

CATHEDRAL SQUARE CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2024

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CONSOLIDATED FINANCIAL STATEMENTS

September 30, 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Cathedral Square Corporation

Qualified Opinion

We have audited the accompanying consolidated financial statements of Cathedral Square Corporation (a nonprofit organization) and affiliates (the Organization), which comprise the consolidated statement of financial position as of September 30, 2024, 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.

In our opinion, except for the effects of not consolidating all majority-owned subsidiaries, as described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Cathedral Square Corporation as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

As more fully described in Notes 13 and 17 to the financial statements, the Organization reports its investment in a number of majority owned subsidiaries, on the equity method of accounting. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be consolidated with those of Cathedral Square Corporation. If the financial statements were corrected for that departure from U.S. generally accepted accounting principles, the amounts reported for total assets, liabilities, and revenue and expenses would have been materially affected.

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. 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 Cathedral Square Corporation 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 qualified 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 Cathedral Square Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 and Government 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 and Government 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 Cathedral Square Corporation'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 Cathedral Square Corporation's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 25 through 37 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. 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 schedule of expenditures of federal awards 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 January 20, 2025 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

January 20, 2025
South Portland, Maine
Employer Identification No: 20-3690847
Engagement Partner: Jesse Ferreira

CATHEDRAL SQUARE CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

September 30, 2024

ASSETS

CURRENT ASSETS	
Cash and Cash Equivalents	\$ 6,011,310
Accounts Receivable - Tenant	95,181
Accounts Receivable - Related Parties (Note 9)	564,575
Accounts Receivable - Contracts with Customers	261,970
Grants Receivable (Note 21)	1,431,394
Prepaid Expenses	275,749
Investments in Debt and Equity Securities (Note 11)	<u>614,804</u>
Total Current Assets	<u>9,254,983</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES	
Restricted Escrow Accounts (Note 6)	1,593,041
Tenant Security Deposits	<u>131,575</u>
Total Restricted Deposits and Funded Reserves	<u>1,724,616</u>
OTHER ASSETS	
Notes Receivable (Notes 2 and 23)	13,571,604
Equity Investments (Note 13)	5,723,929
Development Projects (Note 14)	457,592
Endowment (Note 10)	<u>1,217,467</u>
Total Other Assets	<u>20,970,592</u>
PROPERTY AND EQUIPMENT (Note 3)	
Land and Improvements	1,065,756
Buildings and Improvements	15,004,428
Furniture, Fixtures and Equipment	<u>541,865</u>
Total	16,612,049
Less Accumulated Depreciation	<u>(5,051,469)</u>
NET PROPERTY AND EQUIPMENT	<u>11,560,580</u>
TOTAL ASSETS	<u><u>\$ 43,510,771</u></u>

See accompanying notes to the financial statements.

CATHEDRAL SQUARE CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Continued)

September 30, 2024

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts Payable	\$ 228,075
Accrued Interest Payable	16,414
Other Accrued Liabilities	911,041
Prepaid Revenue	27,249
Refundable Advances	9,736
Current Portion of Long-term Debt	<u>116,294</u>
Total Current Liabilities	<u>1,308,809</u>
DEPOSIT LIABILITIES	
Tenant Security Deposit and Interest	131,574
Resident Service Deposits	<u>26,066</u>
Total Deposit Liabilities	<u>157,640</u>
LONG-TERM DEBT	
Notes Payable, Net of Current Portion (Notes 3 and 16)	9,600,170
Less Deferred Loan Fees	(47,804)
Deferred Interest Payable (Note 4)	3,405,393
Refundable Advances (Notes 22 and 23)	<u>13,463,800</u>
Total Long-term Debt	<u>26,421,559</u>
TOTAL LIABILITIES	<u>27,888,008</u>
NET ASSETS (Note 21)	
Net Assets Without Donor Restrictions	13,255,296
Net Assets With Donor Restrictions	<u>2,367,467</u>
TOTAL NET ASSETS	<u>15,622,763</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 43,510,771</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, 2024

REVENUES	
Rental Revenue	\$ 2,564,988
State and Federal Assistance	2,071,464
Donations	1,194,642
Management and Related Service Fees (Note 9)	4,534,989
Development Fees (Note 9)	662,243
Client Fees (Resident Services)	805,409
Grant Income	5,687,517
Investment Income (Note 12)	426,344
Interest Income	131,409
Other Income	548,494
	<hr/>
TOTAL REVENUES	18,627,499
EXPENSES	
Program Services	15,121,827
Management and General	2,008,886
Fundraising	48,958
	<hr/>
TOTAL EXPENSES	17,179,671
INCREASE IN NET ASSETS	1,447,828
NET ASSETS, Beginning of Year	14,174,935
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NET ASSETS, End of Year	\$ 15,622,763
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CHANGES IN NET ASSETS BY RESTRICTION TYPE

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
NET ASSETS WITHOUT DONOR RESTRICTIONS, BEGINNING OF YEAR	\$ 13,196,688
Total Support and Revenue	17,196,782
Net Assets Released from Restriction	41,497
Total Operating Expenses	(17,179,671)
	<hr/>
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	\$ 13,255,296
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
NET ASSETS, WITH DONOR RESTRICTIONS, BEGINNING OF YEAR	\$ 978,247
Total Support and Revenue	1,430,717
Net Assets Released from Restriction	(41,497)
	<hr/>
NET ASSETS WITH DONOR RESTRICTIONS, END OF YEAR	\$ 2,367,467
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See accompanying notes to the financial statements.

CATHEDRAL SQUARE CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2024

	Program Services			Supportive Services		Total	
	Property Management	Development	SASH	Assisted Living	Management and General		Fundraising
Payroll Costs and Benefits	\$ 4,474,373	\$ 343,228	\$ 2,969,507	\$ 2,020,615	\$ 1,483,344	\$ 48,038	\$ 11,339,105
Agency Call Out	-	-	-	925,546	-	-	925,546
Utilities	342,208	-	-	-	-	-	342,208
Repairs and Property Maintenance	374,347	-	-	-	-	-	374,347
Equipment and Supplies	58,776	-	23,965	43,917	-	-	126,658
Administrative	89,009	-	-	13,200	120,480	-	222,689
Employee Acquisition and Training	-	-	29,674	-	65,948	-	95,622
Marketing	-	-	-	-	2,107	920	3,027
Travel	-	-	13,099	517	11,511	-	25,127
Professional Fees	35,140	-	125,239	5,079	39,986	-	205,444
Rent	-	-	-	-	36,000	-	36,000
Vehicle	-	-	-	-	932	-	932
Resident Services	20,874	-	-	2,495	-	-	23,369
Food Services	-	-	-	141,124	-	-	141,124
Grant Expenditures	-	-	1,842,141	-	21,537	-	1,863,678
Nursing Services	-	-	22,412	-	-	-	22,412
Contributions	-	-	-	-	2,771	-	2,771
Investment Expenses	-	-	-	-	9,160	-	9,160
Interest	203,606	-	-	-	-	-	203,606
Taxes and Insurance	398,696	-	-	-	-	-	398,696
Depreciation	468,251	-	-	-	495	-	468,746
Miscellaneous	-	34,022	88,065	12,702	214,615	-	349,404
Total Expenses	<u>\$ 6,465,280</u>	<u>\$ 377,250</u>	<u>\$ 5,114,102</u>	<u>\$ 3,165,195</u>	<u>\$ 2,008,886</u>	<u>\$ 48,958</u>	<u>\$ 17,179,671</u>

See accompanying notes to the financial statements.

