

**THE LENA AND DAVID T. WILENTZ
SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2022 AND 2021



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THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
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**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
AUDITOR DISCLOSURE INFORMATION
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Lena and David T. Wilentz Senior Residence, Inc.
Somerset, New Jersey

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Lena and David T. Wilentz Senior Residence, Inc. (the Housing Company), HUD Project No. 031-EH049, which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations and changes in net deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Housing Company as of December 31, 2022 and 2021, and the results of its operations and changes in its net deficit, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Housing Company, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Notes 1 and 12 to the financial statements, in 2022 the Housing Company adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Housing Company's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve 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 and *Government Auditing Standards*, 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 the Housing Company's 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 the Housing Company's 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying HUD-required supplementary financial data shown on pages 20 to 29 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 financial statements. The accompanying schedule of expenditures of federal and state awards shown on page 30, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the state of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is also presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary data required by HUD and the schedule of expenditures of federal and state awards (collectively, the supplementary information) are the responsibility of management and were derived from and relate 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 audits 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 GAAS. In our opinion, the supplementary 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 our report dated March 27, 2023, on our consideration of the Housing Company'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 Housing Company'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 Housing Company's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 27, 2023

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

	2022	As Restated 2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 44,620	\$ 38,555
Due from State of New Jersey	11,003	9,589
Grant Receivable	24,544	22,788
Prepaid Expenses	15,911	15,075
Total Current Assets	96,078	86,007
RESTRICTED DEPOSITS AND OTHER RESTRICTED ASSETS		
Tenant Deposits Held in Trust	25,913	26,654
Replacement Reserve	34,766	119,328
Total Deposits	60,679	145,982
PROPERTY AND EQUIPMENT		
Land and Land Improvements	341,468	321,468
Buildings	6,373,806	6,272,297
Building Equipment	1,295,126	1,295,126
Furniture and Fixtures	1,073,904	1,073,904
Motor Vehicles	5,220	5,220
Total Property and Equipment	9,089,524	8,968,015
Less: Accumulated Depreciation	7,395,377	7,160,088
Property and Equipment, Net	1,694,147	1,807,927
RIGHT-OF-USE ASSETS – FINANCE LEASES	13,876	21,817
Total Assets	\$ 1,864,780	\$ 2,061,733
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 363,350	\$ 349,071
Current Portion of Lease Liabilities - Finance Leases	8,172	7,856
Accounts Payable and Accrued Expenses	39,408	27,426
Accounts Payable Affiliates	33,882	20,140
Accrued Expenses Affiliates	297,000	243,000
Total Current Liabilities	741,812	647,493
LONG-TERM LIABILITIES		
Long-Term Debt, Net of Current Portion	2,305,545	2,661,103
Long-Term Lease Liabilities – Finance Leases (Less Current Maturities)	6,345	14,517
Tenant Security Deposits	25,913	26,654
Total Long-Term Liabilities	2,337,803	2,702,274
Total Liabilities	3,079,615	3,349,767
NET DEFICIT WITHOUT DONOR RESTRICTIONS	(1,214,835)	(1,288,034)
Total Liabilities and Net Deficit	\$ 1,864,780	\$ 2,061,733

See accompanying Notes to Financial Statements.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	As Restated 2021
SUPPORT AND REVENUE		
Tenant Assistance Payment	\$ 1,457,035	\$ 1,440,548
Congregate Service Income	133,414	106,233
Rental Income	247,602	252,190
Interest Income	-	55
Other Revenue	49,958	52,049
Total Support and Revenue	1,888,009	1,851,075
 EXPENSES		
Administrative	458,023	405,059
Utilities	124,108	116,245
Operating and Maintenance	549,041	485,440
Taxes and Insurance	147,256	177,968
Interest Expense	125,144	138,973
Congregate Service Expense	168,008	148,778
Depreciation	235,289	242,444
Amortization	7,941	7,941
Total Expenses	1,814,810	1,722,848
 CHANGE IN NET DEFICIT	73,199	128,227
Net Deficit - Beginning of Year, 2021 As Restated	(1,288,034)	(1,416,261)
 NET DEFICIT - END OF YEAR	\$ (1,214,835)	\$ (1,288,034)

See accompanying Notes to Financial Statements.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	As Restated 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Rent Income Received from Tenants	\$ 251,127	\$ 253,364
Subsidy Rent Income Received	1,457,035	1,440,548
Congregate Services Income	132,000	106,133
Other Income	49,958	52,104
Payments to Employees and Suppliers	(1,440,266)	(1,356,207)
Interest Paid	(117,676)	(131,701)
Net Cash Provided by Operating Activities	332,178	364,241
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(121,509)	(47,515)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(349,052)	(335,331)
Payments on Finance Leases	(7,856)	(7,551)
Change in Accounts Receivable - Affiliates	-	417
Change in Accounts Payable and Accrued Expenses - Affiliates	67,742	19,618
Net Cash Used by Financing Activities	(289,166)	(322,847)
DECREASE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(78,497)	(6,121)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	157,883	164,004
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH - END OF YEAR	\$ 79,386	\$ 157,883
RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Deficit	\$ 73,199	\$ 128,227
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided by Operating Activities:		
Depreciation	235,289	242,444
Amortization of ROU Assets	7,941	7,941
Amortization of Deferred Financing Fees	7,773	7,773
(Increase) Decrease in Assets:		
Tenant Accounts Receivable	-	-
Due from the State of New Jersey	(1,414)	(100)
Grant Receivable	(1,756)	(2,788)
Prepaid Expenses	(836)	(623)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	11,982	(18,633)
Net Cash Provided by Operating Activities	\$ 332,178	\$ 364,241
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in Tenant Security Deposits	\$ 741	\$ (227)
Equipment Received in Exchange for Finance Lease	\$ -	\$ 29,758

See accompanying Notes to Financial Statements.

