

Mark A. Waronek, Chair
Cindy Segawa, Vice-Chair
James Gazeley, Commissioner
Bill Uphoff, Commissioner
Barry Waite, Commissioner
Rosemary Hart, Commissioner
Deborah Louviere, Commissioner



LOMITA CITY HALL
COUNCIL CHAMBERS
24300 Narbonne Avenue
Lomita, CA 90717
Phone: (310) 325-7110
Fax: (310) 325-4024

Next Resolution No. HA 2021-01

AGENDA
REGULAR MEETING OF THE LOMITA HOUSING AUTHORITY
TUESDAY, DECEMBER 7, 2021
5:45 P.M.
24300 NARBONNE AVENUE, LOMITA, CA 90717

PURSUANT TO AB-361, THE PUBLIC AND COUNCIL MAY PARTICIPATE IN THIS MEETING VIA TELECONFERENCE AS SOCIAL DISTANCING MEASURES ARE RECOMMENDED BY STATE AND COUNTY OFFICIALS.

To participate in the meeting via a computer or smart device log in to ZOOM at the following link:
<https://us02web.zoom.us/j/84784093711>.

You may enter your name when prompted do so. If you wish to provide public comment at either the beginning of the meeting or for a particular item, you may either (a) contact the City Clerk's Office before the meeting and provide your name or (b) utilize the "raise hand" option located under the participant's name. Once you click on this option you will be in the rotation to make a public comment.

Please note, if you do not have the audio feature on your device you will need to call (669) 900-6833 and enter ZOOM Meeting ID: 847 8409 3711 then press pound (#). When prompted to enter the participation ID number press pound (#) again. To make a public comment enter "*9". The Clerk's office will be notified, and you will be announced to make a public comment.

Written materials distributed to the City Council within 72 hours of the City Council meeting are available for public inspection immediately upon distribution via the City of Lomita website or by contacting the Deputy City Clerk at l.abbott@lomitacity.com.

In compliance with the Americans with Disabilities Act (ADA) if you need special assistance to participate in this meeting, you should contact the office of the City Clerk at (310) 325-7110 (voice) or the California Relay Service. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to assure accessibility to this meeting.

This meeting will be conducted in compliance with CDC guidelines and applicable orders of the Los Angeles County Health Officer.

1. OPENING CEREMONIES

- a. Call Meeting to Order
- b. Roll Call

2. ORAL COMMUNICATIONS

Persons wishing to speak on Consent Agenda items or subjects other than those scheduled are requested to do so at this time. Amendments to Government Code Section 54954.2 prohibit the Commissioners from taking action or engaging in discussion on a specific item unless it appears on a posted agenda.

3. COMMISSIONER COMMENTS

4. CONSENT AGENDA

All items under the Consent Agenda are considered to be routine and will be enacted by one motion in the form listed below. There may be separate discussion of these items prior to the time the Housing Authority votes on the motion. Specific items may be removed from the Consent Agenda at the request of any Commissioner or staff.

RECOMMENDED ACTION: That the Consent Calendar Items 4 a-e be approved.

- a) Regular Housing Authority Minutes of November 2, 2021

RECOMMENDED ACTION: Approve minutes.

- b) Lomita Manor October 2021 Financial Documents

RECOMMENDED ACTION: Approve the Monthly Financial documents.

- c) Lomita Manor November 2021 Monthly Activity Report

RECOMMENDED ACTION: Receive and file the report.

- d) Virtual Housing Authority Meetings Pursuant to AB 361

RECOMMENDED ACTION: Authorize remote teleconference/virtual meetings for the Housing Authority in accordance with Assembly Bill 361 (“AB 361”), by finding that: (1) a statewide state of emergency is currently in place; (2) state and local officials have imposed or recommended measures to promote social distancing in connection with COVID-19.

- e) Amendment No. 3 to Management Agreement with HumanGood Amending the Per Unit Per Month (PUPM) Fee for Management Services

RECOMMENDED ACTION: Approve Amendment and authorize the City Manager and City Clerk to execute the agreement.

SCHEDULED ITEMS

5. DISCUSSION AND CONSIDERATION TO CANCEL THE JANUARY 4, 2022, HOUSING AUTHORITY MEETING (no staff report)

Presented by Ryan Smoot, City Manager

RECOMMENDED ACTION: Cancel meeting due to holiday closure.

PUBLIC HEARINGS

None Scheduled.

6. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California that the foregoing agenda was posted not less than 72 hours prior to the meeting at the following locations: Lomita City Hall lobby and outside bulletin board, Lomita Parks and Recreation, and uploaded to the City of Lomita website http://www.lomita.com/cityhall/city_agendas/.

Date Posted: December 3, 2021



Kathleen Horn Gregory, CMC, City Clerk



**MINUTES OF THE
LOMITA HOUSING AUTHORITY
REGULAR MEETING
TUESDAY, NOVEMBER 2, 2021**

PURSUANT TO STATE OF CALIFORNIA AB-361, THE PUBLIC AND COMMISSION PARTICIPATED IN THIS MEEING VIA TELECONFERENCE.

1. OPENING CEREMONIES

a. Call Meeting to Order

The Lomita Housing Authority regular meeting was called to order by Chair Waronek at 5:45 p.m. on Tuesday, November 2, 2021.

c. Roll Call

PRESENT: Commissioners: Gazeley, Louviere, Uphoff, Waite, Vice-Chair Segawa and Chair Waronek (all commissioners participated virtually via Zoom)

ABSENT: Commissioner Hart

STAFF PRESENT: Executive Director Smoot, General Counsel Rusin, Deputy Executive Director Sugano, and Deputy Secretary Gregory (all staff participated via Zoom)

2. ORAL COMMUNICATIONS

Chair Waronek announced the time for oral communications. There being no requests to speak, Chair Waronek closed oral communications.

3. COMMISSIONER COMMENTS

Commissioner Louviere thanked the Council for the certificate of appreciation presented to Silver Rangel on October 28, 2021, for his ten years of hard work and dedication. A vaccine booster shot clinic will be scheduled in November to maintain good health. A Thanksgiving dinner is being planned for Friday, November 19, 2021, at a cost of \$20 per person. Fundraisers are being held to bring the cost down to \$10 per person. Several residents attended the Halloween event at the Farmer's Market.

Commissioner Waite attended the taco lunch on October 28 and thanked the residents of Lomita Manor for the invite. He suggested an art show as a City event and asked staff to follow up on the possibility.

Vice-Chair Segawa attended the taco event on October 28 and stated it was a fun to visit and get to know the residents.

Chair Waronek stated that he planned to donate books and puzzles to Lomita Manor residents and asked commissioners to also donate if they had any gently used items they are no longer using.

4. CONSENT AGENDA

Chair Waronek announced that all items under the Consent Agenda are considered to be routine and will be enacted by one motion in the form listed below. There may be separate discussion of these items prior to the time the Housing Authority votes on the motion. Specific items may be removed from the Consent Agenda at the request of any Commissioner or staff.

Vice-Chair Segawa made a motion, seconded by Commissioner Uphoff to approve Consent Calendar Items 4 a-c.

MOTION CARRIED by the following roll call vote:

AYES: Commissioners: Gazeley, Louviere, Uphoff, Waite, Vice-Chair Segawa and Chair Waronek
NOES: None
ABSENT: Hart

- a) Regular Housing Authority Minutes of October 5, 2021

RECOMMENDED ACTION: Approve minutes.

- b) Lomita Manor September 2021 Financial Documents

RECOMMENDED ACTION: Approve the Monthly Financial documents.

- c) Virtual Housing Authority Meetings Pursuant to AB 361

RECOMMENDED ACTION: Authorize remote teleconference/virtual meetings for the Housing Authority in accordance with Assembly Bill 361 ("AB 361"), by finding that: (1) a statewide state of emergency is currently in place; (2) state and local officials have imposed or recommended measures to promote social distancing in connection with COVID-19; and meeting in person would present imminent risks to the health or safety of attendees.

SCHEDULED ITEMS

None Scheduled.

5. ADJOURNMENT

There being no further business to discuss, Chair Waronek adjourned the meeting at 5:53 p.m.

Respectfully Submitted,

Kathleen Horn Gregory, CMC
Deputy Secretary
Adopted:

DRAFT



COMMISSIONERS

CINDY SEGAWA
JAMES GAZELEY
BARRY WAITE
BILL UPHOFF

ROSEMARY HART
DEBORAH LOUVIERE



BOARD CHAIRPERSON

MARK WARONEK

EXECUTIVE DIRECTOR

RYAN SMOOT

**HOUSING AUTHORITY
of the
CITY OF LOMITA**

Item #CC 4b

December 7, 2021

Housing Authority of the City of Lomita
Board of Commissioners

Re: Lomita Manor Monthly Financial Documents – October 2021 Financial Statement

This is to advise that the following documents were prepared by the Property Management Company, HumanGood and have been reviewed by the Administrative Services Director of the City of Lomita.

1. Monthly Financial Statements
2. General Ledger Report
3. Vendor Aging Report
4. Check Register, and
5. Bank Statement

Sincerely,

Susan Kamada
Administrative Services Director

Attachments



**HUMANGOOD
LOMITA MANOR SENIOR HOUSING
MONTHLY REPORT FOR ESTABLISHING NET INCOME
October 31, 2021**

PROJECT NUMBER: 41 **PROJECT NAME: LOMITA MANOR**

Operating Cash - Beginning of Month **533,139**

Amounts Received:

Rent - Current	23,957
HUD Operating Subsidy	18,361
Interest earned on Operating Account	76

Total Receipts **42,393**

Disbursements:

A/P Checks Disbursement (Incl Contract Billing)	(43,226)
Misc Other/Bank fees	(262)

Total Disbursements **(43,489)**

Operating Cash - End of Month **532,044**

TOTAL CASH, END OF MONTH **532,044**

ACCOUNT TYPE	BANK NAME	BEGINNING BALANCE	DEPOSITS / INTEREST	CHECKS/DEBITS WITHDRAWAL	ENDING BALANCE
Operating	Wells Fargo	533,139	42,393	(43,489)	532,044
		533,139	42,393	(43,489)	532,044
Security Deposit	Wells Fargo	27,234	4		27,237
		27,234	4	-	27,237
TOTAL CASH		560,372	42,397	(43,489)	559,281

Prepared by: Audrey Fong
Title: Accountant
Date: 11/10/21

Lomita Manor
Income Statement Actual vs. Budget
For the Period Ended October 31, 2021