CATHEDRAL SQUARE CORPORATION

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in Net Assets	\$ 1,447,828
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	468,746
Amortization of Debt Issuance Costs	4,071
Unrealized Gain on Endowment Investments	(208,711)
Unrealized Gain on Investments in Debt and Equity Securities	(129,626)
Change in Operating Assets and Liabilities	
Accounts Receivable - Tenant	19,665
Accounts Receivable - Related Parties	116,068
Accounts Receivable - Contracts with Customers	(52,670)
Grants Receivable	(1,190,586)
Development Projects	(173,052)
Prepaid Expenses	(54,904)
Accounts Payable	16,064
Resident Service Deposits	(4,927)
Prepaid Revenue	17,931
Refundable Advances	(9,202)
Accrued Interest Payable	(382)
Accrued Expenses	15,814
Tenant Security Deposits	672
	<u>282,799</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS FROM INVESTING ACTIVITIES	
Equity Investments	(206,307)
Realized Gain on Endowment Investments	(44,767)
Realized Gain on Investments in Debt and Equity Securities	(3,400)
Net Sales of Endowment Investments	14,258
Net Purchases of Investments in Debt and Equity Securities	(10,040)
Purchases of Property and Equipment	(40,572)
	<u>(290,828)</u>
NET CASH USED BY INVESTING ACTIVITIES	
CASH FLOWS FROM FINANCING ACTIVITIES	
Principal Payments of Long-term Debt	(111,381)
	<u>(111,381)</u>
NET CASH USED BY FINANCING ACTIVITIES	
NET DECREASE IN CASH	
	(119,410)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT BEGINNING OF YEAR	<u>7,855,336</u>
CASH, CASH EQUIVALENTS AND RESTRICTED CASH AT END OF YEAR	<u>\$ 7,735,926</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash Paid During the Year for:	
Interest	<u>\$ 203,394</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 not-for-profit corporation organized for the purpose of providing housing and 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 four programs: Management, Development, Support and Services at Home (SASH), and Assisted Living. Included in Management are several housing projects: Memory Care at Allen Brook, Heineberg Senior Housing, Whitcomb Terrace, Ruggles House and CSC McAuley. The statements also include CSC Partners Inc., a wholly owned subsidiary of CSC.

Management - CSC provides management services on a contractual basis. These services include leasing, accounting, management, maintenance, and assistance with compliance with regulatory agreements. 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.

Housing Projects

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

Whitcomb Terrace - A 19-unit housing project for elderly low-income residents; acquired on October 1, 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.

Development - CSC develops and assists in redevelopment of various properties.

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 and Memory Care Operations - Assisted living operations consist of the Assisted Living Residence at Cathedral Square Senior Living consisting of 31 units within the 108 unit building located at 3 Cathedral Square, Burlington, Vermont, and Memory Care at Allen Brook, a 14-unit housing project for tenants with dementia. Personal care services are available 24 hours a day and three meals per day are provided.

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

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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

Income Taxes - No provision for taxes on income is made in CSC'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 CSC 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.

Revenue Recognition - Revenue from developer fees, state and federal assistance, resident services, property and site management fees, maintenance fees and other contractual services is recognized when control of the promised service is transferred to CSC's customers, in an amount that depicts the consideration CSC expects to be entitled to in exchange for those services. Revenue is not recognized unless collectability under the contract is considered probable, the contract has commercial substance and the contract has been approved. Additionally, the contract must contain payment terms, as well as the rights and commitments of both parties.

CSC provides property management and other related services on a contractual basis for owners of low income rental housing. These services include leasing, accounting, management, maintenance and assistance with compliance with regulatory agreements. CSC is compensated for its services through a monthly management fee earned based on either a specified percentage of the monthly rental income or by budgetary approved fee rates. CSC is also reimbursed for its administrative and payroll costs directly attributable to the properties under management. Property management services represent a series of distinct daily services rendered over time. Consistent with the transfer of control for distinct, daily services to the customer, revenue is recognized at the end of each period for the fees associated with the services performed.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Resident service revenue is reported at the estimated net realizable amount that reflects the consideration to which CSC expects to be entitled in exchange for providing resident care. These amounts are due from residents and third-party payors (government programs), and include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, CSC bills self-pay residents prior to service and third-party payors several days after services are provided. Resident service revenue is recognized as performance obligations are satisfied. It is CSC's expectation that the period between the time the service is provided to a resident and the time the resident or a third-party payor pays for that service will be one year or less. Self-pay residents generally pay in advance or within one month of service.

Under CSC's long-term care contracts, CSC provides services to residents for a stated daily fee. CSC recognizes revenue for long-term care services in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers, and related guidance.

Performance obligations are determined based on the nature of the resident services provided by CSC. Resident service revenue for performance obligations satisfied over time is recognized based on actual services rendered. Generally, performance obligations are satisfied over time when the resident services are provided. The Organization measures the performance obligation from admission into the facility, to the point when it is no longer required to provide services to that resident, which is generally at the time of discharge.

Each performance obligation is separately identifiable from other promises in the resident contract. As the performance obligations are met (i.e., room, board, ancillary services), revenue is recognized based upon allocated transaction price. The transaction price is allocated to separate performance obligations based upon the relative standalone selling price.

Because all of its resident service performance obligations relate to contracts with a duration of one year or less, CSC has elected to apply the optional exemption provided in FASB ASC Subtopic 606-10-50-14, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Allowance For Credit Losses - The allowance for credit losses represents an estimate of the lifetime expected credit losses inherent in receivables as of the consolidated statement of financial position date. Resident service receivables are derived from services offered to residents of low income housing properties that are owned by CSC.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

When receivables share similar risk characteristics such as the project owner, the financial position of the project, the length of project management, and geography, the lifetime expected credit loss allowance is estimated using an aging method. Receivables that do not share risk characteristics are evaluated on an individual basis using the same methodology.