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Lena and David T. Wilentz Senior Residence, Inc. (the Housing Company) is organized under the *Not-for-Profit Corporation Laws* of the state of New Jersey.

The Housing Company operates, under Section 202 of the National Housing Act, a 100-unit residential apartment building complex for the elderly located in Somerset, New Jersey. Such projects are regulated by the United States Department of Housing and Urban Development (HUD) with respect to rent charges and operating methods. Its primary sources of funding are resident rents and tenant assistance payments paid by HUD and the state of New Jersey Department of Health.

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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

The Housing Company considers all unrestricted and highly liquid investments with maturities of three months or less when purchased to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in bank may exceed FDIC insurable limits.

Cash and cash equivalents in the Replacement Reserve account are used for the replacement of property and equipment. These funds are considered restricted in nature.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statements of financial position that sum to the total of the same such amounts shown in the statements of cash flows at December 31:

	2022	2021
Cash	\$ 44,620	\$ 38,555
Replacement Reserve	34,766	119,328
Total Cash, Cash Equivalents, and Restricted Cash Shown in the Statement of Cash Flows	\$ 79,386	\$ 157,883

Restricted Cash and Cash Reserves

Under the regulatory agreement, the Housing Company is required to make deposits into restricted escrow accounts. The Housing Company makes regular monthly deposits into the Replacement Reserve account for the replacement of property and equipment. These funds are held in separate accounts at December 31, 2022 and 2021. Surplus cash, if any, from the operations of the property is deposited into a Residual Receipts account. All disbursements require the approval of HUD.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenant Security Deposits

The Housing Company holds in trust security deposit amounts advanced by the tenants of the Housing Company upon move-in. The Housing Company records these deposits plus interest as a liability.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Additions and improvements of property and equipment with a cost of over \$1,000 are capitalized; repairs and improvements to real property and leasehold improvements with a cost of over \$5,000 are capitalized; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to operations as incurred.

When an asset is sold, retired, or otherwise disposed of, the cost of the property and related accumulated depreciation are removed from the respective accounts, and any resulting gains or losses are reflected in income.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended December 31, 2022 and 2021 was \$235,289 and \$242,444, respectively. Substantially all of the property and equipment serves as underlying assets for operating leases.

Finance Fee

Costs associated with the issuance of the Somerset County Improvement Authority revenue bonds are being amortized using the straight-line method, a method which approximates the effective interest rate method, over the 15-year life of the bonds and the underlying related mortgage and are recorded as a component of interest expense. During 2014, the bonds were refinanced, and the Company paid \$116,588 in issuance costs on the refinancing. Amortization was \$7,773 for each of the years ended December 31, 2022 and 2021. Accumulated amortization was \$64,123 and \$56,354 as of December 31, 2022 and 2021, respectively.

Net Assets With Donor Restrictions

Net assets with donor restrictions are used to differentiate resources, the use of which is restricted by donors, from unrestricted resources on which donors place no restriction or that arise as a result of the operations of the Housing Company for its stated purpose. Funds restricted for specific operating purposes are reflected in net assets released from restriction used for operations and/or capital to the extent used within the period. The Housing Company does not have any net assets with donor restrictions at December 31, 2022 and 2021.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including receivables and payables approximate their fair values due to the relatively short maturity of these instruments.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenants Accounts Receivable

Rent income is earned pursuant to leases that generally do not exceed more than one year. If necessary, the Housing Company establishes an allowance for the estimated losses that result from the inability of tenants to make their required payments. This allowance is based on the aging of rent receivables, assessments of historical collection trends, and an evaluation of the impact of current economic conditions as well as the financial status of the individual tenants. No allowances were recorded for the years ended December 31, 2022 and 2021.

Revenue Recognition

Leasing operations consist principally of operating leases of residential real estate expiring in various years through 2023 in which the Housing Company is the lessor. Certain leases provide for renewal options. Lease contracts do not include variable lease payments.

The Housing Company's primary revenue stream is rent charges for residential units under leases with durations of less than one year. The Housing Company records revenue for such leases at gross potential rent as prescribed by HUD. The rental value of vacancies and other concessions are stated separately to present net rental income on the accrual basis.

Revenue from lease payments is recognized under the accrual method. Lease payments include subsidy payments and are included in income as rents become due. Lease payments received in advance are deferred until earned. At the commencement of an operating lease, no revenue is recognized; subsequently, lease payments received by the Housing Company are recognized as income on the straight-line basis.

Subsidy payments from rent charges for low-income eligible tenants are provided under a Section 8 housing assistance payment contract. This contract requires tenants to contribute a portion of the contract rent based on formulas prescribed by HUD. The difference from the calculated subsidy and the contract rent is paid by HUD. The current contract expires on October 31, 2030.

Subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. The Housing Company believes that both such rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current lease standards.

A portion of the Housing Company's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Housing Company has incurred expenditures in compliance with specific contract or grant provisions.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Housing Company determines if an arrangement is a lease at inception. Except for arrangements in which the Housing Company is the lessor of residential real estate units, operating leases are included in right-of-use (ROU) assets – operating leases and lease liabilities – operating leases, and finance leases are included in right-of-use (ROU) assets – finance leases and lease liabilities – finance leases, on the balance sheets.

ROU assets represent the Housing Company's right to use an underlying asset for the lease term and lease liabilities represent the Housing Company's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the Housing Company will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. For individual lease contracts that do not provide information about the discount rate implicit in the lease, the Housing Company elects to use its incremental borrowing rate of 3.961% as the discount rate for computing the present value of all lease liabilities (see Note 12).

New Accounting Pronouncements — ASU 2016-02

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This new standard increases the transparency of and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Housing Company adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the earliest comparative period presented, using a modified retrospective approach, with certain practical expedients available.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements — ASU 2020-07

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide users of financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized. Contributed nonfinancial assets are to be presented as a separate line item in the statements of operations, apart from contributions of cash and other financial assets.

