Receivable - Related Parties	53,401
Grants Receivable	77,497
Prepaid Expenses	155,974
Inventory	(2,271)
Accounts Payable	(51,114)
Accounts Payable - Development	41,666
Resident Service Deposits	(4,630)
Deferred Revenue	(79,804)
Accrued Interest Payable	(4,019)
Accrued Expenses	(373,272)
Tenant Security Deposits	(37,799)
	<u>2,609,288</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Equity Investments	(1,854,540)
Net Reimbursements of Project Development Costs	(13,029)
Realized Gains on the Sale of Endowment Investments	(113,323)
Fees Paid from Endowment Investments	6,853
Net Sales of Endowment Investments	(18,970)
Interest and Dividends from Endowment Investments	(14,617)
Purchases of Property and Equipment	(429,646)
Disposition of Property and Equipment	1,210,889
	<u>(1,226,383)</u>
NET CASH USED BY INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
Loan Proceeds	1,964,950
Debt Issuance Costs	(34,622)
Principal Payments of Long-term Debt	(3,213,801)
	<u>(1,283,473)</u>
NET CASH USED BY FINANCING ACTIVITIES	
NET INCREASE IN CASH	99,432
CASH AT BEGINNING OF YEAR	<u>7,711,447</u>
CASH AT END OF YEAR	<u>\$ 7,810,879</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash Paid During the Year for:	
Interest	<u>\$ 323,523</u>
Non-Cash Transactions:	
Development Projects Costs Funded by Accounts Payable	<u>\$ 1,182</u>
Fixed Assets Funded by Accounts Payable	<u>\$ 6,154</u>
Disposition of Property - Whitney Hill Housing	<u>\$ (442,054)</u>

See accompanying notes to the financial statements.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities - Cathedral Square Corporation (CSC) is a non-profit Corporation organized for the purpose of providing support services to the elderly, disabled and persons with other special needs.

Basis of Consolidation - The consolidated financial statements include the accounts of CSC which consists of five programs: Property Management, Development, SASH, Assisted Living, and Supportive Services. Included in Property Management are several housing projects: Memory Care at Allen Brook, Heineberg Senior Housing, Whitney Hill Housing (sold during 2021), Ruggles House and CSC McAuley. The statements also include CSC Partners Inc., a wholly owned subsidiary of CSC.

Management - Management accounts for all payroll related activities of CSC. Programs and entities are charged a fee for services rendered by the employees of CSC. In addition, management provides services to entities that are independent of CSC. These services consist of management and maintenance of housing projects along with other special assistance designed to improve the quality of life of the residents of the projects.

Support and Services at Home (SASH) - SASH is a caring partnership connecting statewide health and long term care systems to nonprofit affordable housing providers. The program is part of the Blueprint for Health, Vermont's health care reform initiative. The program helps Vermont's most vulnerable citizens, seniors and individuals with special needs, obtain access to care and support services they need to stay healthy while living comfortably and safely at home.

Assisted Living Operations - The Assisted Living Residence at Cathedral Square Senior Living consists of 38 units within the 108 unit building located at 3 Cathedral Square, Burlington, Vermont. Personal care services are available 24 hours a day and three meals per day are provided.

Property Management

Memory Care at Allen Brook - A 14-unit housing project for tenants with dementia. The project receives funding for services from Medicaid.

Heineberg Senior Housing – An 82-unit housing project for low-income residents.

Whitney Hill Housing - A 44-unit housing project for elderly low-income residents. The project was sold in March, 2021.

Ruggles House - A 15-unit housing project for elderly low-income residents.

CSC McAuley - A 75-unit housing project for elderly low-income residents.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Method of Accounting - The financial statements of the Corporation are prepared on the accrual basis of accounting.

Intercompany Transactions - All significant intercompany transactions and balances are eliminated in consolidation.

Income Taxes - No provision for taxes on income is made in the Corporation's financial statements since, as a not-for-profit corporation, it is exempt from income taxes under Internal Revenue Code 501(c)(3).

In accordance with accounting principles generally accepted in the United States of America, management has evaluated its exposure to material tax positions and determined that there are no such tax positions requiring accounting recognition. Informational returns filed by the Corporation are subject to examination by the Internal Revenue Service for a period of three years. While no informational returns are currently being examined by the Internal Revenue Service, the three previous tax years remain open. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

Housing Subsidy Covenants - Several of the consolidated entities have entered into housing subsidy covenants with Vermont Housing and Conservation Board (VHCB), as a condition of loans made by VHCB. Pursuant to these covenants, tenants' incomes must fall within certain affordability guidelines.

Cash - For the purposes of reporting cash flows, cash, cash equivalents and restricted cash includes cash on hand and amounts due from banks.

Receivables - Grants Receivable are stated at the amount management expects to collect on outstanding balances. Amounts due are recorded based on a cost reimbursement basis. Cathedral Square Corporation (CSC) bills grant providers on a quarterly basis. No allowance for the valuation of the receivables has been recorded since all amounts have been deemed collectible.

Included in Accounts Receivable are amounts due from managed properties for management and development services and are recorded at net realizable value. No allowance for the valuation of the receivables has been recorded since all amounts have been deemed collectible.

Notes Receivable - Notes receivable are reported at their outstanding principal balances. As described in Note 2, repayment of these notes is dependent on cash flows. Cathedral Square Corporation owns a general partnership interest in each of the entities. Cathedral Square considers development fees receivable to be fully collectable.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Revenue, Gains and Other Support - In accordance with Generally Accepted Accounting Principles (GAAP), the Corporation accounts for contributions and revenues received as Net Assets without Donor Restrictions and Net Assets with Donor Restrictions depending on the existence and/or nature of any donor-imposed restrictions.

Net rental revenue is recognized in the period in which it is earned. Leases are for periods of up to one year, with rent and associated payments due monthly. Payments collected in advance are deferred until the rental income is earned. Other revenue can include fees for late payment, damages, laundry, and other charges and is recorded when earned.

Tenant Receivables and Bad Debt - Tenant receivables are reported at the amount of principal outstanding. Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with damages or cleaning fees, if applicable. Tenant receivables consist of amounts due for rental income, charges for damages and cleaning fees. The Corporation does not accrue interest on the tenant receivable balances.

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.

