

**Plymouth/Plymouth County Medical Investors  
Limited Partnership  
HUD Project No.: 023-22103**

**Financial Statements  
(With Supplementary Information)  
and Independent Auditor's Report**

**December 31, 2022**

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**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

Index

	<u>Page</u>
Mortgagor's Certification	2
Independent Auditor's Report	3
Financial Statements	
Balance Sheet	6
Statement of Operations	8
Statement of Partners' Equity (Deficit)	9
Statement of Cash Flows	10
Notes to Financial Statements	12
Supplementary Information	
Balance Sheet Data	19
Statement of Operations Data	21
Statement of Partners' Equity (Deficit) Data	24
Statement of Cash Flows Data	25
Reserve for Replacements	27
Computation of Surplus Cash, Distributions and Residual Receipts	28
Changes in Fixed Asset Accounts	29
Detail of Accounts - Balance Sheet	31
Detail of Accounts - Statement of Operations	31
Other Information	32
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 <i>Government Auditing Standards</i>	33
Independent Auditor's Report on Compliance for the Major HUD Program and Report on Internal Control over Compliance Required by the <i>Consolidated Audit Guide for Audits of HUD Programs</i>	35
Schedule of Findings, Questioned Costs and Recommendations	38
Schedule of the Status of Prior Audit Findings, Questioned Costs and Recommendations	39

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**December 31, 2022**

Mortgagor's Certification

I hereby certify that I have examined the accompanying financial statements and supplementary data of Plymouth/Plymouth County Medical Investors Limited Partnership and to the best of my knowledge and belief, the same are complete and accurate.

By: \_\_\_\_\_  
J. Stephen Ziegler  
Vice President of  
Developers Investment Company, Inc.,  
Corporate General Partner

Telephone Number: (423) 472- 9585

## Independent Auditor's Report

To Management  
Plymouth/Plymouth County Medical Investors Limited Partnership

Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of Plymouth/Plymouth County Medical Investors Limited Partnership, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, partners' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Plymouth/Plymouth County Medical Investors Limited Partnership, as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Plymouth/Plymouth County Medical Investors Limited Partnership, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

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

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

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The HUD-required financial data templates are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the HUD-required financial data templates are fairly stated in all material respects in relation to the financial statements as a whole.

### *Other Matters*

The Schedule of the Status of Prior Audit Findings, Questioned Costs, and Recommendations has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023, on our consideration of Plymouth/Plymouth County Medical Investors Limited Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Plymouth/Plymouth County Medical Investors Limited Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plymouth/Plymouth County Medical Investors Limited Partnership's internal control over financial reporting and compliance.



Charlotte, North Carolina  
March 16, 2023

Taxpayer Identification Number:  
22-1478099

Lead Auditor: Melissa W. Boone, CPA

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Balance Sheet**  
**December 31, 2022**

Assets

Current assets	
Prepaid expenses	\$ 12,523
Total current assets	<u>12,523</u>
Restricted deposits and funded reserves	
Escrow deposits	135,135
Reserve for replacements	<u>510,693</u>
Total restricted deposits and funded reserves	<u>645,828</u>
Rental property	
Land	967,311
Buildings	8,406,466
Building equipment - portable	<u>1,230,460</u>
	10,604,237
Less accumulated depreciation	<u>(8,272,325)</u>
Total rental property	<u>2,331,912</u>
Total assets	<u><u>\$ 2,990,263</u></u>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Balance Sheet**  
**December 31, 2022**

Liabilities and Partners' Equity (Deficit)

Current liabilities	
Mortgage payable - first mortgage (short-term)	\$ 206,667
Miscellaneous current liabilities	<u>126,287</u>
Total current liabilities	<u>332,954</u>
Long-term liabilities	
Mortgage payable - first mortgage	<u>7,257,395</u>
Total long-term liabilities	<u>7,257,395</u>
Total liabilities	<u>7,590,349</u>
Contingency	-
Partners' equity (deficit)	<u>(4,600,086)</u>
Total liabilities and partners' equity (deficit)	<u><u>\$ 2,990,263</u></u>

See Notes to Financial Statements.



