

A singular system  
positioned for  
a strong future.



A unified  
system.

An exciting  
year.



**It gives me immense pride** to be able to report our year-end results as a unified organization. With the introduction of the Covia brand we now have all divisions under one umbrella and are truly a singular, high-functioning system dedicated to positive aging and well-being.

From our residential options to our community services, we continue to have a meaningful impact in all the areas we serve. Our fiscal year-end results as of March 31, 2018, demonstrate our continued stability and strength, which are vital to being able to sustain our charitable purpose and uphold our values. While our name may have changed, our commitment to our mission and our fundamental guiding principles remains consistent and at the heart of our strategic plan.

During 2017, the Covia leadership team and our dedicated Board of Directors implemented a new strategic plan focused on five core goals:

- Quality performance
- Financial strength
- Planned growth
- Market relevance
- Organizational effectiveness

Throughout the year, these goals have guided our efforts and have put us on a powerful course for the future.

We believe measured growth is an important effort to help us serve more people and deepen our mission. Since the audit in this report was completed, we have expanded our commitment to affordable housing. With the addition of Bethany Center and Shires Memorial, we have successfully extended our reach and are providing vital resources in these communities.

Our audit results outlined in this report show that across all of our programs, we are demonstrating fiscal strength and responsibility. At the same time, quality is always the first core measurement. All Covia communities once again showed high occupancy rates, which speaks to our continued market relevance from both an environment and programming perspective. Our community services programs continue to serve more seniors throughout California — and in the case of Well Connected, nationwide. And this past year we continued our Success Sharing program with our employees to acknowledge their efforts and strong performance.

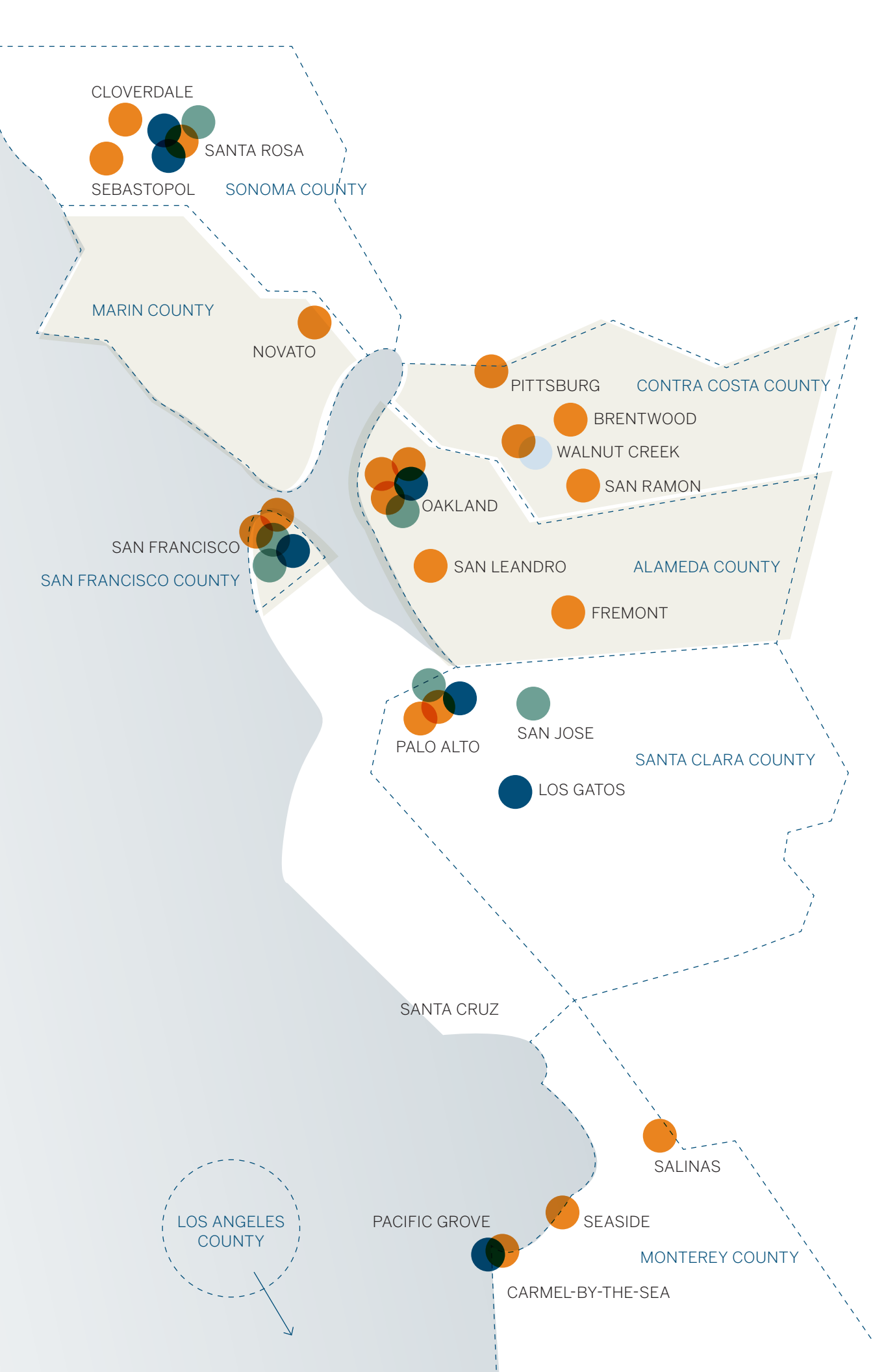
With these results and our unified brand, we are in a strong position for the future. Together with Covia’s remarkable leadership team, Boards, and caring and committed staff, I look forward to living our values of welcome, inclusion, grace and social justice as we actively celebrate and support aging for years to come.