CSC's aging method considers historical loss information, adjusted to reflect consideration of current conditions and reasonable and supportable forecasts, such as observable changes in recent or expected economic trends and conditions, portfolio composition, and other relevant factors. Due to the use of projections and assumptions in estimating the losses, the amount of losses actually incurred by CSC could differ from the amounts estimated.

Residential Rental Leases - CSC's rental revenue consists of rent earned from leasing residential units to tenants for terms of up to twelve months for a fixed base rent, due on the first of the month. The leases may contain the option to renew for successive terms of up to 12 months. CSC assesses whether a contract contains a lease at inception. All residential rental leases have been classified as operating leases. Rental revenue is recognized on the straight-line basis over the lease term. Advance receipts of lease payments are deferred until earned.

Lease Receivables - Management reviews lease receivables periodically for collectability. If management determines that collection of any lease receivable balance is not probable, it is recognized as an adjustment against rental revenue in the period in which the determination is made.

Contributions - CSC recognizes gifts of cash and other assets as revenue without donor restrictions unless they are received with donor restrictions. Gifts with restrictions are reported as revenue with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Donor-restricted conditions whose restrictions are met in the same reporting period are reported as revenue without donor restrictions in the period of receipt.

Unconditional and substantiated promises to give are recorded as revenue at estimated net realizable value. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. Certain contracts and grants are conditioned upon certain performance requirements and the allowance of qualifying expenses.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

Unconditional promises to give with payments due in future periods are discounted to present value and reported as revenue with donor restrictions. CSC uses the allowance method to determine uncollectible pledges. Management's estimate of the allowance is based on historical collection experience, a review of the current status of the receivables, and reasonable and supportable forecasts. It is reasonably possible that management's estimate of the allowance will change.

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

Development Fee Income - CSC provides development services on a contractual basis for the owners of low income rental housing. These services include assisting in the structuring of building acquisition, assisting in the execution of agreements with contractors, the acquisition of financing, term negotiations, the establishment of administrative and financial controls for the design and construction of the project, progress monitoring, and other tasks essential to the development of a housing project.

The development services provided in the construction or rehabilitation of a housing project are highly interrelated and are considered a single performance obligation. Development fees earned are paid from the project's equity and debt proceeds at various points during the construction of the project. The fees are recognized and the performance obligations are satisfied over the development period beginning when the project is assured of being constructed, as evidenced by the admission of an equity partner, as units are delivered or based on the external construction costs incurred as a percentage of the total external construction costs expected and concluding with the application for final allocation of tax credits.

The aggregate balance of development fee transaction prices allocated to partially completed performance obligations at September 30, 2024 was \$436,757. The remaining balance of the partially completed performance obligations less any portion not paid by the equity partner are expected to be recognized within the next two years, at the date of substantial completion for the individual projects. CSC determines its estimates of transaction price allocation, contractual adjustments and the timing of performance obligation satisfaction based on historical experience and contractual agreements.

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.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

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.

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, 2024.

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.

Advertising - CSC expenses advertising costs as they are incurred.

Classification of Net Assets - Net assets of CSC 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 CSC. 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 support 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 January 20, 2025, the date the financial statements were available to be issued.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 2 - NOTES RECEIVABLE - MANAGEMENT

The Notes Receivable at September 30, 2024 were:

Project	Maturity	Interest Rate	Monthly Payment	2024
TSH Limited Partnership	2041	0.000%	\$ -	\$ 107,804
*TSH 2 Limited Partnership	October 1, 2053	0.000%	\$ -	4,543,800
*Essex Senior Housing	February 1, 2049	0.000%	\$ -	5,392,200
*Farrell Street Senior Housing LP	May 1, 2047	0.000%	\$ -	3,527,800
Total				<u>\$13,571,604</u>

*See Note 23 - Restatement.

NOTE 3 - LONG-TERM DEBT

Long-term debt at September 30, 2024 consists of the following:

<u>Lender</u>	<u>Property</u>	<u>Interest Rate</u>	<u>Payments</u>	<u>Maturity</u>	<u>2024</u>
<u>National Housing Trust Community</u>	Heineberg Sr. Housing	3.0%	\$715/Mo	December 31, 2025	\$ 10,507
<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 Sr. 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
	Whitcomb Terrace	0%	Deferred	July 21, 2034	400,000
	Whitcomb Terrace	0%	Deferred	July 21, 2034	135,000
	Whitcomb Terrace	0%	Deferred	July 21, 2034	390,000
<u>Village of Essex Junction</u>	Whitcomb Terrace	0%	Deferred	December 17, 2034	260,000

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

Long-term debt at September 30, 2024 consists of the following:

<u>Lender</u>	<u>Property</u>	<u>Interest Rate</u>	<u>Payments</u>	<u>Maturity</u>	<u>2024</u>
<u>Whitcomb Woods Housing, LP</u>	Whitcomb Terrace	0%	Deferred	August 23, 2036	96,145
<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 Sr. Housing	0%	Deferred	Sale/Change of Use	150,000
	CSC McAuley LLC	0%	Deferred	August 28, 2047	80,000
	CSC McAuley LLC	0%	Deferred	September 25, 2047	150,000
<u>Champlain Housing Trust</u>	Ruggles House	0%	Deferred	December 31, 2031	250,000
	CSC McAuley LLC	0%	Deferred	August 28, 2047	148,000
<u>Vermont Housing Finance Agency (VHFA)</u>	Heineberg Sr. Housing	3.36%	\$7,943/ Mo	April 1, 2036	1,674,072
	CSC McAuley LLC	5.054%	\$17,284/ Mo	March 1, 2047	2,784,470
	CSC McAuley LLC	0%	Deferred	March 1, 2047	510,320
	Memory Care at Allen Brook	0%	Deferred	December 11, 2047	262,000
Total					9,716,464
Less Current Portion					116,294
					<u>\$9,600,170</u>

The mortgage notes payable are secured by real estate and personal property.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 3 - LONG-TERM DEBT (Continued)

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

Year Ending September 30	Total Amount
2025	\$ 116,294
2026	114,937
2027	117,917
2028	123,269
2029	128,873
Thereafter	9,115,174
Total	\$ 9,716,464

NOTE 4 - DEFERRED INTEREST PAYABLE

Various entities or projects have deferred interest payable arrangements at September 30, 2024 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
Whitcomb Terrace - Note Payable - VHCB	725,171
Total	\$ 3,405,393

NOTE 5 - RETIREMENT PLAN

CSC maintains defined contribution retirement plans for its employees under Section 403(b) of the Internal Revenue Code. Contributions are made by CSC and, in addition, employees may make voluntary, tax-deferred contributions from their compensation. CSC also funds a Section 457(b) defined contribution plan for the Chief Executive Officer. During the year ended September 30, 2024, employer contributions to the retirement plans totaled \$298,179.