**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Statement of Operations**  
**Year Ended December 31, 2022**

Revenue	
Lease revenue	<u>\$ 789,240</u>
Net lease revenue	789,240
Financial	<u>1,445</u>
Total revenue	<u>790,685</u>
Expenses	
Administrative	6,634
Operating and maintenance	39,789
Taxes and insurance	133,629
Financial (including interest of \$281,070)	<u>318,968</u>
Total cost of operations before depreciation	<u>499,020</u>
Income (loss) before depreciation	291,665
Depreciation	<u>478,925</u>
Net income (loss)	<u><u>\$ (187,260)</u></u>

See Notes to Financial Statements.

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Statement of Partners' Equity (Deficit)**  
**Year Ended December 31, 2022**

Partners' equity (deficit) December 31, 2021	\$ (4,412,826)
Net income (loss)	<u>(187,260)</u>
Partners' equity (deficit) December 31, 2022	<u><u>\$ (4,600,086)</u></u>

See Notes to Financial Statements.

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Statement of Cash Flows**  
**Year Ended December 31, 2022**

Cash flows from operating activities	
Rental receipts	\$ 789,240
Interest receipts	1,445
	<hr/>
Total receipts	790,685
	<hr/>
Administrative expenses paid	(6,634)
Operating and maintenance paid	(24,014)
Real estate taxes paid	(94,187)
Property insurance paid	(39,342)
Miscellaneous taxes and insurance paid	(100)
Interest paid on first mortgage	(280,474)
Mortgage insurance premium paid	(37,569)
	<hr/>
Total disbursements	(482,320)
	<hr/>
Net cash provided by operating activities	308,365
	<hr/>
Cash flows from investing activities	
Net deposits to mortgage escrows	(434)
Net deposits to reserve for replacements	(2,336)
Net purchases of fixed assets	(106,422)
	<hr/>
Net cash used in investing activities	(109,192)
	<hr/>
Cash flows from financing activities	
Mortgage principal payments - first mortgage	(199,173)
	<hr/>
Net cash used in financing activities	(199,173)
	<hr/>
Net increase in cash and restricted cash	-
	<hr/>
Cash and restricted cash, beginning	-
	<hr/>
Cash and restricted cash, end	\$ -
	<hr/>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Statement of Cash Flows**  
**Year Ended December 31, 2022**

Reconciliation of net income (loss) to net cash provided by operating activities	
Net income (loss)	<u>\$ (187,260)</u>
Adjustments to reconcile net income (loss) to net cash provided by operating activities	
Depreciation	478,925
Amortization of debt issuance costs	596
Loss on disposal of assets	2,025
Changes in asset and liability accounts	
(Increase) decrease in assets	
Prepaid expenses	329
Increase (decrease) in liabilities	
Other adjustments (include detail)	
Change in payable to Lessee - replacement reserve reimbursements	<u>13,750</u>
Total adjustments	<u>495,625</u>
Net cash provided by operating activities	<u><u>\$ 308,365</u></u>
Significant noncash investing and financing activities	
Purchase of fixed assets incurred and included in miscellaneous current liabilities as of December 31, 2022	<u><u>\$ 89,702</u></u>

See Notes to Financial Statements.

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Notes to Financial Statements**  
**December 31, 2022**

**Note 1 - Organization**

Plymouth/Plymouth County Medical Investors Limited Partnership (the Partnership) was formed as a limited partnership under the laws of the State of Tennessee on October 3, 2000, for the purpose of operating a nursing home for the elderly. On March 30, 2011, the Partnership refinanced its mortgage under Section 232 pursuant to Section 223(a)(7) of the National Housing Act. The project consists of a 150-bed nursing home facility located in Plymouth, Massachusetts and is currently operating under the name Life Care Center of Plymouth.

Cash distributions are limited by agreements between the Partnership and the U.S. Department of Housing and Urban Development (HUD) to the extent of surplus cash as defined by HUD.

**Note 2 - Significant accounting policies**

**Basis of accounting**

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Leasing activities**

The Partnership leases the property and equipment to a nursing home facility under an operating lease arrangement. The lease, as amended, is for an initial term of thirty-five years commencing September 17, 2002 and renews automatically for successive periods of one year unless cancelled by either party. During the initial term of the lease, the lease provides for monthly lease installments due to the Partnership equal to the monthly payments on the mortgage loan, which include both principal and interest. The lease also requires the Lessee to pay various partnership obligations under the mortgage loan, and other expenses, including the impounds and escrows, amounts for necessary maintenance of the project, as defined, any accounting or audit fees, and franchise, excise, income, sales or other taxes, and an amount equal to the general overhead and administrative expenses incurred by the Partnership in connection with the project.

