



*Report of Independent Auditors and
Financial Statements with
Supplementary Information*

Lytton Gardens II
HUD Project No.: 121-EH 003-NP-L8-WAH
Community Housing, Inc.
(a California Nonprofit Public Benefit Corporation)

March 31, 2018 and 2017

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Report of Independent Auditors

The Board of Directors
Lytton Gardens II
Community Housing, Inc.
(a California Nonprofit Public Benefit Corporation)

Report on the Financial Statements

We have audited the accompanying financial statements of Lytton Gardens II (the “Project”), HUD Project No. 121-EH 003-NP-L8-WAH, of the Community Housing, Inc. (a California nonprofit public benefit corporation) (“CHI”), which comprise the statements of financial position as of March 31, 2018 and 2017, and the related statements of activities and changes in net assets 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 audits. We conducted our audits 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 audits 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 Lytton Gardens II, as of March 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information Required by HUD and Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 16 to 26 is presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards as shown on page 28 required by *Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") is presented for purposes of additional analysis and is not a required part of the financial statement. 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 a report dated June 28, 2018, on our consideration of the Project's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Project'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 the Project's internal control over financial reporting and compliance.



San Francisco, California
June 28, 2018

Financial Statements

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Statements of Financial Position
March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 449,042	\$ 511,815
Accounts receivable - operations	8,192	-
Accounts receivable - affiliated organizations	-	3,919
Prepaid expenses	<u>39,481</u>	<u>39,794</u>
Total current assets	<u>496,715</u>	<u>555,528</u>
TENANT SECURITY DEPOSITS	<u>28,105</u>	<u>28,196</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Replacement reserves	1,736,459	1,931,794
Residual receipts	<u>21,113</u>	<u>21,085</u>
Total restricted deposits and funded reserves	<u>1,757,572</u>	<u>1,952,879</u>
PROPERTY AND EQUIPMENT		
Land and land improvements	564,827	550,184
Building and building improvements	5,274,710	5,455,628
Furniture and fixtures	117,420	117,420
Office equipment	<u>96,962</u>	<u>96,962</u>
	<u>6,053,919</u>	<u>6,220,194</u>
Accumulated depreciation	<u>(3,650,213)</u>	<u>(3,835,882)</u>
Total property and equipment, net	<u>2,403,706</u>	<u>2,384,312</u>
TOTAL ASSETS	<u>\$ 4,686,098</u>	<u>\$ 4,920,915</u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Statements of Financial Position (continued)
March 31, 2018 and 2017

	2018	2017
CURRENT LIABILITIES		
Accounts payable	\$ 450,943	\$ 515,874
Accounts payable - affiliated organizations	247,844	231,268
Accrued wages payable	169,508	97,665
Other accrued liabilities	264	122
Accrued interest	1,598	3,043
Mortgage payable - current portion	252,055	235,354
Total current liabilities	1,122,212	1,083,326
TENANT SECURITY DEPOSITS	28,105	28,196
LONG-TERM LIABILITIES		
Total long-term liabilities	43,716	295,771
Total liabilities	1,194,033	1,407,293
NET ASSETS		
Unrestricted net assets		
Designated by the Board:		
Restricted deposits and funded reserves	1,757,572	1,952,879
Undesignated	1,734,493	1,560,743
Total unrestricted net assets	3,492,065	3,513,622
TOTAL LIABILITIES AND NET ASSETS	\$ 4,686,098	\$ 4,920,915

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Statements of Activities and Changes in Net Assets
Years Ended March 31, 2018 and 2017