Kevin Gerber  
*President and Chief Executive Officer*

## COVIA'S SYSTEM OF COMMUNITIES AND SERVICES

-  LIFE PLAN AND MULTI-LEVEL COMMUNITIES
-  AFFORDABLE COMMUNITIES
-  MARKET DAY LOCATIONS
-  COUNTIES WHERE HOME MATCH IS OFFERED
-  COUNTIES WITH SENIOR RESOURCE DIRECTORS
-  SUPPORT SERVICES OFFICE



CLOVERDALE

SANTA ROSA

SEBASTOPOL

SONOMA COUNTY

MARIN COUNTY

NOVATO

PITTSBURG

CONTRA COSTA COUNTY

BRENTWOOD

WALNUT CREEK

SAN RAMON

OAKLAND

SAN FRANCISCO

SAN FRANCISCO COUNTY

SAN LEANDRO

ALAMEDA COUNTY

FREMONT

PALO ALTO

SAN JOSE

SANTA CLARA COUNTY

LOS GATOS

SANTA CRUZ

SALINAS

LOS ANGELES COUNTY

PACIFIC GROVE

SEASIDE

MONTEREY COUNTY

CARMEL-BY-THE-SEA

**COVIA GROUP AND CONTROLLED AFFILIATES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**AS OF MARCH 31, 2018 (IN THOUSANDS)**

ASSETS	Covia Communities	Covia Group	Consolidated Covia Affordable Communities	Eliminations	Consolidated Covia Group and controlled affiliates
<b>Current assets</b>					
Cash and marketable securities	\$ 148,020	\$ 14,576	\$ 9,393	\$ —	\$ 171,989
Assets held by bond indenture for current debt service	5,579	—	—	—	5,579
Accounts receivable	9,723	535	282	(583)	9,957
Prepaid expenses, deposits and other assets	2,453	—	374	—	2,827
<b>Total current assets</b>	<b>165,775</b>	<b>15,111</b>	<b>10,049</b>	<b>(583)</b>	<b>190,352</b>
<b>Assets whose use is limited</b>					
Assets held by bond indenture trustee	19,356	—	—	—	19,356
Less portion available to satisfy current debt service	(5,579)	—	—	—	(5,579)
<b>Noncurrent portion</b>	<b>13,777</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>13,777</b>
Funded reserves for replacement and insurance	—	—	8,523	—	8,523
Investments held in trust	3,856	—	709	—	4,565
Restricted investments	3,561	—	4,694	—	8,255
Other	155	—	—	—	155
<b>Total assets whose trust is limited</b>	<b>21,349</b>	<b>—</b>	<b>13,926</b>	<b>—</b>	<b>35,275</b>
Long-term pledges receivable, net of current portion	730	—	—	—	730
Property and equipment, net	320,442	—	38,377	—	358,819
Deferred charges and other assets	8,763	451	1,233	(482)	9,965
<b>Total assets</b>	<b>\$ 517,059</b>	<b>\$ 15,562</b>	<b>\$ 63,585</b>	<b>\$ (1,065)</b>	<b>\$ 595,141</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current liabilities</b>					
Accounts payable and accrued payroll	\$ 12,081	\$ 112	\$ 1,669	\$ (109)	\$ 13,753
Current portion of long-term debt	2,973	—	356	—	3,329
Other liabilities	5,836	8	1,846	—	7,690
<b>Total current liabilities</b>	<b>20,890</b>	<b>120</b>	<b>3,871</b>	<b>(109)</b>	<b>24,772</b>
Long-term debt	157,796	—	26,111	—	183,907
Repayable entrance fees	4,893	—	—	—	4,893
Refundable entrance fees	82,566	—	—	—	82,566
Deferred revenue from entrance fees	158,263	—	—	—	158,263
Other liabilities	14,230	—	1,452	(505)	15,177
<b>Total liabilities</b>	<b>438,638</b>	<b>120</b>	<b>31,434</b>	<b>(614)</b>	<b>469,578</b>
<b>Net assets</b>					
Unrestricted	69,386	15,442	32,012	(451)	116,389
Restricted	9,035	—	139	—	9,174
<b>Total net assets</b>	<b>78,421</b>	<b>15,442</b>	<b>32,151</b>	<b>(451)</b>	<b>125,563</b>
<b>Total liabilities and net assets</b>	<b>\$ 517,059</b>	<b>\$ 15,562</b>	<b>\$ 63,585</b>	<b>\$ (1,065)</b>	<b>\$ 595,141</b>