**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.

**Accounts receivable and bad debts**

Receivables are charged against an allowance when they are deemed uncollectible. Management's estimate of the allowance is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance will change. As of December 31, 2022, management has deemed all accounts to be collectible.

**Escrow deposits**

Escrow deposits consist of funds required to be maintained under the Regulatory Agreement for real estate taxes, hazard insurance and mortgage insurance premiums.

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Notes to Financial Statements**  
**December 31, 2022**

**Replacement reserve**

Reserve for replacements consists of funds required to be maintained under the Regulatory Agreement for purchases, repairs and maintenance of lease property.

**Lease property**

Lease property is carried at cost less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives by use of the straight-line method for financial reporting purposes. For income tax purposes, accelerated lives and methods are used.

Construction and renovation projects undertaken by the Lessee are recorded by the Lessee at cost until the related project is completed and placed in service at which time the costs are transferred to the Partnership. Costs related to construction and renovation projects that are approved and released from the replacement reserve by HUD are transferred at the time of the release. Depreciation is deferred until the construction and renovation is complete.

**Impairment of long-lived assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of would be reported at the lower of the carrying amount or estimated fair value less costs to sell. During the year ended December 31, 2022, the Partnership has not recognized an impairment loss.

**Debt issuance costs**

Debt issuance costs, net of accumulated amortization, are reported as a direct deduction from the face amount of the mortgage payable to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using an imputed interest rate on the related loan.

**Other comprehensive income**

The Partnership had no items of other comprehensive income (loss) during the year ended December 31, 2022. Thus, comprehensive income (loss) equals net income (loss) for the year.

**Income taxes**

The Partnership has elected to be treated as a pass-through entity for income tax purposes and, as such, is not subject to income taxes. Rather, all items of taxable income, deductions and tax credits are passed through to and reported by its partners on their respective income tax returns. The Partnership's federal tax status as a pass-through entity is based on its legal status as a limited partnership. Accordingly, the Partnership is not required to take any tax positions in order to qualify as a pass-through entity. The Partnership is required to file and does file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure. Income tax returns filed by the Partnership are subject to examination by the Internal Revenue Service for a period of three years. The Partnership is no longer subject to tax examinations for tax years before 2019 and is not currently being examined by the Internal Revenue Service.

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Notes to Financial Statements**  
**December 31, 2022**

**Lease income**

Lease income is recognized on a straight-line basis over the life of the lease. Rental payments received in advance are deferred until earned. The lease between the Partnership and its tenant is an operating lease.

**Adopted accounting pronouncements**

During the year ended December 31, 2022, the Partnership adopted the provisions of Accounting Standards Update 2016-02 (as amended), *Leases (Topic 842)*, to address the classification and accounting treatment of leases. The Partnership implemented the provisions of ASU 2016-02 applicable to lessors in the accompanying financial statements. The adoption of this guidance had no effect on the Partnership's financial statements.

**Note 3 - Mortgage payable**

The mortgage is insured by the Federal Housing Administration (FHA) and is collateralized by a mortgage on the rental property. The mortgage bears interest at a rate of 3.70 percent per annum. Principal and interest are payable by the Partnership in monthly installments of \$39,970 through maturity on April 1, 2046.

A summary of the principal balance at December 31, 2022 is as follows:

Principal amount	\$ 7,471,883
Less unamortized discount and debt issuance costs	<u>(7,821)</u>
Long-term debt less unamortized discount and debt issuance costs	<u><u>\$ 7,464,062</u></u>

As of December 31, 2022, debt issuance costs related to the first mortgage payable, net of accumulated amortization, totaled \$7,821. Debt issuance costs on the mortgage loan are being amortized using an imputed interest rate of 3.7079 percent.