	2018	2017
UNRESTRICTED REVENUES AND SUPPORT		
Rental income, net of vacancy loss of \$60,381 in 2018 and \$41,750 in 2017	\$ 414,956	\$ 368,847
HUD assistance income	1,506,244	1,479,844
Interest income	3,212	1,572
Laundry and other	1,374	1,205
Food service and other	678,394	724,432
Miscellaneous income	17,025	14,319
Total unrestricted revenues and support	<u>2,621,205</u>	<u>2,590,219</u>
PROGRAM EXPENSES		
Administrative	457,853	425,425
Utilities	123,233	123,054
Operating and maintenance	339,865	337,172
Taxes and insurance	170,320	129,609
Financial expense	27,746	43,525
Food service and other	1,231,724	1,159,434
Depreciation	292,021	276,309
Total program expenses	<u>2,642,762</u>	<u>2,494,528</u>
CHANGE IN UNRESTRICTED NET ASSETS	(21,557)	95,691
NET ASSETS, beginning of year	<u>3,513,622</u>	<u>3,417,931</u>
NET ASSETS, end of year	<u>\$ 3,492,065</u>	<u>\$ 3,513,622</u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Statements of Cash Flows
Years Ended March 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Rental receipts	\$ 1,916,927	\$ 1,844,772
Interest receipts	3,212	1,572
Other operating receipts	717,186	739,956
Total receipts	2,637,325	2,586,300
Administrative	(83,496)	(141,362)
Management fee	(201,829)	(111,018)
Utilities	(188,164)	(44,014)
Salaries and wages	(277,542)	(313,330)
Operating and maintenance	(168,618)	(161,494)
Real estate taxes	(79)	51
Property insurance	(38,596)	(36,738)
Miscellaneous taxes and insurance	(130,842)	(92,632)
Other operating expenses	(1,231,724)	(1,159,434)
Interest on first mortgage	(27,746)	(43,525)
Total disbursements	(2,348,636)	(2,103,496)
Cash provided by operating activities	288,689	482,804
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(311,415)	(221,178)
Funding of replacement reserves	(3,184)	(207,080)
Release of replacement reserves	198,519	235,079
Change in replacement reserves	-	(12,925)
Change in residual receipts	(28)	12,925
Cash used in investing activities	(116,108)	(193,179)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on mortgage payable	(235,354)	(219,760)
Cash used in financing activities	(235,354)	(219,760)
(DECREASE) INCREASE IN CASH	(62,773)	69,865
CASH AND CASH EQUIVALENTS, beginning of year	511,815	441,950
CASH AND CASH EQUIVALENTS, end of year	\$ 449,042	\$ 511,815

See accompanying notes.

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Statements of Cash Flows (continued)
Years Ended March 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in unrestricted net assets	\$ (21,557)	\$ 95,691
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	292,021	276,309
Changes in operating assets and liabilities:		
Accounts receivable	(4,273)	(3,919)
Prepaid expenses	313	(3,051)
Accounts payable	(64,931)	79,040
Accounts payable - affiliated organizations	16,576	11,819
Accrued wages payable	71,843	29,736
Other accrued liabilities	142	(1,562)
Accrued interest	(1,445)	(1,259)
	<u>\$ 288,689</u>	<u>\$ 482,804</u>
Cash provided by operating activities		

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Notes to Financial Statements

NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations – Community Housing, Inc. (“CHI”), is a California nonprofit public benefit corporation organized in 1970 to provide housing and personal care programs for the elderly. Covia Affordable Communities (“Affordable Communities”), formerly Lytton Gardens Senior Communities, a California nonprofit public benefit corporation, is sole member of CHI. In 1979, CHI opened a 100-unit apartment complex, consisting of 50 residential care apartments and 50 independent living apartments, Lytton Gardens II (the “Project”), in Palo Alto, California. The Project is operated under Section 202 of the National Housing Act and is regulated by the U.S. Department of Housing and Urban Development (“HUD”) as to rent charges, operating methods, and other matters. The Project entered into a Section 8 Housing Assistance Payments (“HAP”) Program Contract with HUD for 100 apartments and generates its revenue primarily from rental income. Rental fee increases are subject to HUD approval.

Affiliated organizations – CHI, which operates Lytton Gardens I and II (both affordable senior housing communities), through its sole member Affordable Communities, a management, and fundraising support organization is affiliated with Lytton IV Housing Corporation, Oak Center Towers, Presidio Gate Apartments, and Jennings Senior Housing, Inc., all of which are also affordable senior housing communities. Through Affordable Communities’ sole member, Covia Group (“Group”), formerly Senior Resources of the West, a California nonprofit public benefit corporation, the Project is also affiliated with Covia Communities (“Communities”), formerly Episcopal Senior Communities, which operates six life plan communities, Covia Foundation (“Foundation”), formerly Episcopal Senior Communities Foundation, a fundraising and supporting organization to Communities, (collectively, the “Affiliates”). All of the Affiliates are California nonprofit public benefit corporations. Some of the Affiliates share common officers, directors, and management and, at times, provide various support services to one another. The Affiliates’ financial statements are not included in the accompanying financial statements of the Project.

Basis of presentation – The financial statements have been prepared on the accrual basis of accounting which recognizes income in the period earned and expenses when incurred, consistent with accounting principles generally accepted in the United States of America.

Cash and cash equivalents – Cash and cash equivalents includes cash on hand and cash held in demand deposit, sweep, savings accounts, and certain investments in highly liquid instruments with original maturities of three months or less. Not included in cash are funds restricted as to their use, regardless of their liquidity, such as security deposits and replacement reserves.

