

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

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2018 AND 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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, 2018 AND 2017**

INDEPENDENT AUDITOR

CliftonLarsonAllen LLP

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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 Financial Statements

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, 2018 and 2017, 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Lena and David T. Wilentz Senior Residence, Inc. as of December 31, 2018 and 2017, 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.

Emphasis-of-Matter Regarding a Change in Accounting Principle

As discussed in Note 1 to the financial statements, The Lena and David T. Wilentz Senior Residence, Inc. adopted a provision of Financial Accounting Standards Board Accounting Standards Updates 2016-14, *Presentation of Financial Statements for Not-for-Profit Entities*. The new accounting standard changes the presentation of various classifications and disclosures within the financial statements. Our opinion is not modified with respect to that matter.

Report on Supplementary Information


Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information on pages 15 through 23 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 schedule of expenditures and federal and state awards, as required by the 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 information required by HUD and the schedule of expenditures of federal and state awards 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. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2019, 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

Plymouth Meeting, Pennsylvania
March 15, 2019

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	\$ 35,616	\$ 57,280
Due from State of New Jersey	43,835	54,684
Accounts Receivable Affiliates	729	4,515
Prepaid Expenses	28,594	26,220
Total Current Assets	108,774	142,699
RESTRICTED DEPOSITS AND OTHER RESTRICTED ASSETS		
Tenant Deposits Held in Trust	28,031	26,706
Replacement Reserve	121,632	81,724
Total Deposits	149,663	108,430
PROPERTY AND EQUIPMENT		
Land and Land Improvements	321,468	321,468
Buildings	6,269,593	6,269,593
Building Equipment	1,269,108	1,266,816
Furniture and Fixtures	978,715	965,629
Motor Vehicles	5,220	5,220
Total Property and Equipment	8,844,104	8,828,726
Less: Accumulated Depreciation	6,367,798	6,083,410
Property and Equipment, Net	2,476,306	2,745,316
Total Assets	\$ 2,734,743	\$ 2,996,445
LIABILITIES AND NET DEFICIT		
CURRENT LIABILITIES		
Current Portion of Long-Term Debt	\$ 302,884	\$ 291,608
Accounts Payable and Accrued Expenses	62,756	49,465
Accounts Payable Affiliates	19,419	15,337
Accrued Expenses Affiliates	108,000	108,000
Total Current Liabilities	493,059	464,410
TENANT SECURITY DEPOSITS	28,031	26,706
LONG-TERM DEBT	3,644,489	3,936,993
Total Liabilities	4,165,579	4,428,109
NET DEFICIT WITHOUT DONOR RESTRICTIONS	(1,430,836)	(1,431,664)
Total Liabilities and Net Deficit	\$ 2,734,743	\$ 2,996,445

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, 2018 AND 2017**

	2018	2017
SUPPORT AND REVENUE		
Tenant Assistance Payment	\$ 1,347,773	\$ 1,332,982
Congregate Service Income	127,204	132,955
Rental Income	231,979	227,055
Interest Income	228	187
Other Revenue	38,158	7,960
Total Support and Revenue	1,745,342	1,701,139
 EXPENSES		
Administrative	408,512	411,830
Utilities	113,030	111,564
Operating and Maintenance	459,750	373,015
Taxes and Insurance	172,499	147,702
Interest Expense	167,351	179,181
Congregate Service Expense	138,984	144,362
Depreciation	284,388	294,449
Total Expenses	1,744,514	1,662,103
 CHANGE IN NET DEFICIT	828	39,036
 Net Deficit - Beginning of Year	(1,431,664)	(1,470,700)
 NET DEFICIT - END OF YEAR	\$ (1,430,836)	\$ (1,431,664)