Under the agreements with the mortgage lender and FHA, the Partnership is required to make monthly escrow deposits for taxes, insurance and replacement of project assets, and is subject to restrictions as to operating policies, lease charges, operating expenditures and distributions to its partners.

The liability of the Partnership under the mortgage is limited to the underlying value of the real estate collateral plus other amounts deposited with the lender.

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Notes to Financial Statements**  
**December 31, 2022**

Aggregate annual maturities of the mortgage payable over each of the next five years and thereafter are as follows:

December 31, 2023	\$	206,667
2024		214,445
2025		222,515
2026		230,889
2027		239,579
Thereafter		<u>6,357,788</u>
	\$	<u>7,471,883</u>

**Note 4 - Related party transactions**

**Payable to Lessee**

The Partnership has a payable to Plymouth Medical Investors, LLC (the Lessee and a related party) in the amount of \$126,287. The Lessee purchases all fixed assets and incurs all repair and maintenance costs on behalf of the Partnership. Costs that are expected to be reimbursed from the replacement reserve are recorded by the Partnership as a payable to the Lessee. Costs that are not reimbursed from the replacement reserve are recorded by the Partnership as contributions of equity from the partners. When approved withdrawals from the replacement reserve are received by the Partnership, the Partnership disburses the amount of the replacement reserve withdrawal to the Lessee to settle the payable amount recorded. Because the Partnership is not permitted by HUD to make requests for withdrawals more often than quarterly (unless an emergency exists), the payable to Lessee is included in miscellaneous current liabilities.

**Insurance provider**

The Company has obtained its property insurance through Leader Care, Inc., a related party. During the year ended December 31, 2022, insurance premiums totaling \$39,342 were incurred and expensed.

**Note 5 - Operating lease - related party**

The Partnership leases the Life Care Center of Plymouth to Plymouth Medical Investors, LLC, a related party. The operating lease allows the facility to be used for the operations of a nursing home and ancillary uses, as defined. The initial lease term is for a period of thirty-five years and will renew automatically for successive periods of one year until the HUD-insured mortgage is paid off, after which it may be cancelled by either party. The monthly lease income shall be an amount equal to the monthly mortgage principal, interest and related escrow requirements, as defined in the mortgage note, plus reimbursement of certain operating costs. During the year ended December 31, 2022, the Partnership received \$789,240 in lease payments from the Lessee.



**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Notes to Financial Statements**  
**December 31, 2022**

The following is a summary of the minimum future lease income under the non-cancellable operating lease:

December 31, 2023	\$ 777,710
2024	777,710
2025	777,710
2026	777,710
2027	777,710
Thereafter	<u>14,193,208</u>
	<u>\$ 18,081,758</u>

Annual lease revenue is required in a sufficient amount to cover debt service under the mortgage, defined as principal, interest, tax and insurance escrows, and replacement reserve deposits. For the year ended December 31, 2022, lease receipts totaled \$789,240 and debt service payments totaled \$777,576.

**Note 6 - Concentration of risk**

The ability of the Partnership to meet its required debt service payments is contingent upon the Lessee's ability to make monthly lease payments.

The Partnership maintains its replacement reserve and escrow accounts with CFG Community Bank. At times, these balances may exceed the federal insurance limits; however, the Partnership has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to the reserve and escrow balances at December 31, 2022.

The managing agent utilizes a central cash investment account for deposits of facilities under its management. The cash is held by a related party. At all times specific facility cash can be accounted for; however, the name on the bank account is that of the related party. Accordingly, such funds have been classified as cash and cash equivalents - held by management agent. The cash account balance related to regulated properties within the concentration account is not permitted to go below zero.

**Note 7 - Commitments and contingencies**

Life Care Centers of America, Inc. (LCCA) is related to and manages the Partnership and the nursing facility operations of the Lessee. LCCA also owns and manages numerous other nursing facilities throughout the country.

