



*Report of Independent Auditors and  
Continuing Care Liquid Reserve Schedules with  
Supplementary Schedules*

**899 Charleston  
dba Moldaw Residences**

*June 30, 2023*

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## **Report of Independent Auditors**

To the Board of Trustees  
899 Charleston dba Moldaw Residences

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of 899 Charleston dba Moldaw Residences, which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, for the year ended June 30, 2023.

In our opinion, the financial statements referred to above present fairly, in all material respects, the continuing care liquid reserves of 899 Charleston dba Moldaw Residences as of and for the year ended June 30, 2023, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 899 Charleston dba Moldaw Residences and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Basis of Accounting***

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by 899 Charleston dba Moldaw Residences on the basis of the liquid reserve requirements of California Health and Safety Code Section 1792, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of California Health and Safety Code Section 1792. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the liquid reserve requirements of California Health and Safety Code Section 1792, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 899 Charleston dba Moldaw Residences' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about 899 Charleston dba Moldaw Residences' ability to continue as a going concern for a reasonable period of time.

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

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements, as a whole. The accompanying Attachment to Form 5-4: Deductions from Operating Expenses; Attachment to Form 5-5: Schedule of Qualifying Assets – Debt Service Reserve and Operating Reserve; and Attachment to Form 5-5: Required Disclosure Under Section 1790 (a)(2); presented as supplementary schedules, are presented for the purpose of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of 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, taken as a whole.

***Restriction on Use***

Our report is intended solely for the information and use of the Board of Trustees and management of 899 Charleston dba Moldaw Residences and the California Department of Social Services, and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Moss Adams LLP".

San Francisco, California  
October 23, 2023

## **Continuing Care Liquid Reserve Schedules**

**899 Charleston dba Moldaw Residences**  
**Form 5-1**  
**Long-Term Debt Incurred in Prior Fiscal Year**

**FORM 5-1: LONG-TERM DEBT INCURRED IN A PRIOR FISCAL YEAR (INCLUDING BALLOON DEBT)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Principal Paid During Fiscal Year	(c) Interest Paid During Fiscal Year	(d) Credit Enhancement Premiums Paid in Fiscal Year	(e) Total Paid (columns (b) + (c) + (d))
1	11/17/14	\$1,030,000	\$3,391,331	\$0	\$4,421,331
2	11/17/14	\$0	\$0	\$0	\$0
<b>TOTAL:</b>			\$3,391,331	\$0	\$4,421,331

*(Transfer this amount to  
Form 5-3, Line 1)*

**NOTE:** For column (b), do not include voluntary payments made to pay down principal.

**NOTE:** For column (c), amount does not include amortized discount on subordinated note.

**NOTE:** The debt listed on line 2 of this schedule is a zero interest loan from the Jewish Home & Senior Living Foundation. Principal repayments are contingent on 899 Charleston achieving certain financial milestones. The first principal payment was made in the prior fiscal year.

**PROVIDER:** 899 Charleston DBA: Moldaw Residences FYE 6/30/2023

**899 Charleston dba Moldaw Residences**  
**Form 5-2**  
**Long-Term Debt Incurred During Fiscal Year**

**FORM 5-2: LONG-TERM DEBT INCURRED DURING FISCAL YEAR (INCLUDING BALLOON DEBT)**

Long-Term Debt Obligation	(a) Date Incurred	(b) Total Interest Paid During Fiscal Year	(c) Amount of Most Recent Payment on the Debt	(d) Number of Payments Over Next 12 Months	(e) Reserve Requirement (see instruction 5) (columns (c) x (d))
1					\$0
2					\$0
3					\$0
4					\$0
5					\$0
6					\$0
7					\$0
8					\$0
<b>TOTAL:</b>		\$0	\$0	\$0	\$0