	CURRENT MONTH October 31, 2021				YEAR TO DATE October 31, 2021				Annual
	Actual	Budget	Budget Diff	Budget % Var	Actual	Budget	Budget Diff	Budget % Var	
Revenue									
Rental Revenue									
5120.000 - Rent Revenue - Gross Potential	24,977	23,544	1,433	6.08	99,854	94,176	5,678	6.02	282,528
5121.000 - Tenant Assistance Payments	18,361	14,667	3,694	25.18	73,010	58,668	14,342	24.44	176,000
5220.000 - Vacancies	(183)	(120)	(63)	(51.66)	(183)	(480)	298	62.08	(1,440)
Net Rental Income	43,156	38,091	5,065	13.29	172,682	152,364	20,318	13.33	457,088
Financial Revenue									
5410.000 - Interest Revenue - Project Operations	75	0	75	(100.00)	300	0	300	(100.00)	0
Total Financial Revenue	75	0	75	(100.00)	300	0	300	(100.00)	0
Miscellaneous Revenue									
5910.000 - Laundry Revenue	1,328	330	998	302.50	1,328	1,320	8	0.62	3,960
5970.002 - Grant	0	0	0	0.00	1,468	0	1,468	(100.00)	0
Total Miscellaneous Revenue	1,328	330	998	302.50	2,796	1,320	1,476	111.84	3,960
Total Revenue	44,559	38,421	6,138	15.97	175,778	153,684	22,094	14.37	461,048
Operating Expense									
Administrative Expenses									
6204.000 - Management Consultants	0	0	0	0.00	30,000	0	(30,000)	(100.00)	30,000
6205.000 - IT Support Services	387	479	92	19.05	1,615	1,916	301	15.70	5,748
6205.001 - IT Equipment	0	83	83	100.00	0	332	332	100.00	996
6210.000 - Advertising and Marketing	0	0	0	0.00	234	100	(134)	(134.00)	100
6250.000 - Other Renting Expenses	46	25	(21)	(81.04)	211	100	(111)	(111.04)	300
6311.000 - Office Supplies	124	250	126	50.14	971	1,000	29	2.86	3,000
6311.001 - Office Equipment Lease Expense	405	558	153	27.41	1,793	2,232	439	19.69	6,696
6311.002 - Telephone/Fax/Cell Phone/Elevator	432	572	140	24.54	2,715	2,288	(427)	(18.69)	6,864
6311.003 - Postage/FedEx/UPS	12	0	(12)	(100.00)	122	100	(22)	(21.45)	100
6311.004 - Dues & Fees	549	376	(173)	(45.90)	1,646	1,504	(142)	(9.44)	4,512
6311.005 - Tax Return Fees	0	0	0	0.00	0	130	130	100.00	130
6311.006 - Bank Fees	197	107	(90)	(84.97)	648	428	(220)	(51.33)	1,284
6311.009 - Miscellaneous Supplies	0	0	0	0.00	134	0	(134)	(100.00)	0
6311.011 - Resident Activities	0	330	330	100.00	1,567	1,320	(247)	(18.73)	3,960
6320.000 - Management Fee	3,850	3,850	0	0.00	15,400	15,400	0	0.00	46,200
6330.000 - Manager Salaries	5,732	4,853	(879)	(18.09)	18,188	19,413	1,225	6.30	58,240
6330.001 - Manager Salaries - Non-prod (Vacation)	(389)	374	763	204.21	1,901	1,494	(407)	(27.25)	4,480
6350.000 - Audit/Tax Return Expense	0	125	125	100.00	0	500	500	100.00	1,500
6351.000 - Bookkeeping Fees	577	580	2	0.43	2,310	2,320	10	0.43	6,960
Total Administrative Expenses	11,922	12,562	639	5.08	79,455	50,577	(28,878)	(57.09)	181,070
Utilities									
6450.000 - Electricity	2,222	1,500	(721)	(48.10)	10,369	6,000	(4,369)	(72.81)	18,000
6451.000 - Water	1,600	1,600	0	0.00	6,847	6,400	(447)	(6.98)	19,200
6452.000 - Gas	416	517	101	19.60	1,650	2,068	418	20.21	6,204
Total Utilities Expense	4,238	3,617	(620)	(17.14)	18,866	14,468	(4,398)	(30.39)	43,404
Maintenance Expenses									
6510.000 - Maintenance Salaries	3,744	4,212	468	11.10	14,827	16,848	2,021	11.99	50,544

Lomita Manor
Income Statement Actual vs. Budget
For the Period Ended October 31, 2021

	CURRENT MONTH				YEAR TO DATE				Annual
	October 31, 2021				October 31, 2021				
	Actual	Budget	Budget Diff	Budget % Var	Actual	Budget	Budget Diff	Budget % Var	
6510.001 - Maintenance Salaries - Non-prod (Vacation)	372	405	32	8.05	1,882	1,620	(263)	(16.20)	4,860
6515.000 - Janitorial/Cleaning Supplies	1,401	360	(1,040)	(289.00)	4,912	1,440	(3,471)	(241.05)	4,320
6515.003 - Maintenance Uniforms	0	0	0	0.00	230	300	70	23.21	600
6515.004 - Plumbing Supplies	309	380	70	18.50	2,854	1,520	(1,335)	(87.77)	4,560
6515.005 - Electrical Supplies	1,495	350	(1,144)	(326.96)	2,869	1,400	(1,468)	(104.92)	4,200
6525.000 - Garbage & Trash Removal	1,117	1,010	(107)	(10.63)	4,471	4,040	(431)	(10.66)	12,120
6546.000 - HVAC Repairs & Maintenance	1,061	0	(1,062)	(100.00)	1,310	1,320	10	0.76	3,960
Total Maintenance Expense	9,499	6,717	(2,783)	(41.42)	33,355	28,488	(4,867)	(17.08)	85,164
Maintenance Contracts									
6520.000 - Maintenance Contracts	11,484	3,750	(7,734)	(206.23)	31,040	15,000	(16,040)	(106.93)	45,000
6520.001 - Janitorial/Cleaning Contract	0	500	500	100.00	2,250	2,000	(250)	(12.50)	6,000
6520.002 - Elevator Contract	800	760	(40)	(5.26)	2,080	1,520	(560)	(36.86)	3,040
6520.003 - Exterminating Contract	515	192	(323)	(168.22)	1,075	768	(307)	(39.97)	2,304
6520.004 - Grounds Contract	350	360	10	2.77	2,250	1,440	(810)	(56.25)	4,320
Total Maintenance Contract Expense	13,149	5,562	(7,587)	(136.40)	38,695	20,728	(17,967)	(86.67)	60,664
Service Coordinator Expenses									
6935.000 - Service Coordinator Salary	0	1,605	1,606	100.00	0	6,423	6,423	100.00	19,269
6935.001 - Service Coordinator Salaries - Non-prod (Vacation)	0	155	155	100.00	0	617	617	100.00	1,853
6936.002 - Service Coordinator Expenses - Software License (Pangea)	0	0	0	0.00	0	595	595	100.00	595
6936.004 - Service Coordinator Expenses - Membership Dues	0	0	0	0.00	127	0	(127)	(100.00)	0
Total Service Coordinator Expenses	0	1,760	1,761	100.00	127	7,635	7,508	98.32	21,717
Taxes and Insurance									
6711.000 - Payroll Taxes (FICA)	921	851	(70)	(8.16)	2,779	3,405	626	18.38	10,214
6720.000 - Property & Liability Insurance (Hazard)	2,605	1,416	(1,189)	(83.94)	10,221	5,664	(4,557)	(80.44)	16,992
6722.000 - Workman's Compensation	302	320	18	5.46	1,208	1,278	70	5.46	3,834
6723.000 - Health Insurance	1,137	1,576	439	27.86	4,443	6,305	1,862	29.54	18,915
6723.001 - Retirement	170	288	118	40.93	981	1,151	170	14.73	3,454
6723.002 - Unemployment Insurance	27	30	3	11.38	130	122	(8)	(6.66)	365
Total Taxes and Insurance	5,162	4,481	(681)	(15.17)	19,762	17,925	(1,837)	(10.24)	53,774
Total Operating Expense	43,970	34,699	(9,271)	(26.71)	190,260	139,821	(50,439)	(36.07)	445,793
Total Net Operating Income/(Loss)	589	3,722	(3,133)	(84.16)	(14,482)	13,863	(28,345)	(204.46)	15,255
Total Project Expenses	43,970	34,699	9,271	26.71	190,261	139,821	50,439	36.07	445,793
Total Project Net Income (before Reserves & CapEx)	589	3,722	(3,133)	(84.16)	(14,482)	13,863	(28,345)	(204.46)	15,255
Net Income (Loss) (on Operations)	589	3,722	(3,133)	(84.16)	(14,482)	13,863	(28,345)	(204.46)	15,255
Other Non-Cash Expenses & Revenue									

Lomita Manor
Income Statement Actual vs. Budget
For the Period Ended October 31, 2021

	CURRENT MONTH October 31, 2021				YEAR TO DATE October 31, 2021				Annual
	Actual	Budget	Budget Diff	Budget % Var	Actual	Budget	Budget Diff	Budget % Var	
Depreciation Expense	1,656	916	740	80.78	6,705	3,664	3,041	82.98	10,992
GAAP Net Income/(Loss)	(1,067)	2,806	(3,873)	(138.02)	(21,187)	10,199	(31,386)	(307.73)	4,263
Cash Flow									
Total Project Net Income	589	3,722	(3,133)	(84.16)	(14,482)	13,863	(28,345)	(204.46)	15,255
Add (Subtract)	1,684	0	(1,684)	(100.00)	(7,870)	0	7,870	(100.00)	0
Increase (Decrease) in Operating Cash	(1,095)	3,722	(4,817)	(129.42)	(6,612)	13,863	(20,475)	(147.69)	15,255
Increase (decrease) in Ops Cash per Bal Sheet	(1,095)	0	(1,095)	100.00	(6,612)	0	(6,612)	100.00	0