The Housing Company adopted the requirements of the guidance and applied the provisions of this standard using a retrospective approach to each period presented. The adoption of this accounting standard did not have an impact on the financial position or changes in its net assets (deficit). There were no material nonfinancial asset contributions received by the Housing Company during the years ended December 31, 2022 and 2021.

Income Taxes

The Housing Company is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal income taxes on its exempt income under Section 501(a) of the IRC.

The Housing Company accounts for uncertainty in income taxes using a recognition threshold of more likely than not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold in 2022 and 2021.

The Housing Company's income tax returns are subject to review and examination by federal and state authorities. The Housing Company is not aware of any activities that would jeopardize its tax-exempt status. The Housing Company is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

Subsequent Events

In preparing these financial statements, the Housing Company has considered events and transactions that have occurred through March 27, 2023, the date the financial statements were available to be issued. The results of this evaluation indicated that there are no subsequent events or transactions that are required to be disclosed in these financial statements.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 LIQUIDITY AND AVAILABILITY

As of December 31, 2022, the Housing Company has a working capital (deficit) of \$(645,734) and average days cash on hand of 10.

Financial assets available for general expenditures, within one year of the balance sheet date, are as follows:

	2022	2021
Financial Assets as of Year-End:		
Cash	\$ 44,620	\$ 38,555
Accounts Receivable from:		
State of New Jersey	11,003	9,589
Grants	24,544	22,788
Total Financial Assets	\$ 80,167	\$ 70,932

In addition to financial assets available to meet general expenditures over the next 12 months, the Housing Company operates with a balanced budget, which is submitted and approved by HUD, and anticipates collecting sufficient revenue to cover general expenditures. The Housing Company maintains a replacement reserve account, in accordance with the terms of the HUD Regulatory Agreement that may be used for future capital needs and major repairs, subject to HUD approval. If the Housing Company has excess cash, as defined by HUD, the Housing Company is required to deposit those funds into a residual receipts account which may be used only with prior HUD approval. Tenant security deposits are maintained separately from general operating funds and are not considered available for general expenditure.

NOTE 3 LONG-TERM DEBT

Long-term debt consists of a mortgage with a commercial bank providing collateral for revenue bonds issued by the Somerset County Improvement Authority on behalf of the Housing Company. The revenue bonds are wholly owned by the commercial bank. In 2014, the mortgage was refinanced for an amount of \$5,185,620, which included additional funds for construction project and new windows for the facility. The new debt is secured by all of the assets of the Housing Company and is payable in monthly installments of \$38,832 including interest at 3.961% through November 2029.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 LONG-TERM DEBT (CONTINUED)

Long-term debt consists of the following:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Somerset County Improvement Authority Revenue Bonds, Series of 2014	\$ 2,721,356	\$ 3,070,408
Total Long-Term Debt	2,721,356	3,070,408
Less: Unamortized Deferred Financing Cost	52,461	60,234
Total Long-Term Debt, Less Unamortized Deferred Financing Cost	2,668,895	3,010,174
Less: Current Portion	363,350	349,071
Total Long-Term Debt, Less Current Portion	<u>\$ 2,305,545</u>	<u>\$ 2,661,103</u>

The estimated future principal payments on the mortgage note are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 363,350
2024	377,953
2025	393,674
2026	409,778
2027	426,540
Thereafter	750,061
Total	<u>\$ 2,721,356</u>

NOTE 4 HOUSING ASSISTANCE PAYMENT CONTRACT AGREEMENT

The Federal Housing Administration (FHA) has contracted with the Housing Company under Section 8 of Title II of the Housing and Community Development Act of 1974, to make housing assistance payments to the Housing Company on behalf of qualified tenants. The agreement expires on October 31, 2030.

COVID-19 Supplemental Payment Program

During the years ended December 31, 2022 and 2021, the Housing Company applied for and received a grant in the amount of \$-0- and \$40,378, respectively, as a COVID-19 Supplemental Payment (CSP) administered by HUD. CSP assistance is offered to properties with project-based rental assistance contracts under Section 8 and Section 202 to offset eligible operating cost increases related to COVID-19. The Housing Company used the awarded funds for COVID-19 costs incurred from payroll as well as cleaning and sanitizing contract services, supplies, and personal protective equipment (PPE). At December 31, 2022 and 2021, The Housing Company recognized \$-0- and \$40,378, respectively, as Other Revenue on the Statements of Operations and Changes in Net Deficit, and Special Claims Revenue on the HUD Profit and Loss Data.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 STATE OF NEW JERSEY CONTRACT

The Housing Company has a fee-for-service contract with the state of New Jersey Department of Health and Senior Services to fund housing support services for the tenants. The revenue and expenses are as follows:

	<u>2022</u>	<u>2021</u>
Congregate Service Income:		
Tenants	\$ 18,364	\$ 16,101
State of New Jersey, Department of Health and Senior Services	115,050	90,132
Total	<u>\$ 133,414</u>	<u>\$ 106,233</u>
Congregate Service Expense:		
Food Supplies and Services	\$ 101,226	\$ 77,787
Salaries and Related Expenses	66,782	70,991
Total	<u>\$ 168,008</u>	<u>\$ 148,778</u>

NOTE 6 RELATED PARTIES

Administrative support and reimbursement for congregate services provided were paid to The Martin and Edith Stein Assisted Living Residence, a company affiliated through overlapping members of the board of trustees. For the years ended December 31, 2022 and 2021, the amount reimbursed for support and congregate services was \$168,008 and \$148,778, respectively.

