



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

Jennings Senior Housing, Inc.
(a California Nonprofit Public Benefit Corporation)
HUD Project No. 121-EE 178-NP-WAH

March 31, 2019 and 2018

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Report of Independent Auditors

The Board of Directors
Jennings Senior Housing, Inc.
(a California Nonprofit Public Benefit Corporation)

Report on the Financial Statements

We have audited the accompanying financial statements of Jennings Senior Housing, Inc. (a California nonprofit public benefit corporation) (the “Project”), HUD Project No. 121-EE 178-NP-WAH, which comprise the statements of financial position as of March 31, 2019 and 2018, 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 Jennings Senior Housing, Inc., as of March 31, 2019 and 2018, 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, as of and for the year ended March 31, 2019, the Project adopted Accounting Standards Update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, methods used to allocate costs to programmatic and other support information, and direction for consistency about information provided on investment return. The adoption of the standard resulted in additional footnote disclosures and significant changes to the classification of net assets and the disclosures related to net assets. The ASU has been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary Information required by HUD and Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 18 to 27 is presented for purposes of additional analysis as required by the *Uniform Financial Reporting Standards* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards shown on page 29 as 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 statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2019, 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

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, 2019

Financial Statements

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Statements of Financial Position
March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 38,486	\$ 17,376
Prepaid expenses	24,228	21,287
Total current assets	<u>62,714</u>	<u>38,663</u>
TENANT SECURITY DEPOSITS	<u>20,841</u>	<u>19,460</u>
RESTRICTED DEPOSITS AND FUNDED RESERVES		
Replacement reserves	336,720	305,697
Other reserves	10,197	10,194
Total restricted deposits and funded reserves	<u>346,917</u>	<u>315,891</u>
PROPERTY AND EQUIPMENT		
Land	943,929	943,929
Land improvements	621,695	621,695
Building	10,857,669	10,842,908
Furniture and fixtures	155,147	155,147
Office equipment	50,090	50,090
Construction in progress	-	3,904
	<u>12,628,530</u>	<u>12,617,673</u>
Accumulated depreciation	<u>(3,488,476)</u>	<u>(3,153,293)</u>
Total property and equipment, net	<u>9,140,054</u>	<u>9,464,380</u>
TOTAL ASSETS	<u>\$ 9,570,526</u>	<u>\$ 9,838,394</u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Statements of Financial Position (Continued)
March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts payable	\$ 6,062	\$ 2,983
Accounts payable - affiliated organizations	12,651	-
Development costs payable - affiliated organizations	31,121	31,121
Other accrued liabilities	4,229	3,493
Accrued wages payable	<u>14,849</u>	<u>12,573</u>
Total current liabilities	<u>68,912</u>	<u>50,170</u>
TENANT SECURITY DEPOSITS	<u>20,841</u>	<u>19,460</u>
LONG-TERM LIABILITIES		
Accrued interest	1,965,382	1,817,540
Mortgages payable	<u>12,072,130</u>	<u>12,072,130</u>
Total long-term liabilities	<u>14,037,512</u>	<u>13,889,670</u>
Total liabilities	<u>14,127,265</u>	<u>13,959,300</u>
NET DEFICIT		
Net assets without donor restrictions		
Designated by the Board:		
Restricted deposits and funded reserves	346,917	315,891
Undesignated	<u>(4,903,656)</u>	<u>(4,436,797)</u>
Total net deficit	<u>(4,556,739)</u>	<u>(4,120,906)</u>
TOTAL LIABILITIES AND NET DEFICIT	<u><u>\$ 9,570,526</u></u>	<u><u>\$ 9,838,394</u></u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Statements of Activities and Changes in Net Assets
Years Ended March 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and support:		
Rental income, net of vacancy loss of \$2,456 in 2019 and \$5,421 in 2018	\$ 209,328	\$ 198,162
HUD assistance income	312,200	282,304
Interest income	871	578
Laundry and other	<u>4,555</u>	<u>2,664</u>
Total revenues and support	<u>526,954</u>	<u>483,708</u>
Expenses:		
Administrative	268,404	278,475
Utilities	53,010	52,716
Operating and maintenance	113,030	89,219
Taxes and insurance	45,318	37,526
Interest	147,842	147,842
Depreciation	<u>335,183</u>	<u>345,607</u>
Total expenses	<u>962,787</u>	<u>951,385</u>
CHANGE IN NET DEFICIT WITHOUT DONOR RESTRICTION	(435,833)	(467,677)
NET DEFICIT, beginning of year	<u>(4,120,906)</u>	<u>(3,653,229)</u>
NET DEFICIT, end of year	<u><u>\$ (4,556,739)</u></u>	<u><u>\$ (4,120,906)</u></u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Statements of Cash Flows
Years Ended March 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Rental receipts	\$ 521,528	\$ 480,466
Interest receipts	871	578
Other operating receipts	4,555	2,664
Total receipts	526,954	483,708
Administrative	(106,418)	(135,490)
Management fee	(52,908)	(52,910)
Utilities	(53,010)	(50,505)
Salaries and wages	(103,563)	(93,987)
Operating and maintenance	(100,539)	(81,276)
Real estate taxes	(398)	(388)
Property insurance	(20,354)	(21,177)
Miscellaneous taxes and insurance	(26,771)	(15,354)
Total disbursements	(463,961)	(451,087)
Cash provided by operating activities	62,993	32,621
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(10,857)	(28,267)
Funding of other reserves	(3)	(3)
Funding of replacement reserves	(41,880)	(41,606)
Withdrawal from replacement reserves	10,857	35,423
Cash used in investing activities	(41,883)	(34,453)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	21,110	(1,832)
CASH AND CASH EQUIVALENTS, beginning of year	17,376	19,208
CASH AND CASH EQUIVALENTS, end of year	\$ 38,486	\$ 17,376

