Senior Citizen's Housing of Onaway, Inc.
(Lynn Street Manor)
HUD Project No. 048-11025
Section 223(f) Direct Loan
Section 8 Assistance Program

Financial Statements
(and supplemental information)
Years Ended September 30, 2020 and 2019

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025

Contents

	Page
Officers' Certification	1
Management Agent's Certification	2
Independent Auditors' Report	3
Financial Statements:	
Statements of Financial Position	5
Statements of Activities	6
Statements of Cash Flows	8
Notes to Financial Statements	11
Supplementary Information	18
Schedule of Expenditures of Federal Awards	21
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*	22
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	24
Schedule of Findings and Questioned Costs	26
Financial Data Templates	27

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Officers' Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Senior Citizen's Housing of Onaway, Inc., HUD Project No. 048-11025, and to the best of our knowledge and belief, the same is complete and accurate.

Sandra J. Grulke
Sandra Grulke, Chair

2-4-21
Date

Laura Shack
Laura Shack, Secretary

2/8/2021
Date

38-2325566
Employer Identification Number

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Management Agent's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary information of Senior Citizen's Housing of Onaway, Inc., HUD Project No. 048-11025, and to the best of my knowledge and belief, the same is complete and accurate.

Kesha Akridge

Kesha Akridge
Management Agent
Representative

2/8/2021
Date

38-1387145
Employer Identification Number

Barry E. Gaudette, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

731 South Garfield Avenue
Traverse City, Michigan 49686
Work (231) 946-8930
Cell (231) 409-7526
Fax (231) 946-1377
bgaudette@charter.net

Independent Auditor's Report

Board of Directors
Senior Citizen's Housing of Onaway, Inc.
(Lynn Street Manor)
Onaway, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Senior Citizen's Housing of Onaway, Inc. (a nonprofit organization), HUD Project No. 048-11025, which comprise the statement of financial position as of September 30, 2020 and 2019, respectively, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

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 audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Citizen's Housing of Onaway, Inc., as of September 30, 2020 and 2019, respectively, 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.

Other Matters

Other 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 18 to 20 is presented for purposes of additional analysis as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of Senior Citizen's Housing of Onaway, Inc.'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 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 Senior Citizen's Housing of Onaway, Inc.'s internal control over financial reporting and compliance.

Barry E. Gaudette, CPA, PC

December 30, 2020

FINANCIAL STATEMENTS

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Statements of Financial Position
(Continued)

September 30,	2020	2019
Liabilities and Net Assets		
Current Liabilities		
Accounts payable-operations	$ 2,337	$ 10,523
Accounts payable-due to management agent	1,984	1,016
Accrued other expenses	5,167	13,214
Accrued interest	5,541	5,696
Accrued payroll, vacation and benefits	9,567	6,868
Prepaid rent	1,146	1,758
Current portion of mortgage payable	51,139	47,421
Total Current Liabilities	76,881	86,496
Deposit Liabilities		
Tenant deposits held in trust (contra)	15,620	15,284
Long-Term Liabilities		
Mortgage payable, less current portion and deferred financing fees	1,620,033	1,668,998
Total Liabilities	1,712,534	1,770,778
Net Assets		
Unrestricted net deficit	(1,060,408)	(1,103,452)
Total Liabilities and Net Assets	$ 652,126	$ 667,326

See accompanying notes to financial statements

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
$Statements of Activities

Year ended September 30,	2020	2019
Revenues		
Potential rent revenue:		
Rent revenue-gross potential	$ 241,164	$ 250,097
Tenant assistance payments	329,796	301,849
Total potential rent revenue	570,960	551,946
Vacancies-apartments	(18,942)	(42,465)
Net rental revenue	552,018	509,481
Financial revenues:		
Revenue from investments-residual receipts	28	32
Revenue from investments-replacement reserve	198	215
Revenue from investments-security deposits	10	2
Total financial revenues	236	249
Other revenues:		
Contributions	0	1,180
Laundry and vending revenue	1,344	3,080
Charges to residents	320	0
HUD grant	21,921	16,090
Other revenue	2,583	2,637
Total other revenues	26,168	22,987
Total revenues	578,422	532,717
Expenses		
Administrative expenses:		
Advertising	11,112	9,788
Conferences and meetings	631	1,444
Other renting expenses	975	154
Clerical salaries	24,750	20,829
Office supplies	4,693	25,144
Professional salaries	2,330	0
Management fee	33,120	33,120
Manager salaries	40,953	41,794
Audit	5,700	5,700
Accounting fee	7,209	7,200
Service coordinator	21,921	16,090
Miscellaneous administrative expenses	13,843	9,512
Total administrative expenses	167,237	170,775
Utilities expenses:		
Electricity	22,843	22,216
Water	11,047	11,178
Gas	13,920	14,680
Total utilities expenses	47,810	48,074

See accompanying notes to financial statements

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Statements of Activities
(Continued)

Year ended September 30,	2020	2019
Expenses (continued)		
Maintenance expenses:		
Housekeeping salaries	15,038	12,436
Pest control	11,900	2,870
Rent free unit	9,516	9,324
Trash removal	2,820	3,094
Grounds maintenance	2,600	2,015
Maintenance salaries	33,438	27,594
Maintenance supplies	13,759	26,206
Elevator contract	4,600	6,998
Heating and cooling repair	267	1,865
Snow removal	1,530	10,630
Floor covering	7,890	1,399
Painting	321	476
Building and equipment repairs	1,966	8,500
Miscellaneous operating and maintenance expenses	17,853	27,668
Total maintenance expenses	123,498	141,075
Taxes and insurance:		
Property taxes	174	170
FICA	8,143	7,431
Workmen's compensation	1,479	1,961
Insurance	19,295	17,941
Health and life insurance	11,205	3,932
Pension	1,535	229
Total taxes and insurance	41,831	31,664
Financial expenses:		
Mortgage interest	67,353	69,183
Mortgage insurance premium	7,943	8,164
Total financial expenses	75,296	77,347
Total Cost of Operations before Depr. & Amort.	455,672	468,935
Change in Net Deficit Before Depreciation & Amortization	122,750	63,782
Depreciation and amortization expenses:		
Depreciation expenses	75,709	75,836
Amortization expenses	3,997	3,997
Total depreciation and amortization expenses	79,706	79,833

See accompanying notes to financial statements

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Statements of Activities
(Continued)

Year ended September 30,	2020	2019
Change in Net Deficit	43,044	(16,051)
Net Deficit, beginning of year	(1,103,452)	(1,087,401)
Net Deficit, ending of year	$ (1,060,408)	$ (1,103,452)

See accompanying notes to financial statements

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Statements of Cash Flows

Year ended September 30,	2020	2019
Operating Activities		
Rental receipts	$ 549,353	$ 519,426
Interest receipts	236	249
Other revenue	26,334	22,987
Administrative	(85,617)	(123,948)
Management fees	(33,120)	(33,120)
Utilities	(47,810)	(48,074)
Salaries and wages	(113,810)	(103,104)
Maintenance	(75,022)	(101,045)
Taxes and insurance	(41,831)	(31,664)
Tenant deposits held in trust	2,412	2,338
Interest on mortgage	(75,452)	(77,497)
Net Cash From Operating Activities	105,673	26,548
Investing Activities		
Purchase of property and equipment	(22,550)	(13,922)
Decrease (increase) in:		
Mortgage escrow	(14,022)	151
Mortgage insurance	230	108
Replacement reserve	(16,236)	20,491
Residual receipts reserve	(28)	7,462
Net Cash From (For) Investing Activities	(52,606)	14,290
Financing Activity		
Mortgage principal payments	(45,246)	(47,422)
Net Cash (For) Financing Activity	(45,246)	(47,422)
Net Increase (Decrease) in Cash	7,821	(6,584)
Cash, beginning of year	23,699	30,283
Cash, end of year	$ 31,520	$ 23,699