**HIGHLIGHTS OF A STRONG FINANCIAL YEAR**  
**FROM DIANA JAMISON, CHIEF FINANCIAL OFFICER**

We continue to invest in our communities, with approximately \$24.7M spent on capital improvements for Covia Communities.

**Total liabilities were \$470M— a decrease of \$3.7M due to debt repayment.**

**Cash and marketable securities grew to \$172M— an increase of \$7M over last year.**

The financial markets had a significant impact on our investment portfolios, yielding approximately \$10M in unrealized gains.

**Total assets grew to \$595M— an increase of \$11.7M over last year.**

**Covia's complete audited financial statements are available for more in-depth review at [covia.org/financials](https://covia.org/financials)**

Covia Communities received an A- rating from Fitch, representing an upgrade from our BBB+ status, due to our strengthened financial profile, moderate debt position, benefits of size and scale, along with solid independent living occupancy.

**COVIA GROUP AND CONTROLLED AFFILIATES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES CHANGES NET ASSETS,**  
**YEAR ENDED MARCH 31, 2018 (IN THOUSANDS)**

<b>Changes in unrestricted net assets</b>	Covia Communities	Covia Group	Consolidated Covia Affordable Communities	Eliminations	Consolidated Covia Group and controlled affiliates
<b>Revenues and gains</b>					
Resident fees	\$ 70,882	\$ —	\$ —	\$ —	\$ 70,882
Amortization of deferred revenue from entrance fees	19,312	—	—	—	19,312
Nursing center	42,032	—	—	—	42,032
Outside and other medical fees	730	—	—	—	730
Affordable housing fees and rents	—	—	14,811	—	14,811
Other	2,273	1,109	—	(891)	2,491
Contributions	565	—	24	—	589
Net assets released from restriction for assistance and operations	1,877	—	—	—	1,877
<b>Total revenue and gains</b>	<b>137,671</b>	<b>1,109</b>	<b>14,835</b>	<b>(891)</b>	<b>152,724</b>
<b>Expenses</b>					
Nursing expenses	31,915	—	—	—	31,915
Outside and other medical fees	5,456	—	—	—	5,456
Dining services	21,666	—	1,359	—	23,025
Housekeeping and maintenance	15,986	—	2,441	—	18,427
Utilities	6,196	—	702	—	6,898
Selling, general and administrative	22,984	2,099	4,479	(771)	28,791
Depreciation and amortization	23,782	—	2,880	—	26,662
Loss on disposal of assets	1,340	—	—	—	1,340
Interest	7,962	—	434	—	8,397
Other	6,507	14	629	(120)	7,030
<b>Total expenses</b>	<b>143,794</b>	<b>2,113</b>	<b>12,924</b>	<b>(891)</b>	<b>157,941</b>
<b>(Loss) gain before investment income and unrealized gains (losses)</b>	<b>(6,123)</b>	<b>(1,004)</b>	<b>1,911</b>	<b>—</b>	<b>(5,216)</b>
<b>Investment income</b>					
Investment income	5,127	112	49	—	5,288
Net unrealized gains (losses) on investments	9,984	(178)	—	—	9,806
Inherent contribution	—	—	5,562	—	5,562
Gain on sale of Senior Resource @ Home	—	305	—	—	305
Change in pension benefit obligation	(287)	—	—	—	(287)
<b>Increase (decrease) in unrestricted net assets</b>	<b>8,701</b>	<b>(765)</b>	<b>7,522</b>	<b>—</b>	<b>15,458</b>
<b>Changes in restricted net assets</b>					
Contributions	1,570	—	—	—	1,570
Investment income and realized gains on investments	92	—	—	—	92
Net unrealized gains (losses) on investments	114	—	—	—	114
Changes in split interest gift agreements	50	—	—	—	50
Net assets released from restrictions for assistance and operations	(1,877)	—	—	—	(1,877)
<b>(Decrease) increase in restricted net assets</b>	<b>(51)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(51)</b>
<b>Increase (decrease) in net assets</b>	<b>8,650</b>	<b>(765)</b>	<b>7,522</b>	<b>—</b>	<b>15,407</b>
Net assets, beginning of year	69,771	16,207	24,629	(451)	110,156
<b>Net assets, end of year</b>	<b>\$ 78,421</b>	<b>\$ 15,442</b>	<b>\$ 32,151</b>	<b>\$ (451)</b>	<b>\$ 125,563</b>