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Notes to Financial Statements

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

Nature of operations – Jennings Senior Housing, Inc. (the “Project”), is a California nonprofit public benefit corporation formed in 2005 under the original sponsorship of Covia Communities (“Communities”), to construct, own, and operate an independent senior living apartment complex, Jennings Court Apartments, specifically for low income seniors located in Santa Rosa, California. Covia Affordable Communities (“Affordable Communities”), is the sole member of the Project. The Project opened in 2008 and is operated under Section 202 of the National Housing Act, as amended. The Project is regulated by the U.S. Department of Housing and Urban Development (“HUD”) as to rent charges, operating methods, and use of assets. Agreements with HUD and various other authorities are in place which dictate maximum income levels of tenants and provide rent restrictions through the year 2048. The Project consists of 54 partially subsidized apartments and one resident manager’s unit. The Project generates its revenue primarily from rental income. Rental fee increases are subject to HUD approval.

Affiliated organizations – The Project, through its sole member, Affordable Communities, a management and fundraising support organization, is affiliated with: Community Housing, Inc., which operates Lytton Gardens I and II; Lytton IV Housing Corporation; Oak Center Towers; Presidio Gate Apartments; Shires Memorial Center; and Bethany Center Senior Housing, Inc. (“BCSH”), all of which are affordable senior housing communities. Through BCSH, the Project is affiliated with Bethany Center Foundation of San Francisco. Through Affordable Communities’ sole member, Covia Group (“Group”), a California nonprofit public benefit corporation, the Project is also affiliated with Covia Communities (“Communities”) which operates six life plan communities; Covia Foundation (“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 and cash equivalents are funds restricted as to their use, regardless of their liquidity, such as security deposits and operating 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 limits.

Accounts 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 (Note 2).

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
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 the 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, 2019 and 2018.

Tenant security deposits – In accordance with government regulations for the Project, the Project must maintain 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 Jennings Senior Housing, Inc.

Net assets – On April 1, 2018, the Project adopted Accounting Standards update (“ASU”) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (“ASU 2016-14”), applying the full retrospective method. ASU 2016-14 changes the current net asset classification requirements and the information presented in financial statements and notes about an entity’s liquidity, financial performance, and cash flows. The update replaces the requirement to present three classes of net assets with two classes: net assets with donor restrictions, and net assets without donor restrictions. The update also removes the requirement to present or disclose the indirect method (reconciliation) if using the direct method for the statement of cash flows, and adds several additional enhanced disclosures to the notes. The Project has adjusted the presentation of these financial statements accordingly, including changes to the presentation of net asset classification, inclusion of information about liquidity and availability of resources, and inclusion of information provided about expenses. In accordance with ASU 2016-14, net assets as of March 31, 2018, have been reclassified as follows:

	Without Donor Restrictions	With Donor Restrictions
Unrestricted net assets		
Board-Designated net assets:		
Replacement reserves and residual receipts	\$ 315,891	\$ -
Undesignated	(4,436,797)	-
Total net assets (deficit)	\$ (4,120,906)	\$ -

The Project classifies net assets as follows:

Net assets without donor restrictions 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.