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, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Rent Income Received from Tenants	\$ 232,369	\$ 227,175
Subsidy Rent Income Received	1,347,773	1,332,982
Congregate Services Income	138,053	105,315
Other Income	38,386	8,147
Payments to Employees and Suppliers	(1,280,451)	(1,196,212)
Interest Paid	(161,375)	(172,282)
Net Cash Provided by Operating Activities	314,755	305,125
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Deposits to the Reserve for Replacements	(39,908)	(39,385)
Purchase of Property and Equipment	(15,378)	(39,069)
Net Cash Used by Investing Activities	(55,286)	(78,454)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long-Term Debt	(289,001)	(278,093)
Change in Accounts Receivable - Affiliates	3,786	2,827
Change in Accounts Payable and Accrued Expenses - Affiliates	4,082	4,837
Net Cash Used by Financing Activities	(281,133)	(270,429)
DECREASE IN CASH	(21,664)	(43,758)
Cash - Beginning of Year	57,280	101,038
CASH - END OF YEAR	\$ 35,616	\$ 57,280
RECONCILIATION OF CHANGE IN NET DEFICIT TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Deficit	\$ 828	\$ 39,036
Adjustments to Reconcile Change in Net Deficit to Net Cash Provided by Operating Activities:		
Depreciation	284,388	294,449
Amortization of Deferred Financing Fees	7,773	7,773
(Increase) Decrease in Assets:		
Tenant Accounts Receivable	-	2,781
Due from the State of New Jersey	10,849	(27,640)
Prepaid Expenses	(2,374)	(4,043)
Increase (Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	13,291	(7,231)
Net Cash Provided by Operating Activities	\$ 314,755	\$ 305,125
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Change in Tenant Security Deposits	\$ (1,325)	\$ 1,320

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, 2018 AND 2017

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 and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments purchased with an original maturity of three months or less, excluding restricted deposits and funded reserves, 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.

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.

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 Reserve for Replacement account for the replacement of property and equipment. These funds are held in separate accounts at December 31, 2018 and 2017. Surplus cash, if any, from the operations of the property is deposited into a Residual Receipts account. All disbursements require the approval of HUD.

Property and Equipment

Property and equipment acquisitions are recorded at cost. Costs and major additions and improvements are capitalized; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to operations as incurred.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

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, 2018 and 2017 was \$284,388 and \$294,449, respectively.

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, 2018 and 2017. Accumulated amortization was \$33,035 and \$25,262 as of December 31, 2018 and 2017, 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, 2018 and 2017.

New Accounting Standard — ASU No. 2016-14

During the year ended December 31, 2018, the Housing Company adopted a provision of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements for Not-For-Profit Entities*. This new accounting standard results in a reduction of three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) to two (net assets with donor restrictions and net assets without donor restrictions). The adoption of this accounting standard did not have an impact on the Housing Company's financial position or changes in its net assets (deficit).

The adoption of the standard was retrospectively applied to the financial statements ended December 31, 2017 in order to provide a comparative presentation of the Housing Company's balance sheets, statements of operations and changes in net assets (deficit), and functional expenses in Note 9.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standard — Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. ASU No. 2016-02 was issued to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Under the provisions of ASU No. 2016-02, a lessee is required to recognize a right-to-use asset and lease liability, initially measured at the present value of the lease payments, in the balance sheet. In addition, lessees are required to provide qualitative and quantitative disclosures that enable users to understand more about the nature of the Housing Company's leasing activities. The Housing Company will be required to retrospectively adopt the guidance in ASU No. 2016-02 for years beginning after December 15, 2019. The Housing Company is evaluating the impact of adoption of ASU No. 2016-02 on its financial statements.

New Accounting Standard — Contributions Received and Contributions Made

In June 2018, FASB issued ASU 2018-08 related to the accounting for contributions received and contributions made. This update applies to both resource recipients and resource providers and assists in evaluating whether a transfer of assets is an exchange transaction or a contribution and also assists with distinguishing between conditional and unconditional contributions. Distinguishing between contributions and exchange transactions determines which guidance should be applied. For contributions, the guidance in Subtopic 958-605 should be followed and for exchange transactions, Topic 606 should be followed. The ASU is effective for the Housing Company for the year ended December 31, 2019. The Organization is currently evaluating the impact this guidance will have on its financial statements.

Income Taxes

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

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 2018 and 2017.

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.

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, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Tenants Accounts Receivable and Revenue Recognition

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, 2018 and 2017.

Subsequent Events

In preparing these financial statements, the Housing Company has considered events and transactions that have occurred through March 15, 2019, 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.

NOTE 2 LIQUIDITY AND AVAILABILITY

As of December 31, 2018, the Housing Company has a working capital (deficit) of \$(384,285) and average days cash on hand of 9.