Fixed Income Securities - Fixed Income Securities consist of mutual funds and are carried at Fair Value.

Inventory - Inventories are stated at cost using the First In, First Out (FIFO) Method.

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

Debt Issuance Costs - Debt issuance costs incurred in connection with the issuance of long-term debt are capitalized and amortized to interest expense over the term of the debt using the straight-line method, which approximates the effective interest method. The unamortized amount is presented as a reduction of long-term debt on the balance sheet.

Property and Equipment - Property and equipment are carried at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Advertising - The Corporation expenses advertising costs as they are incurred.

Impairment of Long-Lived Assets - In accordance with the provisions of accounting for the impairment or disposal of long-lived assets, management reviews long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable based on the undiscounted future cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. There were no impairment charges during the year ended September 30, 2021.

Classification of Net Assets - Net assets of the Corporation are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets Without Donor Restrictions - Amounts that are not subject to usage restrictions based on donor-imposed requirements. This class also includes assets previously restricted where restrictions have expired or have been met.

Net Assets With Donor Restrictions - Net assets subject to usage limitations based on donor-imposed or grantor restrictions. These restrictions may be temporary or may be based on a particular use. Restrictions may be met by the passage of time or by actions of the Corporation. Certain restrictions may need to be maintained in perpetuity.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor-restricted net assets by the donor or by applicable state law.

Donor-restricted funds, both received and expended for purposes either implicit with the gift or explicitly outlined by the donor within the same operating period, have been classified as net assets without donor restrictions.

Subsequent Events - Subsequent events have been evaluated through March 24, 2022, the date the financial statements were available to be issued.

NOTE 2 - NOTE RECEIVABLE - MANAGEMENT

The Note Receivable at September 30, 2021 was:

Promissory Note - Development fee for services provided by Cathedral Square Corporation to the TSH Limited Partnership, 0% interest, payable from available cash flow, due in full on May 11, 2041, secured by a mortgage deed on the real property.

\$ 147,804

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT

Long-term debt consists of the following:

<u>Lender</u>	<u>Property</u>	<u>Interest Rate</u>	<u>Payments</u>	<u>Maturity</u>	<u>2021</u>
<u>National Housing Trust Community Development Fund</u>	Heineberg Senior Housing	3.0%	\$715/Mo	December 31, 2025	\$ 34,174
<u>Vermont Housing and Conservation Board (VHCB)</u>	Ruggles House	0%	Deferred	October 31, 2031	195,000
	Ruggles House	0%	Deferred	October 31, 2031	98,500
	Heineberg Senior Housing	0%	Deferred	March 10, 2035	625,000
	CSC McAuley LLC	0%	Deferred	September 25, 2047	492,500
	CSC McAuley LLC	0%	Deferred	September 25, 2047	30,000
	CSC McAuley LLC	0%	Deferred	September 25, 2047	700,000
<u>City of Burlington</u>	Ruggles House	0%	Deferred	Sale/Change of Use	110,000
	Ruggles House	0%	Deferred	July 16, 2050	164,950
	Heineberg Senior Housing	0%	Deferred	Sale/Change of Use	150,000
	CSC McAuley LLC	0%	Deferred	September 25, 2047	150,000
	CSC McAuley LLC	0%	Deferred	September 25, 2047	80,000
<u>Champlain Housing Trust</u>	Ruggles House	0%	Deferred	December 31, 2031	250,000
	CSC McAuley	0%	Deferred	August 28, 2047	148,000
<u>TD Bank</u>	Ruggles House	2.5%	\$1,087/Mo	June 19, 2022	121,649

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

<u>Lender</u>	<u>Property</u>	<u>Interest Rate</u>	<u>Payments</u>	<u>Maturity</u>	<u>2021</u>
<u>Vermont Community Loan Fund</u>	Memory Care at Allen Brook	5.0%	\$5,690/Mo	September 12, 2024	1,032,498
<u>Vermont Housing Finance Agency (VHFA)</u>	Heineberg Senior Housing	3.36%	\$7,943/ Mo	April 1, 2036	1,785,405
	CSC McAuley LLC	5.054%	\$17,284/ Mo	March 1, 2047	2,969,726
	CSC McAuley LLC	0%	Deferred	March 1, 2047	510,320
	Memory Care at Allen Brook	0%	Deferred	December 11, 2047	262,000
Total					9,909,722
Less Current Portion					240,885
					<u>\$9,668,837</u>

Current portions of long-term debt due within the next five years are as follows:

<u>Year Ending September 30</u>	<u>Total Amount</u>
2022	\$ 240,885
2023	124,600
2024	1,108,919
2025	116,294
2026	114,936
Thereafter	8,204,088
Total	<u>\$ 9,909,722</u>

NOTE 4 - DEFERRED INTEREST PAYABLE

Various entities or projects have deferred interest payable arrangements at September 30, 2021 as follows:

Heineberg Senior Housing - Note Payable - VHFA	\$1,147,831
Heineberg Senior Housing - Note Payable - VHCB	228,136
Ruggles House - Note Payable - City of Burlington	117,613
CSC McAuley, LLC - Note Payable - VHCB	770,234
CSC McAuley, LLC - Note Payable - City of Burlington	416,408
Total	<u>\$ 2,680,222</u>

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 5 - RETIREMENT PLAN

The Corporation maintains defined contribution retirement plans for its employees under Section 403(b) of the Internal Revenue Code. Contributions are made by the Corporation and, in addition, employees may make voluntary, tax-deferred contributions from their compensation. The Corporation also funds a Section 457(b) defined contribution plan for the Chief Executive Officer. During the year ended September 30, 2021, employer contributions to the retirement plans totaled \$258,473.

NOTE 6 - RESTRICTED ESCROW ACCOUNTS

The Corporation's properties have various regulatory agreements with Vermont Housing Finance Agency (VHFA). These agreements place various restrictions and requirements on the projects, including required deposits to Replacement Reserves and Operating Reserve accounts.

The Projects are required to make monthly deposits into reserves from operations or surplus cash or hold funds in escrow. Written agency approval is often required to make withdrawals from these funds.