The facilities owned and managed by LCCA operate in industries that are extensively regulated. As such, in the ordinary course of business, they are continuously subject to state and federal regulatory scrutiny, supervision and control. Such regulatory scrutiny often includes inquiries, investigations, examinations, audits, site visits and surveys, some of which are non-routine. In addition to being subject to direct regulatory oversight of state and federal regulatory agencies, these industries are frequently subject to the regulatory supervision of fiscal intermediaries. If a provider is found by a court of competent jurisdiction to have engaged in improper practices, it could be subject to civil, administrative or criminal fines, penalties or restitutionary relief, and reimbursement authorities could also seek the suspension or exclusion of the provider or individual

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Notes to Financial Statements**  
**December 31, 2022**

from participation in their program. LCCA and the Partnership believe that there has been, and will continue to be, an increase in governmental investigations of long-term care providers, particularly in the area of Medicare/Medicaid false claims and COVID-19 related inquiries, as well as an increase in enforcement actions resulting from these investigations. Adverse determinations in legal proceedings or governmental investigations currently asserted against LCCA and related entities or arising in the future could have a material adverse effect on LCCA's and the Partnership's financial position, results of operations and cash flows.

**COVID-19**

The 2019 novel coronavirus or (COVID-19) has adversely affected, and could continue to adversely affect economic activity globally, nationally, and locally. Additionally, it has negatively impacted census and demand for the Lessee's (a related party) services and increased the Lessee's costs. These conditions have adversely affected the Partnership's cash flows, financial condition, and results of operations. The Lessee at this time does not know how long it will take to recover from its decline in census, which has resulted in lost revenues, nor how long it will take to stabilize increases in operating costs associated with COVID-19. The extent of the continued adverse impact of the COVID-19 outbreak on the Lessee and its impact on the Partnership cannot be predicted at this time.

**Note 8 - Subsequent events**

Events that occur after the balance sheet date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the balance sheet date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the balance sheet date require disclosure in the accompanying notes. Management evaluated the activity of the Partnership through March 16, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**Supplementary Information**  
**Supporting Data Required By HUD**

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**

**Balance Sheet Data**  
**December 31, 2022**

<u>Account No.</u>		<u>Assets</u>	
Current assets			
1200	Prepaid expenses		<u>\$ 12,523</u>
1100T	Total current assets		12,523
Restricted deposits and funded reserves			
1310	Escrow deposits	\$ 135,135	
1320	Reserve for replacements	<u>510,693</u>	
1300T	Total deposits		645,828
Rental property			
1410	Land	967,311	
1420	Buildings	8,406,466	
1440	Building equipment - portable	<u>1,230,460</u>	
1400T	Total fixed assets	10,604,237	
1495	Less accumulated depreciation	<u>(8,272,325)</u>	
1400N	Net fixed assets		<u>2,331,912</u>
1000T	Total assets		<u><u>\$ 2,990,263</u></u>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**

**Balance Sheet Data**  
**December 31, 2022**

<u>Account No.</u>		<u>Liabilities and Partners' Equity (Deficit)</u>	
Current liabilities			
2170	Mortgage payable - first mortgage (short-term)	\$	206,667
2190	Miscellaneous current liabilities		<u>126,287</u>
2122T	Total current liabilities		332,954
Long-term liabilities			
2320	Mortgage payable - first mortgage	<u>\$ 7,257,395</u>	
2300T	Total long-term liabilities		<u>7,257,395</u>
2000T	Total liabilities		7,590,349
3130	Partners' equity (deficit)		<u>(4,600,086)</u>
2033T	Total liabilities and partners' equity (deficit)	<u>\$</u>	<u>2,990,263</u>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**

**Statement of Operations Data**  
**Year Ended December 31, 2022**

Account No.

Rental revenue

5195	Lease revenue (nursing home or Section 232 - B&C or AL)	<u>\$ 789,240</u>	
5100T	Total rental revenue		\$ 789,240
Financial revenue			
5440	Revenue from investments - replacement reserve	<u>1,445</u>	
5400T	Total financial revenue		<u>1,445</u>
5000T	Total revenue		<u>790,685</u>

Account No.