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

	2018
Financial Assets as of Year-End:	
Cash and Cash Equivalents	\$ 35,616
Accounts Receivable from:	
State of New Jersey	43,835
Affiliates	729
Total Financial Assets	\$ 80,180

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.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 \$37,531 including interest at 3.80% through November 2029.

Long-term debt consists of the following:

<u>Description</u>	<u>2018</u>	<u>2017</u>
Somerset County Improvement Authority Revenue Bonds, Series of 2014	\$ 4,030,926	\$ 4,319,927
Total Long-Term Debt	4,030,926	4,319,927
Less: Unamortized Debt Financing Cost	<u>83,553</u>	<u>91,326</u>
Total Long-Term Debt, Less Unamortized Debt Financing Cost	3,947,373	4,228,601
Less: Current Portion	<u>302,884</u>	<u>291,608</u>
Total Long-Term Debt, Less Current Portion	<u>\$ 3,644,489</u>	<u>\$ 3,936,993</u>

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

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 302,884
2020	314,596
2021	326,761
2022	339,397
2023	352,521
Thereafter	<u>2,394,767</u>
Total	<u>\$ 4,030,926</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.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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>2018</u>	<u>2017</u>
Congregate Service Income:		
Tenants	\$ 21,046	\$ 25,520
State of New Jersey, Department of Health and Senior Services	106,158	107,435
Total	<u>\$ 127,204</u>	<u>\$ 132,955</u>
Congregate Service Expense:		
Food Supplies and Services	\$ 82,490	\$ 81,215
Salaries and Related Expenses	56,494	63,147
Total	<u>\$ 138,984</u>	<u>\$ 144,362</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, 2018 and 2017, the amount reimbursed for support and congregate services was \$138,984 and \$144,362, 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 2018 and 2017 is a fixed amount and totaled \$54,000. As of December 31, 2018 and 2017, due to these affiliates on a noninterest-bearing, unsecured basis totaled \$127,419 and \$123,337, respectively, of which \$108,000 was due to JHHC for management fees for each of the years ended as of December 31, 2018 and 2017, respectively. The liabilities are generally paid during the following year. As of December 31, 2018 and 2017, \$729 and \$4,515, respectively, was due from affiliates.

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, 2018 and 2017.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

NOTE 8 RESERVE FOR REPLACEMENT

The Housing Company is required to make monthly deposits into a replacement reserve in the amount of \$3,301 until November 1, 2018 when it was increased to \$3,397. 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:

	<u>Residential Services</u>	<u>Administrative and General</u>	<u>Total</u>
<u>December 31, 2018</u>			
Salaries and Wages	\$ 477,254	\$ 47,424	\$ 524,678
Administrative and General	4,078	171,351	175,429
Utilities	101,727	11,303	113,030
Operating and Maintenance	196,730	21,859	218,589
Taxes and Insurance	155,249	17,250	172,499
Interest Expense	150,616	16,735	167,351
Congregate Service Expense	88,550	-	88,550
Depreciation	255,949	28,439	284,388
Totals	<u>\$ 1,430,153</u>	<u>\$ 314,361</u>	<u>\$ 1,744,514</u>
 <u>December 31, 2017</u>			
Salaries and Wages	\$ 460,123	\$ 44,782	\$ 504,905
Administrative and General	4,082	174,019	178,101
Utilities	100,408	11,156	111,564
Operating and Maintenance	143,033	15,893	158,926
Taxes and Insurance	132,932	14,770	147,702
Interest Expense	161,263	17,918	179,181
Congregate Service Expense	87,275	-	87,275
Depreciation	265,004	29,445	294,449
Totals	<u>\$ 1,354,120</u>	<u>\$ 307,983</u>	<u>\$ 1,662,103</u>

NOTE 10 COMMITMENTS

Minimum future rents due from tenants under noncancellable operating leases as of December 31, 2018 and 2017 are approximately \$232,524 and \$225,864, respectively.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
BALANCE SHEETS
DECEMBER 31, 2018 AND 2017