Concentration of risk – Financial instruments potentially subjecting the Project to concentrations of credit risk consist primarily of bank demand deposits in excess of Federal Deposit Insurance Corporation (“FDIC”) limits.

Account receivables – The Project receives payment from residents and HUD for services provided. The Project uses the specific write-off method to provide for doubtful accounts since past experience and management’s estimation indicates an adequate allowance for such accounts is immaterial.

Restricted deposits and funded reserves – Assets whose use is limited, are funded reserves for replacement of the Project. Such assets consist of cash and cash equivalents carried at fair value based on quoted market prices (see Note 2).

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Notes to Financial Statements (continued)

Property and equipment – Property and equipment are stated at cost. Acquisitions of \$5,000 or more and with a useful life of more than one year are capitalized. Depreciation is based upon straight-line method at rates based on the estimated useful lives of the various classes of property which range from 3 to 40 years. The Project periodically evaluates the carrying value of its long-lived assets for impairment. Based on this evaluation, no impairment was recorded for the years ended March 31, 2018 and 2017.

Tenant security deposits – In accordance with government regulations for the Project, the Project must maintain on deposit funds equal to the related liability for tenant security deposits. Security deposits are held in a separate interest-bearing account in the name of Lytton Gardens II.

Net assets – The Project classifies net assets as follows:

Unrestricted net assets represent unrestricted resources available to support the Project's operations and temporarily restricted resources which have become available for use by the Project in accordance with the intention of the donor.

Temporarily restricted net assets represent contributions that are limited in use by the Project in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Project according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. Temporarily restricted net assets are available primarily for assistance and capital projects as designated by the donors. At March 31, 2018 and 2017, the Project had no temporarily restricted net assets.

Permanently restricted net assets represent net assets subject to donor-imposed stipulations that they be maintained by the Project in perpetuity. At March 31, 2018 and 2017, the Project had no permanently restricted net assets.

Revenue recognition – Rental income is shown at its maximum gross potential. Rental income is derived from rental rates subject to HUD approval. Vacancy loss is shown as a reduction in rental income. Rental units occupied by employees are included in rental income as an expense of operations. Other income includes fees for late payments, cleaning, damages, laundry facilities, and other charges, and is recorded when earned.

Tax-exempt status – The Project is managed under CHI which is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board.

The Project adopted the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 740-10, *Income Taxes*, relating to accounting for uncertain tax positions on April 1, 2009, which had no financial statement impact to the Project. The Project recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Project recognizes interest and penalties related to income tax matters in operating expenses.

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Notes to Financial Statements (continued)

Property taxes – The Project has filed and received an exemption from certain property taxes in accordance with Section 214 of the California Code.

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. These estimates and assumptions 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.

Economic concentrations – The future operations of the Project could be affected by changes in the economic or other conditions in the geographic area of Palo Alto, California or by changes in federal low-income housing subsidies or the demand for such housing.

NOTE 2 – RESTRICTED DEPOSITS AND FUNDED RESERVES

Replacement reserves – In accordance with the HUD regulatory agreement, the Project is required to maintain a reserve for replacement and repair of property and equipment. The reserve is required to be funded in the amount of \$20,549 per month. The funds are to be held by the mortgagee in trust in an interest-bearing account. All withdrawals require prior written approval by HUD. During the year ended March 31, 2018, the Project received approval to defer monthly payment for six months effective February 1 through July 31, 2017. In addition, the Project anticipates receiving approval for requested six month deferrals for the periods August 1, 2017 through January 31, 2018 and February 1, to July 31, 2018. The replacement reserve account activity for the fiscal years ended March 31 is as follows:

	2018	2017
Beginning balance at April 1,	\$ 1,931,794	\$ 1,946,868
Monthly deposits	-	205,490
Transfer	-	12,925
Withdrawals	(198,519)	(235,079)
Bank interest, net of bank fees	3,184	1,590
	\$ 1,736,459	\$ 1,931,794

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Notes to Financial Statements (continued)

Residual receipts – The Project is required to deposit surplus cash within 60 days after year end in a separate, interest-bearing account. The funds can be used for the operating needs of the property with the prior, written approval of HUD. The residual receipt's account activity for the fiscal years ended March 31 is as follows:

	<u>2018</u>	<u>2017</u>
Beginning balance at April 1,	\$ 21,085	\$ 34,010
Transfer	-	(12,925)
Interest	28	-
	<u>21,113</u>	<u>21,085</u>
Ending balance at March 31,	<u>\$ 21,113</u>	<u>\$ 21,085</u>