The Jewish Home and Healthcare Center, Inc. (JHHC), a company affiliated through overlapping members of the board of trustees, provided management services to The Lena and David T. Wilentz Senior Residence, Inc. The management fee in each of the years 2022 and 2021 is a fixed amount and totaled \$54,000. As of December 31, 2022 and 2021, due to these affiliates on a noninterest-bearing, unsecured basis totaled \$330,882 and \$263,140, respectively, of which \$297,000 and \$243,000 was due to JHHC for management fees for the years ended as of December 31, 2022 and 2021, respectively. The liabilities are generally paid during the following year. Due from affiliates was \$-0- for the years ended December 31, 2022 and 2021.

NOTE 7 PENSION PLAN

The Housing Company participates in The Wilf Campus for Senior Living Retirement Plan which is a 401(k) plan covering eligible employees. The Housing Company may contribute 25% of employee contributions up to 4% of compensation. There were no contributions to the 401(k) plan for the years ended December 31, 2022 and 2021.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
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NOTE 8 RESERVE FOR REPLACEMENT

The Housing Company is required to make monthly deposits into a replacement reserve in the amount of \$3,545 until November 1, 2022 when it was increased to \$3,585. These funds cannot be utilized without the permission of HUD.

NOTE 9 FUNCTIONAL EXPENSES

The Housing Company provides rental housing for low-income, elderly, and disabled persons. All categories of expenses that are not directly related to the organization's program are allocated to one or more management and supporting functions based on the estimates of time and effort involved. Expenses related to providing these functions are as follows:

	Residential Services	Administrative and General	Total
<u>December 31, 2022</u>			
Salaries and Wages	\$ 516,444	\$ 50,638	\$ 567,082
Administrative and General	3,799	185,338	189,137
Utilities	111,697	12,412	124,109
Operating and Maintenance	280,393	31,155	311,548
Taxes and Insurance	132,529	14,726	147,255
Interest Expense	112,630	12,514	125,144
Congregate Service Expense	107,305	-	107,305
Depreciation	218,907	24,323	243,230
Totals	<u>\$ 1,483,704</u>	<u>\$ 331,106</u>	<u>\$ 1,814,810</u>
 <u>December 31, 2021</u>			
Salaries and Wages	\$ 437,991	\$ 41,523	\$ 479,514
Administrative and General	3,549	174,983	178,532
Utilities	104,621	11,625	116,245
Operating and Maintenance	267,064	29,674	296,738
Taxes and Insurance	160,171	17,797	177,968
Interest Expense	125,076	13,897	138,973
Congregate Service Expense	84,493	-	84,493
Depreciation	225,347	25,039	250,385
Totals	<u>\$ 1,408,311</u>	<u>\$ 314,537</u>	<u>\$ 1,722,848</u>

NOTE 10 COMMITMENTS

Minimum future rents due from tenants under noncancellable operating leases as of December 31, 2022 and 2021 are approximately \$267,588 and \$241,752, respectively.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 11 LEASES

The Housing Company leases equipment under long-term, non-cancelable lease agreements. The lease expires in 2024 and provide for renewal options ranging from three months to six years. In the normal course of business, it is expected that this lease will be renewed or replaced by similar leases.

The following table provides quantitative information concerning the Housing Company's finance lease:

<u>Lease Cost</u>	<u>2022</u>	<u>2021</u>
Finance Lease Costs:		
Amortization of Right-of-Use Assets	\$ 7,941	\$ 7,941
Interest on Lease Liabilities	744	1,049
 Total Lease Costs	 <u>\$ 8,685</u>	 <u>\$ 8,990</u>

Other Information

Cash Paid For Amounts Included in the

Measurement of Lease Liabilities:

Operating Cash Flows From Finance Leases	\$ 744	\$ 1,049
Financing Cash Flows From Finance Leases	7,856	7,551
Weighted-Average Remaining Lease Term - Finance Leases	1.7 years	2.7 years
Weighted-Average Discount Rate - Finance Leases	3.96%	3.96%

The Housing Company classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022, is as follows:

<u>Year Ending December 31,</u>	<u>Finance Lease</u>
2023	\$ 8,600
2024	6,450
Total Lease Payments	15,050
(Less): Interest	(533)
Present Value of Lease Liabilities	<u>\$ 14,517</u>

As of December 31, 2022, there are no lease payments related to options to extend lease terms that are reasonably certain to be exercised or minimum lease payments for leases that have been signed but have not yet commenced.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
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NOTE 12 CHANGE IN ACCOUNTING FOR LEASES

During the year ended December 31, 2022, the Housing Company adopted FASB issued ASU 2016-02, *Leases (Topic 842)*. Previously, capital leases had not been recognized on the Housing Company's balance sheets. As a result of the adoption of the new lease accounting guidance, the Housing Company recognized on January 1, 2021 a lease liability of \$29,924, which represents the present value of the remaining operating lease payments of \$32,250, discounted using the Housing Company's incremental borrowing rate of 3.96%, and a right-of-use asset of \$29,758, which represents the finance lease liability. The difference between the additional lease assets and lease liabilities was recorded as an adjustment to retained earnings.

The standard had a material impact on the balance sheets as well as the statements of operations and statements cash flows. The following table presents the total assets, liabilities, the change in accounting for deferred marketing costs:

	Total Current Liabilities
Total Current Liabilities, as	
Originally Reported - December 31, 2021	\$ 639,637
Change in Accounting for Leases, Current Portion of Lease Liabilities - Finance Leases	<u>7,856</u>
Total Current Liabilities, as as Restated - December 31, 2021	<u>\$ 647,493</u>
	Total Long-Term Liabilities
Total Long-Term Liabilities, as	
Originally Reported - December 31, 2021	\$ 2,687,757
Change in Accounting for Leases, Long-Term Lease Liabilities – Finance Leases	<u>14,517</u>
Total Long-Term Liabilities, as as Restated - December 31, 2021	<u>\$ 2,702,274</u>
	Total Expenses
Total Expenses, as	
Originally Reported - December 31, 2021	\$ 1,722,292
Change in Accounting for Leases, Administrative Expense	(8,434)
Interest Expense	1,049
Amortization Expense	<u>7,941</u>
Total Expenses, as as Restated - December 31, 2021	<u>\$ 1,722,848</u>