<u>Account Number</u>		<u>2018</u>	<u>2017</u>
	ASSETS		
	CURRENT ASSETS		
1120	Cash - Operations	\$ 10,012	\$ 42,547
1125	Cash - Entity	25,604	14,733
1140	State of New Jersey	43,835	54,684
1145	Accounts Receivable - Intercompany	729	4,515
1200	Miscellaneous Prepaid Expenses	28,594	26,220
1100T	Total Current Assets	<u>108,774</u>	<u>142,699</u>
1191	Tenant/Patient Deposits Held in Trust	28,031	26,706
1320	Replacement Reserve	121,632	81,724
	PROPERTY AND EQUIPMENT		
1410	Land and Land Improvements	321,468	321,468
1420	Buildings	6,269,593	6,269,593
1440	Building Equipment	1,269,108	1,266,816
1450	Furniture and Fixtures	978,715	965,629
1480	Motor Vehicles	5,220	5,220
1400T	Total Fixed Assets	<u>8,844,104</u>	<u>8,828,726</u>
1495	Less: Accumulated Depreciation	<u>6,367,798</u>	<u>6,083,410</u>
1400N	Net Fixed Assets	<u>2,476,306</u>	<u>2,745,316</u>
1000T	Total Assets	<u><u>\$ 2,734,743</u></u>	<u><u>\$ 2,996,445</u></u>
	LIABILITIES AND NET DEFICIT		
	CURRENT LIABILITIES		
2110	Accounts Payable - Operations	\$ 24,812	\$ 15,989
2113	Accounts Payable - Affiliates	127,419	123,337
2120	Accrued Wages Payable	25,605	19,340
2131	Accrued Interest Payable	12,339	14,136
2170	Mortgage Payable - Current Portion	302,884	291,608
2122T	Total Current Liabilities	<u>493,059</u>	<u>464,410</u>
2191	Tenant Security Deposits	28,031	26,706
2320	Mortgage Payable - Net of Current Portion	<u>3,644,489</u>	<u>3,936,993</u>
2000T	Total Liabilities	4,165,579	4,428,109
3131	Net Deficit Without Donor Restrictions	<u>(1,430,836)</u>	<u>(1,431,664)</u>
2033T	Total Liabilities and Net Deficit	<u><u>\$ 2,734,743</u></u>	<u><u>\$ 2,996,445</u></u>

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT
YEARS ENDED DECEMBER 31, 2018 AND 2017

Account Number		<u>2018</u>	<u>2017</u>
	RENT REVENUE		
5120	Rent Revenue - Tenants	\$ 231,979	\$ 227,055
5121	Tenant Assistance Payments	1,347,773	1,332,982
5100T	Total Rent Revenue	<u>1,579,752</u>	<u>1,560,037</u>
5152N	Net Rental Revenue	1,579,752	1,560,037
	CONGREGATE SERVICES REVENUE		
5300	Congregate Services	127,204	132,955
	FINANCIAL REVENUE		
5410	Financial Revenue - Project Operations	228	187
	OTHER REVENUE		
5910	Laundry and Vending	5,426	5,616
5990	Miscellaneous Revenue	32,732	2,344
5900T	Total Other Revenue	<u>38,158</u>	<u>7,960</u>
5000T	Total Revenue	1,745,342	1,701,139
	ADMINISTRATIVE EXPENSES		
6203	Conventions and Meetings	3,102	1,754
6210	Advertising and Marketing	3,368	6,053
6310	Office Salaries	197,563	198,209
6311	Office Expenses	28,415	28,440
6320	Management Fee	54,000	54,000
6330	Manager Salary	35,520	35,520
6340	Legal Fees	-	1,276
6350	Audit Expense	19,000	19,000
6351	Bookkeeping Fees	26,760	26,760
6390	Miscellaneous Administrative Expenses	40,784	40,818
6263T	Total Administrative Expenses	<u>408,512</u>	<u>411,830</u>
	UTILITIES EXPENSES		
6450	Electricity	62,568	60,970
6451	Water	18,950	19,991
6453	Sewer	31,512	30,603
6400T	Total Utilities Expense	<u>113,030</u>	<u>111,564</u>

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)
YEARS ENDED DECEMBER 31, 2018 AND 2017