NOTE 7 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Corporation to concentrations of credit risk consist primarily of deposits with banks and financial institutions. These balances fluctuate during the year and can exceed the \$250,000 limit of FDIC coverage, however, the Corporation has not experienced any losses with respect to its bank balances in excess of government provided insurance. At September 30, 2021, the Corporation had cash on deposit with banks and financial institutions totaling \$7,707,749 of which \$250,000 was insured by the FDIC. The maximum amount of loss due to credit risk at September 30, 2021 was \$7,457,749 all of which was covered by a surety bond.

NOTE 8 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

A substantial portion of the Corporation's assets are concentrated in multifamily real estate within the State of Vermont. The Corporation is the General Partner in several limited partnerships. The Parent Corporation receives management and maintenance fees from the Partnerships as their primary source of revenue to pay for administrative costs. The Partnerships operate in a heavily regulated environment and are subject to the administrative directives of federal, state and local agencies, including but not limited to the Vermont Housing Finance Agency (VHFA) and the Department of Housing and Urban Development (HUD). In addition, the SASH and Assisted Living programs and Memory Care at Allen Brook operate, and are primarily funded by the Centers for Medicare and Medicaid Services (CMS). Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by the agencies or other situation. Such changes may occur with little notice or with inadequate funding to pay for the related costs including the additional burden to comply with the changes and the inability to pay fees owed to the Corporation.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 9 - RELATED PARTY TRANSACTIONS

CSC or CSC Partners, Inc. are either the owner, general partner, co-general partner or management agent in several partnerships and housing projects. CSC has entered into management contracts with these entities. During 2021, fees charged to these entities for management, administrative, maintenance, and resident services totaled \$3,729,356. At September 30, 2021, CSC was owed \$106,997 from these entities.

Development fees received for the development of properties at Juniper North Bond LP, Juniper South Allocated LP, Bayview Crossing LP and WHH LP totaled \$1,029,825 in the year ended September 30, 2021.

CSC rents office space for \$3,000 per month from Farrell Street Senior Housing, L.P. CSC is the general partner of Farrell Street Senior Housing, L.P.

CSC entered into a Capital Advance Agreement with the U.S. Department of Housing and Urban Development (HUD) for \$3,527,800 on behalf of Farrell Street Senior Housing, LP for the construction of the project. The capital advance is non-interest bearing, matures May 1, 2047 and is secured by the real estate and personal property of the Partnership. The capital advance is recorded on the Partnership's books and not on CSC's books.

Pursuant to the partnership agreements, CSC is entitled to receive partnership administration fees from various partnerships in which CSC is either a General Partner or a Co-General Partner. Fees received in 2021 totaled \$24,525.

NOTE 10 - ENDOWMENT

The Corporation has established an Endowment Fund with funds assigned by donation from McAuley Square, Inc. and has adopted the investment policy of the donor. The Board of Directors of Cathedral Square Corporation has interpreted current responsibilities associated with the assignment as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of the interpretation, Cathedral Square classifies the endowment as net assets with donor restrictions according to the original value of gifts donated to the permanent endowment. The remaining portion of donor-restricted net assets, as well as any increases, are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the organization as directed by the investment policy.

The investment policy states that the original corpus of the Endowment, \$500,000, must be preserved. The remainder can be distributed, up to 5% annually, at the sole discretion of the Board of Directors. The expenditures are to be used to provide resident services to McAuley Square tenants. Investment objectives include the preservation of the original corpus, adjusted for inflation, the preservation of capital from erosion by inflation, the minimization of administrative and management costs without undue sacrifice to the quality of investment performance or service, and to embrace socially responsible investing where feasible. The fair value of the Endowment as of September 30, 2021 was \$1,111,712. The full balance has been recorded as net assets with donor restrictions.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 10 - ENDOWMENT (Continued)

Changes in Endowment Net Assets consisted of the following:

Beginning Balance	\$ 976,492
Interest and Dividends	14,617
Net Appreciation	163,723
Less: Investment Fees	(6,853)
Distributions	<u>(36,267)</u>
Total Endowment Net Assets	1,111,712
Net Assets Without Donor Restrictions	<u>-</u>
Net Assets With Donor Restrictions	<u><u>\$ 1,111,712</u></u>

NOTE 11 - INVESTMENTS

Pursuant to the FASB ASC 820-10-50, the Corporation is required to make disclosures about the calculations (i.e. “inputs”) used to generate fair value measurements, including their classification within a hierarchy that prioritizes the inputs to the fair value measurements. The three levels of the fair value hierarchy are as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Observable quoted prices in active markets for similar assets or liabilities or identical assets or liabilities in inactive markets; and
- Level 3: Inputs that are not based on observable market data.

The fair value of the Corporation’s investments was calculated using the following input data as of September 30, 2021:

Level 1 Inputs:	
Cash	\$ 9,259
Equity Exchange Traded Securities	310,192
Exchange Traded Fixed Income Securities	150,752
Bonds	184,932
Common Stock	<u>456,577</u>
Total	<u><u>\$ 1,111,712</u></u>

Return on Investment consisted of the following:

Interest and Dividends	\$ 14,617
Gains on the Sale of Investments	113,323
Unrealized Gain on Investments	<u>50,400</u>
Total Return on Investment	<u><u>\$ 178,340</u></u>

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 12 - EQUITY INVESTMENTS

CSC or CSC Partners, Inc. are the co-general partners in several limited partnerships. Equity investments to these entities at September 30, 2021 was \$4,614,382. Equity investments are accounted for under the equity method.

NOTE 13 - DEVELOPMENT PROJECTS

As of September 30, 2021, Cathedral Square Corporation is owed \$397,006 in development costs associated with the development or redevelopment of various properties. These costs are expected to be reimbursed by the entities.

As of September 30, 2021, Cathedral Square Corporation is holding raised capital of \$262,500 for development costs associated with the potential development of Bayview Crossing LP. These include donations and private grants which will be returned if the project does not materialize.

NOTE 14 - SELF INSURANCE

The Corporation maintains a self-insurance program for unemployment costs of former employees who terminate their employment with CSC. The Corporation is liable for direct reimbursement of claims made by former employees with the State of Vermont. CSC participates in a trust to maintain deposits and process claims. The trust has established a stop-loss reserve fund to pay claims in excess of \$25,000 or 10% of the Corporation's taxable wages, whichever is greater, up to twice the threshold for accessing the fund. Stop-loss reserve fund payments are at the sole discretion of the Trustees. Self-insurance costs are accrued based on claims reported as of the balance sheet date as well as an estimated liability for claims incurred but not reported. As of September 30, 2021, the total accrued liability for self-insurance costs was \$6,300.