NOTE 3 – MORTGAGES PAYABLE

The Project's mortgage payable consisted of the following at March 31:

	<u>2018</u>	<u>2017</u>
HUD note – Secured by first deed of trust on the real property of the Project bearing 6.875% simple interest. This note is insured under the provisions of Section 202 of the National Housing Act. Monthly payment of principal and interest in the amount of \$22,045. Balance is due May 1, 2019.	<u>\$ 295,771</u>	<u>\$ 531,125</u>
Current portion	<u>252,055</u>	<u>235,354</u>
Total mortgage payable, net of current portion	<u>\$ 43,716</u>	<u>\$ 295,771</u>

Schedule maturities for the above mortgage payable are as follows:

<u>Year Ending March 31,</u>	
2019	\$ 252,055
2020	<u>43,716</u>
	<u>\$ 295,771</u>

NOTE 4 – HOUSING ASSISTANCE PAYMENTS PROGRAM CONTRACT

The Project has entered into a Section 8 HAP Program Contract with HUD for 100 units. The contract was most recently renewed on February 5, 2009, and is effective for 20 years from the date of renewal. HAP program revenue totaled \$1,506,244 and \$1,479,844 for the years ended March 31, 2018 and 2017, respectively.

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Notes to Financial Statements (continued)

NOTE 5 – RELATED-PARTY TRANSACTIONS

The Project, together with its affiliated organizations (Note 1), entered into a Memo of Understanding with Communities, on April 1, 2008, whereas Communities assigned Affordable Communities to provide certain administrative, accounting, fundraising, and other general management services and the employment of personnel on a shared basis. The Project incurred \$1,076,190 and \$931,664 of shared costs during the years ended March 31, 2018 and 2017, respectively. Of this amount, \$247,844 and \$231,268 are included in accounts payable–affiliated organizations at March 31, 2018 and 2017, respectively. At March 31, 2018 and 2017, there is an amount due from Oak Centers, LP of \$0 and \$3,919, respectively, which is included in accounts receivable–affiliated organizations. At March 31, 2018 and 2017, there were no amounts due to Communities and Lytton Gardens I for both years.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

HUD regulations – In connection with the HUD agreements, there are certain restrictions on occupancy of the units which include maximum income limitations and maximum rents chargeable. In addition, these agreements require the maintenance of security deposits, and replacement and other reserves which are to be held by the mortgagee (Notes 1 and 2).

Employee benefit plan – The Project has implemented a 403(b) tax deferred annuity plan. Eligible employees who have satisfied the age and service requirements are allowed to make salary reduction contributions with a maximum contribution of up to the statutory limit. The Project pays for all the administrative expenses to operate the Plan.

City of Palo Alto repurchase rights – The City of Palo Alto (the “City”) has the right to repurchase the Project’s land and building currently held by CHI for \$1 in either of the following situations: (1) the Project’s federal government insured loan is repaid in May 2019; (2) 45 years has passed from the June 1974, original purchase date by the Project; (3) there is a default under the original purchase agreement with the City; or (4) there is a foreclosure by the holder of any secured lien. If the City gains the right to repurchase but fails to exercise that right within one year, then the Project must pay the City a forbearance fee of \$400,000, payable of at least \$100,000 per year over four years.

In May 2019, the Project’s federal government insured loan will be paid in full and 45 years will have passed since the original purchase date, triggering the repurchase rights for the City. The Project is scheduling payment to the City in advance of the one year period to exercise their option. In May 2016, approval was granted by HUD to pay the forbearance fee from operating reserve cash. As of April 2017, the Project is negotiating terms of a new regulatory agreement that will maintain affordability restrictions and be subordinate to any refinancing or tax credit syndication undertaken by the Project. The Project recognized the expense and has reserved the forbearance fee for payment at an agreed time with the City or after the option terminates. As of March 31, 2018 and 2017, there is \$400,000 included in accounts payable for the forbearance fee.

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Notes to Financial Statements (continued)

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial condition date but before financial statements are available to be issued. The Project recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial condition, including the estimates inherent in the process of preparing the financial statements. The Project's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial condition but arose after the statement of financial condition date and before financial statements were available to be issued.

The Project has evaluated subsequent events through June 28, 2018, which is the date the financial statements were available to be issued.