Net assets with donor restrictions 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. Net assets with donor restrictions are available primarily for assistance and capital projects as designated by the donors. At March 31, 2019 and 2018, the Project had no temporarily restricted net assets.

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Notes to Financial Statements (Continued)

Net assets with donor restrictions also represent net assets subject to donor-imposed stipulations that they be maintained by the Project in perpetuity. At March 31, 2019 and 2018, the Project had no net assets with donor restrictions maintained by the organization in perpetuity.

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 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 applies the provisions of Accounting Standards Codification (“ASC”) Topic 740-10, *Income Taxes*, relating to accounting for uncertain tax positions. 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. At March 31, 2019 and 2018, the Project had no unsettled tax matters.

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 Sonoma County, California or by changes in federal low-income housing subsidies or the demand for such housing.

New accounting pronouncements – In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This guidance moves revenue recognition towards one principles-based revenue standard to be applied across all industries. The guidance is effective for annual reporting periods beginning after December 15, 2018, with early adoption permitted. On April 1, 2018, the Project adopted Topic 606. Adoption of this standard did not have a significant impact on the Project.

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Notes to Financial Statements (Continued)

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities* (“ASU 2016-01”). This guidance among other things eliminates the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities. The guidance is effective for annual reporting periods beginning after December 15, 2018. Management is currently evaluating the impact ASU 2016-01 will have on the Project’s future financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (“ASU 2016-02”), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. The adoption of ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2019. Management is currently evaluating the impact ASU 2016-02 will have on the Project’s future financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash* (“ASU 2016-18”). This guidance enhances the statement of cash flow by streamlining the activities between cash and restricted cash as operating, investing, or financing, or as a combination of those activities. The guidance also highlights explanations of the change of cash, cash equivalents, restricted cash or restricted cash equivalents during the period. The guidance is effective for fiscal years beginning after December 15, 2018. Management is currently evaluating the impact ASU 2016-18 will have on the Project’s future financial statements.

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 \$3,422 per month. The funds are held in an interest-bearing account. All withdrawals require prior written approval by HUD. The replacement reserve’s account activity for the fiscal years ended March 31 is as follows:

	2019	2018
Beginning balance at April 1,	\$ 305,697	\$ 299,514
Monthly deposits	41,064	41,064
Bank interest, net of bank fees	816	542
Withdrawals	(10,857)	(35,423)
Ending balance at March 31,	\$ 336,720	\$ 305,697

Other reserves – The Project has a deposit held in a separate interest-bearing account as a reserve for minimum capital investment as determined by the HUD capital advance regulatory agreement. Withdrawals are subject to HUD approval.

Residual receipts – The Project is required to deposit residual receipts within 60 days after year end in a separate, interest-bearing account. The funds can be used for the operating needs of the property, including debt service on the Housing Authority of the City of Santa Rosa note, with the prior written approval of HUD (Note 4). There was no required deposit to residual receipts reserve for either of the years ended March 31, 2019 and 2018.

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Notes to Financial Statements (Continued)

NOTE 3 – MORTGAGES PAYABLE

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

	<u>2019</u>	<u>2018</u>
HUD Section 202 Capital Advance, dated February 1, 2007, secured by first deed of trust on the property, bearing no interest. The advance is a forgivable loan and shall only be repayable if the Project fails to remain available to very low-income households as approved by HUD for a 40-year period from March 2008 through February 2048.	\$ 6,870,900	\$ 6,870,900
Housing Authority of the City of Santa Rosa note dated February 10, 2006, secured by second deed of trust on the property, bearing 3% simple interest per annum from the date of each advance beginning in February 2004. Payment of principal and interest is to be made from 75% of annual surplus cash, if any (as defined by the loan agreement), paid only from residual receipts and only with the approval of HUD. The balance of principal and accrued interest is due at maturity in February 2048. The 42-year term is designed to coincide with the closing of the HUD Capital Advance period.	4,985,230	4,985,230
Affordable Housing Program ("AHP") direct subsidy repayment to Sonoma National Bank, dated November 1, 2006, secured by third deed of trust on the property, bearing no interest. The subsidy will be forgiven in full on June 1, 2023, as long as the property has maintained affordability limits as required by the AHP Program.	<u>216,000</u>	<u>216,000</u>
Total mortgages payable	<u><u>\$ 12,072,130</u></u>	<u><u>\$ 12,072,130</u></u>

NOTE 4 – ACCRUED INTEREST

The accrued interest balance is deferred interest due to the Housing Authority of the City of Santa Rosa (Note 3) payable only from surplus cash, if any. The balance as of March 31, 2019 and 2018, is \$1,965,382 and \$1,817,540, respectively.