NOTE 6 - RESTRICTED ESCROW ACCOUNTS

CSC's properties have various regulatory agreements with 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.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 7 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject CSC 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, CSC has not experienced any losses with respect to its bank balances in excess of government provided insurance. At September 30, 2024, CSC had cash on deposit with banks and financial institutions totaling \$3,631,688, of which \$1,511,599 was insured by the FDIC. CSC also had \$4,158,455 in a master treasury management services agreement which was fully insured by the FDIC. The maximum amount of loss due to credit risk at September 30, 2024 was \$2,120,089, all of which was covered by a surety bond.

NOTE 8 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

A substantial portion of CSC's assets are concentrated in multifamily real estate within the State of Vermont. CSC 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 VHFA and the U.S. 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 CSC.

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 2024, fees charged to these entities for management, administrative, maintenance, and resident services totaled \$4,534,989. At September 30, 2024, CSC was owed \$468,016 from these entities.

Development fees received for the development of property at Kelley's Field II, LP and Reid Commons totaled \$662,243 in the year ended September 30, 2024.

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 2024 totaled \$39,755.

CATHEDRAL SQUARE CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS
 (Continued)

NOTE 10 - ENDOWMENT

CSC 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, 2024 was \$1,217,467. The full balance has been recorded as net assets with donor restrictions.

Changes in Endowment Net Assets consisted of the following:

Beginning Balance	\$ 978,247
Interest and Dividends	27,239
Net Appreciation	253,478
Less: Investment Fees	(6,598)
Distributions	<u>(34,899)</u>
Total Endowment Net Assets	1,217,467
Net Assets Without Donor Restrictions	<u>-</u>
Net Assets With Donor Restrictions	<u><u>\$1,217,467</u></u>

NOTE 11 - BOARD-DESIGNATED INVESTMENTS

CSC has established an investment account with funds designated by the Board of Directors of CSC. The Board of Directors has approved the transfer of \$500,000 into the board designated investment fund. Investment objectives include the growth of the original corpus, 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 Investment as of September 30, 2024 was \$614,804.

Beginning Balance	\$ 471,738
Interest and Dividends	13,367
Net Appreciation	133,026
Less: Investment Fees	<u>(3,327)</u>
Total Investments	<u><u>\$ 614,804</u></u>

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 12 - INVESTMENTS

Pursuant to the FASB ASC 820-10-50, CSC 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 CSC’s endowment and board-designated investments were calculated using the following input data as of September 30, 2024:

Level 1 Inputs:	
Cash	\$ 46,959
Equity Exchange Traded Securities	431,406
Exchange Traded Fixed Income Securities	252,911
Bonds	266,101
Common Stock	834,894
Total	<u>\$1,832,271</u>

Return on Investment consisted of the following:

Interest and Dividends	\$ 40,606
Gain on the Sale of Investments	48,167
Unrealized Gain on Investments	338,337
Total Return on Investment	<u>\$ 427,110</u>

NOTE 13 - EQUITY INVESTMENTS

CSC or CSC Partners, Inc. are the co-general partners in several limited partnerships. Equity investments to these entities at September 30, 2024 was \$5,723,929. Equity investments are accounted for under the equity method.

NOTE 14 - DEVELOPMENT PROJECTS

As of September 30, 2024, CSC had incurred costs in the amount of \$457,592 related to the development or redevelopment of various properties. These costs are expected to be reimbursed by the associated entities once the project closes on development financing.

CATHEDRAL SQUARE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 15 - SELF INSURANCE

CSC maintains a self-insurance program for unemployment costs of former employees who terminate their employment with CSC. CSC 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 CSC'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, 2024, the total accrued liability for self-insurance costs was \$6,300.

NOTE 16 - 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 17 - 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
Bayview Crossing Limited Partnership	WHH Limited Partnership

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

CATHEDRAL SQUARE CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

NOTE 17 - ENTITIES OMITTED FROM THE CONSOLIDATED FINANCIAL STATEMENTS
(Continued)

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 prior to related party eliminations would have increased by \$101,424,761, \$56,183,761 and \$45,241,000, respectively, and revenue and expenses would have increased by \$10,857,893 and \$10,779,872, respectively, at September 30, 2024.

NOTE 18 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

CSC'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, CSC receives development fees, grants, and donations.

CSC 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 CSC'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 VHFA.

Cash and Cash Equivalents	\$ 7,604,351
Grants Receivable	1,431,394
Accounts Receivable - Tenant	95,181
Accounts Receivable - Related Parties	564,575
Accounts Receivable - Contracts with Customers	261,970
Board-Designated Investments	614,804
Endowment Fund	1,217,467
	<hr/>
Total Financial Assets	11,789,742
Less Donor and Contractually Restricted Balances:	
Restricted Escrow Accounts	(1,593,041)
Restricted Grant Funds	(1,150,000)
Endowment Fund - Donor Restricted	(1,217,467)
Board-Designated Investments	(614,804)
	<hr/>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u><u>\$ 7,214,430</u></u>

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 19 - 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 and Cash Equivalents	\$ 6,011,310
Restricted Escrow Accounts	1,593,041
Tenant Security Deposits	<u>131,575</u>
Total Cash, Cash Equivalents and Restricted Cash Accounts	<u><u>\$ 7,735,926</u></u>

NOTE 20 - 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 21 - NET ASSETS

Net Assets without Donor Restrictions

In accordance with FASB Codification ASC 958-205 *Not-for-Profit Entities Presentation of Financial Statements*, many of CSC's net assets are classified for accounting purposes as without donor restrictions.

Net assets without donor restrictions are comprised of the following at September 30, 2024:

Board Designated Investment Fund	\$ 614,804
Undesignated	<u>12,640,492</u>
	<u><u>\$13,255,296</u></u>

Net Assets with Donor Restrictions

Net assets with donor restrictions are comprised of the following at September 30, 2024 are as follows:

Endowment	\$ 1,217,467
Donations*	<u>1,150,000</u>
Total	<u><u>\$ 2,367,467</u></u>

*During 2024, donations were comprised of the following:

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 21 - NET ASSETS (Continued)

Memory Care at Allen Brook received a \$1,000,000 donation pledge from the Holly and Bob Miller Charitable Fund, a Donor Advised Fund of the Vermont Community Foundation, with the requirement that the funds be used for Memory Care at Allen Brook. At September 30, 2024, the donation was recorded in Grants Receivable and the funds were subsequently received in October 2024.