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Statements of Cash Flows
(Continued)

Year ended September 30,	2020	2019
Reconciliation of Change in Net Deficit to Net Cash From (For) Operating Activities		
Change in net deficit	$ 43,044	$ (16,051)
Adjustments to reconcile change in net deficit to net cash from operating activities:		
Depreciation and amortization	79,706	79,833
Decrease (increase) in:		
Accounts receivable- tenants	(2,053)	336
Accounts receivable-HUD	166	7,851
Prepaid insurance	(272)	1,398
Tenant deposits held in trust	2,076	3,051
Increase (decrease) in:		
Accounts payable-operations	(12,183)	1,132
Accounts payable-Presbyterian Villages of Michigan	968	(35,764)
Accrued other expenses	(8,047)	(15,682)
Accrued interest	(155)	(150)
Accrued payroll, vacation and benefits	2,699	(451)
Prepaid rent	(612)	1,758
Tenant deposits held in trust (contra)	336	(713)
Net Cash From Operating Activities	$ 105,673	$ 26,548

See accompanying notes to financial statements

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Notes to Financial Statements

NOTE 1: Nature of Organization and Significant Accounting Policies

Organization

Senior Citizen's Housing of Onaway, Inc. (the Organization) was incorporated on March 27, 1980 as a Michigan nonprofit corporation for the purpose of constructing, owning, operating and managing housing facilities in Onaway, Michigan, for elderly and handicapped individuals, under Section 202 of the National Housing Act, the Organization's major program. The Organization is a 60-unit apartment complex.

The Organization owns and operates a facility originally financed in part with the proceeds of a mortgage loan issued under Section 202 of the National Housing Act. In December 2007, the Organization's Section 202 loan was paid in full and a new loan was originated with Orix Real Estate Capital, LLC. The new loan is insured through Section 223(f) of the National Housing Act. The Organization continues to receive rent supplements from the government under the Section 8 program. Such projects are regulated by the Department of Housing and Urban Development (HUD) as to rent charges and operating methods.

The Organization is managed by Presbyterian Villages of Michigan. The on-site manager is an employee of Presbyterian Villages of Michigan.

Basis of Presentation

The financial statements of the Organization are prepared on the accrual basis of accounting and include the assets, liabilities, net assets and changes in net assets relating to the business of the Organization. The basic financial statements are presented in the format required by HUD, which is in accordance with accounting principles generally accepted in the United States of America.

Net assets of the Organization are classified as permanently restricted, temporarily restricted or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. All net assets (deficit) of the Organization at September 30, 2020 and 2019, respectively, are considered unrestricted. Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the unrestricted net assets class.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1: Nature of Organization and Significant Accounting Policies (Continued)

Cash

The Organization maintains its cash in bank deposit accounts.

Fixed Assets and Depreciation

Fixed assets are stated at cost or at estimated fair value for donated property. Depreciation is computed over the estimated useful lives of the assets by the straight-line method. Useful lives range from 10 years for land improvements, 5-40 years for building and building improvements, 3-15 years for certain furniture, and 5-15 years for maintenance equipment.

The Organization capitalized interest costs incurred during the construction of the facility. Such costs are included in buildings and are being amortized by the straight-line method over the estimated lives of the assets.

Fixed asset costs are not capitalized unless they are $5,000 or greater. Any proceeds from the sale of land, building or building improvements must be used to pay on the mortgage.

Rental Income and Security Deposits

Rental income is recorded as earned and amounts received in advance are classified as deferred rent credit. Security deposits are segregated from rental income. All leases between the tenants and the Organization are operating leases.

Income Taxes

The Organization has received a determination that it is exempt from federal income taxes, except for tax on unrelated business income, under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Organization is also exempt from Michigan taxes. The Organization had no unrelated business income for the years ended September 30, 2020 and 2019, respectively.

In 2009, the Organization implemented the Financial Accounting Standards Board (FASB) provisions regarding accounting for uncertainty in income taxes, which had no material effect on the financial statements. Management records contingent liabilities in accordance with U.S. generally accepted accounting principles and believes the Organization has no material uncertain tax positions.

NOTE 1: Nature of Organization and Significant Accounting Policies (Continued)

Allowance for Bad Debts

No allowance for bad debts has been recorded. Tenant accounts generally are collectible as long as the tenant is occupying the unit. When the tenant vacates the unit, any unpaid balance remaining after application of the security deposit is charged to bad debt expense.

Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If it is determined that an impairment loss has occurred based on expected future cash flows, then the loss will be recognized in the income statement and certain disclosures regarding the impairment will be made in the financial statements.

Regulatory Agreement

A regulatory agreement with HUD was signed in connection with the mortgage note. No violations of this agreement were noted for the years ended September 30, 2020 and 2019, respectively. Under the regulatory agreement, the Organization may not increase rents charged to tenants without HUD approval.

The regulatory agreement with HUD stipulates, among other things, that the Organization will not make distributions of assets or income to any of its officers or directors.

Subsequent Events

Management has evaluated subsequent events through December 5, 2020, the date the financial statements were issued.

NOTE 2: Change in Accounting Principle

On October 1, 2017, the Organization adopted new guidance related to the presentation of deferred financing fees in its statements of financial position. Under the new guidance, deferred financing fees are reported as a direct deduction from the carrying amount of the related debt. Previously, deferred financing fees were presented as an asset. The new presentation requirements were applied retrospectively and amounts reported in the 2019 statement of financial position have been restated for 2020 as follows:

NOTE 2: Change in Accounting Principle (Continued)

Statement of Financial Position as of September 30, 2020

	As Computed Under Old Method	As Reported Under New Method	Effect of Change
Other assets	$ 87,936	$ 0	$ (87,936)
Mortgage payable	$ 1,759,108	$ 1,671,172	$ (87,936)

The new guidance does not affect how the deferred fees are accounted for after initial recognition, and these amounts continue to be amortized over the term of the related debt.

Accumulated amortization at September 30, 2020 and 2019 was $51,961 and $47,964, respectively.

NOTE 3: Cash – Entity

Cash – entity consists of contributions received from various entities and individuals for the purpose of funding those expenses which are not a part of housing operations.

NOTE 4: Tenant Deposits

Tenant deposits are held in a separate bank savings account in the name of the Organization. The covenants of the HUD loan agreement and HUD regulations require the Organization to maintain a security deposit trust account which must equal or exceed the aggregate of all outstanding obligations to the tenants for refundable security deposits.

NOTE 5: Restricted Deposits and Funded Reserves

Restricted deposits and funded reserves consist of:

Replacement reserve - the regulatory agreement between HUD and the Organization requires a monthly deposit to a reserve fund for replacing assets of the Organization.

Residual receipts reserve - this account consists of accumulated surplus cash from operations. These funds are available for future project operations, with HUD approval, in the event of a deficiency in cash flow.

Escrow deposits and other reserves – as part of the Organization's refinancing agreement, the Organization is required to maintain escrow accounts for certain repairs and mortgage insurance.

NOTE 6: Mortgage Payable

On July 21, 2017, the mortgage note was modified. The mortgage note payable has an interest rate of 3.78% (previously 6.08%). and is payable in monthly installments of $9,729.44 (previously $12,282.14), including interest, through January 2043. The mortgage note payable is collateralized by the Organization's land, building and equipment. The balance due, as of September 30, 2020 and 2019, respectively, is $1,759,108 and $1,808,352, respectively. Long-term mortgage payable is presented net of deferred financing fees of $87,936 and $91,933 as of September 30, 2020 and 2019, respectively.

Estimated maturities of the mortgage are as follows:

Year ending September 30,	
2021	$ 51,139
2022	53,106
2023	55,148
2024	57,270
2025	59,472
Thereafter	1,482,973
Total	1,759,108
Less: deferred financing fees	(87,936)
Long-term debt	$ 1,671,172

NOTE 7: Management and Accounting Fees

On August 1, 2018, the Presbyterian Villages took over the management agent duties for Lynn Street Manor.