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
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NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 12 CHANGE IN ACCOUNTING FOR LEASES (CONTINUED)

	Cash Flows
Net Cash Provided by Operating Activities, as Originally Reported - December 31, 2021	\$ 356,690
Change in Accounting for Leases, Payments to Employees and Suppliers	8,600
Interest Paid	(1,049)
Net Cash Provided by Operating Activities, as as Restated - December 31, 2021	\$ 364,241
Net Cash Used by Financing Activities, as Originally Reported - December 31, 2021	\$ (315,296)
Change in Accounting for Leases, Payments on Finance Leases	(7,551)
Net Cash Used by Financing Activities, as as Restated - December 31, 2021	\$ (322,847)

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
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HUD BALANCE SHEETS

Account Number		2022	As Restated 2021
	ASSETS		
	CURRENT ASSETS		
1120	Cash - Operations	\$ 44,620	\$ 38,555
1140	Accounts Receivable	35,547	32,377
1200	Miscellaneous Prepaid Expenses	15,911	15,075
1100T	Total Current Assets	<u>96,078</u>	<u>86,007</u>
1191	Tenant/Patient Deposits Held in Trust	25,913	26,654
1320	Replacement Reserve	34,766	119,328
	PROPERTY AND EQUIPMENT		
1410	Land and Land Improvements	341,468	321,468
1420	Buildings	6,373,806	6,272,297
1440	Building Equipment	1,295,126	1,295,126
1450	Furniture and Fixtures	1,073,904	1,073,904
1480	Motor Vehicles	5,220	5,220
1400T	Total Fixed Assets	<u>9,089,524</u>	<u>8,968,015</u>
1495	Less: Accumulated Depreciation	<u>7,395,377</u>	<u>7,160,088</u>
1400N	Net Fixed Assets	<u>1,694,147</u>	<u>1,807,927</u>
1590	Miscellaneous Other Assets	13,876	21,817
1000T	Total Assets	<u>\$ 1,864,780</u>	<u>\$ 2,061,733</u>
	LIABILITIES AND NET DEFICIT		
	CURRENT LIABILITIES		
2110	Accounts Payable - Operations	\$ 7,537	\$ 4,352
2113	Accounts Payable - Affiliates	330,882	263,140
2120	Accrued Wages Payable	22,589	12,602
2131	Accrued Interest Payable	9,282	10,472
2170	Mortgage Payable - Current Portion	363,350	349,071
2190	Miscellaneous Current Liabilities	8,172	7,856
2122T	Total Current Liabilities	<u>741,812</u>	<u>647,493</u>
2191	Tenant Security Deposits	25,913	26,654
2320	Mortgage Payable - Net of Current Portion	<u>2,305,545</u>	<u>2,661,103</u>
2390	Miscellaneous Long Term Liabilities	<u>6,345</u>	<u>14,517</u>
2000T	Total Liabilities	3,079,615	3,349,767
3131	Net Deficit Without Donor Restrictions	<u>(1,214,835)</u>	<u>(1,288,034)</u>
2033T	Total Liabilities and Net Deficit	<u>\$ 1,864,780</u>	<u>\$ 2,061,733</u>

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
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SUPPLEMENTARY DATA REQUIRED BY HUD
YEARS ENDED DECEMBER 31, 2022 AND 2021

HUD STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT

Account Number		2022	As Restated 2021
	RENT REVENUE		
5120	Rent Revenue - Tenants	\$ 247,602	\$ 252,190
5121	Tenant Assistance Payments	1,454,535	1,400,170
5193	Special Claims Revenue	2,500	40,378
5100T	Total Rent Revenue	1,704,637	1,692,738
5152N	Net Rental Revenue	1,704,637	1,692,738
	CONGREGATE SERVICES REVENUE		
5300	Congregate Services	133,414	106,233
	FINANCIAL REVENUE		
5410	Financial Revenue - Project Operations	-	55
	OTHER REVENUE		
5910	Laundry and Vending	2,102	2,944
5990	Miscellaneous Revenue	47,856	49,105
5900T	Total Other Revenue	49,958	52,049
5000T	Total Revenue	1,888,009	1,851,075
	ADMINISTRATIVE EXPENSES		
6203	Conventions and Meetings	40	2,755
6210	Advertising and Marketing	5,688	7,051
6310	Office Salaries	224,486	185,679
6311	Office Expenses	35,341	26,053
6320	Management Fee	54,000	54,000
6330	Manager Salary	44,400	40,848
6350	Audit Expense	22,628	20,987
6351	Bookkeeping Fees	33,450	30,775
6370	Bad Debts	-	1,421
6390	Miscellaneous Administrative Expenses	37,990	35,490
6263T	Total Administrative Expenses	458,023	405,059
	UTILITIES EXPENSES		
6450	Electricity	70,684	62,227
6451	Water	18,769	17,976
6453	Sewer	34,655	36,042
6400T	Total Utilities Expense	124,108	116,245

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
YEARS ENDED DECEMBER 31, 2022 AND 2021

HUD STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)