*(Transfer this amount to Form 5-3, Line 2)*

**NOTE:** For column (b), do not include voluntary payments made to pay down principal.

**PROVIDER:** 899 Charleston DBA: Moldaw Residences FYE 6/30/2023



**899 Charleston dba Moldaw Residences**  
**Form 5-3**  
**Calculation of Long-Term Debt Reserve Amount**

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**FORM 5-3: CALCULATION OF LONG-TERM DEBT RESERVE AMOUNT**

<b>Line</b>		<b>TOTAL</b>
1	Total from Form 5-1 bottom of Column (e)	<u>\$4,421,331</u>
2	Total from Form 5-2 bottom of Column (e)	<u>\$0</u>
3	Facility leasehold or rental payment paid by provider during fiscal year (including related payments such as lease insurance)	<u>\$0</u>
4	<b>TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:</b>	<u><u>\$4,421,331</u></u>

**PROVIDER:** 899 Charleston DBA: Moldaw Residences FYE 6/30/2023

**899 Charleston dba Moldaw Residences**  
**Form 5-4**  
**Calculation of Net Operating Expenses**

**FORM 5-4: CALCULATION OF NET OPERATING EXPENSES**

Line	Description	Amounts	TOTAL
1	Total operating expenses from financial statements		\$ 22,263,211
2	Deductions:		
	a. Interest paid on long-term debt (see instructions)	\$ 3,391,331	
	b. Credit enhancement premiums paid for long-term debt (see instructions)	\$ -	
	c. Depreciation	\$ 4,905,810	
	d. Amortization	\$ 127,837	
	e. Revenues received during the fiscal year for services to persons who did not have a continuing care contract	\$ 1,088,841	
	f. Extraordinary expenses approved by the Department	\$ -	
3	Total Deductions		\$ 9,513,819
4	Net Operating Expenses		\$ 12,749,392
5	Divide Line 4 by 365 and enter the result.		\$ 34,930
6	<b>Multiply Line 5 by 75 and enter the result.</b> This is the provider's operating expense reserve amount.		<u>\$ 2,619,750</u>

**PROVIDER:** 899 Charleston DBA: Moldaw Residences FYE 6/30/2023  
**COMMUNITY:** Moldaw Residences

**899 Charleston dba Moldaw Residences**  
**Form 5-5**  
**Annual Reserve Certification**

**FORM 5-5: ANNUAL RESERVE CERTIFICATION**

Provider Name: 899 Charleston DBA: Moldaw Residences  
 Fiscal Year Ended: June 30, 2023

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended June 30, 2023 and are in compliance with those requirements.

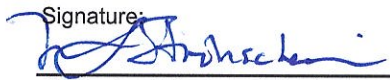
Our liquid reserve requirements, computed using the audited financial statements for the fiscal year are as follows:

	<u>Amount</u>
[1] Debt Service Reserve Amount	\$4,421,331
[2] Operating Expense Reserve Amount	\$2,619,750
[3] <b>Total Liquid Reserve Amount:</b>	<b>\$7,041,081</b>

Qualifying assets sufficient to fulfill the operating reserve and debt service reserve requirements, based on market value at end of fiscal year where applicable, are held as follows:

<u>Qualifying Asset Description</u>	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ 2,006,258	\$ 4,753,857
[5] Investment Securities	\$ -	\$ 12,210,664
[6] Equity Securities	\$ -	\$ -
[7] Unused/Available Lines of Credit	\$ -	\$ -
[8] Unused/Available Letters of Credit	\$ -	\$ -
[9] Debt Service Reserve	\$ 4,422,036	(not applicable)
[10] Other: Qualifying assets used in these reserves are described as follows:	\$ -	\$ -

Total Amount of Qualifying Assets Listed for Reserve Obligation:	[11]	\$6,428,294	[12]	\$16,964,521
Reserve Obligation Amount:	[13]	\$4,421,331	[14]	\$2,619,750
Surplus (Deficiency):	[15]	\$2,006,963	[16]	\$14,344,771

Signature:   
 (Authorized Representative)  
Marc Strohschein, Executive Director

Date: October 23, 2023

## **Supplementary Schedules**

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**899 Charleston dba Moldaw Residences**  
**Attachment to Form 5-4: Deductions from Operating Expenses**