NOTE 15 - GRANT LIABILITY - MANAGEMENT

CSC received a loan/grant from Vermont Housing Conservation Board (VHCB) for the purpose of assisting elderly persons to purchase shares in a Williston cooperative, Williston Woods. No interest is due on the loan/grant and no repayment plan is scheduled. The notes receivable consist of loans to elderly people to assist them with the purchase of shares in the cooperative. During 2012, VHCB approved CSC's request to reserve up to \$2,000 per year for a period of three years to cover unforeseen SASH expenses at Williston Woods. The initial \$2,000 reserve was established during 2012, with \$2,000 additional added during both 2013 and 2014. Through September 30, 2021, \$953 of SASH expenses have been incurred to be reimbursed from the reserve. The balance of the loan/grant at September 30, 2021 is \$12,074 plus accrued interest of \$6,054 (total of \$18,128). This liability is offset by a restricted escrow account, a related loan receivable and the SASH receivable that, in total, equals \$18,128.

CATHEDRAL SQUARE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

NOTE 16 - CSC MCAULEY, LLC LEASE

Effective July 1, 2020, CSC McAuley, LLC has entered into an agreement with ANEW Place whereby the Company will lease the units in Building One to referrals from Burlington Housing Authority. The agreement also provides for ANEW Place to lease the community facilities in Building One. The lease term is five years with up to two additional five-year terms. The lease calls for annual increases of not less than 2% and not more than 5%

Future minimum lease payments pursuant to the lease agreements are as follows:

Years Ending September 30,	
2022	\$ 12,300
2023	12,543
2024	12,795
2025	<u>9,738</u>
Total	<u>\$ 47,376</u>

NOTE 17 - HOME PROGRAM

Pursuant to loan agreements with the City of Burlington, CSC McAuley, LLC must designate nineteen (19) dwelling units as HOME units to comply with affordability and other specified requirements for a period of twenty (20) years. Failure to comply with these requirements may result in repayment of funds.

NOTE 18 - ENTITIES OMITTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements do not include the Limited Partnerships controlled by either Cathedral Square Corporation (CSC) or CSC Partners Inc., a wholly owned subsidiary of CSC. CSC does not believe it is practical or meaningful to include the statements of financial position and the results of operations of the following Partnerships in the consolidated statements:

CSSL Limited Partnership	TSH Two Limited Partnership
Essex Senior Housing LP	Rail City Housing LP
GWC II Limited Partnership	TSH Limited Partnership
Richmond Terrace LP	Elm Place Limited Partnership
SH Limited Partnership	Farrell Street Senior Housing LP
Allard Square Limited Partnership	Whitcomb Woods Limited Partnership
Juniper North Bond LP	Juniper South Allocated LP
Whitcomb Terrace LP	Bayview Crossing Limited Partnership
WHH Limited Partnership	

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 18 - ENTITIES OMITTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

CSC also does not believe it is practical or meaningful to include the statements of financial position and results of operations of the following entities, related through common board control, in the consolidated statements:

Jeri Hill Housing Corporation
Monroe Place Corporation
South Burlington Community Housing Corporation

Separate financial statements for all of the above entities have been prepared and forwarded to the appropriate funding agencies.

The exclusion of the above entities represents a departure from Generally Accepted Accounting Principles that would require these entities to be included in consolidated financial statements.

If the financial statements had been consolidated with these entities, the total assets, liabilities, and net assets would have increased by \$102,953,568, \$57,818,612 and \$45,134,957, respectively, and revenue and expenses would have increased by \$8,224,448 and \$10,042,887, respectively, at September 30, 2021.

NOTE 19 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Corporation's working capital and cash flows are derived from monthly revenues consisting of rent, housing assistance payments, state and federal assistance, management fees, and investment activities from endowment funds. In addition, the Corporation receives development fees, grants, and donations.

The Corporation manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due.

The following reflects the Corporation's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual and donor restrictions within one year of the statement of financial position date. Amounts not available include balances retained in endowment funds and long-term investing in capital reserves that could be drawn upon if approved by Vermont Housing Finance Agency (VHFA).

CATHEDRAL SQUARE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

NOTE 19 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

Cash and Cash Equivalents	\$ 7,687,127
Grants Receivable	158,637
Accounts Receivable	442,367
Endowment Fund	<u>1,111,712</u>
Total Financial Assets	9,399,843
Less Donor and Contractually Restricted Balances:	
Restricted Escrow Accounts	(1,392,726)
Endowment Fund - Donor Restricted	<u>(1,111,712)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 6,895,405</u></u>

NOTE 20 - CASH, CASH EQUIVALENTS AND RESTRICTED CASH

The following provides a reconciliation of cash, cash equivalents and restricted cash reported within the Statement of Financial Position that sum to the total of the same such amounts shown in the Statement of Cash Flows.

Cash - Operations	\$ 6,294,401
Reserve for Replacements	887,882
Other Reserves	504,844
Tenant Security Deposits	<u>123,752</u>
Total Cash, Cash Equivalents and Restricted Cash Accounts	<u><u>\$ 7,810,879</u></u>

NOTE 21 - METHODS USED FOR ALLOCATION OF EXPENSES AMONG PROGRAM AND SUPPORTING SERVICES

The costs of providing various program and supporting activities have been included on a functional and natural basis. These expenses require allocation on a reasonable basis that is consistently applied, which is on the basis of time and effort studies.