Administrative expenses

6340	Legal expense - project	531	
6350	Auditing expense	4,430	
6351	Bookkeeping fees/accounting services	<u>1,673</u>	
6263T	Total administrative expenses		6,634
Operating and maintenance expenses			
6590	Miscellaneous operating and maintenance expenses	<u>39,789</u>	
6500T	Total operating and maintenance expenses		39,789

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**

**Statement of Operations Data**  
**Year Ended December 31, 2022**

<u>Account No.</u>			
Taxes and insurance			
6710	Real estate taxes	94,187	
6720	Property and liability insurance	39,342	
6790	Miscellaneous taxes, licenses, permits and insurance	<u>100</u>	
6700T	Total taxes and insurance		133,629
Financial expenses			
6820	Interest on first mortgage payable	281,070	
6850	Mortgage insurance premium/service charge	<u>37,898</u>	
6800T	Total financial expenses		<u>318,968</u>
6000T	Total cost of operations before depreciation		<u>499,020</u>
5060T	Income (loss) before depreciation		<u>291,665</u>
Depreciation			
6600	Depreciation expense	<u>478,925</u>	
	Total depreciation		<u>478,925</u>
5060N	Operating income (loss)		<u>(187,260)</u>
	Total expenses		<u>977,945</u>
3250	Net income (loss)		<u>\$ (187,260)</u>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**

**Statement of Operations Data**  
**Year Ended December 31, 2022**

<u>Account No.</u>	
S1000-010	Total first mortgage (or bond) principal payments required during the audit year (12 monthly payments). Applies to all direct loans and HUD-held and fully-insured first mortgages.
	<u>\$ 199,173</u>
S1000-020	Total of 12 monthly deposits in the audit year made to the replacement reserve account, as required by the regulatory agreement, even if payments may be temporarily suspended or reduced.
	<u>\$ 131,328</u>
S1000-030	Replacement reserve, or residual receipts and releases which are included as expense items on the statement of operations.
	<u>\$ 2,333</u>



**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**

**Statement of Partners' Equity (Deficit) Data**  
**Year Ended December 31, 2022**

<u>Account No.</u>		
S1100-010	Partners' equity (deficit) December 31, 2021	\$ (4,412,826)
3250	Net income (loss)	<u>(187,260)</u>
3130	Partners' equity (deficit) December 31, 2022	<u>\$ (4,600,086)</u>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**

**Statement of Cash Flows Data**  
**Year Ended December 31, 2022**

<u>Account No.</u>		
	Cash flows from operating activities	
S1200-010	Rental receipts	\$ 789,240
S1200-020	Interest receipts	1,445
		<hr/>
S1200-040	Total receipts	790,685
		<hr/>
S1200-050	Administrative expenses paid	(6,634)
S1200-110	Operating and maintenance paid	(24,014)
S1200-120	Real estate taxes paid	(94,187)
S1200-140	Property insurance paid	(39,342)
S1200-150	Miscellaneous taxes and insurance paid	(100)
S1200-180	Interest paid on first mortgage	(280,474)
S1200-210	Mortgage insurance premium paid	(37,569)
		<hr/>
S1200-230	Total disbursements	(482,320)
		<hr/>
S1200-240	Net cash provided by operating activities	308,365
		<hr/>
	Cash flows from investing activities	
S1200-245	Net deposits to mortgage escrows	(434)
S1200-250	Net deposits to reserve for replacements	(2,336)
S1200-330	Net purchases of fixed assets	(106,422)
		<hr/>
S1200-350	Net cash used in investing activities	(109,192)
		<hr/>
	Cash flows from financing activities	
S1200-360	Mortgage principal payments - first mortgage	(199,173)
		<hr/>
S1200-460	Net cash used in financing activities	(199,173)
		<hr/>
S1200-470	Net increase in cash	-
		<hr/>
S1200-480	Cash, beginning	-
		<hr/>
S1200T	Cash, end	\$ -
		<hr/> <hr/>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**

**Statement of Cash Flows Data**  
**Year Ended December 31, 2022**

<u>Account No.</u>			
	Reconciliation of net income (loss) to net cash provided by operating activities		
3250	Net income (loss)		\$ (187,260)
	Adjustments to reconcile net income (loss) to net cash provided by operating activities		
6600	Depreciation		478,925
S1200-486	Amortization of debt issuance costs		596
	Changes in asset and liability accounts		
	(Increase) decrease in assets		
S1200-520	Prepaid expenses		329
	Increase (decrease) in liabilities		
S1200-600	Other adjustments (include detail)		
S1200-601	Loss on disposal of assets	\$ 2,025	
	Change in payable to Lessee - replacement		
S1200-601	reserve reimbursements	<u>13,750</u>	
			<u>15,775</u>
	Total adjustments		<u>495,625</u>
S1200-610	Net cash provided by operating activities		<u>\$ 308,365</u>
S1200-620	Comments		
	Purchase of fixed assets incurred and included in miscellaneous current liabilities as of December 31, 2022		<u>\$ 89,702</u>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**  
**Year Ended December 31, 2022**