CSC received a \$150,000 donation from The Harry and Jeanette Weinberg Foundation Incorporated to support the construction of Reid Commons, a 33-unit affordable housing project. The funds had not been expended as of September 30, 2024.

NOTE 22 - REFUNDABLE ADVANCES

In conjunction with the construction of the projects, pursuant to Section 811 of the National Housing Act, HUD issued refundable advances as follows:

<u>Projects</u>	<u>Interest Rate</u>	<u>Payments</u>	<u>Maturity</u>	<u>2024</u>
Essex Senior Housing LP	0%*	Deferred	February 1, 2049	\$ 5,392,200
Farrell Street Senior Housing LP	0%	Deferred	May 1, 2047	3,527,800
TSH Two Limited Partnership	0%	Deferred	October 1, 2053	4,543,800
Total				<u>\$13,463,800</u>

*In the event of default, the loan bears interest at 5.25%.

The refundable advances are secured by a mortgage on the respective properties. No repayment is required so long as the use restrictions are maintained.

The Regulatory Agreement imposes restrictions on cash disbursements and distributions and prohibits the transfer or encumbrance of title to the rental properties without HUD approval. In addition, a Use Agreement restricts use of the projects to rental housing for eligible households as approved by HUD for a 40-year period.

See Note 23 - Restatement.

NOTE 23 - RESTATEMENT

Following the year ended September 30, 2023, management discovered that notes receivable and refundable advances associated with non-consolidated entities' HUD 202 capital advances (loans) had not been correctly reported.

CATHEDRAL SQUARE CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
(Continued)

NOTE 23 - RESTATEMENT (Continued)

To correct the issue, management made the following adjustments:

	As Previously Reported (2023)	Corrected Amount 2024
Notes Receivable	\$ 107,804	\$ 13,571,604
Refundable Advances (Long-Term)	\$ -	\$ 13,463,800

See Notes 2 and 22.

NOTE 24 - ADOPTION OF ACCOUNTING PRONOUNCEMENTS

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments - Credit Losses (Topic 326). The FASB has also issued subsequent ASUs to amend and clarify certain matters. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected.

On October 1, 2023, CSC adopted the new accounting standard and all of the related amendments using the modified retrospective method. The cumulative effect of initially applying the new credit loss standard did not have a material effect on CSC's financial statements.

SUPPLEMENTARY INFORMATION

CATHEDRAL SQUARE CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

September 30, 2024

ASSETS

	Management	Assisted Living Operations	SASH	Memory Care at Allen Brook	Ruggles House	Heineberg Housing	Whitcomb Terrace	CSC McAuley LLC	Eliminations	Total
CURRENT ASSETS										
Cash and Cash Equivalents	\$ 4,734,678	\$ 179,914	\$ 813,515	\$ 109,436	\$ 7,223	\$ 17,649	\$ 97,242	\$ 51,653	\$ -	\$ 6,011,310
Accounts Receivable - Tenant	590	-	14,856	145	14,661	43,358	733	20,838	-	95,181
Accounts Receivable - Related Parties	1,519,683	96,559	-	-	-	-	-	-	(1,051,667)	564,575
Accounts Receivable - Contracts with Customers	-	170,104	-	91,866	-	-	-	-	-	261,970
Grants Receivable	75,849	-	355,545	1,000,000	-	-	-	-	-	1,431,394
Prepaid Expenses	221,889	-	10,042	645	572	18,007	6,598	17,996	-	275,749
Investments in Debt and Equity Securities	614,804	-	-	-	-	-	-	-	-	614,804
Total Current Assets	7,167,493	446,577	1,193,958	1,202,092	22,456	79,014	104,573	90,487	(1,051,667)	9,254,983
RESTRICTED DEPOSITS AND FUNDED RESERVES										
Restricted Escrow Accounts	117,082	-	-	92,800	54,092	553,568	361,155	414,344	-	1,593,041
Tenant Security Deposits	-	-	-	5,393	8,558	60,434	9,779	47,411	-	131,575
Total Restricted Deposits and Funded Reserves	117,082	-	-	98,193	62,650	614,002	370,934	461,755	-	1,724,616
OTHER ASSETS										
Notes Receivable	13,681,781	-	-	-	-	-	-	-	(110,177)	13,571,604
Equity Investments	5,723,929	-	-	-	-	-	-	-	-	5,723,929
Development Projects	457,592	-	-	-	-	-	-	-	-	457,592
Endowment	1,217,467	-	-	-	-	-	-	-	-	1,217,467
Total Other Assets	21,080,769	-	-	-	-	-	-	-	(110,177)	20,970,592
PROPERTY AND EQUIPMENT										
Land and Improvements	-	-	-	299,488	-	109,348	70,946	585,974	-	1,065,756
Building and Improvements	-	-	-	1,386,275	1,242,298	5,324,364	1,493,982	5,557,509	-	15,004,428
Furniture, Fixtures and Equipment	241,259	-	-	81,906	20,270	141,872	24,292	32,266	-	541,865
Total	241,259	-	-	1,767,669	1,262,568	5,575,584	1,589,220	6,175,749	-	16,612,049
Less Accumulated Depreciation	(240,976)	-	-	(332,252)	(283,953)	(2,959,153)	(120,667)	(1,114,468)	-	(5,051,469)
NET PROPERTY AND EQUIPMENT	283	-	-	1,435,417	978,615	2,616,431	1,468,553	5,061,281	-	11,560,580
TOTAL ASSETS	\$ 28,365,627	\$ 446,577	\$ 1,193,958	\$ 2,735,702	\$ 1,063,721	\$ 3,309,447	\$ 1,944,060	\$ 5,613,523	\$ (1,161,844)	\$ 43,510,771

CATHEDRAL SQUARE CORPORATION
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
(Continued)