NOTE 22 - PANDEMIC UNCERTAINTY

On March 13, 2020, a national emergency was declared in the United States as a result of the coronavirus pandemic. This public health crisis has had a significant and wide-ranging effect on the United States economy and is expected to continue for some time. There has been limited impact on the Corporation's financial position and operations. Management continues to monitor and actively assess the impact of this evolving situation on its operations and financial position but the full duration, magnitude and potential future financial effect is indeterminable at this time.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 23 - NON-CASH TRANSACTION - DISPOSITION OF PROPERTY

The Corporation owned and operated a housing project subsidized by the Vermont Housing Finance Agency, Whitney Hill Housing. All assets and liabilities were transferred to a new partnership on March 3, 2021. The new partnership is not included in these Consolidated Financial Statements. The following represents the non-cash transactions on the Statement of Cash Flows:

Accounts Receivable	\$ 7,438
Prepaid Expenses	19,487
Accounts Payable	(11,367)
Resident Service Deposits	(2,862)
Accrued Interest Payable	(3,471)
Tenant Security Deposits	(37,975)
Disposition of Property and Equipment	1,210,889
Long-Term Debt	<u>(1,624,193)</u>
Total	<u>\$ (442,054)</u>

SUPPLEMENTARY INFORMATION

CATHEDRAL SQUARE CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2021

ASSETS

	Management	Assisted Living Operations	SASH	Memory Care at Allen Brook	Ruggles House	Heineberg Housing	Whitney Hill Housing	CSC McAuley LLC	Eliminations	Total
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 4,876,283	\$ 72,727	\$ 670,883	\$ 235,566	\$ 4,754	\$ 324,971	\$ -	\$ 109,217	\$ -	\$ 6,294,401
Accounts Receivable	4,903	81,372	8,388	93,579	681	3,312	-	14,182	-	206,417
Accounts Receivable - Related Parties	625,531	119,426	-	-	-	-	-	-	(509,007)	235,950
Grants Receivable	41,072	-	101,070	-	16,495	-	-	-	-	158,637
Inventory	-	6,215	-	3,641	-	-	-	-	-	9,856
Prepaid Expenses	1,391	-	74,481	-	-	25,528	-	35,488	-	136,888
Total Current Assets	5,549,180	279,740	854,822	332,786	21,930	353,811	-	158,887	(509,007)	7,042,149
OTHER ASSETS										
Restricted Escrow Accounts	333,617	-	-	71,918	90,803	427,430	-	468,958	-	1,392,726
Tenant Security Deposits	-	-	-	6,414	9,287	64,120	-	43,931	-	123,752
Notes Receivable	147,804	-	-	-	-	-	-	-	-	147,804
Equity Investments	4,614,382	-	-	-	-	-	-	-	-	4,614,382
Development Projects	397,006	-	-	-	-	-	-	-	-	397,006
Total Other Assets	5,492,809	-	-	78,332	100,090	491,550	-	512,889	-	6,675,670
PROPERTY AND EQUIPMENT										
Land and Improvements	-	-	-	299,488	-	58,558	-	585,974	-	944,020
Building and Improvements	-	-	-	1,381,045	1,235,172	4,892,125	-	5,506,209	-	13,014,551
Furniture, Fixtures and Equipment	241,259	-	-	77,934	15,000	141,872	-	32,266	-	508,331
Construction in Process	-	-	-	-	-	88,635	-	-	-	88,635
Total	241,259	-	-	1,758,467	1,250,172	5,181,190	-	6,124,449	-	14,555,537
Less Accumulated Depreciation	(235,601)	-	-	(177,360)	(150,864)	(2,440,774)	-	(658,312)	-	(3,662,911)
NET PROPERTY AND EQUIPMENT	5,658	-	-	1,581,107	1,099,308	2,740,416	-	5,466,137	-	10,892,626
ENDOWMENT										
	1,111,712	-	-	-	-	-	-	-	-	1,111,712
TOTAL ASSETS	\$ 12,159,359	\$ 279,740	\$ 854,822	\$ 1,992,225	\$ 1,221,328	\$ 3,585,777	\$ -	\$ 6,137,913	\$ (509,007)	\$ 25,722,157

CATHEDRAL SQUARE CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
(Continued)

September 30, 2021

LIABILITIES AND NET ASSETS

	Management	Assisted Living Operations	SASH	Memory Care at Allen Brook	Ruggles House	Heineberg Housing	Whitney Hill Housing	CSC McAuley, LLC	Eliminations	Total
CURRENT LIABILITIES										
Accounts Payable	\$ 20,021	\$ 6,685	\$ 104,347	\$ 14,017	\$ 4,030	\$ 11,653	\$ -	\$ 17,404	\$ -	\$ 178,157
Fundraising Payable	262,500	-	-	-	-	-	-	-	-	262,500
Accrued Interest Payable	-	-	-	2,112	93	4,999	-	12,507	-	19,711
Other Accrued Liabilities	487,870	38,812	241,566	12,179	620	8,484	-	5,045	-	794,576
Due to Intercompany	-	240,956	67,986	155,329	38,638	-	-	6,098	(509,007)	-
Deferred Revenue	7,618	2,920	-	1,865	26	2,495	-	1,016	(5,000)	10,940
Current Portion of Long-term Debt	-	-	-	17,044	121,649	43,527	-	58,665	-	240,885
Total Current Liabilities	778,009	289,373	413,899	202,546	165,056	71,158	-	100,735	(514,007)	1,506,769
DEPOSIT LIABILITIES										
Tenant Security Deposit and interest	-	-	-	6,414	9,287	63,250	-	43,931	-	122,882
Resident Service Deposits	-	16,103	-	-	-	-	-	-	-	16,103
Total Deposit Liabilities	-	16,103	-	6,414	9,287	63,250	-	43,931	-	138,985
LONG-TERM DEBT										
Notes Payable	-	-	-	1,277,454	818,450	2,551,052	-	5,021,881	-	9,668,837
Less Deferred Loan Fees	-	-	-	(5,739)	-	(33,372)	-	(26,976)	-	(66,087)
Other Note Payable	-	-	-	-	20,000	-	-	-	(20,000)	-
Deferred Interest Payable	-	-	-	-	117,613	1,375,967	-	1,186,642	-	2,680,222
Total Long-term Debt	-	-	-	1,271,715	956,063	3,893,647	-	6,181,547	(20,000)	12,282,972
Total Liabilities	778,009	305,476	413,899	1,480,675	1,130,406	4,028,055	-	6,326,213	(534,007)	13,928,726
NET ASSETS										
Net Assets Without Donor Restrictions	9,988,173	(25,736)	440,923	511,550	90,922	(442,278)	-	(188,300)	25,000	10,400,254
Net Assets With Donor Restrictions	1,393,177	-	-	-	-	-	-	-	-	1,393,177
TOTAL NET ASSETS	11,381,350	(25,736)	440,923	511,550	90,922	(442,278)	-	(188,300)	25,000	11,793,431
TOTAL LIABILITIES AND NET ASSETS	\$ 12,159,359	\$ 279,740	\$ 854,822	\$ 1,992,225	\$ 1,221,328	\$ 3,585,777	\$ -	\$ 6,137,913	\$ (509,007)	\$ 25,722,157