Account Number		2018	2017
	OPERATING AND MAINTENANCE EXPENSES		
6510	Payroll	\$ 241,161	\$ 214,089
6515	Supplies	28,436	37,720
6520	Contracts	47,238	42,472
6525	Garbage and Trash Removal	35,657	20,125
6546	Heating/Cooling Repairs and Maintenance	7,146	658
6548	Snow Removal	7,295	7,213
6570	Vehicle Maintenance	4,591	2,677
6590	Miscellaneous Operating and Maintenance Expenses	88,226	48,061
6500T	Total Operating and Maintenance Expenses	<u>459,750</u>	<u>373,015</u>
	TAXES AND INSURANCE		
6711	Payroll Taxes	32,647	33,623
6720	Property and Liability Insurance (Hazard)	48,082	37,650
6722	Workers' Compensation	5,516	5,482
6723	Health Insurance and Other Employee Benefits	86,254	70,947
6700T	Total Taxes and Insurance	<u>172,499</u>	<u>147,702</u>
	FINANCIAL EXPENSES		
6820	Long-Term Debt Interest	167,351	179,181
6900	Other Elderly Care Expenses	138,984	144,362
	OPERATING RESULTS		
6000T	Total Cost of Operations before Depreciation	<u>1,460,126</u>	<u>1,367,654</u>
5060T	PROFIT BEFORE DEPRECIATION	285,216	333,485
6600	DEPRECIATION	<u>284,388</u>	<u>294,449</u>
5060N	OPERATING INCOME	<u>\$ 828</u>	<u>\$ 39,036</u>
	Change in Net Assets from Operations		
3247	Change in Net Assets Without Donor Restrictions	<u>\$ 828</u>	<u>\$ 39,036</u>
	PART II		
S1000-010	Total Mortgage Principal Payments During the Year	<u>\$ 289,001</u>	<u>\$ 278,093</u>
S1000-020	Total of 12 Monthly Deposits into the Replacement Reserve in Accordance with the Regulatory Agreement	<u>\$ 39,804</u>	<u>\$ 39,322</u>
S1000-030	Replacement Reserve or Residual Receipts Amounts Released included as Expense Items on the Statement of Activities	<u>\$ -</u>	<u>\$ -</u>
S1000-040	Project Improvement Reserve Amounts Released included as Expense Items on the Statement of Activities	<u>\$ -</u>	<u>\$ -</u>

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
STATEMENTS OF OPERATIONS AND CHANGES IN NET DEFICIT (CONTINUED)
YEARS ENDED DECEMBER 31, 2018 AND 2017

Account Number		
	NET ASSETS WITHOUT DONOR RESTRICTIONS	
S1100-60	Previous Year Net Assets Without Donor Restrictions	\$ (1,431,664)
3247	Change in Net Assets Without Donor Restrictions	<u>828</u>
3131	Unrestricted Net Assets	<u>(1,430,836)</u>
	TOTAL NET ASSETS	
S1100-50	Previous Year Total Net Assets	(1,431,664)
3250	Change in Total Net Assets from Operations	<u>828</u>
3130	Total Net Assets	<u><u>\$ (1,430,836)</u></u>

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2018 AND 2017

Account Number		<u>2018</u>	<u>2017</u>
	CASH FLOWS FROM OPERATING ACTIVITIES		
	Revenues:		
S1200-010	Rental Receipts	\$ 1,580,142	\$ 1,560,157
S1200-020	Interest Receipts	228	187
S1200-030	Other Operating Receipts	176,211	113,275
S1200-040	Total Receipts	<u>1,756,581</u>	<u>1,673,619</u>
	Expenses:		
S1200-050	Administrative	(396,188)	(419,569)
S1200-090	Utilities	(113,030)	(111,564)
S1200-110	Operating and Maintenance	(459,750)	(373,015)
S1200-140	Property Insurance	(48,082)	(37,650)
S1200-150	Miscellaneous Taxes and Insurance	(124,417)	(110,052)
S1200-170	Other Operating Expenses	(138,984)	(144,362)
S1200-180	Interest	(161,375)	(172,282)
S1200-230	Total Expenses	<u>(1,441,826)</u>	<u>(1,368,494)</u>
S1200-240	Net Cash Provided by Operating Activities	314,755	305,125
	CASH FLOWS FROM INVESTING ACTIVITIES		
S1200-250	Net Deposits to the Reserve Replacement Account	(39,908)	(39,385)
S1200-330	Net Purchases of Fixed Assets	(15,378)	(39,069)
S1200-350	Net Cash Used by Investing Activities	<u>(55,286)</u>	<u>(78,454)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES		
S1200-360	Repayment of Long-Term Debt	(289,001)	(278,093)
S1200-450	Other Financing Activities	7,868	7,664
S1200-460	Net Cash Used by Financing Activities	<u>(281,133)</u>	<u>(270,429)</u>
S1200-470	DECREASE IN CASH	(21,664)	(43,758)
S1200-480	Cash - Beginning of Year	<u>57,280</u>	<u>101,038</u>
S1200T	CASH - END OF YEAR	<u>\$ 35,616</u>	<u>\$ 57,280</u>