September 30, 2024

LIABILITIES AND NET ASSETS

	Management	Assisted Living Operations	SASH	Memory Care at Allen Brook	Ruggles House	Heineberg Housing	Whitcomb Terrace	CSC McAuley, LLC	Eliminations	Total
CURRENT LIABILITIES										
Accounts Payable	\$ 72,646	\$ 5,325	\$ 84,715	\$ 21,465	\$ 14,088	\$ 27,412	\$ 9,962	\$ 19,287	\$ (26,825)	\$ 228,075
Accrued Interest Payable	-	-	-	-	-	4,687	-	11,727	-	16,414
Other Accrued Liabilities	578,262	20,860	271,777	23,415	1,271	9,474	3,219	2,763	-	911,041
Due to Intercompany	-	257,662	67,230	652,153	-	-	-	47,797	(1,024,842)	-
Prepaid Revenue	14,978	4,044	-	825	2,106	2,237	419	2,640	-	27,249
Refundable Advances	-	-	9,736	-	-	-	-	-	-	9,736
Current Portion of Long-term Debt	-	-	-	-	3,059	48,046	-	68,248	(3,059)	116,294
Total Current Liabilities	<u>665,886</u>	<u>287,891</u>	<u>433,458</u>	<u>697,858</u>	<u>20,524</u>	<u>91,856</u>	<u>13,600</u>	<u>152,462</u>	<u>(1,054,726)</u>	<u>1,308,809</u>
DEPOSIT LIABILITIES										
Tenant Security Deposit and Interest	-	-	-	5,393	8,558	60,434	9,779	47,410	-	131,574
Resident Service Deposits	8,251	17,793	-	-	-	-	-	22	-	26,066
Total Deposit Liabilities	<u>8,251</u>	<u>17,793</u>	<u>-</u>	<u>5,393</u>	<u>8,558</u>	<u>60,434</u>	<u>9,779</u>	<u>47,432</u>	<u>-</u>	<u>157,640</u>
LONG-TERM DEBT										
Notes Payable	-	-	-	262,000	815,391	2,411,533	1,281,145	4,827,042	3,059	9,600,170
Less Deferred Loan Fees	-	-	-	-	-	(26,116)	-	(21,688)	-	(47,804)
Other Note Payable	-	-	-	-	130,177	-	-	-	(130,177)	-
Deferred Interest Payable	-	-	-	-	117,613	1,375,967	725,171	1,186,642	-	3,405,393
Refundable Advances	13,463,800	-	-	-	-	-	-	-	-	13,463,800
Total Long-term Debt	<u>13,463,800</u>	<u>-</u>	<u>-</u>	<u>262,000</u>	<u>1,063,181</u>	<u>3,761,384</u>	<u>2,006,316</u>	<u>5,991,996</u>	<u>(127,118)</u>	<u>26,421,559</u>
Total Liabilities	<u>14,137,937</u>	<u>305,684</u>	<u>433,458</u>	<u>965,251</u>	<u>1,092,263</u>	<u>3,913,674</u>	<u>2,029,695</u>	<u>6,191,890</u>	<u>(1,181,844)</u>	<u>27,888,008</u>
NET ASSETS										
Net Assets Without Donor Restrictions	12,860,223	140,893	760,500	770,451	(28,542)	(604,227)	(85,635)	(578,367)	20,000	13,255,296
Net Assets With Donor Restrictions	1,367,467	-	-	1,000,000	-	-	-	-	-	2,367,467
TOTAL NET ASSETS	<u>14,227,690</u>	<u>140,893</u>	<u>760,500</u>	<u>1,770,451</u>	<u>(28,542)</u>	<u>(604,227)</u>	<u>(85,635)</u>	<u>(578,367)</u>	<u>20,000</u>	<u>15,622,763</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 28,365,627</u>	<u>\$ 446,577</u>	<u>\$ 1,193,958</u>	<u>\$ 2,735,702</u>	<u>\$ 1,063,721</u>	<u>\$ 3,309,447</u>	<u>\$ 1,944,060</u>	<u>\$ 5,613,523</u>	<u>\$ (1,161,844)</u>	<u>\$ 43,510,771</u>

CATHEDRAL SQUARE CORPORATION
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended September 30, 2024

	Management	Assisted Living Operations	SASH	Memory Care at Allen Brook	Ruggles House	Heineberg Housing	Whitcomb Terrace	CSC McAuley, LLC	Eliminations	Total
REVENUES										
Rental Revenue	\$ -	\$ -	\$ -	\$ 103,170	\$ 172,610	\$ 1,029,881	\$ 239,123	\$ 1,020,204	\$ -	\$ 2,564,988
State and Federal Assistance	-	1,094,646	-	976,818	-	-	-	-	-	2,071,464
Donations	132,797	-	5,450	1,056,395	-	-	-	-	-	1,194,642
Management and Related Service Fees	5,767,591	-	-	-	-	-	-	-	(1,232,602)	4,534,989
Development Fees	662,243	-	-	-	-	-	-	-	-	662,243
Client Fees	-	606,576	-	198,833	-	-	-	-	-	805,409
Grant Income	787,660	4,992	4,694,056	200,809	-	-	-	-	-	5,687,517
Investment Income	426,344	-	-	-	-	-	-	-	-	426,344
Interest Income	110,359	-	-	2,878	1,799	17,471	2,773	83	(3,954)	131,409
Other Income	49,125	-	436,242	3,649	5,922	14,388	3,272	70,794	(34,898)	548,494
TOTAL SUPPORT AND REVENUE	7,936,119	1,706,214	5,135,748	2,542,552	180,331	1,061,740	245,168	1,091,081	(1,271,454)	18,627,499
EXPENSES										
Program Services	4,851,623	1,561,113	5,114,102	1,885,606	216,920	1,026,127	267,990	1,062,561	(864,215)	15,121,827
Management and General	2,043,784	-	-	163,112	23,701	82,941	23,643	78,944	(407,239)	2,008,886
Fundraising	48,958	-	-	-	-	-	-	-	-	48,958
TOTAL OPERATING EXPENSES	6,944,365	1,561,113	5,114,102	2,048,718	240,621	1,109,068	291,633	1,141,505	(1,271,454)	17,179,671
INCREASE (DECREASE) IN NET ASSETS	991,754	145,101	21,646	493,834	(60,290)	(47,328)	(46,465)	(50,424)	-	1,447,828
TOTAL NET ASSETS, Beginning of Year	13,235,936	(4,208)	738,854	1,276,617	31,748	(556,899)	(39,170)	(527,943)	20,000	14,174,935
TOTAL NET ASSETS, End of Year	\$ 14,227,690	\$ 140,893	\$ 760,500	\$ 1,770,451	\$ (28,542)	\$ (604,227)	\$ (85,635)	\$ (578,367)	\$ 20,000	\$ 15,622,763
CHANGES TO NET ASSETS WITHOUT DONOR RESTRICTIONS:										
BEGINNING OF THE YEAR	\$ 12,257,689	\$ (4,208)	\$ 738,854	\$ 1,276,617	\$ 31,748	\$ (556,899)	\$ (39,170)	\$ (527,943)	\$ 20,000	\$ 13,196,688
Total Support and Revenue	7,505,402	1,706,214	5,135,748	1,542,552	180,331	1,061,740	245,168	1,091,081	(1,271,454)	17,196,782
Net Assets Released from Restriction	41,497	-	-	-	-	-	-	-	-	41,497
Total Operating Expenses	(6,944,365)	(1,561,113)	(5,114,102)	(2,048,718)	(240,621)	(1,109,068)	(291,633)	(1,141,505)	1,271,454	(17,179,671)
NET ASSETS WITHOUT DONOR RESTRICTIONS, END OF YEAR	\$ 12,860,223	\$ 140,893	\$ 760,500	\$ 770,451	\$ (28,542)	\$ (604,227)	\$ (85,635)	\$ (578,367)	\$ 20,000	\$ 13,255,296
CHANGES TO NET ASSETS WITH DONOR RESTRICTIONS:										
BEGINNING OF THE YEAR	\$ 978,247	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 978,247
Total Support and Revenue	430,717	-	-	1,000,000	-	-	-	-	-	1,430,717
Net Assets Released from Restriction	(41,497)	-	-	-	-	-	-	-	-	(41,497)
NET ASSETS WITH DONOR RESTRICTIONS, END OF YEAR	\$ 1,367,467	\$ -	\$ -	\$ 1,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,367,467

