



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

**899 Charleston
dba Moldaw Residences**

June 30, 2021

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Report of Independent Auditors

To the Board of Trustees
899 Charleston dba Moldaw Residences

We have audited the accompanying financial statements of 899 Charleston dba Moldaw Residences (the "Organization"), which comprise the continuing care liquid reserve schedules, Form 5-1 through Form 5-5, as of and for the year ended June 30, 2021.

Management's Responsibility 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. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 misstatements 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 continuing care reserves of 899 Charleston dba Moldaw Residences as of and for the year ended June 30, 2021, in conformity with the liquid reserve requirements of California Health and Safety Code Section 1792.

Basis of Accounting

We draw attention to the basis of accounting used to prepare the financial statements. The financial statements are prepared by the Organization 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.

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 5-1: Total Interest Paid During Fiscal Year; 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 basic 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 the auditing standards generally accepted in the United States of America. In our opinion, the supplementary 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.

Moss Adams LLA

San Francisco, California
October 27, 2021

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	\$935,000	\$3,489,457	\$0	\$4,424,457
2	11/17/14	\$300,000	\$0	\$0	\$300,000
TOTAL:			\$3,489,457	\$0	\$4,724,457

(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 6/30/2021

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)

	(a)	(b)	(c)	(d)	(e)
Long-Term Debt Obligation	Date Incurred	Total Interest Paid During Fiscal Year	Amount of Most Recent Payment on the Debt	Number of Payments over next 12 months	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
TOTAL:		\$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 6/30/2021

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

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

Line		TOTAL
1	Total from Form 5-1 bottom of Column (e)	<u>\$4,724,457</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	TOTAL AMOUNT REQUIRED FOR LONG-TERM DEBT RESERVE:	<u><u>\$4,724,457</u></u>

PROVIDER: 899 Charleston DBA: Moldaw Residences FYE 6/30/2021

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

FORM 5-4
CALCULATION OF NET OPERATING EXPENSES

Line		Amounts	TOTAL
1	Total operating expenses from financial statements		<u>\$ 18,866,750</u>
2	Deductions:		
a.	Interest paid on long-term debt (see instructions)	<u>\$ 3,489,457</u>	
b.	Credit enhancement premiums paid for long-term debt (see instructions)	<u>\$ -</u>	
c.	Depreciation	<u>\$ 3,665,256</u>	
d.	Amortization	<u>\$ -</u>	
e.	Revenues received during the fiscal year for services to persons who did not have a continuing care contract	<u>\$ 1,701,436</u>	
f.	Extraordinary expenses approved by the Department	<u>\$ -</u>	
3	Total Deductions		<u>\$ 8,856,149</u>
4	Net Operating Expenses		<u>\$ 10,010,601</u>
5	Divide Line 4 by 365 and enter the result.		<u>\$ 27,426</u>
6	Multiply Line 5 by 75 and enter the result. This is the provider's operating expense reserve amount.		<u><u>\$ 2,056,950</u></u>

PROVIDER: 899 Charleston DBA: Moldaw Residences FYE 6/30/2021

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, 2021

We have reviewed our debt service reserve and operating expense reserve requirements as of, and for the period ended June 30, 2021 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	<u>\$4,724,457</u>
[2] Operating Expense Reserve Amount	<u>\$2,056,950</u>
[3] Total Liquid Reserve Amount:	<u>\$6,781,407</u>

Qualifying assets sufficient to fulfill the above requirements are held as follows:

<u>Qualifying Asset Description</u>	<u>(market value at end of quarter)</u>	
	<u>Debt Service Reserve</u>	<u>Operating Reserve</u>
[4] Cash and Cash Equivalents	\$ <u>4,507,089</u>	\$ <u>1,629,454</u>
[5] Investment Securities	\$ <u>-</u>	\$ <u>13,828,646</u>
[6] Equity Securities	\$ <u>-</u>	\$ <u>-</u>
[7] Unused/Available Lines of Credit	\$ <u>-</u>	\$ <u>-</u>
[8] Unused/Available Letters of Credit	\$ <u>-</u>	\$ <u>-</u>
[9] Debt Service Reserve	\$ <u>4,428,299</u>	(not applicable)
[10] Other:	\$ <u>-</u>	\$ <u>-</u>
<hr/>		
<u>(describe qualifying asset)</u>		
Total Amount of Qualifying Assets Listed for Reserve Obligation: [11]	<u>\$8,935,388</u> [12]	<u>\$15,458,100</u>
Reserve Obligation Amount: [13]	<u>\$4,724,457</u> [14]	<u>\$2,056,950</u>
Surplus/(Deficiency): [15]	<u>\$4,210,931</u> [16]	<u>\$13,401,150</u>