NOTE 5 – PROJECT RENTAL ASSISTANCE CONTRACT

The Project entered into a Project Rental Assistance Contract with HUD for 54 units effective May 1, 2008. The five-year subsidy contract provides for an initial annual maximum commitment of \$303,600. This amount is modified upon rent increases or decreases and the availability of funds, as approved by HUD. Rents cannot be increased without prior written approval from HUD. At the end of the initial contract period, the Project entered into a one-year agreement with HUD. Effective May 1, 2017, a 0.00% rent increase was granted which provides for a maximum commitment of \$485,352 (for the period from May 1, 2017 to April 30, 2018). Effective May 1, 2018, a 9.07% rent increase was granted which provides for a maximum commitment of \$529,416 (for the period from May 1, 2018 to April 30, 2019).

NOTE 6 – RELATED-PARTY TRANSACTIONS

The Project entered into a services agreement with 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 \$154,831 and \$136,587 of shared costs during the years ended March 31, 2019 and 2018, respectively. Of this amount, \$12,651 and zero are included in accounts payable – affiliated organizations at March 31, 2019 and 2018, respectively.

Development costs payable – In 2007, Communities advanced the Project funds for development. Communities provided \$10,000 as a minimum capital contribution required by HUD and an additional \$21,121 for various start-up costs. At March 31, 2019 and 2018, \$31,121 is due to Communities, as included in the statements of financial position.

NOTE 7 – 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. These agreements also require the maintenance of security deposits and replacement reserves which are to be held by the mortgagee (see Notes 1 and 2).

Employee benefit plan –The Project has implemented a 403(b) tax deferred annuity plan (the “Plan”) through Affordable Communities. 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 makes matching contributions on behalf of the participants up to 3% of each participant’s wages. Affordable Communities pays for all the administrative expenses to operate the Plan. Effective August 1, 2018, the Affordable Communities amended the Plan, terminating the employer match and adopting a 10% employer 403(b) contribution to the employee’s individual plan accounts in accordance with HUD Notice H 5-08 across all Affordable Communities’ projects. Employees are not required to contribute and certain age and service requirements apply. The Project’s contribution for the years ended March 31, 2019 and 2018, totaled \$6,263 and \$916, respectively.

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Notes to Financial Statements (Continued)

NOTE 8 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of March 31, 2019, comprise the following:

Cash and cash equivalents	\$	38,486
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None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Project has a goal to maintain a current ratio greater than 1:1 in order to meet general expenditures, liabilities, and other obligations as they come due. As part of the Project's liquidity management plan, Affordable Communities will provide for shortfalls in liquidity if necessary.

NOTE 9 – FUNCTIONAL EXPENSES

The costs of providing residential services and supporting activities are summarized on a functional basis as follows:

	Year Ended March 31, 2019		
	Residential Services	General and Administrative	Total
Salaries and benefits	\$ 12,573	\$ 119,257	\$ 131,830
Supplies	2,493	2,370	4,863
Other purchased services	198	28,156	28,354
Repairs and maintenance	89,994	9,958	99,952
Utilities	69,792	7,755	77,547
Depreciation and amortization	301,663	33,520	335,183
Other	200,934	84,124	285,058
	<u>\$ 677,647</u>	<u>\$ 285,140</u>	<u>\$ 962,787</u>

Salaries and benefits are allocated based on time and effort. All other expenses are allocated based on direct costs. Costs not directly attributable to a function, including depreciation, interest and other occupancy costs, are allocated to a function based on a square footage or units of service basis.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position 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 position, including the estimates inherent in the process of preparing the consolidated 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 position but arose after the statement of financial position date and before financial statements were available to be issued.

The Project has evaluated subsequent events through June 28, 2019, which is the date the financial statements were available to be issued.