Account Number		<u>2022</u>	<u>As Restated 2021</u>
	OPERATING AND MAINTENANCE EXPENSES		
6510	Payroll	\$ 237,493	\$ 188,702
6515	Supplies	16,816	37,228
6520	Contracts	98,882	58,816
6525	Garbage and Trash Removal	69,774	49,514
6546	Heating/Cooling Repairs and Maintenance	2,853	-
6548	Snow Removal	563	3,250
6570	Vehicle Maintenance	948	6,529
6590	Miscellaneous Operating and Maintenance Expenses	<u>121,712</u>	<u>141,401</u>
6500T	Total Operating and Maintenance Expenses	549,041	485,440
	TAXES AND INSURANCE		
6711	Payroll Taxes	25,296	31,417
6720	Property and Liability Insurance (Hazard)	53,634	48,547
6722	Workers' Compensation	6,297	6,531
6723	Health Insurance and Other Employee Benefits	<u>62,029</u>	<u>91,473</u>
6700T	Total Taxes and Insurance	147,256	177,968
	FINANCIAL EXPENSES		
6820	Long-Term Debt Interest	125,144	138,973
6900	Other Elderly Care Expenses	168,008	148,778
	OPERATING RESULTS		
6000T	Total Cost of Operations before Depreciation	<u>1,571,580</u>	<u>1,472,463</u>
5060T	PROFIT BEFORE DEPRECIATION	316,429	378,612
6600	DEPRECIATION	<u>235,289</u>	<u>242,444</u>
6610	AMORTIZATION EXPENSE	<u>7,941</u>	<u>7,941</u>
5060N	OPERATING INCOME (LOSS)	<u>\$ 73,199</u>	<u>\$ 128,227</u>
	Change in Net Assets from Operations		
3247	Change in Net Assets Without Donor Restrictions	<u>\$ 73,199</u>	<u>\$ 128,227</u>
	PART II		
S1000-010	Total Mortgage Principal Payments During the Year	<u>\$ 349,052</u>	<u>\$ 335,331</u>
S1000-020	Total of 12 Monthly Deposits into the Replacement Reserve in Accordance with the Regulatory Agreement	<u>\$ 42,620</u>	<u>\$ 41,780</u>

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
YEARS ENDED DECEMBER 31, 2022 AND 2021**

HUD STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)

<u>Account Number</u>		<u>2022</u>	<u>As Restated 2021</u>
	NET ASSETS WITHOUT DONOR RESTRICTIONS		
S1100-060	Previous Year Net Assets Without Donor Restrictions	\$ (1,288,034)	\$ (1,416,261)
3247	Change in Net Assets Without Donor Restrictions	<u>73,199</u>	<u>128,227</u>
3131	Net Assets Without Donor Restrictions	<u>(1,214,835)</u>	<u>(1,288,034)</u>
	TOTAL NET ASSETS		
S1100-050	Previous Year Total Net Assets	(1,288,034)	(1,416,261)
3250	Change in Total Net Assets from Operations	73,199	128,227
3130	Total Net Assets	<u><u>\$ (1,214,835)</u></u>	<u><u>\$ (1,288,034)</u></u>

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
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HUD STATEMENTS OF CASH FLOWS

Account Number		2022	2021
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Revenues:		
S1200-010	Rental Receipts	\$ 1,708,162	\$ 1,693,912
S1200-020	Interest Receipts	-	55
S1200-030	Other Operating Receipts	181,958	158,182
S1200-040	Total Receipts	1,890,120	1,852,149
	Expenses:		
S1200-050	Administrative	(451,853)	(427,776)
S1200-090	Utilities	(124,108)	(116,245)
S1200-110	Operating and Maintenance	(549,041)	(485,440)
S1200-140	Property Insurance	(53,634)	(48,547)
S1200-150	Miscellaneous Taxes and Insurance	(93,622)	(129,421)
S1200-170	Other Operating Expenses	(168,008)	(148,778)
S1200-180	Interest	(117,676)	(131,701)
S1200-230	Total Expenses	(1,557,942)	(1,487,908)
S1200-240	Net Cash Provided by Operating Activities	332,178	364,241
	CASH FLOWS FROM INVESTING ACTIVITIES		
S1200-250	Net Deposits to the Reserve Replacement Account	84,562	29,540
S1200-330	Net Purchases of Fixed Assets	(121,509)	(47,515)
S1200-350	Net Cash Used by Investing Activities	(36,947)	(17,975)
	CASH FLOWS FROM FINANCING ACTIVITIES		
S1200-360	Repayment of Long-Term Debt	(349,052)	(335,331)
S1200-450	Other Financing Activities	59,886	12,484
S1200-460	Net Cash Used by Financing Activities	(289,166)	(322,847)
S1200-470	INCREASE IN CASH AND CASH EQUIVALENTS	6,065	23,419
S1200-480	Cash and Cash Equivalents - Beginning of Year	38,555	15,136
S1200T	CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 44,620	\$ 38,555
S1200-460	RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
3250	Change in Net Deficit	\$ 73,199	\$ 128,227
	Adjustments to Reconcile Change in Net Deficit to Net Cash Provided by Operating Activities:		
6600	Depreciation	235,289	242,444
6610	Amortization	15,714	15,714
	(Increase) Decrease in Assets:		
S1200-490	Tenant Accounts Receivable	-	-
S1200-500	Due from the State of New Jersey	(1,414)	(100)
S1200-510	Accrued Receivable	(1,756)	(2,788)
S1200-520	Prepaid Insurance	(836)	(623)
	Increase (Decrease) in Liabilities:		
S1200-540	Accounts Payable and Accrued Expenses	11,982	(18,633)
S1200-610	Net Cash Provided by Operating Activities	\$ 332,178	\$ 364,241
	SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
	Noncash Investing and Financing Activities:		
	Change in Tenant Security Deposits	\$ 741	\$ 474
	Equipment Received in Exchange for Finance Lease	-	\$ 29,758

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
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YEAR ENDED DECEMBER 31, 2022

SUPPLEMENTARY SCHEDULES TO HUD FORM 92410

Account #5990 - Miscellaneous Revenue

CDBG Grant	\$ 44,608
Sip and Save	2,408
Total	\$ 47,856

Account #6390 - Miscellaneous Administrative Expenses

Professional Fees	\$ 16,650
Rabbi Expense Allocation	8,250
Telephone Expense	2,750
Travel and Entertainment	4,137
Licenses and Fees	1,655
Dues and Subscriptions	4,548
Total	\$ 37,990