**Lomita Manor
Balance Sheet
October 31, 2021**

	October 31, 2021	September 30, 2021	Period Difference
Assets			
Current Assets			
Cash			
1120.000 - Cash - Operating	532,043.69	533,138.82	(1,095.13)
Total Cash	532,043.69	533,138.82	(1,095.13)
Other Restricted Cash			
1191.000 - Cash - Security Deposits	27,237.24	27,233.54	3.70
Total Other Restricted Cash	27,237.24	27,233.54	3.70
Accounts Receivable Tenants & Other			
1130.000 - Accounts Receivable - Tenant Rent	1.00	0.00	1.00
Total Accounts Receivable Tenants & Other	1.00	0.00	1.00
Prepaid Expenses and Deposits			
1200.001 - Prepaid Expense - Property Insurance	13,454.98	0.00	13,454.98
Total Prepaid Expenses and Deposits	13,454.98	0.00	13,454.98
Reserves & Impounds - Restricted Cash			
1330.000 - Cash - Operating Reserve	147,457.26	147,457.26	0.00
Total Reserves & Impounds - Restricted Cash	147,457.26	147,457.26	0.00
Total Current Assets	720,194.17	707,829.62	12,364.55
Net Fixed Assets			
Fixed Assets			
1410.001 - Land Improvements	83,660.00	83,660.00	0.00
1420.001 - Building Improvements	122,253.46	122,253.46	0.00
1440.000 - Building Equipment	25,391.00	25,391.00	0.00
1465.000 - Office Furniture & Equipment	15,480.47	15,480.47	0.00
1470.000 - Maintenance Equipment	1,957.64	1,957.64	0.00
Total Fixed Assets	248,742.57	248,742.57	0.00
Accumulated Depreciation			
1495.000 - Accum. Depr. - Land Improvements	27,886.80	27,422.02	464.78
1495.002 - Accum. Depr. - Building Improvements	63,583.67	62,623.75	959.92
1495.003 - Accum. Depr. - Building Equipment	10,633.55	10,500.60	132.95
1495.004 - Accum. Depr. - Office Furniture & Equipment	9,482.11	9,383.77	98.34
1495.005 - Accum. Depr. - Maintenance Equipment	1,957.64	1,957.64	0.00
Total Accumulated Depreciation	113,543.77	111,887.78	1,655.99
Net Fixed Assets	135,198.80	136,854.79	(1,655.99)
Total Assets	855,392.97	844,684.41	10,708.56

Liabilities & Equity

Liabilities

Current Liabilities

2109.000 - Accounts Payable - Accrued Expenses	1,600.00	5,957.45	(4,357.45)
2110.000 - Accounts Payable - Operations	34,773.49	17,035.31	17,738.18
2114.000 - Accounts Payable - Beacon Communities	21,541.83	17,551.98	3,989.85
2118.000 - Escheat Checks Payable	150.00	150.00	0.00

**Lomita Manor
Balance Sheet
October 31, 2021**

	October 31, 2021	September 30, 2021	Period Difference
2120.000 - Accrued Vacation Payable	15,235.18	15,067.12	168.06
2126.000 - Accrued Payroll	299.71	3,596.51	(3,296.80)
Total Current Liabilities	73,600.21	59,358.37	14,241.84
Other Current Liabilities			
2210.000 - Prepaid Revenue	0.00	2,125.00	(2,125.00)
Total Other Current Liabilities	0.00	2,125.00	(2,125.00)
Other Liabilities			
2191.000 - Security Deposits Payable	22,470.00	22,811.00	(341.00)
2191.001 - Security Deposit Interest Payable	1,196.93	1,197.57	(0.64)
Total Other Liabilities	23,666.93	24,008.57	(341.64)
Total Liabilities	97,267.14	85,491.94	11,775.20
Equity			
3131.000 - Unrestricted Net Assets	147,457.26	147,457.26	0.00
3140.000 - Retained Earnings - Profit or Loss	631,855.44	631,855.44	0.00
Current Net Income	(21,186.87)	(20,120.23)	(1,066.64)
Total Equity	758,125.83	759,192.47	(1,066.64)
Total Liabilities & Equity	855,392.97	844,684.41	10,708.56

**Lomita Manor
CONTRACT BILLING
October 31, 2021**

DESCRIPTION	Amount
Employees' Wages/Salaries for the month	13,508.42
Work Comp, Unemployment Ins, Pension & Health Benefits	1,636.00
Computer Lease	387.74
Property Liability Insurance	1,381.57
Concur Purchases	12.02
Other-AP transactions-	188.58
Bookkeeping Fees (77 units* \$7.50)	577.50
Rental Housing Mgmt fees (\$50*77 units)	3,850.00
TOTAL DUE TO Beacon For the Month	21,541.83
Recap:	
Balance as of 6/30/2021	17,754.67
July Charges	17,248.95
July Repayment to Beacon	(17,754.67)
Ending Balance @ 07/31/21	17,248.95
August Charges	17,035.31
August Repayment to Beacon	(17,248.95)
Ending Balance @ 08/31/21	17,035.31
September Charges	17,551.98
September Repayment to Beacon	(17,035.31)
Ending Balance @ 09/30/21	17,551.98
October Charges	21,541.83
October Repayment to Beacon	(17,551.98)
Ending Balance @ 10/31/21	21,541.83

**Lomita Manor Senior Housing
General Ledger Report
For Prior Month (10/01/2021 to 10/31/2021)**

Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
1120.000 - Cash - Operating (Balance Forward As of 10/01/2021)							533,138.82
10/01/2021	10/01/2021	51250	04/2022-400 Deposited 10/01/2021 Settlement:12557810749	OARB	1,254.00		534,392.82
10/01/2021	10/01/2021	51251	04/2022-401 Deposited 10/01/2021 Settlement:12557776489	OARB	1,641.00		536,033.82
10/04/2021	10/04/2021	51252	04/2022-402 Deposited 10/04/2021 Settlement:12594805717	OARB	1,037.00		537,070.82
10/04/2021	10/04/2021	51253	04/2022-403 Deposited 10/04/2021 Settlement:12587460881	OARB	16,597.00		553,667.82
10/04/2021	10/04/2021	AF	LOM 10.21 Subsidy Payment	GJ	18,360.50		572,028.32
10/05/2021	10/05/2021	24255	AP Pymt - Humangood Affordable Housing	DB		17,035.31	554,993.01
10/05/2021	10/05/2021	51253	Payment Stopped (R08)	OARB		222.00	554,771.01
10/05/2021	10/05/2021	51254	04/2022-404 Deposited 10/05/2021 Settlement:12614603913	OARB	1,638.25		556,409.26
10/05/2021	10/05/2021	51255	04/2022-405 Deposited 10/05/2021 Settlement:12606141689	OARB	639.00		557,048.26
10/06/2021	10/06/2021	51257	04/2022-406 Deposited 10/06/2021 Settlement:12627756725	OARB	1,040.00		558,088.26
10/07/2021	10/07/2021	51255	Unable To Locate Account (R03)	OARB		413.00	557,675.26
10/08/2021	10/08/2021	51259	04/2022-407 Deposited 10/08/2021 Settlement:12648934141	OARB	330.00		558,005.26
10/08/2021	10/08/2021	51260	04/2022-408 Deposited 10/08/2021 Settlement:12649535561	OARB	413.00		558,418.26
10/12/2021	10/12/2021	24256	AP Pymt - Amtech Elevator Services	DB		800.00	557,618.26
10/12/2021	10/12/2021	24257	AP Pymt - AT&T - Box 9011	DB		272.64	557,345.62
10/12/2021	10/12/2021	24258	AP Pymt - Bobs Lawn Service - Jesus Arias	DB		350.00	556,995.62
10/12/2021	10/12/2021	24259	AP Pymt - City Lomita Water Dept	DB		460.16	556,535.46
10/12/2021	10/12/2021	24260	AP Pymt - City Lomita Water Dept	DB		2,868.88	553,666.58
10/12/2021	10/12/2021	24261	AP Pymt - Cleaner Image Inc	DB		2,000.00	551,666.58
10/12/2021	10/12/2021	24262	AP Pymt - Ferguson Facilities Supply - Atlanta	DB		145.12	551,521.46
10/12/2021	10/12/2021	24263	AP Pymt - HD Supply Ltd	DB		180.03	551,341.43
10/12/2021	10/12/2021	24264	AP Pymt - HD Supply Ltd	DB		211.46	551,129.97
10/12/2021	10/12/2021	24265	AP Pymt - HM Carpet Inc - HM Flooring Group	DB		300.00	550,829.97
10/12/2021	10/12/2021	24266	AP Pymt - Home Depot Credit Services - Phoenix	DB		111.34	550,718.63
10/12/2021	10/12/2021	24267	AP Pymt - Office Depot - Phoenix Box 29248	DB		124.63	550,594.00
10/12/2021	10/12/2021	24268	AP Pymt - RealPage Inc	DB		460.99	550,133.01
10/12/2021	10/12/2021	24269	AP Pymt - So Cal Edison	DB		47.80	550,085.21
10/12/2021	10/12/2021	24270	AP Pymt - So Cal Edison	DB		2,580.61	547,504.60
10/12/2021	10/12/2021	24271	AP Pymt - Swenson Group - Dallas	DB		405.05	547,099.55
10/15/2021	10/15/2021	51261	04/2022-409 Deposited 10/15/2021 Settlement:12701932601	OARB	3.00		547,102.55
10/27/2021	10/27/2021	24272	AP Pymt - LEE, SHUEH CHYNN: Unit -LOM001-109A	DB		194.13	546,908.42
10/28/2021	10/28/2021	24273	AP Pymt - Lockton Insurance Brokers LLC	DB		14,678.20	532,230.22
10/31/2021	10/31/2021		Bank Interest Earned: LOM int earned op 10.21	DB	75.65		532,305.87
10/31/2021	10/31/2021		Bank Service Charge: LOM bk fees 10.21	DB		197.92	532,107.95
10/31/2021	10/31/2021	AF	LOM RP fees 10.21	GJ		64.26	532,043.69
Totals for 1120.000 - Cash - Operating					43,028.40	44,123.53	532,043.69
1130.000 - Accounts Receivable - Tenant Rent (Balance Forward As of 10/01/2021)							0.00
10/01/2021	10/01/2021	FileID-5114069-1	Accounts Receivable - Tenant Rent	OARA	19,957.00		19,957.00
10/01/2021	10/01/2021	FileID-5118871-2	Accounts Receivable - Tenant Rent	OARA		15,696.00	4,261.00
10/04/2021	10/04/2021	FileID-5118871-4	Accounts Receivable - Tenant Rent	OARA		1,938.00	2,323.00
10/04/2021	10/04/2021	FileID-5124179-4	Accounts Receivable - Tenant Rent	OARA		226.00	2,097.00
10/05/2021	10/05/2021	FileID-5124179-3	Accounts Receivable - Tenant Rent	OARA		501.00	1,596.00
10/06/2021	10/06/2021	FileID-5128040-1	Accounts Receivable - Tenant Rent	OARA		1,040.00	556.00
10/07/2021	10/07/2021	FileID-5132969-2	Accounts Receivable - Tenant Rent	OARA	413.00		969.00
10/08/2021	10/08/2021	FileID-5144076-2	Accounts Receivable - Tenant Rent	OARA		743.00	226.00
10/15/2021	10/15/2021	FileID-5171636-1	Accounts Receivable - Tenant Rent	OARA		3.00	223.00
10/22/2021	10/22/2021	FileID-5209351-1	Accounts Receivable - Tenant Rent	OARA		222.00	1.00
Totals for 1130.000 - Accounts Receivable - Tenant Rent					20,370.00	20,369.00	1.00
1191.000 - Cash - Security Deposits (Balance Forward As of 10/01/2021)							27,233.54
10/31/2021	10/31/2021		Bank Interest Earned: LOM int earned sd 10.21	DB	3.70		27,237.24
Totals for 1191.000 - Cash - Security Deposits					3.70	0.00	27,237.24
1200.001 - Prepaid Expense - Property Insurance (Balance Forward As of 10/01/2021)							0.00
10/28/2021	09/13/2021	CPDCP-	AP Invoice - Lockton Insurance Brokers LLC: 21-22 DIC APA		14,678.20		14,678.20