Supplementary Information Required by HUD

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Balance Sheet Data
March 31, 2019

Account	Description	Value
1120	Cash - operations	\$ 38,486
1200	Prepaid expenses	24,228
1100T	Total current assets	<u>62,714</u>
1191	Tenant/patient deposits - held in trust	<u>20,841</u>
1320	Replacement reserve	336,720
1330	Other reserves	<u>10,197</u>
	Detail - Other reserves	
	1330-005 - Description - Reserve for minimun capital investment	
	1330-010 - Amount	\$ 10,197
1300T	Total deposits	<u>346,917</u>
1410	Land	1,565,624
1420	Buildings	10,857,669
1450	Furniture for project/tenant use	21,305
1460	Furnishings	48,127
1465	Office furniture and equipment	135,805
1490	Miscellaneous fixed assets	<u>-</u>
1400T	Total fixed assets	<u>12,628,530</u>
1495	Accumulated depreciation	<u>(3,488,476)</u>
1400N	Net fixed assets	<u>9,140,054</u>
1000T	Total assets	<u><u>\$ 9,570,526</u></u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Balance Sheet Data (Continued)
March 31, 2019

Account	Description	Value
2110	Accounts payable - operations	\$ 6,062
2120	Accrued wages payable	14,849
2190	Miscellaneous current liabilities	<u>48,001</u>
	Details - Miscellaneous current liabilities	
	2190-010 - Description - Development costs payable	
	2190-020 - Amount	\$ 31,121
	2190-010 - Description - Accounts payable - affiliated organizations	
	2190-020 - Amount	\$ 12,651
	2190-010 - Accounts payable - Other accrued liabilities	
	2190-020 - Amount	\$ 4,229
2122T	Total current liabilities	<u>68,912</u>
2191	Tenant/patient deposits held in trust (contra)	<u>20,841</u>
2320	Mortgage Payable - First Mortgage	6,870,900
2322	Other mortgages payable (long-term)	5,201,230
	Details - Other mortgages payable (long-term)	
	2322-010 - Type of mortgage - second mortgage	
	2322-020 - Amount of mortgage payable	\$ 4,985,230
	2322-010 - Type of mortgage - third mortgage	
	2322-020 - Amount of mortgage payable	\$ 216,000
2332	Accrued interest notes payable (surplus cash) long-term	<u>1,965,382</u>
2300T	Total long-term liabilities	<u>14,037,512</u>
2000T	Total liabilities	14,127,265
3131	Net assets without donor restrictions	<u>(4,556,739)</u>
3130	Total net assets	<u>(4,556,739)</u>
2033T	Total liabilities and equity/net assets	<u>\$ 9,570,526</u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Profit and Loss Data
Year Ended March 31, 2019

Account	Description	Value
REVENUES		
5120	Rent revenue - gross potential	\$ 211,784
5121	Tenant assistance payments	312,200
5100T	Total rent revenue	<u>523,984</u>
5220	Apartments	2,456
5200T	Total vacancies	<u>2,456</u>
5152N	Net rental revenue (rent revenue less vacancies)	<u>521,528</u>
5410	Financial revenue - project operations	55
5440	Interest - replacement reserve	816
5400T	Total financial revenue	<u>871</u>
5910	Laundry and vending revenue	2,175
5970	Gifts	2,380
5900T	Total other revenue	<u>4,555</u>
5000T	Total revenue	<u>526,954</u>
EXPENSES		
6203	Conventions and meetings	3,406
6310	Office salaries	28,669
6311	Office expenses	88,981
6320	Management fee	52,908
6330	Manager of superintendent salaries	64,679
6350	Audit expense	15,193
6351	Bookkeeping fees/accounting services	1,627
6390	Miscellaneous administrative expenses	12,941
	Details - Miscellaneous administrative expenses	
	6390-010 - Description - Dues and subscriptions	
	6390-020 - Amount	\$ 2,993
	6390-010 - Description - Tenant screening	
	6390-020 - Amount	\$ 567
	6390-010 - Description - Professional fee	
	6390-020 - Amount	\$ 6,621
	6390-010 - Description - Bank service fees	
	6390-020 - Amount	\$ 1,672
	6390-010 - Description - Licenses	
	6390-020 - Amount	\$ 1,088
6263T	Total administrative expenses	<u>\$ 268,404</u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Profit and Loss Data (Continued)
Year Ended March 31, 2019