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899 Charleston DBA:  
Moldaw Residences  
Support Schedule for Form 5-4 Calculation of Net Operating Expenses, Lines 2a, 2d, and 2e  
FYE June 30, 2023

Line 2e: Revenues received during the fiscal year for services to persons who did not have a continuing care contract

Cash received from services and other income per statement of cash flows	\$ 262,645
Other revenues for services to residents (including accrued income)	<u>(11,570)</u>
Total revenues for services to nonresidents	\$ 251,075
Revenues from residents without continuing care contract	<u>837,766</u>
Total revenues received during the fiscal year for services to persons who did not have a continuing care contract, Form 5-4, line 2e	<u>\$ 1,088,841</u>
Cash received from resident fees per the statement of cash flows	\$ 12,185,196
Less: cash received from resident fees with continuing care contracts	<u>11,347,430</u>
Revenues from residents without continuing care contract	<u>\$ 837,766</u>

# 899 Charleston dba Moldaw Residences

## Attachment to Form 5-5: Schedule of Qualifying Assets – Debt Service Reserve and Operating Reserve

899 Charleston DBA:  
Moldaw Residences  
Support Schedule for Form 5-5, Annual Reserve Calculation, line 4, 5, 9, and 11  
FYE June 30, 2022

		Amount	
Qualifying Asset Description		DEBT RESERVE	OPERATING RESERVE
	Operating checking accounts	\$ -	\$ 8,910,857
	Depositor account	2,747,023	-
	Less: amount related to entrance fee refunds payable per the statement of financial position	-	(4,157,000)
	Less: amount related to refundable deposits per the statement of financial position	(740,765)	-
Line 4	Total cash and cash equivalents	\$ 2,006,258	\$ 4,753,857
Line 5	Total investment securities	-	12,210,664
Line 9	Debt service reserve in trust	4,422,036	-
Line 11	Total Amount of Qualifying Assets listed for reserve obligation	<u>\$ 6,428,294</u>	<u>\$ 16,964,521</u>
TOTAL AMOUNT OF QUALIFYING ASSETS FOR DEBT RESERVE AND OPERATING RESERVE		<u>\$ 23,392,815</u>	
	Cash and cash equivalents per the statement of financial position	\$ 11,657,880	
	Investments	12,210,664	
	Debt service fund per the statement of financial position	<u>4,422,036</u>	
	Total Amount Of Qualifying Assets For Debt Reserve And Operating Reserve	28,290,580	
	Less: amount related to entrance fee refunds payable per the statement of financial position	(4,157,000)	
	Less: amount related to refundable deposits to prospective residents and refundable parking deposits	<u>(740,765)</u>	
	Total Amount Of Qualifying Assets For Debt Reserve And Operating Reserve	<u>\$ 23,392,815</u>	

**899 Charleston dba Moldaw Residences**  
**Attachment to Form 5-5: Required Disclosure Under Section 1790(a)(2)**

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899 Charleston DBA:  
Moldaw Residences  
Fiscal Year Ended June 30, 2023  
Support Schedule for Form 5-5, Annual Reserve Calculation (continued)  
Required Disclosure under Section 1790(a)(2) of the Health and Safety Code

Escrow entrance fees – This amount represents entrance fees collected beginning September 1, 2010, that are to be used to make principal payments on the tax-exempt bonds pursuant to loan agreements.	\$ 14,957,687
Debt service reserve fund – This amount represents the required reserve fund for the bonds. The moneys are reserve only to be used if other funds are insufficient to satisfy the debt service requirements.	<u>4,422,036</u>
	\$ 19,379,723
Less: amount related to entrance fee refund payable per the statement of financial position	(4,157,000)
Less: amount related to refundable deposits per the statement of financial position	<u>(740,765)</u>
	<u><u>\$ 14,481,958</u></u>
 Total operating expenses	 \$ 22,263,211
 Per capita cost	 \$ 114,170