**Lomita Manor Senior Housing
General Ledger Report
For Prior Month (10/01/2021 to 10/31/2021)**

Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
		21-1067943-01	Premium, Company Fee and Broker Fee				
		- 09/21/2021 to					
		09/21/2022					
10/31/2021	10/31/2021	AF	LOM Earthquake Insurance Exp	GJ		1,223.22	13,454.98
Totals for 1200.001 - Prepaid Expense - Property Insurance					14,678.20	1,223.22	13,454.98
1330.000 - Cash - Operating Reserve (Balance Forward As of 10/01/2021)							147,457.26
Totals for 1330.000 - Cash - Operating Reserve					0.00	0.00	147,457.26
1410.001 - Land Improvements (Balance Forward As of 10/01/2021)							83,660.00
Totals for 1410.001 - Land Improvements					0.00	0.00	83,660.00
1420.001 - Building Improvements (Balance Forward As of 10/01/2021)							122,253.46
Totals for 1420.001 - Building Improvements					0.00	0.00	122,253.46
1440.000 - Building Equipment (Balance Forward As of 10/01/2021)							25,391.00
Totals for 1440.000 - Building Equipment					0.00	0.00	25,391.00
1465.000 - Office Furniture & Equipment (Balance Forward As of 10/01/2021)							15,480.47
Totals for 1465.000 - Office Furniture & Equipment					0.00	0.00	15,480.47
1470.000 - Maintenance Equipment (Balance Forward As of 10/01/2021)							1,957.64
Totals for 1470.000 - Maintenance Equipment					0.00	0.00	1,957.64
1495.000 - Accum. Depr. - Land Improvements (Balance Forward As of 10/01/2021)							(27,422.02)
10/01/2021	10/01/2021		Depreciation for asset LOM-Replacem Fire Line/Pipe, serial number AS-004914-161212	FA		464.78	(27,886.80)
Totals for 1495.000 - Accum. Depr. - Land Improvements					0.00	464.78	(27,886.80)
1495.002 - Accum. Depr. - Building Improvements (Balance Forward As of 10/01/2021)							(62,623.75)
10/01/2021	10/01/2021		Depreciation for asset LOM-AC Unit - Bldg A, serial number AS-019681-210427	FA		150.00	(62,773.75)
10/01/2021	10/01/2021		Depreciation for asset LOM-AC Unit - Bldg B, serial number AS-019682-210427	FA		133.33	(62,907.08)
10/01/2021	10/01/2021		Depreciation for asset LOM-Awning Replacement, serial number AS-004963-170410	FA		122.50	(63,029.58)
10/01/2021	10/01/2021		Depreciation for asset LOM-Door - 101B, serial number AS-019676-210427	FA		87.47	(63,117.05)
10/01/2021	10/01/2021		Depreciation for asset LOM-Furnace - 101B, serial number AS-019680-210427	FA		25.00	(63,142.05)
10/01/2021	10/01/2021		Depreciation for asset LOM-Main Entry Gate Upgrade, serial number AS-019675-210427	FA		152.48	(63,294.53)
10/01/2021	10/01/2021		Depreciation for asset LOM-Main Pipeline Replacement - 104A, serial number AS-019674-210427	FA		69.17	(63,363.70)
10/01/2021	10/01/2021		Depreciation for asset LOM-Office Door, serial number AS-019679-210427	FA		29.77	(63,393.47)
10/01/2021	10/01/2021		Depreciation for asset LOM-Rec Room Doors, serial number AS-019678-210427	FA		132.81	(63,526.28)
10/01/2021	10/01/2021		Depreciation for asset LOM-Replace Fire Line - Utility Room, serial number AS-004915-161212	FA		57.39	(63,583.67)
Totals for 1495.002 - Accum. Depr. - Building Improvements					0.00	959.92	(63,583.67)
1495.003 - Accum. Depr. - Building Equipment (Balance Forward As of 10/01/2021)							(10,500.60)
10/01/2021	10/01/2021		Depreciation for asset LOM-Fire Alarm System, serial number AS-004532-160504	FA		132.95	(10,633.55)
Totals for 1495.003 - Accum. Depr. - Building Equipment					0.00	132.95	(10,633.55)
1495.004 - Accum. Depr. - Office Furniture & Equipment (Balance Forward As of 10/01/2021)							(9,383.77)
10/01/2021	10/01/2021		Depreciation for asset LOM-Commonity Furniture, serial number AS-004912-161209	FA		98.34	(9,482.11)
Totals for 1495.004 - Accum. Depr. - Office Furniture & Equipment					0.00	98.34	(9,482.11)
1495.005 - Accum. Depr. - Maintenance Equipment (Balance Forward As of 10/01/2021)							(1,957.64)
Totals for 1495.005 - Accum. Depr. - Maintenance Equipment					0.00	0.00	(1,957.64)
2109.000 - Accounts Payable - Accrued Expenses (Balance Forward As of 10/01/2021)							(5,957.45)
10/01/2021	10/01/2021	Reversed - AF	Reversed -- LOM Accr Elec Exp 9.21	GJ	2,628.41		(3,329.04)
10/01/2021	10/01/2021	Reversed - AF	Reversed -- LOM Accr Water Exp 8-9.21	GJ	3,329.04		0.00
10/31/2021	10/31/2021	AF	LOM Accr Water Exp 10.21	GJ		1,600.00	(1,600.00)
Totals for 2109.000 - Accounts Payable - Accrued Expenses					5,957.45	1,600.00	(1,600.00)
2110.000 - Accounts Payable - Operations (Balance Forward As of 10/01/2021)							(17,035.31)
10/05/2021	10/05/2021	24255	AP Pymt - Humangood Affordable Housing: Beacon Communities Advances for the Month of August 2021.	DB	17,035.31		0.00