Account #6590 - Miscellaneous Operating and Maintenance Expenses

Bus/Trip Expenses	\$ 18,000
Cable Expense	10,062
Equipment Insurance	2,168
Kitchen Repairs	45,398
Repairs Contracts	4,800
Other Repairs and Maintenance	25,053
Fire Alarm and Sprinkler Maintenance	16,231
Total	\$ 121,712

SUPPLEMENTARY SCHEDULES TO HUD FORM 52595

Account #1590 - Miscellaneous Other Assets

Right-to-Use Asset	13,876
Total	\$ 13,876

Account #2190 - Miscellaneous Current Liabilities

Current Portion of Lease Liabilities - Finance Leases	8,172
Total	\$ 8,172

Account #2390 - Miscellaneous Long Term Liabilities

Long-Term Lease Liabilities – Finance Leases	6,345
Total	\$ 6,345

RESERVE ACCOUNTS DATA

Changes in the reserve for replacements account, deposited into a separate bank account to be used for the replacement of property and equipment and various other uses for which disbursements from these accounts require HUD written approval for the year ended December 31, 2022, were as follows:

Account Number		
Replacement Reserve		
1320P	Balance - January 1, 2022	\$ 119,328
1320DT	Required Deposits	42,620
1320WT	Disbursements - HUD Approved Withdrawals	(127,182)
1320INT	Interest Earned	-
1320	Balance - December 31, 2022	\$ 34,766

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
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SUPPLEMENTARY DATA REQUIRED BY HUD
YEAR ENDED DECEMBER 31, 2022

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS

Account Number		Assets			Accumulated Depreciation [1495]				[1400N]	
		Balance December 31, 2021	Additions	Deductions	Balance December 31, 2022	Balance December 31, 2021	Current Expense	Disposals	Balance December 31, 2022	Net Book Value December 31, 2022
		1410	Land and Land Improvements	\$ 321,468	\$ 20,000	\$ -	\$ 341,468	\$ 94,468	\$ 2,000	\$ -
1420	Building	6,272,297	101,509	-	6,373,806	5,229,024	163,415	-	5,392,439	981,367
1440	Building Equipment	1,295,126	-	-	1,295,126	880,811	43,055	-	923,866	371,260
1450	Furniture and Fixtures	1,073,904	-	-	1,073,904	950,565	26,819	-	977,384	96,520
1480	Motor Vehicles	5,220	-	-	5,220	5,220	-	-	5,220	-
1400T	Total Fixed Assets	<u>\$ 8,968,015</u>	<u>\$ 121,509</u>	<u>\$ -</u>	<u>\$ 9,089,524</u>	<u>\$ 7,160,088</u>	<u>\$ 235,289</u>	<u>\$ -</u>	<u>\$ 7,395,377</u>	<u>\$ 1,694,147</u>

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
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YEAR ENDED DECEMBER 31, 2022**

FIXED ASSETS ADDITIONS

Schedule of Additions for [1410] Land and Land Improvements

Drainage System	<u>\$ 20,000</u>
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Schedule of Additions for [1420] Building

Flooring	\$ 60,903
Elevator Repair	40,606
Total	<u>\$ 101,509</u>

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
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DECEMBER 31, 2022**

IDENTITY OF INTEREST COMPANIES

During the year ended December 31, 2022, identity of interest companies charged for services provided to the Housing Company are as follows:

<u>Name</u>	<u>Service Provided</u>	<u>Amount Paid</u>
The Martin and Edith Stein Assisted Living Residence	Support and Congregate Care	<u>\$ 168,008</u>
The Jewish Home and Healthcare Center, Inc.	Management Fee	<u>\$ 54,000</u>

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
 HUD PROJECT NO. 031-EH049
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 YEAR ENDED DECEMBER 31, 2022**

SURPLUS CASH

<u>Account Number</u>		
	CASH	
S1300-010	Cash	\$ 70,533
S1300-040	Total Cash	<u>70,533</u>
	CURRENT OBLIGATIONS	
S1300-050	Accrued Mortgage Interest Payable	9,282
S1300-075	Accounts Payable - 30 Days	7,537
S1300-100	Accrued Expenses (Not Escrowed)	11,462
2191	Tenant/Patient Deposits Held in Trust (Contra)	25,913
S1300-110	Other Current Obligations	<u>330,882</u>
S1300-140	Total Current Obligations	<u>385,076</u>
S1300-150	SURPLUS CASH (DEFICIENCY)	<u><u>\$ (314,543)</u></u>

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal or State Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Grant Period	Current Year Federal/State Expenditures
Federal Awards				
U.S. Department of Housing and Urban Development Section 8 Housing Assistance Payments Program - Special Awards	14.195	NJ39T791022	1/1/21-12/31/21	\$ 1,454,535
U.S. Department of Housing and Urban Development Supportive Services Demonstration / Integrated Wellness in Supportive Housing Grant	14.191	NJ02SSD1501	7/1/17-5/10/22	2,500
U.S. Department of Housing and Urban Development Passed through Franklin Township Community Development Block Grant	14.218	B-22-MC-34-0127	9/1/22-7/31/23	24,544
Community Development Block Grant	14.218	B-21-MC-34-0127	9/1/21-8/31/22	<u>20,064</u>
Total Expenditures of Federal Awards				<u>\$ 1,501,643</u>
State Awards				
New Jersey Department of Human Services Division of Aging Services Congregate Housing Services Program	N/A	DOAS23CHSP06	7/1/22-6/30/23	\$ 60,432
Congregate Housing Services Program	N/A	DOAS22CHSP010	7/1/21-6/30/22	<u>54,618</u>
Total Expenditures of State Awards				<u>\$ 115,050</u>
Total Expenditures of Federal and State Awards				<u>\$ 1,616,693</u>

See accompanying Notes to Schedule of Expenditures of Federal and State Awards.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
DECEMBER 31, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant award activity of The Lena and David T. Wilentz Senior Residence, Inc., HUD Project No. 031-EH049, under programs of the federal and state government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, and the state of New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* (NJOMB 15-08). Because the Schedule presents only a selected portion of the operations of The Lena and David T. Wilentz Senior Residence, Inc., HUD Project No. 031-EH049, it is not intended to and does not present the financial position, changes in net deficit, or cash flows of The Lena and David T. Wilentz Senior Residence, Inc., HUD Project No. 031-EH049.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and NJOMB 15-08, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

The Lena and David T. Wilentz Senior Residence, Inc., HUD Project No. 031-EH049 has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance and NJOMB 15-08.