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
YEARS ENDED DECEMBER 31, 2018 AND 2017**

SUPPLEMENTARY SCHEDULES TO HUD FORM 92410

Account #5990 - Miscellaneous Revenue

CDBG Grant	\$ 29,279
Sip and Save	3,441
Other Income	12
Total	\$ 32,732

Account #6390 - Miscellaneous Administrative Expenses

Professional Fees	\$ 13,350
Rabbi Expense Allocation	6,600
Telephone Expense	7,363
Travel and Entertainment	4,105
Licenses and Fees	8,827
Dues and Subscriptions	539
Total	\$ 40,784

Account #6590 - Miscellaneous Operating and Maintenance Expenses

Bus/Trip Expenses	\$ 15,600
Cable Expense	9,192
Equipment Insurance	2,076
Kitchen Repairs	27,193
Repairs Contracts	11,574
Other Repairs and Maintenance	17,636
Fire Alarm & Sprinkler Maintenance	4,955
Total	\$ 88,226

RESERVE FOR REPLACEMENT

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, 2018, were as follows:

Account Number	Replacement Reserve		
1320P	Balance - January 1, 2018	\$	81,724
1320DT	Required Deposits		39,804
1320WT	Disbursements - HUD Approved Withdrawals		-
1320INT	Interest Earned		104
			104
1320	Balance - December 31, 2018	\$	121,632

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
SUPPLEMENTARY DATA REQUIRED BY HUD
SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS
AND SCHEDULE OF FIXED ASSET ADDITIONS
YEAR ENDED DECEMBER 31, 2018

SCHEDULE OF CHANGES IN FIXED ASSET ACCOUNTS

	Assets			Accumulated Depreciation			Net Book Value December 31, 2018		
	Balance December 31, 2017	Additions	Deductions	Balance December 31, 2018	Balance December 31, 2017	Current Expense		Disposals	Balance December 31, 2018
Land and Land Improvements	\$ 321,468	\$ -	\$ -	\$ 321,468	\$ 85,750	\$ 2,820	\$ -	\$ 88,570	\$ 232,898
Building	6,269,593	-	-	6,269,593	4,601,616	156,882	-	4,758,498	1,511,095
Building Equipment	1,266,816	2,292	-	1,269,108	642,918	65,150	-	708,068	561,040
Furniture and Fixtures	965,629	13,086	-	978,715	747,906	59,536	-	807,442	171,273
Motor Vehicles	5,220	-	-	5,220	5,220	-	-	5,220	-
Total Fixed Assets	\$ 8,828,726	\$ 15,378	\$ -	\$ 8,844,104	\$ 6,083,410	\$ 284,388	\$ -	\$ 6,367,798	\$ 2,476,306

SCHEDULE OF FIXED ASSET ADDITIONS

Schedule of Additions for [1440] Building Equipment

Camera Upgrade

\$ 2,292

Schedule of Additions for [1450] Furniture and Fixtures

Floor Covering - Carpeting

\$ 13,086

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
 HUD PROJECT NO. 031-EH049
 SUPPLEMENTARY DATA REQUIRED BY HUD
 IDENTITY OF INTEREST COMPANIES
 DECEMBER 31, 2018**

During the year ended December 31, 2018, 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>\$ 138,984</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
SUPPLEMENTARY DATA REQUIRED BY HUD
SURPLUS CASH
YEAR ENDED DECEMBER 31, 2018