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General Ledger Report
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Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
10/05/2021	09/20/2021	36716	AP Invoice - Cleaner Image Inc	APA		1,500.00	(1,500.00)
10/05/2021	09/20/2021	36717	AP Invoice - Cleaner Image Inc	APA		500.00	(2,000.00)
10/05/2021	09/20/2021	93021	AP Invoice - Bobs Lawn Service - Jesus Arias	APA		350.00	(2,350.00)
10/05/2021	09/14/2021	102947	AP Invoice - HM Carpet Inc - HM Flooring Group	APA		300.00	(2,650.00)
10/05/2021	09/14/2021	5513167	AP Invoice - Home Depot Credit Services - Phoenix	APA		76.34	(2,726.34)
10/05/2021	09/28/2021	17098647	AP Invoice - AT&T - Box 9011	APA		272.64	(2,998.98)
10/05/2021	09/30/2021	30195611	AP Invoice - Swenson Group - Dallas	APA		405.05	(3,404.03)
10/05/2021	09/20/2021	9195567095	AP Invoice - HD Supply Ltd	APA		98.22	(3,502.25)
10/05/2021	09/20/2021	9195567096	AP Invoice - HD Supply Ltd	APA		81.81	(3,584.06)
10/05/2021	09/21/2021	9195637653	AP Invoice - HD Supply Ltd	APA		211.46	(3,795.52)
10/05/2021	09/12/2021	19389390001	AP Invoice - Office Depot - Phoenix Box 29248	APA		124.63	(3,920.15)
10/05/2021	09/10/2021	660813002/07-09.21	AP Invoice - City Lomita Water Dept	APA		2,868.88	(6,789.03)
10/05/2021	09/10/2021	660814002/07-09.21	AP Invoice - City Lomita Water Dept	APA		460.16	(7,249.19)
10/05/2021	09/15/2021	700143266216/08-9.21	AP Invoice - So Cal Edison	APA		47.80	(7,296.99)
10/05/2021	09/15/2021	700434346846/8-9.21	AP Invoice - So Cal Edison	APA		2,580.61	(9,877.60)
10/05/2021	09/27/2021	DVB26095001	AP Invoice - Amtech Elevator Services	APA		800.00	(10,677.60)
10/05/2021	09/17/2021	FCH007491606	AP Invoice - Home Depot Credit Services - Phoenix	APA		35.00	(10,712.60)
10/05/2021	09/17/2021	I2109027174	AP Invoice - RealPage Inc	APA		460.99	(11,173.59)
10/05/2021	09/19/2021	WC494052	AP Invoice - Ferguson Facilities Supply - Atlanta	APA		145.12	(11,318.71)
10/12/2021	10/12/2021	24256	AP Pymt - Amtech Elevator Services: 1.00 800.00 Elevator Service	DB	800.00		(10,518.71)
10/12/2021	10/12/2021	24257	AP Pymt - AT&T - Box 9011: 1.00 272.64 Phone Service DB	DB	272.64		(10,246.07)
10/12/2021	10/12/2021	24258	AP Pymt - Bobs Lawn Service - Jesus Arias: 1.00 350.00 DB	DB	350.00		(9,896.07)
10/12/2021	10/12/2021	24259	AP Pymt - City Lomita Water Dept: 1.00 460.16 Fire Me- DB	DB	460.16		(9,435.91)
10/12/2021	10/12/2021	24260	AP Pymt - City Lomita Water Dept: 1.00 2868.88 Water DB	DB	2,868.88		(6,567.03)
10/12/2021	10/12/2021	24261	AP Pymt - Cleaner Image Inc: 1.00 1500.00 Cleaning DB	DB	1,500.00		(5,067.03)
10/12/2021	10/12/2021	24261	AP Pymt - Cleaner Image Inc: 1.00 500.00 Cleaning Ser-DB	DB	500.00		(4,567.03)
10/12/2021	10/12/2021	24262	AP Pymt - Ferguson Facilities Supply - Atlanta: 1.00 DB	DB	145.12		(4,421.91)
10/12/2021	10/12/2021	24263	AP Pymt - HD Supply Ltd: 1.00 81.81 Electrical Supplies DB	DB	81.81		(4,340.10)
10/12/2021	10/12/2021	24263	AP Pymt - HD Supply Ltd: 1.00 98.22 Toilet Seat DB	DB	98.22		(4,241.88)
10/12/2021	10/12/2021	24264	AP Pymt - HD Supply Ltd: 1.00 211.46 Facuet DB	DB	211.46		(4,030.42)
10/12/2021	10/12/2021	24265	AP Pymt - HM Carpet Inc - HM Flooring Group: 1.00 DB	DB	300.00		(3,730.42)
10/12/2021	10/12/2021	24266	AP Pymt - Home Depot Credit Services - Phoenix: 1.00 DB	DB	35.00		(3,695.42)
10/12/2021	10/12/2021	24266	AP Pymt - Home Depot Credit Services - Phoenix: 1.00 DB	DB	76.34		(3,619.08)
10/12/2021	10/12/2021	24267	AP Pymt - Office Depot - Phoenix Box 29248: 1.00 DB	DB	124.63		(3,494.45)
10/12/2021	10/12/2021	24268	AP Pymt - RealPage Inc: 1.00 124.80 11.21 phone DB	DB	124.80		(3,369.65)
10/12/2021	10/12/2021	24268	AP Pymt - RealPage Inc: 1.00 290.93 11.21 Dues and DB	DB	290.93		(3,078.72)
10/12/2021	10/12/2021	24268	AP Pymt - RealPage Inc: 1.00 45.26 11.21 Other renting DB	DB	45.26		(3,033.46)
10/12/2021	10/12/2021	24269	AP Pymt - So Cal Edison: 1.00 47.80 Electrical Service DB	DB	47.80		(2,985.66)
10/12/2021	10/12/2021	24270	AP Pymt - So Cal Edison: 1.00 2580.61 Electrical Ser- DB	DB	2,580.61		(405.05)
10/12/2021	10/12/2021	24271	AP Pymt - Swenson Group - Dallas: 1.00 405.05 Leased DB	DB	405.05		0.00
10/15/2021	10/15/2021	76-37-5171614-36	AP Invoice - LEE, SHUEH CHYNN	APA		194.13	(194.13)
10/19/2021	10/14/2021	81 September 2021	AP Invoice - Humangood Affordable Housing: Beacon Communities Advances for the Month of September 2021.	APA		17,551.98	(17,746.11)
10/22/2021	10/22/2021	72-37-5209331-37	AP Invoice - CABRERA, CONCEPCION	APA		36.21	(17,782.32)
10/22/2021	10/22/2021	72-40-5209331-38	AP Invoice - CABRERA, CONCEPCION	APA		75.00	(17,857.32)
10/26/2021	10/16/2021	36867	AP Invoice - Cleaner Image Inc	APA		1,750.00	(19,607.32)
10/26/2021	10/16/2021	36868	AP Invoice - Cleaner Image Inc	APA		750.00	(20,357.32)
10/26/2021	10/20/2021	62034	AP Invoice - J. McKeeve Plumbing, Inc. Sewer & Drain Cleaning	APA		897.60	(21,254.92)
10/26/2021	09/30/2021	14394951	AP Invoice - CalMet Services Inc	APA		1,117.45	(22,372.37)
10/26/2021	10/19/2021	100053059	AP Invoice - Cosco Fire Protection Inc - Brea	APA		795.00	(23,167.37)
10/26/2021	10/15/2021	1000538754	AP Invoice - Cosco Fire Protection Inc - Brea	APA		4,991.36	(28,158.73)

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Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
10/26/2021	10/11/2021	9196304969	AP Invoice - HD Supply Ltd	APA		53.37	(28,212.10)
10/26/2021	10/12/2021	9196350829	AP Invoice - HD Supply Ltd	APA		166.86	(28,378.96)
10/26/2021	10/12/2021	9196350830	AP Invoice - HD Supply Ltd	APA		161.67	(28,540.63)
10/26/2021	10/13/2021	9196382543	AP Invoice - HD Supply Ltd	APA		319.23	(28,859.86)
10/26/2021	10/13/2021	9196382544	AP Invoice - HD Supply Ltd	APA		189.21	(29,049.07)
10/26/2021	10/14/2021	9196439338	AP Invoice - HD Supply Ltd	APA		193.85	(29,242.92)
10/26/2021	10/14/2021	9196439340	AP Invoice - HD Supply Ltd	APA		174.56	(29,417.48)
10/26/2021	10/15/2021	9196513199	AP Invoice - HD Supply Ltd	APA		79.36	(29,496.84)
10/26/2021	10/19/2021	9196594643	AP Invoice - HD Supply Ltd	APA		42.15	(29,538.99)
10/26/2021	09/30/2021	9302190337	AP Invoice - Rent Track	APA		39.00	(29,577.99)
10/26/2021	10/18/2021	01350501803/0	AP Invoice - SoCal Gas	APA		71.57	(29,649.56)
		8-10.21					
10/26/2021	10/13/2021	1031/80436/815	AP Invoice - Round The Clock Pest Control Inc	APA		515.00	(30,164.56)
		57					
10/26/2021	10/18/2021	11430501061/0	AP Invoice - SoCal Gas	APA		344.08	(30,508.64)
		8-10.21					
10/26/2021	10/15/2021	70014326216/0	AP Invoice - So Cal Edison	APA		58.95	(30,567.59)
		9-10.21					
10/26/2021	10/15/2021	700434346846/	AP Invoice - So Cal Edison	APA		2,162.59	(32,730.18)
		09-10.2					
10/26/2021	10/04/2021	WC478576	AP Invoice - Ferguson Facilities Supply - Atlanta	APA		1,061.18	(33,791.36)
10/26/2021	10/19/2021	WC504650	AP Invoice - Ferguson Facilities Supply - Atlanta	APA		500.54	(34,291.90)
10/26/2021	10/12/2021	WC507012	AP Invoice - Ferguson Facilities Supply - Atlanta	APA		83.78	(34,375.68)
10/26/2021	10/13/2021	WC507021	AP Invoice - Ferguson Facilities Supply - Atlanta	APA		181.88	(34,557.56)
10/26/2021	10/16/2021	WC508713	AP Invoice - Ferguson Facilities Supply - Atlanta	APA		147.11	(34,704.67)
10/26/2021	10/15/2021	WC508726	AP Invoice - Ferguson Facilities Supply - Atlanta	APA		207.27	(34,911.94)
10/26/2021	10/15/2021	WW477553	AP Invoice - Ferguson Facilities Supply - Atlanta	APA		55.68	(34,967.62)
10/27/2021	10/27/2021	24272	AP Pymt - LEE, SHUEH CHYNN: Deposit Refund Bldg	DB	194.13		(34,773.49)
			LOM001 - Unit 109A				
10/28/2021	10/28/2021	24273	AP Pymt - Lockton Insurance Brokers LLC: 21-22 DIC	DB	14,678.20		(20,095.29)
			Premium, Company Fee and Broker Fee				
10/28/2021	09/13/2021	CPDCP-	AP Invoice - Lockton Insurance Brokers LLC: 21-22 DIC	APA		14,678.20	(34,773.49)
		21-1067943-01	Premium, Company Fee and Broker Fee				
		- 09/21/2021 to					
		09/21/2022					
Totals for 2110.000 - Accounts Payable - Operations					43,226.35	60,964.53	(34,773.49)
2114.000 - Accounts Payable - Beacon Communities (Balance Forward As of 10/01/2021)							(17,551.98)
10/01/2021	10/01/2021	RC	HGAH 10.2021 Prop Liab Ins	GJ		1,381.57	(18,933.55)
10/01/2021	10/01/2021	RC	HGAH 10.2021 Workers Comp	GJ		302.00	(19,235.55)
10/02/2021	10/02/2021	RC	HGAH 10.2.21 Payroll	GJ		4,502.81	(23,738.36)
10/16/2021	10/16/2021	RC	HGAH 10.16.21 Payroll	GJ		4,502.80	(28,241.16)
10/19/2021	10/14/2021	81 September	AP Invoice - Humangood Affordable Housing: Beacon	APA	17,551.98		(10,689.18)
		2021	Communities Advances for the Month of September				
			2021.				
10/30/2021	10/30/2021	RC	HGAH 10.2021 Computer Lease	GJ		387.74	(11,076.92)
10/30/2021	10/30/2021	RC	HGAH 10.30.21 Payroll	GJ		4,502.81	(15,579.73)
10/31/2021	10/31/2021	QN	10.2021 Mgmt & Bkpk Fees	GJ		4,427.50	(20,007.23)
10/31/2021	10/31/2021	RC	HGAH 10.2021 Benefits	GJ		1,334.00	(21,341.23)
10/31/2021	10/31/2021	RC	HGAH 10.2021 Pcards - WEX	GJ		12.02	(21,353.25)
10/31/2021	10/31/2021	RC	HGAH NRC Health 83960	GJ		154.42	(21,507.67)
10/31/2021	10/31/2021	RC	HGAH VCOM ATT CUST11909920211026	GJ		34.16	(21,541.83)
Totals for 2114.000 - Accounts Payable - Beacon Communities					17,551.98	21,541.83	(21,541.83)
2118.000 - Escheat Checks Payable (Balance Forward As of 10/01/2021)							(150.00)
Totals for 2118.000 - Escheat Checks Payable					0.00	0.00	(150.00)
2120.000 - Accrued Vacation Payable (Balance Forward As of 10/01/2021)							(15,067.12)
10/01/2021	10/01/2021	Reversed - RC	Reversed -- HGAH 9.2021 Vacation Accruals	GJA	15,067.12		0.00
10/31/2021	10/31/2021	RC	HGAH 10.2021 Vacation Accruals	GJA		15,235.18	(15,235.18)
Totals for 2120.000 - Accrued Vacation Payable					15,067.12	15,235.18	(15,235.18)
2126.000 - Accrued Payroll (Balance Forward As of 10/01/2021)							(3,596.51)
10/01/2021	10/01/2021	Reversed - RC	Reversed -- HGAH 9.2021 Payroll Accruals	GJA	3,596.51		0.00
10/31/2021	10/31/2021	RC	HGAH 10.2021 Payroll Accruals	GJA		299.71	(299.71)
Totals for 2126.000 - Accrued Payroll					3,596.51	299.71	(299.71)
2190.000 - Deposit Refund in Transit (Balance Forward As of 10/01/2021)							0.00
10/15/2021	10/15/2021	76-37-5171614-	AP Invoice - LEE, SHUEH CHYNN: Deposit Refund Bldg	APA	194.13		194.13
		36	LOM001 - Unit 109A				
10/15/2021	10/15/2021	FileID-	Deposit Refund in Transit	OARA		194.13	0.00
		5171636-1					
10/22/2021	10/22/2021	72-37-5209331-	AP Invoice - CABRERA, CONCEPCION: Deposit Re-	APA	36.21		36.21
		37	fund Bldg LOM002 - Unit 102B				
10/22/2021	10/22/2021	72-40-5209331-	AP Invoice - CABRERA, CONCEPCION: Pet Deposit	APA	75.00		111.21
		38	Refund Bldg LOM002 - Unit 102B				