Account	Description	Value
6450	Electricity	\$ 15,442
6451	Water	11,117
6452	Gas	11,047
6453	Sewer	15,404
6400T	Total utilities expense	<u>53,010</u>
6510	Payroll	12,491
6515	Supplies	36,323
6520	Contracts	55,289
6525	Garbage and trash removal	8,927
6500T	Total operating and maintenance expenses	<u>113,030</u>
6710	Real estate taxes	398
6711	Payroll taxes (Project's share)	8,126
6720	Property and liability insurance (hazard)	21,067
6722	Workers' compensation	21
6723	Health insurance and other employee benefits	15,706
6700T	Total taxes and insurance	<u>45,318</u>
6000T	Total cost of operations before depreciation	<u>479,762</u>
5060T	Profit before depreciation	47,192
6600	Depreciation expenses	335,183
5060N	Operating loss	<u>(287,991)</u>
7141	Interest on notes payable	<u>(147,842)</u>
7100T	Net entity expenses	<u>(147,842)</u>
3247	Change in net assets without donor restrictions	<u>(435,833)</u>
3250	Change in total net assets without donor restrictions	<u><u>\$ (435,833)</u></u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Profit and Loss Data (Continued)
Year Ended March 31, 2019

<u>Account</u>	<u>Description</u>	<u>Value</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>\$ 41,064</u>

<u>Account</u>	<u>Description</u>	<u>Value</u>
S1100-060	Previous year net assets without donor restrictions	\$ (4,120,906)
3247	Change in net assets without donor restrictions	<u>(435,833)</u>
3131	Net assets without donor restrictions	<u>\$ (4,556,739)</u>
S1100-050	Previous year total net assets	\$ (4,120,906)
3250	Change in total net assets from operations	<u>(435,833)</u>
3130	Total net assets	<u>\$ (4,556,739)</u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Statement of Cash Flows Data
Year Ended March 31, 2019

Account	Description	Value
CASH FLOWS FROM OPERATING ACTIVITIES		
S1200-010	Rental receipts	\$ 521,528
S1200-020	Interest receipts	871
S1200-030	Other operating receipts	4,555
S1200-040	Total receipts	<u>526,954</u>
S1200-050	Administrative	(106,418)
S1200-070	Management fee	(52,908)
S1200-090	Utilities	(53,010)
S1200-100	Salaries and wages	(103,563)
S1200-110	Operating and maintenance	(100,539)
S1200-120	Real estate taxes	(398)
S1200-140	Property insurance	(20,354)
S1200-150	Miscellaneous taxes and insurance	<u>(26,771)</u>
S1200-230	Total disbursements	<u>(463,961)</u>
S1200-240	Net cash provided by operating activities	<u>62,993</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
S1200-250	Net deposits to the reserve for replacement account	(31,023)
S1200-255	Net deposits to other reserves	(3)
S1200-330	Net purchase of fixed assets	<u>(10,857)</u>
S1200-350	Net cash used in investing activities	<u>(41,883)</u>
S1200-470	Net increase in cash and cash equivalents	21,110
S1200-480	Beginning of period cash and cash equivalents	<u>17,376</u>
S1200T	End of period cash and cash equivalents	<u>\$ 38,486</u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Schedule of Surplus Cash
As of March 31, 2019

Account	Description	Value
S1300-010	Cash	\$ 59,327
S1300-040	Total cash	<u>59,327</u>
S1300-075	Accounts payable - 30 days	6,062
S1300-100	Accrued expenses (not escrowed)	14,849
2191	Tenant/patient deposits held in trust (contra)	20,841
S1300-110	Other current obligations	<u>16,880</u>
	Details - Other current obligations	
	S1300-120 - Description - Accounts payable - affiliated organizations	
	S1300-130 - Amount	\$ 12,651
	S1300-120 - Description - Accounts payable - S1300-130 - Amount	\$ 4,229
S1300-140	Total current obligations	<u>58,632</u>
S1300-150	Surplus cash	<u>\$ 695</u>
S1300-210	Deposits due to residual receipts	<u>\$ 695</u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Schedule of Changes in Fixed Asset Accounts
Year Ended March 31, 2019