<u>Account Number</u>		
	CASH	
S1300-010	Cash	\$ 38,093
S1300-040	Total Cash	<u>38,093</u>
	CURRENT OBLIGATIONS	
S1300-050	Accrued Mortgage Interest Payable	12,339
S1300-075	Accounts Payable - 30 Days	24,804
S1300-100	Accrued Expenses (Not Escrowed)	15,971
2191	Tenant/Patient Deposits Held in Trust (Contra)	28,031
S1300-110	Other Current Obligations	<u>127,419</u>
S1300-140	Total Current Obligations	<u>208,564</u>
S1300-150	SURPLUS CASH (DEFICIENCY)	<u>\$ (170,471)</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, 2018

Federal or State Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA 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	1/1/18-12/31/18	\$ 1,347,773
U.S. Department of Housing and Urban Development Passed through Franklin Township Community Development Block Grant	14.218	B-17-MC-34-0127	1/1/18-12/31/18	<u>29,279</u>
Total Expenditures of Federal Awards				<u>\$ 1,377,052</u>
State Awards				
New Jersey Department of Human Services Division of Aging Services Congregate Housing Services Program	N/A	DOAS19CHSP003	7/1/18-6/30/19	\$ 58,582
Congregate Housing Services Program	N/A	DOAS18CHSP025	7/1/17-6/30/18	<u>47,576</u>
Total Expenditures of State Awards				<u>106,158</u>
Total Expenditures of Federal and State Awards				<u>\$ 1,483,210</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, 2018

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, 2018. 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, 2018, 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 15, 2019.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
March 15, 2019



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
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

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, 2018. 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.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the Housing Company's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the state of New Jersey OMB Circular 15-08. Those standards and the Uniform Guidance and NJOMB 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Housing Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified opinions on compliance for the major federal and state programs. However, our audit does not provide a legal determination of the Housing Company's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Housing Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal and state programs for the year ended December 31, 2018.

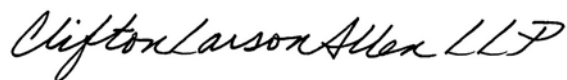
Report on Internal Control Over Compliance

Management of the Housing Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Company's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal and state programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal and state programs 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Company's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and NJOMB 15-08. Accordingly, this report is not suitable for any other purposes.



CliftonLarsonAllen LLP

Plymouth Meeting, Pennsylvania
March 15, 2019

**THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
 HUD PROJECT NO. 031-EH049
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED DECEMBER 31, 2018**

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 | <u> x </u> no |
| • Significant deficiency(ies) identified? | _____ yes | <u> x </u> none reported |
| 3. Noncompliance material to financial statements noted? | _____ yes | <u> x </u> no |

Federal and State Awards

- | | | |
|--|------------------------|------------------------------------|
| 1. Internal control over major federal program: | | |
| • Material weakness(es) identified? | _____ yes | <u> x </u> no |
| • Significant deficiency(ies) identified? | _____ yes | <u> x </u> none reported |
| Internal control over major state program: | | |
| • Material weakness(es) identified? | _____ yes | <u> x </u> no |
| • Significant deficiency(ies) identified? | _____ yes | <u> x </u> 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? NJ OMB 15-08 | _____ yes
_____ yes | <u> x </u> no
<u> x </u> no |

Identification of Major Programs

CFDA Number(s)

Federal:
14.195

Name of Program or Cluster

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, 2018

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

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

2017 – 001 Annual Housing Quality Inspections

Condition: During our testing, we noted the Housing Company did not have adequate internal controls designed to ensure annual housing quality inspections were completed in a timely manner. Performing annual inspections of tenant units is a compliance requirement that must be met for all recipients of Housing Assistance Payment (HAP) Section 8 funds.

Status: Corrected. Annual housing quality inspections were completed in a timely manner during 2018.

THE LENA AND DAVID T. WILENTZ SENIOR RESIDENCE, INC.
HUD PROJECT NO. 031-EH049
MORTGAGORS' CERTIFICATION
DECEMBER 31, 2018

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 *Ann Shust*

Printed Name ANN SHUST

Title TREASURER

Signature *Robert Barry*

Printed Name ROBERT BARRY

Title FINANCE DIRECTOR

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, 2018

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

Robert Barry

Title

F. NANCY S. WILSON

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



Investment advisory services are offered through CliftonLarsonAllen
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