All staffing for the Organization is provided by the management agent. The Organization reimburses the management agent for all related staffing expenses.

The management agent provides certain management services to the Organization in accordance with a management services agreement. Under the terms of the agreement, the Organization is to pay the management agent a management fee equal to 6.13% of rental income collected from August 1, 2018 through July 31, 2021. The fee is limited to $46 per occupied unit per month. The management fees for 2020 and 2019 were $33,120 and $33,120, respectively.

The management agent provides certain accounting services to the Organization in accordance with the annual budget. These services include the preparation of monthly financial statements, payroll services, processing and payment of invoices, HUD monthly reporting requirements and audit preparation. These fees are based on the management agent functional allocation. The accounting fees for 2020 and 2019 were $7,209 and $7,200, respectively.

NOTE 8: Retirement Plan

Presbyterian Villages of Michigan (PVM) maintains a tax-sheltered retirement plan under Internal Revenue Code Section 403(b). Under this plan, all employees are eligible to participate in the plan upon hire. PVM matching contributions are made when an employee has completed twelve months of continuous service at PVM. Lynn Street Manor's existing employees as of the date of change in management services were grandfathered into the PVM plan with their Lynn Street date of hire. PVM will match 25% of each qualified participant's contribution, up to a maximum of 2% of compensation.

NOTE 9: Unrestricted Net Assets

None of the Organization's net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets.

NOTE 10: Functional Expenses

For the years ended September 30, 2020 and 2019, expenses are functionally allocated as follows:

September 30,	2020	2019
Program services	$ 368,141	$ 377,993
General and administrative	167,237	170,775
Total Functional Expenses	$ 535,378	$ 548,768

Costs have been allocated between program services and general and administrative services on several bases and estimates. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts.

NOTE 11: Current Vulnerability

The Organization's sole asset is a 60-unit apartment project. The Organization's operations are concentrated in the multi-family real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change.

NOTE 12: Concentrations of Credit Risk

The Organization maintains its cash accounts in a national bank and does not consider there to be a significant credit risk arising from deposits in excess of federally insured limits.

NOTE 13: SUBSEQUENT EVENT

PVM has terminated our agreement with Principal effective December 31, 2020. The assets of the program will be merged into the Board of Pensions (BOP) Retirement Services Program (RSP) effective January 1, 2021. The RSP uses Fidelity as its recordkeeper and Investment program. Thus, PVM will no longer have its own 403(b) program.

SUPPLEMENTARY INFORMATION

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Supplementary Information

Replacement Reserve

In accordance with the provisions of the regulatory agreement, restricted cash is held by a federally insured bank to be used for the replacement of property with the approval of HUD as follows:

Balance, October 1, 2019	$	106,586
Monthly deposits ($1,336,50 x 12)		16,038
Interest earned		198
HUD approved withdrawals		(0)
Balance, September 30, 2020	$	122,822

Residual Receipts Reserve

In accordance with the provisions of the regulatory agreement, restricted cash is held by a federally insured bank and cannot be used without the approval of HUD as follows:

Balance, October 1, 2019	$	15,871
Recapture of residual receipts and transfers		(0)
Interest earned		28
Balance, September 30, 2020	$	15,899

Senior Citizen's Housing of Onaway, Inc.
HUD Project 048-11025
Supplementary Information
Statement of Changes in Fixed Assets

	Balance 09/30/19	Additions	Deductions	Balance 09/30/20
Land	$ 40,619	$ 0	$ 0	$ 40,619
Land improvements	111,416	0	0	111,416
Building	2,158,237	0	0	2,158,237
Building improvements	319,886	0	0	319,886
Building equipment-fixed	247,645	17,550	0	265,195
Building equipment-portable	88,719	0	0	88,719
Construction in progress	0	5,000	0	5,000
Total	2,966,522	$ 22,550	$ 0	2,989,072
Accumulated depreciation	(2,478,126)	$ (75,709)	$ 0	(2,553,835)
Net Book Value	$ 488,396			$ 435,237

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Supplementary Information
Computation of Surplus Cash, Distributions
And Residual Receipts

Year ended September 30,	2020
Cash from operations and tenant deposits held in trust	$ 38,567
Accounts receivable-HUD	2,296
Total Cash	40,863
Current Obligations	
Accrued mortgage interest payable	5,541
Accounts payable due within 30 days	4,321
Accrued expenses	14,734
Prepaid rent	1,146
Tenant security deposits	15,620
Total Current Obligations	41,362
Surplus Cash (Deficiency)	$ (499)
Deposit Due Residual Receipts	$ 0

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Schedule of Expenditures of Federal Awards

Year ended September 30, 2020	Federal CFDA Number	Federal Expenditures
Federal Grantor/Pass Through Grantor/Program Title		
U.S. Department of Housing and Urban Development		
Section 223(f) Direct Loan (balance at year-end)	14.157	$ 1,759,108
Service Coordinator Expenses	14.191	21,921
Section 8 Housing Assistance Payments	14.195	329,796
		$ 2,110,825

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

Basis of Accounting - The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization under programs of the federal government for the year ended September 30, 2020. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the 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). In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Omnicircular, 2 CFR 200.420, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of the Organization.

Indirect Cost Rate - The Authority did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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*

Barry E. Gaudette, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

731 South Garfield Avenue
Traverse City, Michigan 49686
Work (231) 946-8930
Cell (231) 409-7526
Fax (231) 946-1377
bgaudette@charter.net

Independent Auditors' Report

Board of Directors
Senior Citizen's Housing of Onaway, Inc.
(Lynn Street Manor)
Onaway, Michigan

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 Senior Citizen's Housing of Onaway, Inc., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Senior Citizen's Housing of Onaway, Inc.'s internal control over financial reporting (internal control) to determine the 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 Senior Citizen's Housing of Onaway, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Senior Citizen's Housing of Onaway, Inc.'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 Senior Citizen's Housing of Onaway, Inc.'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 determination of financial statement amounts. 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.

Barry E. Gadette, CPA, PC

December 30, 2020

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

Barry E. Gaudette, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

731 South Garfield Avenue
Traverse City, Michigan 49686
Work (231) 946-8930
Cell (231) 409-7526
Fax (231) 946-1377
bgaudette@charter.net

Independent Auditors' Report

Board of Directors
Senior Citizen's Housing of Onaway, Inc.
(Lynn Street Manor)
Onaway, Michigan

Report on Compliance for Each Major Federal Program

We have audited Senior Citizen's Housing of Onaway, Inc. compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Senior Citizen's Housing of Onaway, Inc. major federal program for the year ended September 30, 2020. Senior Citizen's Housing of Onaway, Inc. 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 federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Senior Citizen's Housing of Onaway, Inc. 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 Senior Citizen's Housing of Onaway, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Senior Citizen's Housing of Onaway, Inc. 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, 2020.

Report on Internal Control Over Compliance

Management of Senior Citizen's Housing of Onaway, Inc. 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 Senior Citizen's Housing of Onaway, Inc. 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 its 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 Senior Citizen's Housing of Onaway, Inc. 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.