Supplementary Information Required by HUD

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Balance Sheet Data
March 31, 2018

<u>Account</u>	<u>Description</u>	<u>Value</u>
1120	Cash - operations	\$ 449,042
1130	Tenant/member accounts receivable (co-ops)	<u>8,192</u>
1130N	Net tenant account receivable	8,192
1200	Prepaid expenses	<u>39,481</u>
1100T	Total current assets	<u>496,715</u>
1191	Tenant/patient deposits held in trust	<u>28,105</u>
1320	Replacement reserve	1,736,459
1340	Residual receipts reserve	<u>21,113</u>
1300T	Total deposits	<u>1,757,572</u>
1410	Land	564,827
1420	Buildings	5,274,710
1460	Furnishings	117,420
1465	Office furniture and equipment	<u>96,962</u>
1400T	Total fixed assets	<u>6,053,919</u>
1495	Accumulated depreciation	<u>(3,650,213)</u>
1400N	Net fixed assets	<u>2,403,706</u>
1000T	Total assets	<u><u>\$ 4,686,098</u></u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Balance Sheet Data (continued)
March 31, 2018

<u>Account</u>	<u>Description</u>	<u>Value</u>
2110	Accounts payable	\$ 450,943
2120	Accrued wages payable	166,604
2121	Accrued payroll taxes payable	2,904
2131	Accrued interest payable - first mortgage (or bonds)	1,598
2170	Mortgage (or bonds) payable - first mortgage (bonds) (short-term)	252,055
2190	Miscellaneous current liabilities	<u>248,108</u>
	Details - Miscellaneous current liabilities	
	2190-010 - Description - 403b catch up	
	2190-020 - Amount	\$ 62
	2190-010 - Description - Resident association payable	
	2190-020 - Amount	\$ 202
	2190-010 - Description - Accounts payable - affiliated organizations	
	2190-020 - Amount	\$ 247,844
2122T	Total current liabilities	<u>1,122,212</u>
2191	Tenant/patient deposits held in trust (contra)	<u>28,105</u>
2320	Mortgage payable - first mortgage	<u>43,716</u>
2300T	Total long-term liabilities	<u>43,716</u>
2000T	Total liabilities	<u>1,194,033</u>
3131	Unrestricted net assets	<u>3,492,065</u>
3130	Total net assets	<u>3,492,065</u>
2033T	Total liabilities and equity/net assets	<u>\$ 4,686,098</u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Profit and Loss Data
Year Ended March 31, 2018

<u>Account</u>	<u>Description</u>	<u>Value</u>
REVENUES		
5120	Rent revenue - gross potential	\$ 475,337
5121	Tenant assistance payments	1,506,244
5100T	Total rent revenue	1,981,581
5220	Apartments	60,381
5200T	Total vacancies	60,381
5152N	Net rental revenue (rent revenue less vacancies)	1,921,200
5300	Nursing homes/assisted living/board & care/ other elderly care/co-op/and other revenues	678,394
5430	Revenue from investments - residual receipts	28
5440	Revenue from investments - replacement reserve	3,184
5400T	Total financial revenue	3,212
5910	Laundry and vending revenue	1,374
5990	Miscellaneous revenue	17,025
	Details - Miscellaneous revenue	
	5990-010 - Description - Cable TV charges	
	5990-020 - Amount	\$ 8,652
	5990-010 - Description - Beauty shop revenue	
	5990-020 - Amount	\$ 176
	5990-010 - Description - Guest room revenue	
	5990-020 - Amount	\$ 8,197
5900T	Total other revenue	18,399
5000T	Total revenue	2,621,205
EXPENSES		
6310	Office salaries	178,138
6311	Office expenses	53,020
6320	Management fee	201,829
6340	Legal expense - Project	1,773
6350	Audit expense	23,093
6263T	Total administrative expenses	\$ 457,853

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Profit and Loss Data (continued)
Year Ended March 31, 2018

<u>Account</u>	<u>Description</u>	<u>Value</u>
6450	Electricity	\$ 58,223
6451	Water	27,941
6452	Gas	17,212
6453	Sewer	19,857
6400T	Total utilities expense	<u>123,233</u>
6510	Payroll	171,247
6515	Supplies	99,882
6520	Contracts	38,164
6525	Garbage and trash removal	30,572
6500T	Total operating and maintenance expenses	<u>339,865</u>
6711	Payroll taxes (Project's share)	25,251
6720	Property and liability insurance (hazard)	38,260
6722	Workers' compensation	44,533
6723	Health insurance and other employee benefits	62,276
6700T	Total taxes and insurance	<u>170,320</u>
6820	Interest on first mortgage (or bonds) payable	27,746
6800T	Total financial expenses	<u>27,746</u>
6900	Nursing homes/assisted living/board & care/other elderly care expenses	1,231,724
6000T	Total cost of operations before depreciation	<u>2,350,741</u>
5060T	Profit (loss) before depreciation	270,464
6600	Depreciation expenses	292,021
5060N	Operating profit or (loss)	<u>(21,557)</u>
3247	Change in unrestricted net assets from operations	<u>(21,557)</u>
3250	Change in total net assets from operations	<u><u>\$ (21,557)</u></u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Profit and Loss Data (continued)
Year Ended March 31, 2018