**INDEPENDENT AUDITORS' REPORT 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***

Board of Trustees
The Lena and David T. Wilentz Senior Residence, Inc.
Somerset, New Jersey

We have audited, 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, the financial statements of The Lena and David T. Wilentz Senior Residence, Inc. (the Housing Company), HUD Project No. 031-EH049, which comprise the balance sheet as of December 31, 2022, and the related statements of operations and changes in net deficit, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Housing Company's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Company'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 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 were not identified.

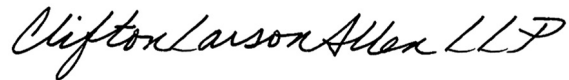
Board of Trustees
The Lena and David T. Wilentz Senior Residence, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Company’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 financial statements. 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.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 27, 2023



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL AND STATE PROGRAM, REPORT ON INTERNAL CONTROL
OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE
AND STATE OF NEW JERSEY OMB CIRCULAR 15-08**

Board of Trustees
The Lena and David T. Wilentz Senior Residence, Inc.
Somerset, New Jersey

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal Program

We have audited The Lena and David T. Wilentz Senior Residence, Inc. (the Housing Company), HUD Project No. 031-EH049's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the state of New Jersey OMB Circular 15-08 (NJOMB 15-08), *State Grant Compliance Supplement* that could have a direct and material effect on the Housing Company's major federal and state programs for the year ended December 31, 2022. The Housing Company's major federal and state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Housing Company complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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); and the state of New Jersey OMB Circular 15-08. Our responsibilities under those standards and the Uniform Guidance and NJOMB 15-08 are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Housing Company and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal and state program. Our audit does not provide a legal determination of the Housing Company's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Housing Company's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Housing Company's compliance based on our audit. 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, *Government Auditing Standards*, the Uniform Guidance, and NJOMB 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Housing Company's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and NJOMB 15-08, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Housing Company's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Housing Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance or NJOMB 15-08, but not for the purpose of expressing an opinion on the effectiveness of the Housing Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 or state 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 and state 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 and NJOMB 15-08. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and NJOMB 15-08

We have audited the financial statements of the Housing Company as of and for the year ended December 31, 2022, and have issued our report thereon dated March 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and NJOMB 15-08 and is not a required part of 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 schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 27, 2023

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
 HUD PROJECT NO. 031-EH049
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2022**

Section I – Summary of Auditors’ Results

Financial Statements

- | | | |
|--|------------|-----------------------|
| 1. Type of auditors’ report issued: | Unmodified | |
| 2. Internal control over financial reporting: | | |
| • Material weakness(es) identified? | _____ yes | ___x___ no |
| • Significant deficiency(ies) identified? | _____ yes | ___x___ none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | ___x___ no |

Federal and State Awards

- | | | |
|---|------------------------|--------------------------|
| 1. Internal control over major federal program: | | |
| • Material weakness(es) identified? | _____ yes | ___x___ no |
| • Significant deficiency(ies) identified? | _____ yes | ___x___ none reported |
| Internal control over major state program: | | |
| • Material weakness(es) identified? | _____ yes | ___x___ no |
| • Significant deficiency(ies) identified? | _____ yes | ___x___ none reported |
| 2. Type of auditors’ report issued on compliance for major programs: | Unmodified | |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Uniform Guidance or with NJOMB 15-08? | _____ yes
_____ yes | ___x___ no
___x___ no |

Identification of Major Programs

Assistance Listing Number(s)

Name of Program or Cluster

Federal:
14.195

Section 8 Housing Assistance Payments Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

___x___ yes _____ no

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2022

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Financial and State Award Findings and Questioned Costs


Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

Section IV – Summary of Prior Year Audit Findings

There were no findings in the prior year that were required to be reported.

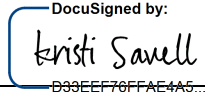
**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
MORTGAGORS' CERTIFICATION
DECEMBER 31, 2022**

We hereby certify that we have examined the accompanying financial statements and supplementary data of The Lena and David T. Wilentz Senior Residence, Inc., Project No. 031-EH049, and to the best of our knowledge and belief, the same are complete and accurate.

Signature 

Printed Name Bob Barry

Title Pres / CEO

Signature 

Printed Name Kristi Savell

Title Controller

E.I.N. 22-2289444

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
MANAGEMENT AGENT'S CERTIFICATION
YEAR ENDED DECEMBER 31, 2022**

We hereby certify that we have examined the accompanying financial statements and supplementary data of The Lena and David T. Wilentz Senior Residence, Inc., Project No. 031-EH049, and to the best of our knowledge and belief, the same are complete and accurate.

Signature	<div data-bbox="812 602 980 630">DocuSigned by:</div> <div data-bbox="836 636 980 688"><i>Bob Barry</i></div> <div data-bbox="852 682 1006 703">3D9F39010E5A4FA...</div> <hr/>
Printed Name	<div data-bbox="816 743 954 774">Bob Barry</div> <hr/>
Title	<div data-bbox="824 850 980 882">Pres / CEO</div> <hr/>

The Jewish Home and Healthcare Center, Inc.
E.I.N. 22-6083380