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Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
10/22/2021	10/22/2021	FileID-5209351-1	Deposit Refund in Transit	OARA		111.21	0.00
Totals for 2190.000 - Deposit Refund in Transit					305.34	305.34	0.00
2191.000 - Security Deposits Payable (Balance Forward As of 10/01/2021)							(22,811.00)
10/15/2021	10/15/2021	51262	04/2022-935 Adjustment 10/15/2021	OARB		119.13	(22,930.13)
10/15/2021	10/15/2021	FileID-5171636-1	Security Deposits Payable	OARA	194.13		(22,736.00)
10/22/2021	10/22/2021	FileID-5209351-1	Security Deposits Payable	OARA	266.00		(22,470.00)
Totals for 2191.000 - Security Deposits Payable					460.13	119.13	(22,470.00)
2191.001 - Security Deposit Interest Payable (Balance Forward As of 10/01/2021)							(1,197.57)
10/15/2021	10/15/2021	FileID-5171636-1	Security Deposit Interest Payable	OARA	1.13		(1,196.44)
10/22/2021	10/22/2021	FileID-5209351-1	Security Deposit Interest Payable	OARA	3.21		(1,193.23)
10/31/2021	10/31/2021		Bank Interest Earned: Interest earned	DB		3.70	(1,196.93)
Totals for 2191.001 - Security Deposit Interest Payable					4.34	3.70	(1,196.93)
2210.000 - Prepaid Revenue (Balance Forward As of 10/01/2021)							(2,125.00)
10/01/2021	10/01/2021	51250	04/2022-400 Deposited 10/01/2021 Settlement:12557810749	OARB		1,254.00	(3,379.00)
10/01/2021	10/01/2021	51251	04/2022-401 Deposited 10/01/2021 Settlement:12557776489	OARB		1,641.00	(5,020.00)
10/01/2021	10/01/2021	FileID-5114069-1	Prepaid Revenue	OARA	5,020.00		0.00
10/01/2021	10/01/2021	FileID-5118871-2	Prepaid Revenue	OARA	15,696.00		15,696.00
10/04/2021	10/04/2021	51252	04/2022-402 Deposited 10/04/2021 Settlement:12594805717	OARB		1,037.00	14,659.00
10/04/2021	10/04/2021	51253	04/2022-403 Deposited 10/04/2021 Settlement:12587460881	OARB		16,597.00	(1,938.00)
10/04/2021	10/04/2021	FileID-5118871-4	Prepaid Revenue	OARA	1,938.00		0.00
10/04/2021	10/04/2021	FileID-5124179-4	Prepaid Revenue	OARA	226.00		226.00
10/05/2021	10/05/2021	51253	Payment Stopped (R08)	OARB	222.00		448.00
10/05/2021	10/05/2021	51254	04/2022-404 Deposited 10/05/2021 Settlement:12614603913	OARB		1,638.25	(1,190.25)
10/05/2021	10/05/2021	51255	04/2022-405 Deposited 10/05/2021 Settlement:12606141689	OARB		639.00	(1,829.25)
10/05/2021	10/05/2021	FileID-5124179-3	Prepaid Revenue	OARA	1,829.25		0.00
10/06/2021	10/06/2021	51257	04/2022-406 Deposited 10/06/2021 Settlement:12627756725	OARB		1,040.00	(1,040.00)
10/06/2021	10/06/2021	FileID-5128040-1	Prepaid Revenue	OARA	1,040.00		0.00
10/07/2021	10/07/2021	51255	Unable To Locate Account (R03)	OARB	413.00		413.00
10/07/2021	10/07/2021	FileID-5132969-2	Prepaid Revenue	OARA		413.00	0.00
10/08/2021	10/08/2021	51259	04/2022-407 Deposited 10/08/2021 Settlement:12648934141	OARB		330.00	(330.00)
10/08/2021	10/08/2021	51260	04/2022-408 Deposited 10/08/2021 Settlement:12649535561	OARB		413.00	(743.00)
10/08/2021	10/08/2021	FileID-5144076-2	Prepaid Revenue	OARA	743.00		0.00
10/15/2021	10/15/2021	51261	04/2022-409 Deposited 10/15/2021 Settlement:12701932601	OARB		3.00	(3.00)
10/15/2021	10/15/2021	51262	04/2022-935 Adjustment 10/15/2021	OARB	119.13		116.13
10/15/2021	10/15/2021	FileID-5171636-1	Prepaid Revenue	OARA		116.13	0.00
Totals for 2210.000 - Prepaid Revenue					27,246.38	25,121.38	0.00
3131.000 - Unrestricted Net Assets (Balance Forward As of 10/01/2021)							(147,457.26)
Totals for 3131.000 - Unrestricted Net Assets					0.00	0.00	(147,457.26)
3140.000 - Retained Earnings - Profit or Loss (Balance Forward As of 10/01/2021)							(631,855.44)
Totals for 3140.000 - Retained Earnings - Profit or Loss					0.00	0.00	(631,855.44)
5120.000 - Rent Revenue - Gross Potential (Balance Forward As of 10/01/2021)							(74,877.00)
10/01/2021	10/01/2021	FileID-5114069-1	Rent Revenue - Gross Potential	OARA		24,977.00	(99,854.00)
10/15/2021	10/15/2021	FileID-5171636-1	Rent Revenue - Gross Potential	OARA	118.00		(99,736.00)
10/22/2021	10/22/2021	FileID-	Rent Revenue - Gross Potential	OARA	64.00		(99,672.00)

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Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
10/31/2021	10/31/2021	5209351-1 FileID- 5233450-1	Rent Revenue - Gross Potential	OARA		182.00	(99,854.00)
Totals for 5120.000 - Rent Revenue - Gross Potential					182.00	25,159.00	(99,854.00)
5121.000 - Tenant Assistance Payments (Balance Forward As of 10/01/2021)							(54,649.00)
10/04/2021	10/04/2021	AF	LOM 10.21 Subsidy Payment	GJ		18,360.50	(73,009.50)
Totals for 5121.000 - Tenant Assistance Payments					0.00	18,360.50	(73,009.50)
5220.000 - Vacancies (Balance Forward As of 10/01/2021)							0.00
10/31/2021	10/31/2021	FileID- 5233450-1	Vacancies	OARA	182.00		182.00
Totals for 5220.000 - Vacancies					182.00	0.00	182.00
5410.000 - Interest Revenue - Project Operations (Balance Forward As of 10/01/2021)							(224.84)
10/31/2021	10/31/2021		Bank Interest Earned: Interest earned	DB		75.65	(300.49)
Totals for 5410.000 - Interest Revenue - Project Operations					0.00	75.65	(300.49)
5910.000 - Laundry Revenue (Balance Forward As of 10/01/2021)							0.00
10/05/2021	10/05/2021	FileID- 5124179-3	Laundry Revenue	OARA		1,328.25	(1,328.25)
Totals for 5910.000 - Laundry Revenue					0.00	1,328.25	(1,328.25)
5970.002 - Grant (Balance Forward As of 10/01/2021)							(1,468.12)
Totals for 5970.002 - Grant					0.00	0.00	(1,468.12)
6204.000 - Management Consultants (Balance Forward As of 10/01/2021)							30,000.00
Totals for 6204.000 - Management Consultants					0.00	0.00	30,000.00
6205.000 - IT Support Services (Balance Forward As of 10/01/2021)							1,227.42
10/30/2021	10/30/2021	RC	HGAH 10.2021 Computer Lease	GJ	387.74		1,615.16
Totals for 6205.000 - IT Support Services					387.74	0.00	1,615.16
6210.000 - Advertising and Marketing (Balance Forward As of 10/01/2021)							234.00
Totals for 6210.000 - Advertising and Marketing					0.00	0.00	234.00
6250.000 - Other Renting Expenses (Balance Forward As of 10/01/2021)							165.78
10/05/2021	09/17/2021	I2109027174	AP Invoice - RealPage Inc: 1.00 45.26 11.21 Other rent- APA ing exp crdt cks		45.26		211.04
Totals for 6250.000 - Other Renting Expenses					45.26	0.00	211.04
6311.000 - Office Supplies (Balance Forward As of 10/01/2021)							846.69
10/05/2021	09/12/2021	19389390001	AP Invoice - Office Depot - Phoenix Box 29248: 1.00 124.63 Office Supplies	APA	124.63		971.32
Totals for 6311.000 - Office Supplies					124.63	0.00	971.32
6311.001 - Office Equipment Lease Expense (Balance Forward As of 10/01/2021)							1,387.37
10/05/2021	09/30/2021	30195611	AP Invoice - Swenson Group - Dallas: 1.00 405.05 Leased Copier Machine Fee	APA	405.05		1,792.42
Totals for 6311.001 - Office Equipment Lease Expense					405.05	0.00	1,792.42
6311.002 - Telephone/Fax/Cell Phone/Elevator (Balance Forward As of 10/01/2021)							2,284.17
10/05/2021	09/28/2021	17098647	AP Invoice - AT&T - Box 9011: 1.00 272.64 Phone Ser- vice 08.28.21-09.27.21	APA	272.64		2,556.81
10/05/2021	09/17/2021	I2109027174	AP Invoice - RealPage Inc: 1.00 124.80 11.21 phone emergency calls	APA	124.80		2,681.61
10/31/2021	10/31/2021	RC	HGAH VCOM ATT CUST11909920211026 - Lesley Uribe	GJ	34.16		2,715.77
Totals for 6311.002 - Telephone/Fax/Cell Phone/Elevator					431.60	0.00	2,715.77
6311.003 - Postage/FedEx/UPS (Balance Forward As of 10/01/2021)							109.43
10/31/2021	10/31/2021	RC	HGAH 10.2021 Pcards - WEX - URIBE	GJ	12.02		121.45
Totals for 6311.003 - Postage/FedEx/UPS					12.02	0.00	121.45
6311.004 - Dues & Fees (Balance Forward As of 10/01/2021)							1,097.46
10/05/2021	09/17/2021	I2109027174	AP Invoice - RealPage Inc: 1.00 290.93 11.21 Dues and fees	APA	290.93		1,388.39
10/26/2021	09/30/2021	9302190337	AP Invoice - Rent Track: 1.00 39.00 Monthly Reporting Service Fee	APA	39.00		1,427.39
10/31/2021	10/31/2021	AF	LOM RP fees 10.21	GJ	64.26		1,491.65
10/31/2021	10/31/2021	RC	HGAH NRC Health 83960	GJ	154.42		1,646.07
Totals for 6311.004 - Dues & Fees					548.61	0.00	1,646.07