<u>Account</u>	<u>Description</u>	<u>Value</u>
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.	<u>\$ 235,354</u>

S1000-020	The total of all monthly reserve for replacement deposits (usually 12 months) required during the audit period even if deposits have been temporarily waived or suspended.	<u>\$ 246,588</u>
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<u>Account</u>	<u>Description</u>	<u>Value</u>
S1100-060	Previous year unrestricted net assets	\$ 3,513,622
3247	Change in unrestricted net assets from operations	<u>(21,557)</u>
3131	Unrestricted net assets	<u>\$ 3,492,065</u>
S1100-050	Previous year total net assets	\$ 3,513,622
3250	Change in total net assets from operations	<u>(21,557)</u>
3130	Total net assets	<u>\$ 3,492,065</u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Statement of Cash Flows Data
Year Ended March 31, 2018

Account	Description	Value
CASH FLOWS FROM OPERATING ACTIVITIES		
S1200-010	Rental receipts	\$ 1,916,927
S1200-020	Interest receipts	3,212
S1200-030	Other operating receipts	717,186
S1200-040	Total receipts	<u>2,637,325</u>
S1200-050	Administrative	(83,496)
S1200-070	Management fee	(201,829)
S1200-090	Utilities	(188,164)
S1200-100	Salaries and wages	(277,542)
S1200-110	Operating and maintenance	(168,618)
S1200-120	Real estate taxes	(79)
S1200-140	Property insurance	(38,596)
S1200-150	Miscellaneous taxes and insurance	(130,842)
S1200-170	Other operating expenses	(1,231,724)
S1200-180	Interest on first mortgage	(27,746)
S1200-230	Total disbursements	<u>(2,348,636)</u>
S1200-240	Net cash provided by operating activities	<u>288,689</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
S1200-250	Net deposits to the reserve for replacement account	195,335
S1200-260	Net deposits to the residual receipts account	(28)
S1200-330	Net purchase of fixed assets	(311,415)
S1200-350	Net cash used in investing activities	<u>(116,108)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
S1200-360	Principal payments - first mortgage (or bonds)	<u>(235,354)</u>
S1200-460	Net cash used in financing activities	<u>(235,354)</u>
S1200-470	Net increase in cash and cash equivalents	(62,773)
S1200-480	Beginning of period cash	<u>511,815</u>
S1200T	End of period cash	<u><u>\$ 449,042</u></u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Statement of Cash Flows Data (continued)
Year Ended March 31, 2018

<u>Account</u>	<u>Description</u>	<u>Value</u>
Reconciliation of net profit to net cash provided by operating activities		
3250	Change in total net assets from operations	\$ (21,557)
6600	Depreciation expenses	292,021
Adjustments to reconcile net profit to net cash provided by operating activities		
S1200-490	Decrease in tenant/member accounts receivable	(4,273)
S1200-520	Increase in prepaid expenses	313
S1200-540	Increase in accounts payable	(48,355)
S1200-560	Increase in accrued liabilities	71,985
S1200-570	Decrease in accrued interest payable	<u>(1,445)</u>
S1200-610	Net cash provided by operating activities	<u><u>\$ 288,689</u></u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Schedule of Surplus Cash
As of March 31, 2018

Account	Description	Value
S1300-010	Cash	\$ 477,147
S1300-040	Total cash	<u>477,147</u>
S1300-050	Accrued mortgage (or bond) interest payable	1,598
S1300-075	Accounts payable - 30 days	450,943
S1300-100	Accrued expenses (not escrowed)	169,772
2191	Tenant/patient deposits held in trust (Contra)	28,105
S1300-110	Other current obligations	<u>247,844</u>
	Details - Miscellaneous financial expenses	
	S1300-120 Description - Accounts payable - affiliated organizations	
	S1300-130 - Amount	\$ 247,844
S1300-140	Total current obligations	<u>898,262</u>
S1300-150	Cash deficiency	<u>\$ (421,115)</u>
S1300-120	Deposit Due Residual Receipts	<u>\$ -</u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Schedule of Changes in Fixed Asset Accounts
Year Ended March 31, 2018