Barry E. Gaudette, CPA, PC

December 30, 2020

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Senior Citizen's Housing of Onaway, Inc.
HUD Project No. 048-11025
Schedule of Findings and Questioned Costs
Year Ended September 30, 2020

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the *Consolidated Audit Guide of HUD Programs?*	No

Identification of major programs;

CFDA Number	*Name of Federal Program or Cluster*
14.157	Section 223(f) Direct Loan

Dollar threshold used to distinguish between Type A and Type B programs:	$	750,000
Auditee qualified as low-risk auditee?		Yes

Section II – Findings Related to the Financial Statements

None

Section III – Findings and Questioned Costs for Federal Awards

None

FINANCIAL DATA TEMPLATES

Independent Accountant's Report on Applying Agreed-Upon Procedure

We have performed the procedure described in the second paragraph of this report, which was agreed to by Senior Citizen's Housing of Onaway, Inc. and the U.S. Department of Housing and Urban Development, Public Indian Housing – Real Estate Assessment Center (PIH-REAC), on whether the electronic submission of certain information agrees with the related hard copy documents included within the OMB Uniform Administrative Requirements reporting package. Senior Citizen's Housing of Onaway, Inc. is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of Senior Citizen's Housing of Onaway, Inc. and the U.S. Department of Housing and Urban Development, PIH-REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the audit requirements of OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, for Senior Citizen's Housing of Onaway, Inc. as for and for the year ended September 30, 2020, and have issued our reports thereon dated December 30, 2020. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated December 30, 2020, was expressed in relation to the basic financial statements of Senior Citizen's Housing of Onaway, Inc. taken as a whole.

A copy of the reporting package required by OMB Uniform Administrative Requirements, which includes the auditor's reports, is available in its entirety from Senior Citizen's Housing of Onaway, Inc. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, PIH-REAC.

The purpose of the report on applying the agreed-upon procedure is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

Barry E. Gaudette, CPA, P.C.
CERTIFIED PUBLIC ACCOUNTANT

731 South Garfield Avenue
Traverse City, Michigan 49686
Work (231) 946-8930
Cell (231) 409-7526
Fax (231) 946-1377
bgaudette@charter.net

To the Board of Directors
Senior Citizen's Housing of Onaway, Inc.

We have audited the financial statements of Senior Citizen's Housing of Onaway, Inc. for the year ended September 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Consolidated Audit Guide for Audits of HUD Program as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated December 30, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Senior Citizen's Housing of Onaway, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the fiscal year ending September 30, 2020. We noted no transactions entered into by the Entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was:

> Management's estimate of the depreciation expense is based on the useful life of each fixed asset. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 30, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Entity's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Entity's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

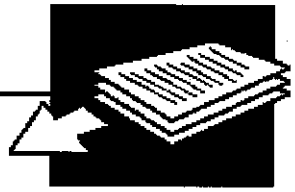
This information is intended solely for the use of Board of Directors and management of Senior Citizen's Housing of Onaway, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Barry E. Gaudette, CPA, PC

Barry E. Gaudette, CPA, PC

Annual Financial Statement
Electronic Submission
U.S. Department of Housing and Urban Development
Public Indian Housing - Real Estate Assessment Center (PIH-REAC)



Your AUD-OMB Statement Data for

Project Name	FHA/Contract Number	Date From	Date To
LYNN STREET MANOR	04811025	10/01/2019	09/30/2020

has been Accepted on Dec 30, 2020 06:53 AM!

FASSUB Main Menu

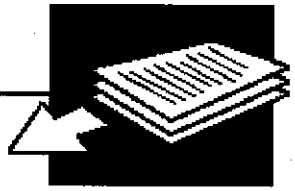
<PIH-REAC Financial Assessment for FHA/MF Housing>

Comments or Questions <PIH-REAC Technical Assistance Center>

Annual Financial Statement

Electronic Submission

U.S. Department of Housing and Urban Development
Public Indian Housing - Real Estate Assessment Center (PIH-REAC)



Project Name	FHA/Contract Number	Date From	Date To
LYNN STREET MANOR	04811025	10/01/2019	09/30/2020

Submission Warning | Auditor Procedures

Independent Accountant's Report on Applying Agreed-Upon Procedure

We have performed the procedure described in the second paragraph of this report, which was agreed to by SENIOR CITIZENS HOUSING OF ONAWAY, INC. and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with the related hard copy documents within the OMB Uniform Administrative Requirements reporting package. SENIOR CITIZENS HOUSING OF ONAWAY, INC. is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of SENIOR CITIZENS HOUSING OF ONAWAY, INC. and REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the "UFRS Rule Information" column with the corresponding printed documents listed in the "Hard Copy Documents" column. The results of associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of the electronically submitted information and hard copy documents as shown in the attached chart.

This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with audit requirements of OMB *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)* for LYNN STREET MANOR as of and for the period ending 09/30/20, and have issued our report thereon dated 12/30/2020. The information in the "Hard Copy Documents" column was included within the scope or was a by-product of that audit. Further, our opinion on the fair presentation of the supplementary information dated 12/30/2020 was expressed in relation to the basic financial statements of LYNN STREET MANOR taken as a whole.

A copy of the reporting package required by OMB Uniform Administrative Requirements, which includes the auditor's reports, is available in its entirety from SENIOR CITIZENS HOUSING OF ONAWAY, INC.. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

The purpose of this report on applying the agreed-upon procedure is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and the associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

CPA CERTIFICATION

PROCEDURE	UFRS RULE INFORMATION	HARD COPY DOCUMENTS	AGREES	DOES NOT AGREE
1	Balance Sheet, Revenue and Expense and Cash Flow data (account numbers 1120 to 7100T and the S1200 series)	Financial Data Templates (i.e. Supplemental Schedules)	◉	○
2	Surplus Cash (S1300 series accounts) Note: Cooperatives are exempt from submitting surplus cash accounts.	Financial Data Templates (i.e. Computation of Surplus Cash, Distributions, and Residual Receipts - (Annual))	◉	○
3	Footnotes(S3100 series of accounts)	Footnotes to Audited Basic Financial Statements	◉	○
4	Type of opinion on the Financial Statement and auditor reports(S3400, S3500 and S3600 series of Accounts)	Auditors's Reports on the Financial Statements, Compliance and Internal Control	◉	○
5	Type of opinion on Financial Data Templates (i.e. Supplemental Data) (account S3400-100)	Auditor's Supplemental Report on Financial Data Templates	◉	○
6	Audit findings narrative (S3800 series of accounts)	Schedule of Findings and Questioned Costs	◉	○
7	General information (S3300, S3700 and S3800 series of accounts)	Schedule of Findings and Questioned Costs and Federal Awards Data	◉	○

Auditor Firm Identifier (UII)	17440
Firm Name Employer	Barry E. Gaudette, CPA, PC
Employer Identification Number	382527178
Date	12/30/2020
Attesting Practitioner's First Name	Barry
Attesting Practitioner's Middle Name	E
Attesting Practitioner's Last Name	Gaudette
Firm Name Street Address Line 1	731 S Garfield Avenue
Firm Name Street Address Line 2	
Firm Name City	Traverse City
Firm Name State	MI
Firm Name Zip Code	49686
Attesting Practitioner's Title	CPA
Attesting Practitioner's Telephone	12314097526
Attesting Practitioner's Fax	12319461377
Attesting Practitioner's E-mail	bgaudette@charter.net

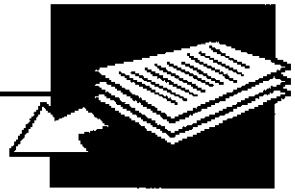
Back To FASSUB Main Menu

FASSUB Main Menu

<PIH-REAC Financial Assessment for FHA/MF Housing>

Comments or Questions <PIH-REAC Technical Assistance Center>

Annual Financial Statement
Electronic Submission
U.S. Department of Housing and Urban Development
Public Indian Housing - Real Estate Assessment Center (PIH-REAC)



Owner: SENIOR CITIZENS HOUSING OF ONAWAY, INC.