CATHEDRAL SQUARE CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2024

MANAGEMENT

REVENUES	
Management and Related Service Fees	\$ 5,767,591
Development Fees	662,243
Grant Income	787,660
Donations	132,797
Realized Gain on Investments	48,167
Unrealized Gain on Investments	337,571
Income from Investments	40,606
Interest Income	110,359
Other Income	49,125
	<hr/>
Total Revenues	7,936,119
EXPENSES	
Administrative	
Salaries	1,031,157
Payroll Taxes	73,947
Pension	44,595
Life/Disability	16,699
Insurance	345,739
Workers Compensation	13,205
	<hr/>
Total Administrative Expenses	1,525,342
Housing Operations	
Salaries	1,996,973
Payroll Taxes	146,495
Pension	65,016
Life/Disability	22,781
Insurance	487,165
Workers Compensation	40,209
	<hr/>
Total Housing Operations Expenses	2,758,639
Housing Services	
Salaries	1,231,676
Payroll Taxes	89,215
Pension	44,519
Life/Disability	13,891
Insurance	318,264
Workers Compensation	18,169
	<hr/>
Total Housing Services Expenses	1,715,734

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

For the Year Ended September 30, 2024

MANAGEMENT

Development	
Salaries	252,847
Miscellaneous	34,022
Payroll Taxes	17,638
Pension	9,348
Life/Disability	3,002
Insurance	56,940
Workers Compensation	3,453
	<hr/>
Total Development Expenses	377,250
	<hr/>
Grants	
EV Grant Expenses	21,537
Other Grant Expenses	90,599
	<hr/>
Total Grant Expenses	112,136
	<hr/>
Unallocated Expenses	
Vehicle	932
Dues and Subscriptions	8,552
Telephone	26,983
Office Expense	14,872
Education	65,948
Rent	36,000
Audit	31,589
Legal	6,397
Computer	56,250
Consulting	2,000
Depreciation	495
Postage	13,303
Printing	520
Employee Appreciation	6,040
Travel	11,511
Marketing	3,027
Contributions	2,771
Investment Expenses	44,058
Other	124,016
	<hr/>
Total Unallocated Expenses	455,264
	<hr/>
Total Operating Expenses	6,944,365
	<hr/>
INCREASE IN NET ASSETS	\$ 991,754
	<hr/> <hr/>

CATHEDRAL SQUARE CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2024

ASSISTED LIVING OPERATIONS

	<u>Personal Care</u>	<u>Kitchen</u>	<u>Total</u>
REVENUES			
State and Federal Assistance	\$ 1,094,646	\$ -	\$ 1,094,646
Client Fees	361,574	245,002	606,576
Grant Income	4,992	-	4,992
	<u>1,461,212</u>	<u>245,002</u>	<u>1,706,214</u>
Total Revenues			
EXPENSES			
Salaries	878,249	130,589	1,008,838
Agency Call Out	137,575	-	137,575
Payroll Taxes	67,461	9,816	77,277
Health Insurance	111,371	9,481	120,852
Life/Disability	7,453	1,168	8,621
Workers Compensation	24,010	2,512	26,522
Pension	32,105	4,017	36,122
Supplies	12,863	17,617	30,480
Food	-	101,774	101,774
Travel	373	144	517
Other	2,156	10,379	12,535
	<u>1,273,616</u>	<u>287,497</u>	<u>1,561,113</u>
Total Operating Expenses			
INCREASE (DECREASE) IN NET ASSETS	<u>\$ 187,596</u>	<u>\$ (42,495)</u>	<u>\$ 145,101</u>

CATHEDRAL SQUARE CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2024

SASH

REVENUES	
Grant Income	\$ 4,694,056
Donations	5,450
Other Income	436,242
	<hr/>
Total Revenues	5,135,748
	<hr/>
EXPENSES	
Salaries	2,181,827
Payroll Taxes	156,090
Health Insurance	492,589
Life/Disability	23,198
Workers Compensation	31,217
Pension	84,586
Recruitment	7,599
Education	22,075
Supplies	1,784
Legal	1,575
Travel	13,099
Consulting	123,664
Information Technology	22,181
Nursing	22,412
Functional Team	5,963
Grant Expenditures	1,836,178
Other	88,065
	<hr/>
Total Operating Expenses	5,114,102
	<hr/>
INCREASE IN NET ASSETS	\$ 21,646
	<hr/> <hr/>

CATHEDRAL SQUARE CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2024

MEMORY CARE AT ALLEN BROOK

REVENUES

Tenant Rental Income	\$ 66,371
Rental Assistance	36,799
State and Federal Assistance	976,818
Client Fees - Personal care	110,509
Client Fees - Kitchen	88,324
Donations	1,056,395
Grant Income	200,809
Interest Income	2,878
Other Income	3,649
	<hr/>
Total Revenues	<u>2,542,552</u>

EXPENSES

Administrative	
Management Fees	11,256
Administrative Salaries	89,640
Legal and Accounting	11,679
Other Administrative	14,088
	<hr/>
Total Administrative	<u>126,663</u>
Services	
Salaries	537,721
Agency Call Out	787,971
Payroll Taxes	40,287
Pension	13,993
Life/Disability	4,916
Insurance	131,661
Workers Compensation	13,805
Resident Services	71,663
Food	39,350
Supplies	13,437
Other	167
	<hr/>
Total Resident Services	<u>1,654,971</u>
Utilities	
Electricity	11,640
Fuel	8,069
Water and Sewer	4,087
Other Utilities	4,407
	<hr/>
Total Utilities	<u>28,203</u>

CATHEDRAL SQUARE CORPORATION

SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES AND EXPENSES
(Continued)