Note: numbers may reflect immaterial differences due to rounding.



**HIGHLIGHTS OF A STRONG FINANCIAL YEAR  
FROM DIANA JAMISON, CHIEF FINANCIAL OFFICER**

**Investment income was \$20.6M, which includes the affiliation of Shires Memorial valued at \$5.6M.**

**Net assets increased to \$125M—an increase of \$15.4M over the prior year.**

Key financial indicators for Covia Communities related to liquidity and capital structure remain solidly between the 50th and 75th quartiles as measured by CARF-CCAC, with Days Cash on Hand at 435 days and Debt Service Coverage at 3.01.

**Revenues and gains increased by \$1.5M over the prior year.**

**Covia experienced high levels of occupancy in independent living, assisted living and memory care, while expenses decreased by 3.6%.**

## **BOARDS OF DIRECTORS AND MANAGEMENT TEAM**

### **COVIA GROUP BOARD**

Sandy Skaggs, *Chair*  
Anne Burns-Johnson  
Bob Edmondson  
Ann Gillespie  
Sue Roderick  
Gustavo Serriñá

### **COVIA COMMUNITIES BOARD**

Vince Forte, *Chair*  
Marc Andrus  
Chuck Chapman  
Peter Dunckel  
Nancy Duranteau  
Christine Gandel  
Bill Peters  
Suanne Ramar  
Maria Rivera  
Joseph Villa

### **COVIA AFFORDABLE COMMUNITIES BOARD**

Steve Emslie, *Chair*  
Gordon Case  
Jamie D'Alessandro  
Ken Donnelly  
Bruce Lanyon  
Lee Lippert  
Sally Little-Waterman  
Winthrop Marshall  
Fran Wagstaff

### **COVIA FOUNDATION BOARD**

Gordon Case, *Chair*  
Sally Coates  
Margaret Handelman  
Patricia Lusse  
Diane Schoenrock

### **COVIA MANAGEMENT**

Kevin Gerber  
*President and Chief Executive Officer*  
Ron Schaefer  
*Chief Operating Officer*  
Diana Jamison  
*Chief Financial Officer*  
Bill Tobin  
*General Counsel and Chief Risk Officer*  
Mary McMullin  
*Senior Vice President,  
Organizational Advancement*

## Covia's mission

Covia promotes positive aging by cultivating healthy and engaged communities with a continuum of innovative services that actively support intellectual, physical, emotional, spiritual, and social well-being.

## Guiding principles

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### **HONOR OUR HERITAGE**

Our mission and principles to serve seniors as a nonprofit provider of services and housing have been shaped by the values of welcome, inclusion, social justice, and grace that come from our Episcopal heritage.

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### **RESPECT ONE ANOTHER**

We believe in working together, civility in our differences, and treating one another with dignity at all times.

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### **EMBRACE INDIVIDUALITY**

We reflect, celebrate, and foster the diversity of those who live and work within the Covia family and society as a whole.

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### **SERVE WITH INTEGRITY**

Strong ethics are at the heart of who we are and how we operate the organization today and tomorrow.

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### **GROW WISELY**

We are committed to expanding our mission by bringing our innovative and collaborative programs and housing options to a larger community of seniors with a wide spectrum of financial means.

### **BUILD STRENGTH**

To ensure we can continue to fulfill our mission, we are careful stewards, balancing today's needs and resources with tomorrow's needs and opportunities.

Live well  
and age well—  
*anywhere*  
you call home.

Covia is a nonprofit organization that helps people live well and age well, anywhere they call home. We promote well-being by building strong and engaging communities, connecting people with the services they need to thrive, and providing compassionate, personalized support. We've been working with California seniors for over 50 years and we're here to help people live the way they want to — today and tomorrow.

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[covia.org](http://covia.org)  
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