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Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
6311.006 - Bank Fees (Balance Forward As of 10/01/2021)							449.78
10/31/2021	10/31/2021		Bank Service Charge: Service charge	DB	197.92		647.70
Totals for 6311.006 - Bank Fees					197.92	0.00	647.70
6311.009 - Miscellaneous Supplies (Balance Forward As of 10/01/2021)							133.94
Totals for 6311.009 - Miscellaneous Supplies					0.00	0.00	133.94
6311.011 - Resident Activities (Balance Forward As of 10/01/2021)							1,567.35
Totals for 6311.011 - Resident Activities					0.00	0.00	1,567.35
6320.000 - Management Fee (Balance Forward As of 10/01/2021)							11,550.00
10/31/2021	10/31/2021	QN	10.2021 Management Fee	GJ	3,850.00		15,400.00
Totals for 6320.000 - Management Fee					3,850.00	0.00	15,400.00
6330.000 - Manager Salaries (Balance Forward As of 10/01/2021)							12,456.97
10/01/2021	10/01/2021	Reversed - RC	Reversed -- HGAH 9.2021 Payroll Accruals	GJA		1,153.38	11,303.59
10/02/2021	10/02/2021	RC	HGAH 10.2.21 Payroll	GJ	2,241.61		13,545.20
10/16/2021	10/16/2021	RC	HGAH 10.16.21 Payroll	GJ	2,241.61		15,786.81
10/30/2021	10/30/2021	RC	HGAH 10.30.21 Payroll	GJ	2,241.61		18,028.42
10/31/2021	10/31/2021	RC	HGAH 10.2021 Payroll Accruals	GJA	160.12		18,188.54
Totals for 6330.000 - Manager Salaries					6,884.95	1,153.38	18,188.54
6330.001 - Manager Salaries - Non-prod (Vacation) (Balance Forward As of 10/01/2021)							2,289.36
10/01/2021	10/01/2021	Reversed - RC	Reversed -- HGAH 9.2021 Payroll Accruals	GJA		768.00	1,521.36
10/01/2021	10/01/2021	Reversed - RC	Reversed -- HGAH 9.2021 Vacation Accruals	GJA		6,071.80	(4,550.44)
10/31/2021	10/31/2021	RC	HGAH 10.2021 Vacation Accruals	GJA	6,450.73		1,900.29
Totals for 6330.001 - Manager Salaries - Non-prod (Vacation)					6,450.73	6,839.80	1,900.29
6351.000 - Bookkeeping Fees (Balance Forward As of 10/01/2021)							1,732.50
10/31/2021	10/31/2021	QN	10.2021 Bookkeeping Fee	GJ	577.50		2,310.00
Totals for 6351.000 - Bookkeeping Fees					577.50	0.00	2,310.00
6450.000 - Electricity (Balance Forward As of 10/01/2021)							8,147.64
10/01/2021	10/01/2021	Reversed - AF	Reversed -- LOM Accr Elec Exp 9.21	GJ		2,628.41	5,519.23
10/05/2021	09/15/2021	700143266216/08-9.21	AP Invoice - So Cal Edison: 1.00 47.80 Electrical Service Manger Unit 08.16.21-09.14.21	APA	47.80		5,567.03
10/05/2021	09/15/2021	700434346846/8-9.21	AP Invoice - So Cal Edison: 1.00 2580.61 Electrical Service 08.16.21-09.14.21	APA	2,580.61		8,147.64
10/26/2021	10/15/2021	700143266216/09-10.21	AP Invoice - So Cal Edison: 1.00 58.95 Manager Unit Electrical Service 09.15.21-10.14.21	APA	58.95		8,206.59
10/26/2021	10/15/2021	700434346846/09-10.2	AP Invoice - So Cal Edison: 1.00 2162.59 Electrical Service 09.15.21-10.14.21	APA	2,162.59		10,369.18
Totals for 6450.000 - Electricity					4,849.95	2,628.41	10,369.18
6451.000 - Water (Balance Forward As of 10/01/2021)							5,247.00
10/01/2021	10/01/2021	Reversed - AF	Reversed -- LOM Accr Water Exp 8-9.21	GJ		3,329.04	1,917.96
10/05/2021	09/10/2021	660813002/07-09.21	AP Invoice - City Lomita Water Dept: 1.00 2868.88 Water Service 07.06.21-09.05.21	APA	2,868.88		4,786.84
10/05/2021	09/10/2021	660814002/07-09.21	AP Invoice - City Lomita Water Dept: 1.00 460.16 Fire Meter 07.06.21-09.05.21	APA	460.16		5,247.00
10/31/2021	10/31/2021	AF	LOM Accr Water Exp 10.21	GJ	1,600.00		6,847.00
Totals for 6451.000 - Water					4,929.04	3,329.04	6,847.00
6452.000 - Gas (Balance Forward As of 10/01/2021)							1,234.34
10/26/2021	10/18/2021	01350501803/08-10.21	AP Invoice - SoCal Gas: 1.00 71.57 Gas Service A bld-ing 08.31.21-10.01.21	APA	71.57		1,305.91
10/26/2021	10/18/2021	11430501061/08-10.21	AP Invoice - SoCal Gas: 1.00 344.08 Gas Service B Bld-ing 08.31.21-10.01.21	APA	344.08		1,649.99
Totals for 6452.000 - Gas					415.65	0.00	1,649.99
6510.000 - Maintenance Salaries (Balance Forward As of 10/01/2021)							11,082.77
10/01/2021	10/01/2021	Reversed - RC	Reversed -- HGAH 9.2021 Payroll Accruals	GJA		1,675.13	9,407.64
10/02/2021	10/02/2021	RC	HGAH 10.2.21 Payroll	GJ	1,565.48		10,973.12
10/16/2021	10/16/2021	RC	HGAH 10.16.21 Payroll	GJ	1,759.90		12,733.02
10/30/2021	10/30/2021	RC	HGAH 10.30.21 Payroll	GJ	1,954.32		14,687.34
10/31/2021	10/31/2021	RC	HGAH 10.2021 Payroll Accruals	GJA	139.59		14,826.93
Totals for 6510.000 - Maintenance Salaries					5,419.29	1,675.13	14,826.93
6510.001 - Maintenance Salaries - Non-prod (Vacation) (Balance Forward As of 10/01/2021)							1,510.15
10/01/2021	10/01/2021	Reversed - RC	Reversed -- HGAH 9.2021 Vacation Accruals	GJA		8,995.32	(7,485.17)
10/02/2021	10/02/2021	RC	HGAH 10.2.21 Payroll	GJ	388.84		(7,096.33)
10/16/2021	10/16/2021	RC	HGAH 10.16.21 Payroll	GJ	194.42		(6,901.91)
10/31/2021	10/31/2021	RC	HGAH 10.2021 Vacation Accruals	GJA	8,784.45		1,882.54
Totals for 6510.001 - Maintenance Salaries - Non-prod (Vacation)					9,367.71	8,995.32	1,882.54