CATHEDRAL SQUARE CORPORATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended September 30, 2021

	Management	Assisted Living Operations	SASH	Memory Care at Allen Brook	Ruggles House	Heineberg Housing	Whitney Hill Housing	CSC McAuley, LLC	Eliminations	Total
REVENUES										
Rental Revenue	\$ -	\$ -	\$ -	\$ 117,053	\$ 170,208	\$ 948,184	\$ 208,797	\$ 916,713	\$ -	\$ 2,360,955
State and Federal Assistance	-	805,978	-	1,050,231	-	-	-	-	-	1,856,209
Donations	84,798	50,000	-	6,404	-	-	-	100	-	141,302
Management and Related Service Fees	4,780,772	-	-	-	-	-	-	-	(1,051,416)	3,729,356
Development Fees	1,029,825	-	-	-	-	-	-	-	-	1,029,825
Client Fees	-	681,385	-	135,170	-	-	-	-	-	816,555
Grant Income	1,892,627	37,361	3,343,224	52,800	62,353	4,975	-	21,735	(20,000)	5,395,075
Investment Income	191,502	-	-	70	67	719	363	747	-	193,468
Other Income	67,094	-	66,712	4,022	2,038	10,379	1,560	94,387	(36,267)	209,925
TOTAL SUPPORT AND REVENUE	8,046,618	1,574,724	3,409,936	1,365,750	234,666	964,257	210,720	1,033,682	(1,107,683)	15,732,670
EXPENSES										
Program Services	3,950,458	1,761,116	3,336,664	1,224,045	183,973	921,570	342,941	1,021,277	(765,307)	11,976,737
Management and General Fundraising	1,506,527	-	-	123,008	22,058	76,401	17,190	72,452	(347,376)	1,470,260
	37,413	-	-	-	-	-	-	-	-	37,413
TOTAL OPERATING EXPENSES	5,494,398	1,761,116	3,336,664	1,347,053	206,031	997,971	360,131	1,093,729	(1,112,683)	13,484,410
INCREASE (DECREASE) IN NET ASSETS	2,552,220	(186,392)	73,272	18,697	28,635	(33,714)	(149,411)	(60,047)	5,000	2,248,260
TOTAL NET ASSETS, Beginning of Year	8,829,130	160,656	367,651	492,853	62,287	(408,564)	149,411	(128,253)	20,000	9,545,171
TOTAL NET ASSETS, End of Year	\$ 11,381,350	\$ (25,736)	\$ 440,923	\$ 511,550	\$ 90,922	\$ (442,278)	\$ -	\$ (188,300)	\$ 25,000	\$ 11,793,431
CHANGES TO NET ASSETS WITHOUT DONOR RESTRICTIONS:										
BEGINNING OF THE YEAR	\$ 7,622,462	\$ 160,656	\$ 367,651	\$ 492,853	\$ 1,565	\$ (408,564)	\$ 149,411	\$ (128,253)	\$ 20,000	\$ 8,277,781
Total Support and Revenue	7,629,489	1,574,724	3,409,936	1,365,750	234,666	964,257	210,720	1,033,682	(1,107,683)	15,315,541
Net Assets Released from Restriction	230,620	-	-	-	60,722	-	-	-	-	291,342
Total Operating Expenses	(5,494,398)	(1,761,116)	(3,336,664)	(1,347,053)	(206,031)	(997,971)	(360,131)	(1,093,729)	1,112,683	(13,484,410)
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	\$ 9,988,173	\$ (25,736)	\$ 440,923	\$ 511,550	\$ 90,922	\$ (442,278)	\$ -	\$ (188,300)	\$ 25,000	\$ 10,400,254
CHANGES TO NET ASSETS WITH DONOR RESTRICTIONS:										
BEGINNING OF THE YEAR	\$ 1,206,668	\$ -	\$ -	\$ -	\$ 60,722	\$ -	\$ -	\$ -	\$ -	\$ 1,267,390
Total Support and Revenue	417,129	-	-	-	-	-	-	-	-	417,129
Net Assets Released from Restriction	(230,620)	-	-	-	(60,722)	-	-	-	-	(291,342)
NET ASSETS WITH DONOR RESTRICTIONS, END OF YEAR	\$ 1,393,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,393,177

CATHEDRAL SQUARE CORPORATION

SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2021

MANAGEMENT

REVENUES

Management and Related Service Fees	\$ 4,780,772
Development Fees	1,029,825
Grant Income	1,892,627
Donations	84,798
Gain on the Sale of Investments	113,323
Unrealized Gain on Investments	50,400
Income from Investments	14,617
Interest Income	13,162
Other Income	67,094
	<hr/>
Total Revenues	8,046,618

EXPENSES

Administrative	
Salaries	716,042
Payroll Taxes	53,169
Pension	31,974
Life/Disability	11,581
Insurance	219,431
Workers Compensation	15,125
	<hr/>
Total Administrative Expenses	1,047,322
Housing Operations	
Salaries	1,607,796
Payroll Taxes	123,259
Pension	53,622
Life/Disability	18,726
Insurance	459,168
Workers Compensation	53,601
	<hr/>
Total Housing Operations Expenses	2,316,172
Housing Services	
Salaries	932,667
Payroll Taxes	71,164
Pension	38,382
Life/Disability	10,642
Insurance	229,287
Workers Compensation	18,392
	<hr/>
Total Housing Services Expenses	1,300,534

CATHEDRAL SQUARE CORPORATION

SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND EXPENSES
(Continued)