TIN: 382325566

Reporting From: 10/01/2019

Reporting To: 09/30/2020

FHA/Contract Number(s): 04811025

Submission Type: AUD-OMB

Assets

Account	Description		Value
1120	Cash - Operations		$ 21,317
1125	Cash - Entity		$ 10,203
1130	Tenant/Member Accounts Receivable (Coops)		$ 2,553
1130N	Net Tenant Accounts Receivable		$ 2,553
1135	Accounts Receivable - HUD		$ 2,296
	Details - Other Reserves		
	1330-005 - Description	Mortgage insurance	
	1330-010 - Other Reserves Detail	$ 5,296	
1200	Prepaid Expenses		$ 1,109
1100T	Total Current Assets		$ 37,478
1191	Tenant/Patient Deposits Held in Trust		$ 17,250
1310	Escrow Deposits		$ 18,144
1320	Replacement Reserve		$ 122,822
1330	Other Reserves		$ 5,296
1340	Residual Receipts Reserve		$ 15,899
1300T	Total Deposits		$ 162,161
1410	Land		$ 40,619
1420	Buildings		$ 2,158,237
1440	Building Equipment (Portable)		$ 88,719
1490	Miscellaneous Fixed Assets		$ 701,497
1400T	Total Fixed Assets		$ 2,989,072
1495	Accumulated Depreciation		$ 2,553,835
1400N	Net Fixed Assets		$ 435,237
1000T	Total Assets		$ 652,126

Liabilities

Account	Description	Value
2110	Accounts Payable - Operations	$ 9,488
2120	Accrued Wages Payable	$ 9,567
2131	Accrued Interest Payable - First Mortgage (or Bonds)	$ 5,541
2170	Mortgage (or Bonds) Payable - First Mortgage (Bonds) (Short Term)	$ 51,139

2210	Prepaid Revenue	$ 1,146
2122T	Total Current Liabilities	$ 76,881
2191	Tenant/Patient Deposits Held In Trust (Contra)	$ 15,620
2320	Mortgage (or Bonds) Payable - First Mortgage (or Bonds)	$ 1,620,033
2300T	Total Long Term Liabilities	$ 1,620,033
2000T	Total Liabilities	$ 1,712,534

Net Assets

Account	Description	Value
3131	Net Assets Without Donor Restrictions	$- 1,060,408
3130	Total Net Assets	$- 1,060,408
2033T	Total Liabilities and Equity/Net Assets	$ 652,126

Rent Revenue

Account	Description	Value
5120	Rent Revenue - Gross Potential	$ 241,164
5121	Tenant Assistance Payments	$ 329,796
5100T	Total Rent Revenue	$ 570,960

Vacancies

Account	Description	Value
5220	Apartments	$ 18,942
5200T	Total Vacancies	$ 18,942
5152N	Net Rental Revenue (Rent Revenue Less Vacancies)	$ 552,018

Financial Revenue

Account	Description	Value
5410	Financial Revenue - Project Operations	$ 10
5430	Revenue from Investments - Residual Receipts	$ 28
5440	Revenue from Investments - Replacement Reserve	$ 198
5400T	Total Financial Revenue	$ 236

Other Revenue

Account	Description	Value
5910	Laundry and Vending Revenue	$ 1,344
5920	Tenant Charges	$ 320
5990	Miscellaneous Revenue	$ 24,504
	Details - Miscellaneous Revenue	
	5990-010 - Description: HUD grant	
	5990-020 - Amount: $ 21,921	
	5990-010 - Description: Other Revenue	
	5990-020 - Amount: $ 2,583	
5900T	Total Other Revenue	$ 26,168
5000T	Total Revenue	$ 578,422

Administrative Expenses

Account	Description	Value
6203	Conventions and Meetings	$ 631
6210	Advertising and Marketing	$ 11,112

6250	Other Renting Expenses	$ 975
6310	Office Salaries	$ 24,750
6311	Office Expenses	$ 4,693
6320	Management Fee	$ 33,120
6330	Manager or Superintendent Salaries	$ 43,283
6350	Audit Expense	$ 5,700
6351	Bookkeeping Fees/Accounting Services	$ 7,209
6390	Miscellaneous Administrative Expenses	$ 35,764

Details - Miscellaneous Administrative Expenses

6390-010 - Description	Service Coordinator
6390-020 - Amount	$ 21,921
6390-010 - Description	Bad debt
6390-020 - Amount	$ 1,124
6390-010 - Description	Covid 19 expense
6390-020 - Amount	$ 1,350
6390-010 - Description	Recreation and crafts
6390-020 - Amount	$ 847
6390-010 - Description	Member dues
6390-020 - Amount	$ 145
6390-010 - Description	Travel
6390-020 - Amount	$ 1,572
6390-010 - Description	Miscellaneous
6390-020 - Amount	$ 2,199
6390-010 - Description	Telephone
6390-020 - Amount	$ 6,606

6263T	Total Administrative Expenses	$ 167,237

Utilities Expenses

Account	Description	Value
6450	Electricity	$ 22,843
6451	Water	$ 11,047
6452	Gas	$ 13,920
6400T	Total Utilities Expense	$ 47,810

Operating & Maintenance Expenses

Account	Description	Value
6510	Payroll	$ 48,476
6515	Supplies	$ 13,759
6520	Contracts	$ 16,500
6525	Garbage and Trash Removal	$ 2,820
6531	Security Rent Free Unit	$ 9,516
6546	Heating/Cooling Repairs and Maintenance	$ 267
6548	Snow Removal	$ 1,530
6570	Vehicle and Maintenance Equipment Operation and Repairs	$ 17,853
6590	Miscellaneous Operating and Maintenance Expenses	$ 12,777

Details - Miscellaneous Operating and Maintenance Expenses

6590-010 - Description	Grounds maintenance
6590-020 - Amount	$ 2,600

	6590-010 - Description	Floor covering
	6590-020 - Amount	$ 7,890
	6590-010 - Description	Painting
	6590-020 - Amount	$ 321
	6590-010 - Description	Miscellaneous maintenance expense
	6590-020 - Amount	$ 1,966
6500T	Total Operating and Maintenance Expenses	$ 123,498

Taxes & Insurance

Account	Description	Value
6710	Real Estate Taxes	$ 174
6711	Payroll Taxes (Project's Share)	$ 8,143
6720	Property & Liability Insurance (Hazard)	$ 19,295
6722	Workmen's Compensation	$ 1,479
6723	Health Insurance and Other Employee Benefits	$ 12,740
6700T	Total Taxes and Insurance	$ 41,831

Financial Expenses

Account	Description	Value
6820	Interest on First Mortgage (or Bonds) Payable	$ 67,353
6850	Mortgage Insurance Premium/ Service Charge	$ 7,943
6800T	Total Financial Expenses	$ 75,296

Operating Results

Account	Description	Value
6000T	Total Cost of Operations before Depreciation	$ 455,672
5060T	Profit (Loss) before Depreciation	$ 122,750
6600	Depreciation Expenses	$ 75,709
6610	Amortization Expense	$ 3,997
5060N	Operating Profit or (Loss)	$ 43,044

Change in Net Assets from Operations

Account	Description	Value
3247	Change in Net Assets Without Donor Restrictions	$ 43,044
3250	Change in Total Net Assets from Operations	$ 43,044

Part II

Account	Description	Value
S1000-010	Total first mortgage (or bond) principal payments required during the audit period (usually 12 months). This applies to all direct loans, HUD-held and HUD-insured first mortgages.	$ 45,246
S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit	$ 16,038

period even if deposits have been temporarily waived or suspended.