For the Year Ended September 30, 2024

MEMORY CARE AT ALLEN BROOK

Maintenance and Repairs	
Maintenance Salaries	36,072
Cleaning and Supplies	10,056
Maintenance Contracts	40,056
Trash Removal	2,358
Snow Removal	6,855
Miscellaneous Maintenance	821
	<hr/>
Total Maintenance and Repairs	96,218
	<hr/>
General Expenses	
Payroll Taxes	15,420
Property and Liability Insurance	3,264
Health Insurance	65,784
Workers Compensation	6,048
Depreciation	52,147
	<hr/>
Total General Expenses	142,663
	<hr/>
Total Operating Expenses	2,048,718
	<hr/>
INCREASE IN NET ASSETS	<u>\$ 493,834</u>

CATHEDRAL SQUARE CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES
For the Year Ended September 30, 2024

RUGGLES HOUSE

REVENUES	
Tenant Rental Income	\$ 85,465
Rental Assistance	87,145
Interest Income	1,799
Other Income	5,922
	<hr/>
Total Revenues	180,331
	<hr/>
EXPENSES	
Administrative	
Management Fees	8,760
Administrative Salaries	13,536
Legal and Accounting	3,804
Other Administrative	12,580
	<hr/>
Total Administrative	38,680
	<hr/>
Resident Services	23,039
	<hr/>
Utilities	
Electricity	10,719
Fuel	8,055
Water and Sewer	6,500
Other Utilities	8,893
	<hr/>
Total Utilities	34,167
	<hr/>
Maintenance and Repairs	
Maintenance Salaries	17,832
Cleaning and Supplies	7,010
Maintenance Contracts	24,023
Trash Removal	3,451
Snow Removal	5,874
Miscellaneous Maintenance	871
	<hr/>
Total Maintenance and Repairs	59,061
	<hr/>

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

For the Year Ended September 30, 2024

RUGGLES HOUSE

General Expenses	
Property and Liability Insurance	5,853
Real Estate Taxes	7,597
Payroll Taxes	4,164
Health Insurance	17,760
Workers Compensation	1,632
Interest Expense	3,954
Depreciation	<u>44,714</u>
Total General Expenses	<u>85,674</u>
Total Expenses	<u>240,621</u>
DECREASE IN NET ASSETS	<u><u>\$ (60,290)</u></u>

CATHEDRAL SQUARE CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES AND EXPENSES

For the Year Ended September 30, 2024

WHITCOMB TERRACE

REVENUES	
Tenant Rental Income	\$ 111,383
Rental Assistance	127,740
Interest Income	2,773
Other Income	<u>3,272</u>
Total Revenues	<u>245,168</u>
EXPENSES	
Administrative	
Management Fees	15,264
Administrative Salaries	14,892
Legal and Accounting	8,206
Other Administrative	<u>7,965</u>
Total Administrative	<u>46,327</u>
Resident Services	<u>16,439</u>
Utilities	
Electricity	19,177
Fuel	6,396
Water and Sewer	10,712
Other Utilities	<u>329</u>
Total Utilities	<u>36,614</u>
Maintenance and Repairs	
Maintenance Salaries	30,096
Cleaning and Supplies	4,779
Maintenance Contracts	41,022
Trash Removal	3,988
Snow Removal	8,920
Miscellaneous Maintenance	<u>3,875</u>
Total Maintenance and Repairs	<u>92,680</u>

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

For the Year Ended September 30, 2024

WHITCOMB TERRACE

General Expenses	
Property and Liability Insurance	12,850
Real Estate Taxes	20,008
Payroll Taxes	4,668
Health Insurance	19,932
Workers Compensation	1,836
Depreciation	<u>40,279</u>
Total General Expenses	<u>99,573</u>
Total Expenses	<u>291,633</u>
DECREASE IN NET ASSETS	<u><u>\$ (46,465)</u></u>

CATHEDRAL SQUARE CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2024

Federal Grantor/Pass through Grantor/Program Title	Assistance Listing 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 (ID No. 03420-10017, 03420-10360)	93.426	\$ 63,277
Medicaid Cluster		
Passed through State of Vermont, Department of Disabilities Aging and Independent Living: Medical Assistance Program (ID No. 03460-7-2592, 03460-7-2623)	93.778	561,013
Passed through State of Vermont, Department of Vermont Health Access: Medical Assistance Program (ID No. 03410-2315-22)	93.778	145,746
Total Medicaid Cluster		706,759
Social Services Research and Demonstration (ID No. 90XP0465-01-02)	93.647	62,539
Passed through State of Vermont, Department of Vermont Health Access:		
Health Promotion and Disease Prevention (ID No. 03420-10080, 03420-10360)	93.988	50,579
Health Promotion and Disease Prevention (ID No. 03420-10202)	93.945	27,277
Substance Abuse and Mental Health Services Administration (H79FG001018)	93.493	481,270
Money Follows the Person Grant (ID No. 43896)	93.791	6,514
Total U.S. Department of Health and Human Services		1,398,215
<u>U.S. Department of Housing and Urban Development</u>		
Older Adult Homes Modification Program (ID No. VTHMR0003-21)	14.921	222,899
Passed through Vermont Housing and Conservation Board: Home Investment Partnership Program (ID No. 2023-002-003, 2024-034-003)	14.239	110,166
Passed through City of Burlington, Vermont:		
Community Development Block Grant		
HVAC Improvement (ID No. B-22-MC-50-0001)	14.218	23,296
Enterprise Community Partners (23SG2865)	14.252	5,900
Farrell Street Senior Housing LP - 202 Refundable Advance (Loan)	14.157	3,527,800
Essex Senior Housing LP - 202 Refundable Advance (Loan)	14.157	5,392,200
TSH Two LP - 202 Refundable Advance (Loan)	14.157	4,543,800
Total U.S Department of Housing and Urban Development		13,826,061
Total Expenditures of Federal Awards		\$15,224,276

CATHEDRAL SQUARE CORPORATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended September 30, 2024

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

CSC 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, 2024

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:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.778	Medicaid Cluster
14.157	202 Refundable Advance

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.



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, 2024, 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, and have issued our report thereon dated January 20, 2025.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 cursive script that reads "Chris Astwell".

Certified Public Accountants

January 20, 2025
South Portland, Maine



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR ITS 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

Opinion on the Major Federal Program

We have audited Cathedral Square Corporation's compliance with the types of compliance requirements identified as subject to audit 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, 2024. 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.

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, 2024.

Basis for Opinion on the Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Cathedral Square Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Cathedral Square Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Cathedral Square Corporation's federal program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Cathedral Square Corporation's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Cathedral Square Corporation's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Cathedral Square Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Cathedral Square Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Cathedral Square Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

January 20, 2025
South Portland, Maine