Account	Description	Value
1410P	Beginning balance for 1410	\$ 550,184
1410AT	Additions for 1410	<u>14,643</u>
	Details - Additions for 1410	
	1410A-010 - Land improvements	
	1410A-030 - Total amount	\$ 14,643
1410	Land	<u>564,827</u>
1420P	Beginning balance for 1420	5,455,628
1420AT	Additions for 1420	<u>296,772</u>
	Details - Additions for 1420	
	1420A-010 - Building improvements	
	1420A-030 - Total amount	\$ 260,449
	1420A-010 - Building equipment	
	1420A-030 - Total amount	\$ 36,323
1420DT	Deductions for 1420	<u>477,690</u>
	Details - Deductions for 1420	
	1420D-010 - Building improvements	
	1420D-030 - Total Amount	\$ 457,252
	1420D-010 - Carpet replacement	
	1420D-030 - Total Amount	\$ 20,438
	1420D-010 - Transfers from CIP to FA	
	1420D-030 - Total Amount	\$ -
1420	Buildings	<u>5,274,710</u>
1460P	Beginning balance for 1460	117,420
1460	Furnishings	<u>117,420</u>
1465P	Beginning balance for 1465	96,962
1465	Office furniture and equipment	<u>96,962</u>
1400PT	Total beginning balance for fixed assets	6,220,194
1400AT	Total asset additions	311,415
1400DT	Total asset deductions	<u>477,690</u>
1400T	Total fixed assets	<u>6,053,919</u>
1495P	Beginning balance for 1495	3,835,882
6600	Total provisions	292,021
1400ADT	Total accumulated depreciation for disposed assets	<u>477,690</u>
1495	Ending balance for accumulated depreciation	<u>3,650,213</u>
1400N	Total net book value	<u><u>\$ 2,403,706</u></u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Schedule of Reserve Accounts
Year Ended March 31, 2018

RESERVE FOR REPLACEMENT

Account	Description	Value
1320P	Balance at beginning of year	\$ 1,931,794
1320DT	Total monthly deposits	-
1320INT	Interest on replacement reserve accounts	3,184
1320WT	Approved withdrawals	(198,519)
		<hr/>
1320	Balance at end of year	<u>\$ 1,736,459</u>
1320R	Deposits suspended or waived indicator	Y

RESIDUAL RECEIPTS

Account	Description	Value
1340P	Balance at beginning of year	\$ 21,085
1340INT	Interest on residual receipt accounts	28
		<hr/>
1340	Balance at current fiscal year end	<u>\$ 21,113</u>

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Assisted Living Data
Year Ended March 31, 2018

ASSISTED LIVING REVENUE

<u>Account</u>	<u>Description</u>	<u>Value</u>
5332	Food	\$ 297,626
5376	Health/medical services	<u>380,768</u>
5300	Nursing homes/assisted living/board & care/other elderly care revenues	<u><u>\$ 678,394</u></u>

ASSISTED LIVING EXPENSES

<u>Account</u>	<u>Description</u>	<u>Value</u>
6930	Dietary salaries	\$ 240,759
6932	Food	99,027
6941	Licensed practical nurses payroll	601,873
6942	Other nursing salaries	180,555
6963	Medical supplies	8,637
6980	Recreation and rehabilitation	49,278
6981	Activities supplies	<u>51,595</u>
6900	Nursing homes/assisted living/board & care/other elderly care expenses	<u><u>\$ 1,231,724</u></u>

Supplemental Information

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2018

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Housing and Urban Development (HUD) Section 202 Supportive Housing for the Elderly Project No. 121-EH 003-NP-L8-WAH Outstanding mortgage balance with continuing compliance requirements, beginning balance	14.157	\$ 531,125
Section 8 Housing Assistance Payment Program	14.195	<u>1,506,244</u>
Total direct expenditures of federal awards		<u>\$ 2,037,369</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of presentation – The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant and loan activity of the Project under programs of the federal government for the year ended March 31, 2018. The information in this schedule 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”). Because the Schedule presents only a selected portion of the operations of the Project, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Project.

Summary of significant accounting policies – Expenditures in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations* and the Uniform Guidance, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Subrecipients – The Project did not provide any federal awards to subrecipients during the year ended March 31, 2018.

Indirect costs – The Project has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Loan balance – The federal loan program is administered directly by the Project, and balances and transactions relating to this program is included in the Project’s basic financial statements. Loans outstanding at the beginning of the year are included in the federal expenditures presented in the schedule. The balance of loans outstanding at March 31, 2018 was \$295,771.