**Reserve for Replacements**

<u>Account No.</u>		
1320P	Balance at December 31, 2021	\$ 508,357
1320DT	Total monthly deposits	131,328
1320INT	Interest income	1,445
1320WT	Approved withdrawals	<u>(130,437)</u>
1320	Balance at December 31, 2022	<u><u>\$ 510,693</u></u>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**  
**Year Ended December 31, 2022**

**Computation of Surplus Cash, Distributions and Residual Receipts**

<u>Account No.</u>	<u>Part A - Compute Surplus Cash</u>	
S1300-010	Cash (Accounts 1120, 1170 and 1191)	\$ -
1135	Accounts receivable - HUD	-
		<hr/>
S1300-040	Total cash	-
		<hr/>
S1300-050	Accrued mortgage interest payable	-
S1300-060	Delinquent mortgage principal payments	-
S1300-070	Delinquent deposits to reserve for replacements	-
S1300-075	Accounts payable (due within 30 days)	-
S1300-080	Loans and notes payable (due within 30 days)	-
S1300-090	Deficient tax, insurance or MIP escrow deposits	-
S1300-100	Accrued expenses (not escrowed)	-
2210	Prepaid revenue (Account 2210)	-
2191	Tenant security deposits liability (Account 2191)	-
		<hr/>
S1300-140	Less total current obligations	-
		<hr/>
S1300-150	Surplus cash (deficiency)	\$ -
		<hr/> <hr/>
S1300-200	Amount available for distribution during next fiscal period	\$ -
		<hr/> <hr/>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**  
**Year Ended December 31, 2022**

**Changes in Fixed Asset Accounts**

	Assets			
	Balance 12/31/21	Additions	Deletions	Balance 12/31/22
Land	\$ 967,311	\$ -	\$ -	\$ 967,311
Buildings	8,322,949	83,517	-	8,406,466
Building equipment - portable	1,193,856	46,829	10,225	1,230,460
	<u>\$ 10,484,116</u>	<u>\$ 130,346</u>	<u>\$ 10,225</u>	<u>\$ 10,604,237</u>
Accumulated depreciation	<u>\$ 7,801,600</u>	<u>\$ 478,925</u>	<u>\$ 8,200</u>	<u>\$ 8,272,325</u>
Total net book value				<u>\$ 2,331,912</u>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**  
**Year Ended December 31, 2022**

Fixed Asset Detail

Additions to Buildings Account

<u>Item and quantity</u>	<u>Amount</u>
HVAC equipment	\$ 75,879
Doors, hardware and installation	7,638
	<u>\$ 83,517</u>

Additions to Building Equipment - Portable Account

<u>Item and quantity</u>	<u>Amount</u>
Computers and office equipment	\$ 19,403
Laundry equipment and appliances	783
Health and medical equipment	1,001
Restroom equipment and accessories	1,247
Food service equipment	9,646
Air purification and disinfection equipment	955
Maintenance and housekeeping equipment	12,015
Mobility equipment	1,779
	<u>\$ 46,829</u>

Deductions from Building Equipment - Portable Account

<u>Item and quantity</u>	<u>Amount</u>
Computers and office equipment	\$ 743
Food service equipment	8,367
Maintenance and housekeeping equipment	1,115
	<u>\$ 10,225</u>

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**  
**Year Ended December 31, 2022**

**Detail of Accounts - Balance Sheet**

Miscellaneous Current Liabilities (Account No. 2190)

Payable to Lessee - replacement reserve reimbursements	\$ 126,287
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**Detail of Accounts - Statement of Operations**

Miscellaneous Operating and Maintenance Expenses (Account No. 6590)

Plant minor equipment	\$ 11,335
Loss on disposal of asset	2,025
Plant repairs and maintenance	<u>26,429</u>
	<u>\$ 39,789</u>