Equity Data

Account	Description	Value
S1100-060	Previous Year Net Assets Without Donor Restrictions	$- 1,103,452
3247	Change in Net Assets Without Donor Restrictions	$ 43,044
3131	Net Assets Without Donor Restrictions	$- 1,060,408
S1100-050	Previous Year Total Net Assets	$- 1,103,452
3250	Change in Total Net Assets from Operations	$ 43,044
3130	Total Net Assets	$- 1,060,408

Cash Flow from Operating Activities

Account	Description	Value
S1200-010	Rental Receipts	$ 549,353
S1200-020	Interest Receipts	$ 236
S1200-030	Other Operating Receipts	$ 26,334
S1200-040	Total Receipts	$ 575,923
S1200-050	Administrative	$- 85,617
S1200-070	Management Fee	$- 33,120
S1200-090	Utilities	$- 47,810
S1200-100	Salaries and Wages	$- 113,810
S1200-110	Operating and Maintenance	$- 75,022
S1200-120	Real Estate Taxes	$- 174
S1200-140	Property Insurance	$- 19,295
S1200-150	Miscellaneous Taxes and Insurance	$- 22,362
S1200-160	Tenant Security Deposits	$ 2,412
S1200-180	Interest on First Mortgage	$- 67,509
S1200-210	Mortgage Insurance Premium (MIP)	$- 7,943
S1200-230	Total Disbursements	$- 470,250
S1200-240	Net Cash provided by (used in) Operating Activities	$ 105,673

Cash Flow from Investing Activities

Account	Description	Value
S1200-245	Net Deposits to the Mortgage Escrow account	$- 14,022
S1200-250	Net Deposits to the Reserve for Replacement account	$- 16,236
S1200-255	Net Deposits to Other Reserves	$ 230

Details - Net Deposits to Other Reserves

S1200-256 - Description	Mortgage insurance
S1200-257 - Net Deposits to Other Reserves Detail	$ 230

S1200-260	Net Deposits to the Residual Receipts account	$- 28
S1200-330	Net Purchase of Fixed Assets	$- 22,550

S1200-350	Net Cash used in Investing Activities	$- 52,606

Cash Flow from Financing Activities

Account	Description	Value
S1200-360	Principal Payments - First Mortgage (or Bonds)	$- 45,246
S1200-460	Net Cash used in Financing Activities	$- 45,246
S1200-470	Net increase (decrease) in Cash and Cash Equivalents	$ 7,821

Cash and Cash Equivalents

Account	Description	Value
S1200-480	Beginning of Period Cash	$ 23,699
S1200T	End of Period Cash	$ 31,520

Notes

Account	Description	Value
S3100-010	Organization and Presentation Note	Organization: Senior Citizens Housing of Onaway, Inc. (the Organization) was incorporated on March 27, 1980 as a Michigan nonprofit corporation for the purpose of constructing, owning, operating and managing housing facilities in Onaway, Michigan, for elderly and handicapped individuals, under Section 202 of the National Housing Act, the Organization?s major program. The Organization is a 60- unit apartment complex. The Organization owns and operates a facility originally financed in part with the proceeds of a mortgage loan issued under Section 202 of the National Housing Act. In December 2007, the Organizations Section 202 loan was paid in full and a new loan was originated with Orix Real Estate Capital, LLC. The new loan is insured through Section 223(f) of the National Housing Act. The Organization continues to receive rent supplements from the government under the Section 8 program. Such projects are regulated by the Department of Housing and Urban Development (HUD) as to rent charges and operating methods. The Organization is managed by Presbyterian Villages of Michigan. The on-site manager is an employee of Presbyterian Villages of Michigan. Basis of Presentation: The financial statements of the Organization are prepared on the accrual basis of accounting and include the assets, liabilities, net assets and changes in net assets relating to the business of the Organization. The basic financial statements are presented in the format required by HUD, which is in accordance with accounting principles generally accepted in the United States of America. Net assets of the Organization are classified as permanently restricted, temporarily restricted or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organizations ability to use or dispose of contributed assets or the economic benefits embodied in those assets. All net assets (deficit) of the Organization at September 30, 2020 and 2019, respectively, are considered unrestricted. Contributions received with donor-imposed restrictions that are met in the same year

S3100-040 Summary of Significant Accounting Policies Note

as received are reported as revenues of the unrestricted net assets class.

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 revenue and expenses during the reporting period. Actual results could differ from those estimates. NOTE 1: Cash: The Organization maintains its cash in bank deposit accounts. Fixed Assets and Depreciation: Fixed assets are stated at cost or at estimated fair value for donated property. Depreciation is computed over the estimated useful lives of the assets by the straight-line method. Useful lives range from 10 years for land improvements, 5-40 years for building and building improvements, 3-15 years for certain furniture, and 5-15 years for maintenance equipment. The Organization capitalized interest costs incurred during the construction of the facility. Such costs are included in buildings and are being amortized by the straight-line method over the estimated lives of the assets. Fixed asset costs are not capitalized unless they are $5,000 or greater. Any proceeds from the sale of land, building or building improvements must be used to pay on the mortgage. Rental Income and Security Deposits: Rental income is recorded as earned and amounts received in advance are classified as deferred rent credit. Security deposits are segregated from rental income. All leases between the tenants and the Organization are operating leases. Income Taxes: The Organization has received a determination that it is exempt from federal income taxes, except for tax on unrelated business income, under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Michigan taxes. The Organization had no unrelated business income for the years ended September 30, 2020 and 2019, respectively. In 2009, the Organization implemented the Financial Accounting Standards Board (FASB) provisions regarding accounting for uncertainty in income taxes, which had no material effect on the financial statements. Management records contingent liabilities in accordance with U.S. generally accepted accounting principles and believes the Organization has no material uncertain tax positions. Allowance for Bad Debts: No allowance for bad debts has been recorded. Tenant accounts generally are collectible as long as the tenant is occupying the unit. When the tenant vacates the unit, any unpaid balance remaining after application of the security deposit is charged to bad debt expense. Long-Lived Assets: The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be

recoverable. If it is determined that an impairment loss has occurred based on expected future cash flows, then the loss will be recognized in the income statement and certain disclosures regarding the impairment will be made in the financial statements. Regulatory Agreement: A regulatory agreement with HUD was signed in connection with the mortgage note. No violations of this agreement were noted for the years ended September 30, 2020 and 2019, respectively. Under the regulatory agreement, the Organization may not increase rents charged to tenants without HUD approval. The regulatory agreement with HUD stipulates, among other things, that the Organization will not make distributions of assets or income to any of its officers or directors. Subsequent Events: Management has evaluated subsequent events through December 5, 2020, the date the financial statements were issued.

S3100-050 Mortgages (or Bond) Payable Note

NOTE 6: Mortgage Payable: On July 21, 2017, the mortgage note was modified. The mortgage note payable has an interest rate of 3.78% (previously 6.08%). and is payable in monthly installments of $9,729.44 (previously $12,282.14), including interest, through January 2043. The mortgage note payable is collateralized by the Organizations land, building and equipment. The balance due, as of September 30, 2020 and 2019, respectively, is $1,759,108 and $1,808,352, respectively. Long- term mortgage payable is presented net of deferred financing fees of $87,936 and $91,933 as of September 30, 2020 and 2019, respectively. Estimated maturities of the mortgage are as follows: Year ending September 30, 2021 $ 51,139 2022 53,106 2023 55,148 2024 57,270 2025 59,472 Thereafter 1,482,973 Total 1,759,108 Less: deferred financing fees (87,936) Long-term debt $ 1,671,172

Details - Mortgages Payable

S3100-060 - Principal Payments in the next 12 months - Year 1	$ 51,139
S3100-070 - Principal Payments in the next 12 months - Year 2	$ 53,106
S3100-080 - Principal Payments in the next 12 months - Year 3	$ 55,148
S3100-090 - Principal Payments in the next 12 months - Year 4	$ 57,270
S3100-100 - Principal Payments in the next 12 months - Year 5	$ 59,472
S3100-110 - Principal Payments remaining after Year 5	$ 1,482,973

S3100-230 Management Fee Note

NOTE 7: Management and Accounting Fees: On August 1, 2018, the Presbyterian Villages took over the

management agent duties for Lynn Street Manor. All staffing for the Organization is provided by the management agent. The Organization reimburses the management agent for all related staffing expenses. The management agent provides certain management services to the Organization in accordance with a management services agreement. Under the terms of the agreement, the Organization is to pay the management agent a management fee equal to 6.13% of rental income collected from August 1, 2018 through July 31, 2021. The fee is limited to $46 per occupied unit per month. The management fees for 2020 and 2019 were $33,120 and $33,120, respectively. The management agent provides certain accounting services to the Organization in accordance with the annual budget. These services include the preparation of monthly financial statements, payroll services, processing and payment of invoices, HUD monthly reporting requirements and audit preparation. These fees are based on the management agent functional allocation. The accounting fees for 2020 and 2019 were $7,209 and $7,200, respectively.