Report of Independent Auditors 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*

The Board of Directors
Lytton Gardens II
Community Housing, Inc.
(a California Nonprofit Public Benefit Corporation)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lytton Gardens II (the “Project”), HUD Project No. 121-EH 003-NP-L8-WAH, of Community Housing, Inc. (a California nonprofit public benefit corporation), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 28, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Project’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 the Project’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Project’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 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 the 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 the Project's financial statements are free of 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.

A handwritten signature in blue ink that reads "Mess Adams LLP". The signature is written in a cursive, flowing style.

San Francisco, California
June 28, 2018

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

The Board of Directors
Lytton Gardens II
Community Housing, Inc.
(a California Nonprofit Public Benefit Corporation)

Report on Compliance for the Major Federal Program

We have audited Lytton Gardens II (the “Project”), HUD Project No. 121-EH 003-NP-L8-WAH, of the Community Housing, Inc. (a California nonprofit public benefit corporation), compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Project’s major federal program for the year ended March 31, 2018. The Project’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, 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 the Project’s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Those standards and 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 the Project’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 the major federal program. However, our audit does not provide a legal determination of the Project’s compliance.

Opinion on the Major Federal Program

In our opinion, Lytton Gardens II 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 March 31, 2018.

Report on Internal Control over Compliance

Management of the Project 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 the Project's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Project's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



San Francisco, California
June 28, 2018

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Schedule of Findings and Questioned Costs
Year Ended March 31, 2018

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statement audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)? Yes No

Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs:

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Programs</i>
14.195	Section 8 Housing Assistance Payment Program	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Summary Schedule of Prior Audit Findings
Year Ended March 31, 2018

There are no prior audit findings to report on.

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Mortgagor's Certification
Year Ended March 31, 2018

Account	Description	Value
		We hereby certify that we have examined the accompanying financial statements and supplemental data and to the best of our knowledge and belief, the same is complete and accurate.
S2900-010	Narrative	
S2900-020	Name of Signatory #1	Ronald Schaefer
S2900-025	Title of Certifying Official #1	Chief Operating Officer
S2900-030	Name of Signatory #2	Jonathan Casey
S2900-035	Title of Certifying Official #2	Vice President of Finance for Affordable Housing
S2900-040	Auditee Telephone Number	(925) 956-7400
S2900-050	Date of Certification	June 28, 2018
S2900-080	Auditee Name	Lytton Gardens II
S2900-090	Auditee Street Address Line 1	2185 N. California Blvd #575
S2900-110	Auditee City	Walnut Creek
S2900-120	Auditee State	CA
S2900-130	Auditee Zip Code	94596
S2900-150	Auditee Contact Name	Jonathan Casey
S2900-160	Auditee Contact Title	Vice President of Finance for Affordable Housing
S2900-170	Auditee Contact Fax Number	(925) 407-0060
S2900-180	Auditee Contact E-mail	jc Casey@covia.org

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Management Agent's Certification
Year Ended March 31, 2018

Account	Description	Value	
S3000-010	Narrative	We hereby certify that we have examined the accompanying financial statements and supplemental data and to the best of our knowledge and belief, the same is complete and accurate.	
S3000-020	Name of Managing Agent		Covia Affordable Communities
S3000-030	Name of Signatory		Ronald Schaefer
S3000-040	Name of Agent TIN		94-2264235
S3000-050	Name of Individual (i.e., Property Manager)		Doris Lee

Lytton Gardens II
HUD Project No. 121-EH 003-NP-L8-WAH
Community Housing, Inc.
Transmittal Letter of Auditor
Year Ended March 31, 2018

Account	Description	Value
S3200-005	Audit Firm ID (UII)	10980
S3200-010	Audit Firm	Moss Adams LLP - San Francisco
S3200-020	Lead Auditor First Name	Amy
S3200-030	Lead Auditor Middle Name	R
S3200-040	Lead Auditor Last Name	Runge
S3200-045	Auditor Contact Title	Partner
S3200-050	Auditor Street Address Line 1	101 Second Street
S3200-060	Auditor Street Address Line 2	Suite 900
S3200-070	Auditor City	San Francisco
S3200-080	Auditor State	CA
S3200-090	Auditor Zip Code	94105
S3200-100	Auditor Zip Code Extension	1605
S3200-110	Telephone Number	(415) 956-1500
S3200-120	Auditor Finn TIN	91-0189318
S3200-130	Date of Independent Auditor's Report	June 28, 2018
S3200-140	Auditor Contact FAX Number	(415) 956-4149
S3200-150	Auditor Contact E-mail	amy.runge@mossadams.com