For the Year Ended September 30, 2021

MANAGEMENT

Development	
Salaries	249,598
Payroll Taxes	19,655
Pension	10,321
Life/Disability	3,317
Insurance	45,148
Workers Compensation	5,713
Total Development Expenses	<u>333,752</u>
Unallocated Expenses	
Vehicle	1,561
Dues and Subscriptions	4,103
Telephone	20,702
Office Expense	25,864
Education	46,565
Rent	36,000
Audit	25,491
Legal	16,111
Computer	84,011
Consulting	5,500
Depreciation	7,978
Postage	11,164
Printing	735
Employee Appreciation	6,386
Travel	3,185
Marketing	2,681
Contributions	39,735
Investment Expenses	43,120
Other	115,726
Total Unallocated Expenses	<u>496,618</u>
Total Operating Expenses	<u>5,494,398</u>
INCREASE IN NET ASSETS	<u><u>\$ 2,552,220</u></u>

CATHEDRAL SQUARE CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2021

ASSISTED LIVING OPERATIONS

	<u>Personal Care</u>	<u>Kitchen</u>	<u>Total</u>
REVENUES			
Medicaid	\$ 805,978	\$ -	\$ 805,978
Client Fees	429,853	251,532	681,385
Donations	50,000	-	50,000
Grant Income	37,361	-	37,361
	<u>1,323,192</u>	<u>251,532</u>	<u>1,574,724</u>
Total Revenues			
EXPENSES			
Administrative Compensation	932,904	123,047	1,055,951
Agency Call Out	95,671	-	95,671
Payroll Taxes	74,945	9,303	84,248
Health Insurance	221,493	22,190	243,683
Life/Disability	9,171	1,012	10,183
Workers Compensation	48,530	3,440	51,970
Pension	36,652	897	37,549
Education	1,650	-	1,650
Supplies	33,466	21,847	55,313
Food	-	109,121	109,121
Travel	436	738	1,174
Other	1,433	13,170	14,603
	<u>1,456,351</u>	<u>304,765</u>	<u>1,761,116</u>
Total Operating Expenses			
DECREASE IN NET ASSETS	<u>\$ (133,159)</u>	<u>\$ (53,233)</u>	<u>\$ (186,392)</u>

CATHEDRAL SQUARE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2021

SASH

REVENUES	
Grant Income	\$ 3,343,224
Other Income	66,712
	<hr/>
Total Revenues	3,409,936
	<hr/>
EXPENSES	
Salaries	1,528,234
Payroll Taxes	116,037
Health Insurance	273,356
Life/Disability	16,639
Workers Compensation	32,203
Pension	70,265
Recruitment	4,863
Education	9,111
Supplies	16,916
Legal	2,067
Travel	6,605
Consulting	11,500
Information Technology	15,911
Nursing	102,161
Functional Team	23,085
Grant Expenditures	1,091,480
Other	16,231
	<hr/>
Total Operating Expenses	3,336,664
	<hr/>
INCREASE IN NET ASSETS	\$ 73,272
	<hr/> <hr/>

CATHEDRAL SQUARE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2021

MEMORY CARE AT ALLEN BROOK

REVENUES

Tenant Rental Income	\$ 73,019
Rental Assistance	44,034
Medicaid	1,050,231
Client Fees - Personal care	49,302
Client Fees - Kitchen	85,868
Donations	6,404
Grant Income	52,800
Interest Income	70
Other Income	4,022

Total Revenues	<u>1,365,750</u>
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EXPENSES

Administrative

Management Fees	11,256
Administrative Salaries	68,904
Legal and Accounting	7,782
Other Administrative	7,319

Total Administrative	<u>95,261</u>
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Services

Salaries	543,104
Agency Call Out	117,681
Payroll Taxes	44,081
Pension	16,360
Life/Disability	5,270
Insurance	130,978
Workers Compensation	27,438
Resident Services	48,414
Food	41,357
Supplies	14,160
Other	675

Total Resident Services	<u>989,518</u>
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Utilities

Electricity	13,283
Fuel	6,847
Water and Sewer	4,657
Other Utilities	10,243

Total Utilities	<u>35,030</u>
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CATHEDRAL SQUARE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES AND EXPENSES
 (Continued)

For the Year Ended September 30, 2021

MEMORY CARE AT ALLEN BROOK

Maintenance and Repairs	
Maintenance Salaries	28,992
Cleaning and Supplies	5,648
Maintenance Contracts	13,841
Trash Removal	1,981
Snow Removal	7,099
Miscellaneous Maintenance	715
	<hr/>
Total Maintenance and Repairs	58,276
	<hr/>
General Expenses	
Payroll Taxes	10,548
Property and Liability Insurance	3,058
Health Insurance	44,700
Workers Compensation	5,628
Interest Expense	53,911
Depreciation	51,123
	<hr/>
Total General Expenses	168,968
	<hr/>
Total Operating Expenses	1,347,053
	<hr/>
INCREASE IN NET ASSETS	\$ 18,697
	<hr/> <hr/>

CATHEDRAL SQUARE CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES
For the Year Ended September 30, 2021

RUGGLES HOUSE

REVENUES	
Tenant Rental Income	\$ 92,025
Rental Assistance	78,183
Interest Income	67
Grant Income	62,353
Other Income	2,038
Total Revenues	<u>234,666</u>
EXPENSES	
Administrative	
Management Fees	8,580
Administrative Salaries	12,672
Legal and Accounting	3,164
Other Administrative	11,420
Total Administrative	<u>35,836</u>
Resident Services	<u>20,577</u>
Utilities	
Electricity	10,454
Fuel	6,725
Water and Sewer	5,456
Other Utilities	3,040
Total Utilities	<u>25,675</u>
Maintenance and Repairs	
Maintenance Salaries	15,468
Cleaning and Supplies	5,347
Maintenance Contracts	16,325
Trash Removal	2,692
Snow Removal	3,662
Miscellaneous Maintenance	974
Total Maintenance and Repairs	<u>44,468</u>

CATHEDRAL SQUARE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES AND EXPENSES
 (Continued)

For the Year Ended September 30, 2021

RUGGLES HOUSE

General Expenses	
Property and Liability Insurance	5,511
Real Estate Taxes	14,258
Payroll Taxes	3,612
Health Insurance	15,300
Workers Compensation	1,932
Interest Expense	3,199
Depreciation	<u>35,663</u>
Total General Expenses	<u>79,475</u>
Total Expenses	<u>206,031</u>
INCREASE IN NET ASSETS	<u><u>\$ 28,635</u></u>