Account	Description	Value
1410P	Beginning balance for 1410	\$ 1,565,624
1410	Land	1,565,624
1420P	Beginning balance for 1420	10,842,908
1420AT	Additions for 1420	14,761
	Details - additions for 1420	
	1420A-010 - Description - Building improvements	
	1420A-030 - Total amount	\$ 14,761
1420	Buildings	10,857,669
1450P	Beginning balance for 1450	21,305
1450	Furniture for project/tenant use	21,305
1460P	Beginning balance for 1460	48,127
1460	Furnishings	48,127
1465P	Beginning balance for 1465	135,805
1465	Office furniture and equipment	135,805
1490P	Beginning balance for 1490	3,904
1490DT	Deductions for 1490	3,904
	Details - deductions for 1490	
	1490DT-010 - Description - Construction in progress	
	1490DT-030 - Total amount	\$ 3,904
1490	Miscellaneous fixed assets	-

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Schedule of Changes in Fixed Asset Accounts (Continued)
Year Ended March 31, 2019

Account	Description	Value
1400PT	Total beginning balance for fixed assets	12,617,673
1400AT	Total asset additions	14,761
1400DT	Total asset deductions	<u>3,904</u>
1400T	Total fixed assets	<u>12,628,530</u>
1495P	Beginning balance for 1495	3,153,293
6600	Total provisions	<u>335,183</u>
1495	Ending balance for accumulated depreciation	<u>3,488,476</u>
1400N	Total net book value	<u><u>\$ 9,140,054</u></u>

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Schedule of Replacement Reserve
Year Ended March 31, 2019

Account	Description	Value
1320P	Balance at beginning of year	\$ 305,697
1320DT	Total monthly deposits	41,064
1320INT	Interest on replacement reserve accounts	816
1320WT	Approved withdrawals	<u>(10,857)</u>
1320	Balance at end of year, confirmed by mortgagee	<u>\$ 336,720</u>
1320R	Deposits suspended or waived indicator	N

Supplementary Information

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Schedule of Expenditures of Federal Awards
Year Ended March 31, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Housing and Urban Development ("HUD") Section 202 Supportive Housing for the Elderly Project No. 121-EE 178-NP-WAH Outstanding mortgage balance with continuing compliance requirements, beginning balance	14.157	\$ 6,870,900
Project Rental Assistance Contract ("PRAC")	14.157	<u>312,200</u>
Total direct expenditures of federal awards		<u>\$ 7,183,100</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, 2019. 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, 2019.

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, 2019 was \$6,870,900.

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
Jennings Senior 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 Jennings Senior Housing, Inc. (a California nonprofit public benefit corporation) (the “Project”), HUD Project No. 121-EE 178-NP-WAH, which comprise the statement of financial position as of March 31, 2019, 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, 2019.

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 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 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 from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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, 2019

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

The Board of Directors
Jennings Senior Housing, Inc.
(a California Nonprofit Public Benefit Corporation)

Report on Compliance for the Major Federal Program

We have audited Jennings Senior Housing, Inc. (a California nonprofit public benefit corporation) (the “Project”), HUD Project No. 121-EE 178-NP-WAH, 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, 2019. 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, Jennings Senior Housing, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended March 31, 2019.

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, 2019

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Schedule of Findings and Questioned Costs
Year Ended March 31, 2019

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 2 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>
14.157	Section 202 Supportive Housing for the Elderly	<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

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Summary Schedule of Prior Audit Findings
Year Ended March 31, 2019

There are no prior audit findings to report on.

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Mortgagor's Certification
Year Ended March 31, 2019

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, 2019
S2900-080	Auditee Name	Jennings Senior Housing, Inc.
S2900-090	Auditee Street Address Line 1	2185 N. California Blvd., #215
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	jcasey@covia.org

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Management Agent's Certification
Year Ended March 31, 2019

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.
S3000-010	Narrative	
S3000-020	Name of Managing Agent	Covia Affordable Communities
S3000-030	Name of Signatory	Ronald Schaefer
S3000-040	Name of Agent TIN	77-0324027
S3000-050	Name of Individual (i.e., Property Manager)	Sadie Bracy

Jennings Senior Housing, Inc.
HUD Project No. 121-EE 178-NP-WAH
Transmittal Letter of Auditor
Year Ended March 31, 2019

Account	Description	Value
S3200-005	Audit Firm ID (UJI)	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, 2019
S3200-140	Auditor Contact FAX Number	(415) 956-4149
S3200-150	Auditor Contact E-mail	amy.runge@mossadams.com