**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Supplementary Information**  
**Year Ended December 31, 2022**

**Other Information**

Related party transactions detail:

<u>Account No.</u>	<u>Entity name</u>	<u>Amount paid</u>
S3100-210	Leader Care, Inc. - Property insurance	<u>\$ 39,342</u>

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

To Management  
Plymouth/Plymouth County Medical Investors Limited Partnership

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 Plymouth/Plymouth County Medical Investors Limited Partnership, which comprise the balance sheet as of December 31, 2022, and the related statements of operations, partners' equity (deficit), and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Plymouth/Plymouth County Medical Investors Limited Partnership's internal control over financial reporting as a basis for designing 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 Plymouth/Plymouth County Medical Investors Limited Partnership's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Plymouth/Plymouth County Medical Investors Limited Partnership's internal control over financial reporting.

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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

## Purpose of this Report

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

*CohnReznick LLP*

Charlotte, North Carolina  
March 16, 2023

Independent Auditor's Report on Compliance for the Major HUD  
Program and Report on Internal Control over Compliance Required by the  
*Consolidated Audit Guide for Audits of HUD Programs*

To Management  
Plymouth/Plymouth County Medical Investors Limited Partnership

Report on Compliance for the Major HUD Program

*Opinion on the Major HUD Program*

We have audited Plymouth/Plymouth County Medical Investors Limited Partnership's compliance with the compliance requirements described in the *Consolidated Audit Guide for Audits of HUD Programs* (the "Guide") that could have a direct and material effect on Plymouth/Plymouth County Medical Investors Limited Partnership's major U.S. Department of Housing and Urban Development ("HUD") program for the year ended December 31, 2022. Plymouth/Plymouth County Medical Investors Limited Partnership's major HUD program and the related direct and material compliance requirements are as follows:

Name of Major HUD Program	Direct and Material Compliance Requirements
Section 232 mortgage insurance program	<ul style="list-style-type: none"> <li>c. Mortgage Status</li> <li>d. Replacement Reserve</li> <li>f. Distributions to Owners</li> <li>g. Equity Skimming</li> <li>h. Cash Receipts</li> <li>i. Cash Disbursements</li> <li>m. Management Functions</li> <li>n. Unauthorized Change of Ownership/Acquisition of Liabilities</li> <li>o. Unauthorized Loans of Project Funds</li> <li>q. Leased Nursing Homes</li> </ul>

In our opinion, Plymouth/Plymouth County Medical Investors Limited Partnership complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major HUD program for the year ended December 31, 2022.

*Basis for Opinion on the Major HUD Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Guide. Our responsibilities under those standards and the Guide are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Plymouth/Plymouth County Medical Investors Limited Partnership and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that our audit provides a reasonable basis for our opinion on compliance for the major HUD program. Our audit does not provide a legal determination of Plymouth/Plymouth County Medical Investors Limited Partnership's compliance.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or and grant agreements applicable to its HUD program.

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Plymouth/Plymouth County Medical Investors Limited Partnership's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Plymouth/Plymouth County Medical Investors Limited Partnership's compliance with the requirements of the Major HUD program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Plymouth/Plymouth County Medical Investors Limited Partnership's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Plymouth/Plymouth County Medical Investors Limited Partnership's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of Plymouth/Plymouth County Medical Investors Limited Partnership's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control over Compliance

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a compliance requirement of a HUD 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 compliance requirement of a HUD 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 compliance requirement of a HUD program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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



Charlotte, North Carolina  
March 16, 2023

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Schedule of Findings, Questioned Costs and Recommendations**  
**December 31, 2022**

Our audit disclosed no findings that are required to be reported herein under the HUD Consolidated Audit Guide.

**Plymouth/Plymouth County Medical Investors Limited Partnership**  
**HUD Project No.: 023-22103**

**Schedule of the Status of Prior Audit Findings,  
Questioned Costs and Recommendations  
December 31, 2022**

- 1) Audit report dated March 18, 2022, for the year ended December 31, 2021, issued by CohnReznick LLP.

There are no open findings from the prior audit report.

- 2) There were no reports issued by HUD OIG or other Federal agencies or contract administrators during the period covered by the audit.
- 3) There were no letters or reports issued by HUD management during the period covered by this audit.





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