CATHEDRAL SQUARE CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2021

WHITNEY HILL HOUSING

REVENUES	
Tenant Rental Income	\$ 148,302
Rental Assistance	60,495
Interest Income	363
Other Income	1,560
	<hr/>
Total Revenues	210,720
	<hr/>
EXPENSES	
Administrative	
Management Fees	14,240
Administrative Salaries	11,150
Legal and Accounting	5,017
Other Administrative	3,590
	<hr/>
Total Administrative	33,997
	<hr/>
Resident Services	9,066
	<hr/>
Utilities	
Electricity	11,971
Fuel	7,047
Water and Sewer	4,686
Other Utilities	2,125
	<hr/>
Total Utilities	25,829
	<hr/>
Maintenance and Repairs	
Maintenance Salaries	22,815
Cleaning and Supplies	2,237
Maintenance Contracts	8,425
Trash Removal	2,250
Snow Removal	7,988
Miscellaneous Maintenance	798
	<hr/>
Total Maintenance and Repairs	44,513
	<hr/>

CATHEDRAL SQUARE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES AND EXPENSES
 (Continued)

For the Year Ended September 30, 2021

WHITNEY HILL HOUSING

General Expenses	
Property and Liability Insurance	7,928
Real Estate Taxes	13,046
Payroll Taxes	3,190
Health Insurance	13,510
Workers Compensation	1,700
Interest Expense	29,596
Loss on Sale	157,495
Depreciation	<u>20,261</u>
Total General Expenses	<u>246,726</u>
Total Expenses	<u>360,131</u>
INCREASE (DECREASE) IN NET ASSETS	<u>\$ (149,411)</u>

CATHEDRAL SQUARE CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2021

Federal Grantor/Pass through Grantor/Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>		
Passed through State of Vermont, Department of Health: Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	\$ 141,717
Passed through State of Vermont, Department of Disabilities Aging and Independent Living: Injury Prevention and Control Research and State Community Based Programs	93.136	41,240
Passed through State of Vermont, Department of Vermont Health Access: Children's Health Insurance Program	93.767	261
Medicaid Cluster		
Passed through State of Vermont, Department of Disabilities Aging and Independent Living: Medical Assistance Program	93.778	533,692
Passed through State of Vermont, Department of Vermont Health Access: Medical Assistance Program	93.778	80,560
Total Medicaid Cluster		614,252
Total U.S. Department of Health and Human Services		797,470
<u>U.S. Department of Housing and Urban Development</u>		
Passed through City of Burlington: Community Development Block Grants/Entitlement	14.218	10,468
Passed through Community and Economic Development Office - City of Burlington: Home Investments Partnership Program	14.239	13,919
Passed through Vermont Housing and Conservation Board Home Investment Partnerships Program:	14.239	62,334
Total U.S Department of Housing and Urban Development		86,721
<u>U.S. Department of the Treasury</u>		
Passed through State of Vermont, Department of Disabilities, Aging and Independent Living: Coronavirus Relief Fund	21.019	83,609
Passed through Vermont Agency of Human Services: Coronavirus Relief Fund	21.019	24,400
Total U.S. Department of the Treasury		108,009
Total Expenditures of Federal Awards		\$ 992,200

CATHEDRAL SQUARE CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2021

NOTE 1 - BASIS OF ACCOUNTING

The Schedule of Federal Awards is presented using the accrual basis of accounting. The schedule does not include the unconsolidated limited partnerships. These entities were subject to stand alone compliance and audit requirements as applicable.

NOTE 2 - RELATIONSHIP TO FINANCIAL STATEMENTS

The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations (CFR) Part 200.516*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the financial statements.

NOTE 3 - DE MINIMIS INDIRECT COST RATE

The Corporation has elected to use the 10% de minimis indirect cost rate per Title 2 *U.S. Code of Federal Regulations (CFR) Part 200*.

CATHEDRAL SQUARE CORPORATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended September 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: qualified
 Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? yes none reported
 Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified
 not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for
 major programs: unmodified
 Any audit findings disclosed that are required to be
 reported in accordance with Title 2 *U.S. Code of
 Federal Regulations* (CFR) Part 200:516? yes no

Identification of major programs:

CFDA Number

93.778

Name of Federal Program or Cluster

Medicaid Cluster

Dollar threshold used to distinguish
 between Type A and Type B programs: \$ 750,000
 Auditee qualified as low-risk auditee? yes no

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

CATHEDRAL SQUARE CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2021

Section II - Financial Statement Findings

Finding Number: 2020-001

Condition: Material audit adjustments totaling \$204,955 were made to the following accounts to present financial statements in accordance with Generally Accepted Accounting Principles (GAAP): Prepaid Expenses, Grant Income, SASH Expenses and Deferred Revenues.

Previous Response for Finding: The Controller will attend training and will identify areas of the position that can be performed by Staff Accountants, allowing more time to review financials. Additionally, the Controller will work with other Cathedral Square Corporation team members to ensure transactions are reviewed and properly recorded.

Narrative: As a result of this condition, the Corporation's accounting records were initially misstated by amounts material to the financial statements.

Status: Cleared



INDEPENDENT AUDITOR'S 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*

To the Board of Directors
Cathedral Square Corporation

We have audited, in accordance with the 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, the financial statements of Cathedral Square Corporation, which comprise the consolidated statement of financial position as of September 30, 2021, and the related consolidated statements of activities, functional expenses, changes 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 March 24, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cathedral Square Corporation'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 Cathedral Square Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Cathedral Square Corporation'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 Cathedral Square Corporation'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.

A handwritten signature in black ink, appearing to read "Otis Atwell". The signature is written in a cursive, flowing style.

Certified Public Accountants

March 24, 2022
South Portland, Maine



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Cathedral Square Corporation

Report on Compliance for the Major Federal Program

We have audited Cathedral Square Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Cathedral Square Corporation's major federal program for the year ended September 30, 2021. Cathedral Square Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Cathedral Square Corporation's major federal program 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 Cathedral Square Corporation'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 its major federal program. However, our audit does not provide a legal determination of Cathedral Square Corporation's compliance.

Opinion on the Major Federal Program

In our opinion, Cathedral Square Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of Cathedral Square Corporation 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 Cathedral Square Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 Cathedral Square Corporation'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.



Certified Public Accountants

March 24, 2022
South Portland, Maine