Details - Related Party Transactions

S3100-240 Additional Note

NOTE 2: Change in Accounting Principle: On October 1, 2017, the Organization adopted new guidance related to the presentation of deferred financing fees in its statements of financial position. Under the new guidance, deferred financing fees are reported as a direct deduction from the carrying amount of the related debt. Previously, deferred financing fees were presented as an asset. The new presentation requirements were applied retrospectively and amounts reported in the 2019 statement of financial position have been restated for 2020 as follows: Statement of Financial Position as of September 30, 2020 As Computed As Reported Under Old Under New Effect of Method Method Change Other assets $ 87,936 $ 0 $ (87,936) Mortgage payable $ 1,759,108 $ 1,671,172 $ (87,936) The new guidance does not affect how the deferred fees are accounted for after initial recognition, and these amounts continue to be amortized over the term of the related debt. Accumulated amortization at September 30, 2020 and 2019 was $51,961 and $47,964, respectively. NOTE 3: Cash Entity: Cash entity consists of contributions received from various entities and individuals for the purpose of funding those expenses which are not a part of housing operations. NOTE 4: Tenant Deposits: Tenant deposits are held in a separate bank savings account in the name of the Organization. The covenants of the HUD loan agreement and HUD regulations require the Organization to maintain a security deposit trust account which must equal or exceed the aggregate of all outstanding obligations to the tenants for refundable security deposits. NOTE 5: Restricted Deposits and Funded Reserves: Restricted deposits and funded reserves consist of: Replacement

reserve - the regulatory agreement between HUD and the Organization requires a monthly deposit to a reserve fund for replacing assets of the Organization. Residual receipts reserve - this account consists of accumulated surplus cash from operations. These funds are available for future project operations, with HUD approval, in the event of a deficiency in cash flow. Escrow deposits and other reserves as part of the Organizations refinancing agreement, the Organization is required to maintain escrow accounts for NOTE 8: Retirement Plan: Presbyterian Villages of Michigan (PVM) maintains a tax-sheltered retirement plan under Internal Revenue Code Section 403(b). Under this plan, all employees are eligible to participate in the plan upon hire. PVM matching contributions are made when an employee has completed twelve months of continuous service at PVM. Lynn Street Manor?s existing employees as of the date of change in management services were grandfathered into the PVM plan with their Lynn Street date of hire. PVM will match 25% of each qualified participant?s contribution, up to a maximum of 2% of compensation. NOTE 9: Unrestricted Net Assets: None of the Organizations net assets are subject to donor-imposed restrictions. Accordingly, all net assets are accounted for as unrestricted net assets. NOTE 10: Functional Expenses: For the years ended September 30, 2020 and 2019, expenses are functionally allocated as follows: September 30, 2020 2019 Program services $ 368,141 $ 377,993 General and administrative 167,237 170,775 Total Functional Expenses $ 535,378 $ 548,768 Costs have been allocated between program services and general and administrative services on several bases and estimates. Although the methods of allocation are considered appropriate, other methods could be used that would produce different amounts. NOTE 11: Current Vulnerability: The Organizations sole asset is a 60-unit apartment project. The Organizations operations are concentrated in the multi-family real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including additional administrative burden, to comply with a change. Senior Citizens Housing of Onaway, Inc. HUD Project No. 048- 11025 Notes to Financial Statements NOTE 12: Concentrations of Credit Risk: The Organization maintains its cash accounts in a national bank and does not consider there to be a significant credit risk arising from deposits in excess of federally insured limits. certain repairs and mortgage insurance. Note 13: Subsequent Event: PVM

has terminated the agreement with Principal effective December 31, 2020. The assets of the program will be merged into the Board of Pensions (BOP) Retirement Services Program (RSP) effective January 1, 2021. the RSP uses Fidelity as its recordkeeper and investment program. Thus, PVM will no longer have its own 403(b) program.

Report on the Financial Statement and on the Supplementary Schedule of Federal Awards

Account	Description	Value
S3400-020	Opinion	UNMODIFIED
S3400-030	Opinion Explanation	Independent Auditors Report: Board of Directors Senior Citizens Housing of Onaway, Inc. (Lynn Street Manor) Onaway, Michigan Report on the Financial Statements: We have audited the accompanying financial statements of Senior Citizens Housing of Onaway, Inc. (a nonprofit organization), HUD Project No. 048-11025, which comprise the statement of financial position as of September 30, 2020 and 2019, respectively, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. Managements Responsibility for the Financial Statements: Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Auditors Responsibility: Our responsibility is to express an opinion on these financial statements based on our 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 auditors judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entitys 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 entitys internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as

well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Opinion: In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Citizens Housing of Onaway, Inc., as of September 30, 2020 and 2019, respectively, 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.

S3400-050	Going Concern" Issue	Y

Report on Supplemental Data

Account	Description	Value
S3400-100	Opinion	UNMODIFIED
S3400-110	Opinion Explanation	Other Matters: Other 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 18 to 20 is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole. Other Reporting Required by Government Auditing Standards: In accordance with Government Auditing Standards, we have also issued our report dated December 30, 2020, on our consideration of Senior Citizens Housing of Onaway, Incs 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

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 Senior Citizens Housing of Onaway, Incs internal control over financial reporting and compliance. Barry E. Gaudette, CPA, PC December 30, 2020

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

Account	Description	Value
S3500-020	Instances of Fraud, Non-compliance, or Abuse of Laws, Regulations, Contracts or Grants That Have A Material Effect on the Financial Statements	N
S3500-030	Significant Deficiencies or Material Weaknesses in Internal Controls Over Financial Reporting Indicator	N

Report on Compliance and on Internal Control over Financial Reporting

Account	Description	Value
S3500-045	Comments on Internal Controls	

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 Senior Citizens Housing of Onaway, Inc., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2020. Internal Control Over Financial Reporting: In planning and performing our audit of the financial statements, we considered the Senior Citizens Housing of Onaway, Incs internal control over financial reporting (internal control) to determine the 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 Senior Citizens Housing of Onaway, Incs internal control. Accordingly, we do not express an opinion on the effectiveness of the Senior Citizens Housing of Onaway, Incs 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 entitys 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 Senior Citizens Housing of Onaway, Incs 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 determination of financial statement amounts. 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 entitys internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entitys internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Independent Auditors Report: Board of Directors Senior Citizens Housing of Onaway, Inc. (Lynn Street Manor) Onaway, Michigan 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 Senior Citizens Housing of Onaway, Inc., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 30, 2020. Internal Control Over Financial Reporting: In planning and performing our audit of the financial statements, we considered the Senior Citizens Housing of Onaway, Incs internal control over financial reporting (internal control) to determine the 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 Senior Citizens Housing of Onaway, Incs internal control. Accordingly, we do not express an opinion on the effectiveness of the Senior Citizens Housing of Onaway, Incs 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 entitys 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 Senior Citizens Housing of Onaway, Incs 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 determination of financial statement amounts. 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 entitys internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entitys internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Barry E. Gaudette, CPA, PC December 30, 2020

Report on Compliance and Internal Control over Compliance Applicable to Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

Account	Description	Value
S3600-015	Opinion on Compliance with Laws, Regulations, and	UNMODIFIED

	Contracts Applicable to Each Major Program	
S3600-020	Significant Deficiencies or Material Weaknesses in Internal Controls Over Compliance Indicator	N

Report on Compliance Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

Account	Description	Value
S3600-035	Comments on Non-compliance	Report on Compliance for Each Major Federal Program: We have audited Senior Citizens Housing of Onaway, Inc. compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Senior Citizens Housing of Onaway, Inc. major federal program for the year ended September 30, 2020. Senior Citizens Housing of Onaway, Inc. major federal program is identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs. Managements Responsibility: Management is responsible for compliance with federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs. Auditors Responsibility: Our responsibility is to express an opinion on compliance for Senior Citizens Housing of Onaway, Inc. 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 Senior Citizens Housing of Onaway, Incs compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Senior Citizens Housing of Onaway, Inc. compliance. Opinion on Each Major Federal Program: In our opinion, Senior Citizens Housing of Onaway, Inc. 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, 2020. Report on Internal Control Over Compliance: Management of Senior Citizens Housing of Onaway, Inc. 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 Senior Citizens Housing of Onaway, Inc. 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 its 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 Senior Citizens Housing of Onaway, Inc. 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.