Signature: 
 (Authorized Representative)
Mary Connick, CFO

Date: October 27, 2021

Supplementary Schedules

899 Charleston dba Moldaw Residences
Attachment to Form 5-1: Total Interest Paid During Fiscal Year

899 Charleston DBA:
Moldaw Residences
Support Schedule for Form 5-1
Line 1 (c) Interest Paid During the Fiscal Year
FYE June 30, 2021

Reconciliation of bond interest paid during fiscal year per Form 5-1, line 1 (c) to amount reported in the statement of cash flows:

Interest paid, per the statement of cash flows	\$	3,494,574
Less: Other interest expense		<u>(5,117)</u>
Total interest paid during the fiscal year, Form 5-1, Line 1 (c)	\$	<u><u>3,489,457</u></u>

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

899 Charleston DBA:
Moldaw Family Residences
Support Schedule for Form 5-4 Calculation of Net Operating Expenses, Lines 2a, 2d and 2e
FYE June 30, 2021

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	\$ 566,891
Less: Accounts receivable related to other income as of 6/30/20	(145,885)
Plus: Accounts receivable/ Less: Prepaid related to other income as of 6/30/21	170,028
Other revenues for services to residents (include accrued income)	<u>(410,780)</u>
Total revenues for services to non-residents	\$ 180,254
Revenues from residents without continuing care contract	<u>1,521,182</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><u>\$ 1,701,436</u></u>
Cash received from resident fees per the statement of cash flows	\$ 12,733,119
Less: Cash received from resident fees with continuing care contracts	<u>11,206,968</u>
Cash received from resident fees without continuing care contracts	1,526,151
Plus: Accounts receivable/Less: Prepaid related to resident fees without continuing care contracts as of 6/30/21	(4,459)
Less: Accounts receivable/Plus: Prepaid related to resident fees without continuing care contracts as of 6/30/20	<u>\$ (511)</u>
Revenues from residents without continuing care contract	<u><u>\$ 1,521,182</u></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 Family Residences
Support Schedule for Form 5-5, Annual Reserve Calculation, line 4, 5, 9 and 11
FYE June 30, 2021

Qualifying Asset Description		Amount	
		DEBT RESERVE	OPERATING RESERVE
	Operating checking accounts	\$ -	\$ 1,343,175
	Capital campaign account	-	284,583
	Depositor account	5,314,859	-
	Turnover entrance fee account	-	4,091,448
	Less: Amount related to entrance fee refunds payable per the statement of financial position	-	(4,089,752)
	Less: Amount related to refundable deposits per the statement of financial position	(807,770)	-
Line 4	Total cash and cash equivalent	\$ 4,507,089	\$ 1,629,454
Line 5	Investment Securities	-	13,828,646
Line 9	Debt service reserve in trust	4,428,299	-
Line 11	Total Amount of Qualifying Assets listed for reserve obligation	\$ 8,935,388	\$ 15,458,100
TOTAL AMOUNT OF QUALIFYING ASSETS FOR DEBT RESERVE AND OPERATING RESERVE		\$ 24,393,488	
	Cash and cash equivalents per the statement of financial position	\$ 11,034,065	
	Investments	13,828,646	
	Debt service fund per the statement of financial position	4,428,299	
	Total Amount Of Qualifying Assets For Debt Reserve And Operating Reserve	29,291,010	
	Less: Amount related to entrance fee refunds payable per the statement of financial position	(4,089,752)	
	Less: Amount related to refundable deposits to prospective residents and refundable parking deposits	(807,770)	
	Total Amount Of Qualifying Assets For Debt Reserve And Operating Reserve	\$ 24,393,488	

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

899 Charleston DBA:
Moldaw Family Residences
Fiscal Year Ended June 30, 2021
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.	\$ 23,589,606
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>4,428,299</u>
	\$ 28,017,905
Less: Amount related to refundable deposits per the statement of financial position	<u>(4,897,522)</u>
	<u>\$ 23,120,383</u>
Total operating expenses	\$ 18,866,750
Per capita cost	\$ 88,576