Schedule of Findings and Questioned Costs

Account	Description	Value

S3700-010	Indicator - Any audit findings disclosed that are required to be reported in accordance with section 200.516 of OMB Uniform Guidance	N
S3700-020	Dollar threshold used to distinguish between type A and type B programs	$ 750,000
S3700-030	Low-Risk Auditee Indicator	Y

Schedule of Reserve for Replacement

Account	Description	Value
1320P	Balance at Beginning of Year	$ 106,586
1320DT	Total Monthly Deposits	$ 16,038
1320INT	Interest on Replacement Reserve Accounts	$ 198
1320	Balance at End of Year, Confirmed by Mortgagee	$ 122,822
1320R	Deposits Suspended or Waived Indicator	N

Schedule of Residual Receipts

Account	Description	Value
1340P	Balance at Beginning of Year	$ 15,871
1340INT	Interest on Residual Receipt Accounts	$ 28
1340	Balance at Current Fiscal Year End	$ 15,899

Computation of Surplus Cash, Distributions, and Residual Receipts (Annual)

Account	Description	Value
S1300-010	Cash	$ 38,567
1135	Accounts Receivable - HUD	$ 2,296
S1300-040	Total Cash	$ 40,863
S1300-050	Accrued Mortgage (or Bond) Interest Payable	$ 5,541
S1300-075	Accounts Payable - 30 days	$ 4,321
S1300-100	Accrued Expenses [not escrowed]	$ 14,734
2210	Prepaid Revenue	$ 1,146
2191	Tenant/Patient Deposits Held In Trust (Contra)	$ 15,620
S1300-140	Total Current Obligations	$ 41,362
S1300-150	Surplus Cash (Deficiency)	$- 499
S1300-210	Deposit Due Residual Receipts	$ 0

Schedule of Changes in Fixed Asset Accounts

Account	Description	Value
1410P	Beginning Balance for 1410	$ 40,619
1410	Land	$ 40,619
1420P	Beginning Balance for 1420	$ 2,158,237
1420	Buildings	$ 2,158,237
1440P	Beginning Balance for 1440	$ 88,719
1440	Building Equipment (Portable)	$ 88,719
1490P	Beginning Balance for 1490	$ 678,947
1490AT	Additions for 1490	$ 22,550

Details - Additions for 1490

	1490A-010 - Item Purchased	Finishings Common Area
	1490A-030 - Total Amount	$ 17,550
	1490A-010 - Item Purchased	Construction in progress
	1490A-030 - Total Amount	$ 5,000
1490	Miscellaneous Fixed Assets	$ 701,497
1400PT	Total Beginning Balance for Fixed Assets	$ 2,966,522
1400AT	Total Asset Additions	$ 22,550
1400T	Total Fixed Assets	$ 2,989,072
1495P	Beginning Balance for 1495	$ 2,478,126
6600	Total Provisions	$ 75,709
1495	Ending Balance for Accumulated Depreciation	$ 2,553,835
1400N	Total Net Book Value	$ 435,237

Details - Schedule of Expenditures of Federal Awards

S3300-020	Program Number	1
	S3300-030 - Name of Federal Agency	US DEPARTMENT OF HUD
	S3300-040 - Name of Federal Program	SECTION 223(F) DIRECT LOAN
	S3300-050 - CFDA Number	157
	S3300-080 - Federal Awards Expended	$ 1,759,108
	S3300-150 - Opinion	UNMODIFIED
S3300-020	Program Number	2
	S3300-030 - Name of Federal Agency	US DEPARTMENT OF HUD
	S3300-040 - Name of Federal Program	SERVICE COORDINATOR EXPENSES
	S3300-050 - CFDA Number	14.191
	S3300-080 - Federal Awards Expended	$ 21,921
	S3300-150 - Opinion	UNMODIFIED
S3300-020	Program Number	3
	S3300-030 - Name of Federal Agency	US DEPARTMENT OF HUD
	S3300-040 - Name of Federal Program	SECTION 8 HOUSING ASSISTANCE PAYMENTS
	S3300-050 - CFDA Number	14.195
	S3300-080 - Federal Awards Expended	$ 329,796
	S3300-150 - Opinion	UNMODIFIED

Schedule of Expenditures of Federal Awards

Account	Description	Value
S3300-500	Total Federal Awards Expended	$ 2,110,825
S3300-510	Note to the Schedule	NOTES TO THE SCHEDULE OF FEDERAL AWARDS: Basis of Accounting - The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended September 30, 2020. Expenditures reported on the Schedule are reported on the same basis of accounting as

the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the 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). In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Omnicircular, 2 CFR 200.420, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of the Organization. Indirect Cost Rate - The Authority did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Mortgagor's Certification

Account	Description	Value
S2900-010	Narrative	I/we hereby certify that I/we have examined the accompanying financial statements AND supplemental data and, to the best of my/our knowledge and belief, the same is complete AND accurate.
S2900-020	Name of Signatory #1	SANDRA GRULKE
S2900-025	Title of Certifying Official #1	CHAIR
S2900-030	Name of Signatory #2	LAURA SHACK

Mortgagors Certification

Account	Description	Value
S2900-035	Title of Certifying Official #2	SECRETARY

Mortgagor's Certification

Account	Description	Value
S2900-040	Auditee Telephone Number	2487332661
S2900-050	Date of Certification	12/30/2020
S2900-080	Auditee Name	LYNN STREET MANOR
S2900-090	Auditee Street Address Line 1	4255 S LYNN STREET
S2900-110	Auditee City	ONAWAY
S2900-120	Auditee State	MICHIGAN
S2900-130	Auditee Zip Code	49765
S2900-150	Auditee Contact Name	SHARON KINDT
S2900-160	Auditee Contact Title	PROPERTY MANAGER
S2900-170	Auditee Contact FAX Number	989 733 8572
S2900-180	Auditee Contact E-mail	989 785 7233

Managing Agent's Certification

Account	Description	Value
S3000-010	Narrative	I/we hereby certify that I/we have examined the accompanying financial statements AND supplemental data and, to the best of my/our knowledge and belief, the same is complete AND accurate.
S3000-020	Name of Managing Agent	LYNN STREE MANOR

S3000-030	Name of Signatory	KESHA AKRIDGE
S3000-040	Managing Agent TIN	381387145
S3000-050	Name of Property Manager	Barry E Gaudette

Auditor's Transmittal Letter

Account	Description	Value
S3200-005	Audit Firm ID (UII)	17440
S3200-010	Audit Firm	Barry E. Gaudette, CPA, PC
S3200-020	Lead Auditor First Name	BARRY
S3200-030	Lead Auditor Middle Name	ELWIN
S3200-040	Lead Auditor Last Name	GAUDETTE
S3200-045	Auditor Contact Title	CPA
S3200-050	Auditor Street Address Line 1	731 S Garfield Avenue
S3200-070	Auditor City	Traverse City
S3200-080	Auditor State	MI
S3200-090	Auditor Zip Code	49686
S3200-110	Telephone Number	(231) 946=8930
S3200-120	Audit Firm TIN	382527178
S3200-130	Date of Independent Auditor's Report	12/30/2020
S3200-140	Auditor Contact FAX Number	(946) 231-1377
S3200-150	Auditor Contact E-mail	bgaudette@charter.net

- end of statement -