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Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
6515.000 - Janitorial/Cleaning Supplies (Balance Forward As of 10/01/2021)							3,510.80
10/05/2021	09/14/2021	5513167	AP Invoice - Home Depot Credit Services - Phoenix: 1.00 76.34 Supplies Stock	APA	76.34		3,587.14
10/05/2021	09/17/2021	FCH007491606	AP Invoice - Home Depot Credit Services - Phoenix: 1.00 35.00 Late Fee	APA	35.00		3,622.14
10/05/2021	09/19/2021	WC494052	AP Invoice - Ferguson Facilities Supply - Atlanta: 1.00 145.12 Cleaning Supplies	APA	145.12		3,767.26
10/26/2021	10/12/2021	9196350829	AP Invoice - HD Supply Ltd: 1.00 166.86 Door Bottom Supply	APA	166.86		3,934.12
10/26/2021	10/13/2021	9196382543	AP Invoice - HD Supply Ltd: 1.00 319.23 Supplies	APA	319.23		4,253.35
10/26/2021	10/14/2021	9196439338	AP Invoice - HD Supply Ltd: 1.00 193.85 Cleaning Supplies	APA	193.85		4,447.20
10/26/2021	10/15/2021	9196513199	AP Invoice - HD Supply Ltd: 1.00 79.36 Cleaning Supplies	APA	79.36		4,526.56
10/26/2021	10/13/2021	WC507021	AP Invoice - Ferguson Facilities Supply - Atlanta: 1.00 181.88 Supplies	APA	181.88		4,708.44
10/26/2021	10/16/2021	WC508713	AP Invoice - Ferguson Facilities Supply - Atlanta: 1.00 147.11 Supplies	APA	147.11		4,855.55
10/26/2021	10/15/2021	WW477553	AP Invoice - Ferguson Facilities Supply - Atlanta: 1.00 55.68 Supplies	APA	55.68		4,911.23
Totals for 6515.000 - Janitorial/Cleaning Supplies					1,400.43	0.00	4,911.23
6515.003 - Maintenance Uniforms (Balance Forward As of 10/01/2021)							230.37
Totals for 6515.003 - Maintenance Uniforms					0.00	0.00	230.37
6515.004 - Plumbing Supplies (Balance Forward As of 10/01/2021)							2,544.54
10/05/2021	09/20/2021	9195567095	AP Invoice - HD Supply Ltd: 1.00 98.22 Toilet Seat	APA	98.22		2,642.76
10/05/2021	09/21/2021	9195637653	AP Invoice - HD Supply Ltd: 1.00 211.46 Facuet	APA	211.46		2,854.22
Totals for 6515.004 - Plumbing Supplies					309.68	0.00	2,854.22
6515.005 - Electrical Supplies (Balance Forward As of 10/01/2021)							1,374.62
10/05/2021	09/20/2021	9195567096	AP Invoice - HD Supply Ltd: 1.00 81.81 Electrical Supplies	APA	81.81		1,456.43
10/26/2021	10/11/2021	9196304969	AP Invoice - HD Supply Ltd: 1.00 53.37 ADA Door Knock Signaler 204B 309B	APA	53.37		1,509.80
10/26/2021	10/12/2021	9196350830	AP Invoice - HD Supply Ltd: 1.00 161.67 ADA Plugin Button 204B 309B	APA	161.67		1,671.47
10/26/2021	10/13/2021	9196382544	AP Invoice - HD Supply Ltd: 1.00 189.21 Electrical Supplies	APA	189.21		1,860.68
10/26/2021	10/14/2021	9196439340	AP Invoice - HD Supply Ltd: 1.00 174.56 Electrical Supplies	APA	174.56		2,035.24
10/26/2021	10/19/2021	9196594643	AP Invoice - HD Supply Ltd: 1.00 42.15 Gas Kit	APA	42.15		2,077.39
10/26/2021	10/19/2021	WC504650	AP Invoice - Ferguson Facilities Supply - Atlanta: 1.00 500.54 112A Supply	APA	500.54		2,577.93
10/26/2021	10/12/2021	WC507012	AP Invoice - Ferguson Facilities Supply - Atlanta: 1.00 83.78 LED Light Kit	APA	83.78		2,661.71
10/26/2021	10/15/2021	WC508726	AP Invoice - Ferguson Facilities Supply - Atlanta: 1.00 207.27 Office Lights	APA	207.27		2,868.98
Totals for 6515.005 - Electrical Supplies					1,494.36	0.00	2,868.98
6520.000 - Maintenance Contracts (Balance Forward As of 10/01/2021)							19,555.64
10/05/2021	09/20/2021	36716	AP Invoice - Cleaner Image Inc: 1.00 1500.00 Cleaning Service Sept 1-21, 2021	APA	1,500.00		21,055.64
10/05/2021	09/20/2021	36717	AP Invoice - Cleaner Image Inc: 1.00 500.00 Cleaning Service Sept 22-30, 2021	APA	500.00		21,555.64
10/05/2021	09/14/2021	102947	AP Invoice - HM Carpet Inc - HM Flooring Group: 1.00 300.00 310B VCT Title	APA	300.00		21,855.64
10/26/2021	10/16/2021	36867	AP Invoice - Cleaner Image Inc: 1.00 1750.00 Cleaning Service Oct 1-22, 2021	APA	1,750.00		23,605.64
10/26/2021	10/16/2021	36868	AP Invoice - Cleaner Image Inc: 1.00 750.00 Cleaning Service Oct 25-31, 2021	APA	750.00		24,355.64
10/26/2021	10/20/2021	62034	AP Invoice - J. McKeeve Plumbing, Inc. Sewer & Drain Cleaning: 1.00 897.60 210A Repair Leaking Shower Pipe	APA	897.60		25,253.24
10/26/2021	10/19/2021	100053059	AP Invoice - Cosco Fire Protection Inc - Brea: 1.00 795.00 Annual Hydrant Inspection Repairs	APA	795.00		26,048.24
10/26/2021	10/15/2021	1000538754	AP Invoice - Cosco Fire Protection Inc - Brea: 1.00 4991.36 Annual Sprinkler Inspection Repairs	APA	4,991.36		31,039.60
Totals for 6520.000 - Maintenance Contracts					11,483.96	0.00	31,039.60
6520.001 - Janitorial/Cleaning Contract (Balance Forward As of 10/01/2021)							2,250.00
Totals for 6520.001 - Janitorial/Cleaning Contract					0.00	0.00	2,250.00
6520.002 - Elevator Contract (Balance Forward As of 10/01/2021)							1,280.35
10/05/2021	09/27/2021	DVB26095001	AP Invoice - Amtech Elevator Services: 1.00 800.00 Ele-	APA	800.00		2,080.35

**Lomita Manor Senior Housing
General Ledger Report
For Prior Month (10/01/2021 to 10/31/2021)**

Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
			vator Service				
Totals for 6520.002 - Elevator Contract					800.00	0.00	2,080.35
6520.003 - Exterminating Contract (Balance Forward As of 10/01/2021)							560.00
10/26/2021	10/13/2021	1031/80436/815	AP Invoice - Round The Clock Pest Control Inc: 1.00 57 515.00 Pest Control Service	APA	515.00		1,075.00
Totals for 6520.003 - Exterminating Contract					515.00	0.00	1,075.00
6520.004 - Grounds Contract (Balance Forward As of 10/01/2021)							1,900.00
10/05/2021	09/20/2021	93021	AP Invoice - Bobs Lawn Service - Jesus Arias: 1.00 350.00 Landscape Service	APA	350.00		2,250.00
Totals for 6520.004 - Grounds Contract					350.00	0.00	2,250.00
6525.000 - Garbage & Trash Removal (Balance Forward As of 10/01/2021)							3,353.45
10/26/2021	09/30/2021	14394951	AP Invoice - CalMet Services Inc: 1.00 1117.45 Trash Service 10.21	APA	1,117.45		4,470.90
Totals for 6525.000 - Garbage & Trash Removal					1,117.45	0.00	4,470.90
6546.000 - HVAC Repairs & Maintenance (Balance Forward As of 10/01/2021)							248.73
10/26/2021	10/04/2021	WC478576	AP Invoice - Ferguson Facilities Supply - Atlanta: 1.00 1061.18 Heat PTAC 203B	APA	1,061.18		1,309.91
Totals for 6546.000 - HVAC Repairs & Maintenance					1,061.18	0.00	1,309.91
6600.000 - Depr. Expense - Land Improvements (Balance Forward As of 10/01/2021)							1,394.34
10/01/2021	10/01/2021		Depreciation for asset LOM-Replacem Fire Line/Pipe, serial number AS-004914-161212	FA	464.78		1,859.12
Totals for 6600.000 - Depr. Expense - Land Improvements					464.78	0.00	1,859.12
6600.002 - Depr. Expense - Building Improvements (Balance Forward As of 10/01/2021)							2,960.50
10/01/2021	10/01/2021		Depreciation for asset LOM-AC Unit - Bldg A, serial number AS-019681-210427	FA	150.00		3,110.50
10/01/2021	10/01/2021		Depreciation for asset LOM-AC Unit - Bldg B, serial number AS-019682-210427	FA	133.33		3,243.83
10/01/2021	10/01/2021		Depreciation for asset LOM-Awning Replacement, serial number AS-004963-170410	FA	122.50		3,366.33
10/01/2021	10/01/2021		Depreciation for asset LOM-Door - 101B, serial number AS-019676-210427	FA	87.47		3,453.80
10/01/2021	10/01/2021		Depreciation for asset LOM-Furnace - 101B, serial num- ber AS-019680-210427	FA	25.00		3,478.80
10/01/2021	10/01/2021		Depreciation for asset LOM-Main Entry Gate Upgrade, serial number AS-019675-210427	FA	152.48		3,631.28
10/01/2021	10/01/2021		Depreciation for asset LOM-Main Pipeline Replacement - 104A, serial number AS-019674-210427	FA	69.17		3,700.45
10/01/2021	10/01/2021		Depreciation for asset LOM-Office Door, serial number AS-019679-210427	FA	29.77		3,730.22
10/01/2021	10/01/2021		Depreciation for asset LOM-Rec Room Doors, serial number AS-019678-210427	FA	132.81		3,863.03
10/01/2021	10/01/2021		Depreciation for asset LOM-Replace Fire Line - Utility Room, serial number AS-004915-161212	FA	57.39		3,920.42
Totals for 6600.002 - Depr. Expense - Building Improvements					959.92	0.00	3,920.42
6600.003 - Depr. Expense - Building Equipment (Balance Forward As of 10/01/2021)							398.85
10/01/2021	10/01/2021		Depreciation for asset LOM-Fire Alarm System, serial number AS-004532-160504	FA	132.95		531.80
Totals for 6600.003 - Depr. Expense - Building Equipment					132.95	0.00	531.80
6600.004 - Depr. Expense - Office Furniture & Equipment (Balance Forward As of 10/01/2021)							295.02
10/01/2021	10/01/2021		Depreciation for asset LOM-Commonity Furniture, serial number AS-004912-161209	FA	98.34		393.36
Totals for 6600.004 - Depr. Expense - Office Furniture & Equipment					98.34	0.00	393.36
6711.000 - Payroll Taxes (FICA) (Balance Forward As of 10/01/2021)							1,857.91
10/02/2021	10/02/2021	RC	HGAH 10.2.21 Payroll	GJ	306.88		2,164.79
10/16/2021	10/16/2021	RC	HGAH 10.16.21 Payroll	GJ	306.87		2,471.66
10/30/2021	10/30/2021	RC	HGAH 10.30.21 Payroll	GJ	306.88		2,778.54
Totals for 6711.000 - Payroll Taxes (FICA)					920.63	0.00	2,778.54
6720.000 - Property & Liability Insurance (Hazard) (Balance Forward As of 10/01/2021)							7,616.44
10/01/2021	10/01/2021	RC	HGAH 10.2021 Prop Liab Ins	GJ	1,381.57		8,998.01
10/31/2021	10/31/2021	AF	LOM Earthquake Insurance EXPENSE	GJ	1,223.22		10,221.23
Totals for 6720.000 - Property & Liability Insurance (Hazard)					2,604.79	0.00	10,221.23
6722.000 - Workman's Compensation (Balance Forward As of 10/01/2021)							906.00
10/01/2021	10/01/2021	RC	HGAH 10.2021 Workers Comp	GJ	302.00		1,208.00

**Lomita Manor Senior Housing
General Ledger Report
For Prior Month (10/01/2021 to 10/31/2021)**

Posted Dt.	Doc Dt.	Doc	Memo / Description	JNL	Debit	Credit	Balance
Totals for 6722.000 - Workman's Compensation					302.00	0.00	1,208.00
6723.000 - Health Insurance (Balance Forward As of 10/01/2021)							3,305.33
10/31/2021	10/31/2021	RC	HGAH 10.2021 Benefits	GJ	1,137.00		4,442.33
Totals for 6723.000 - Health Insurance					1,137.00	0.00	4,442.33
6723.001 - Retirement (Balance Forward As of 10/01/2021)							811.63
10/31/2021	10/31/2021	RC	HGAH 10.2021 Benefits	GJ	170.00		981.63
Totals for 6723.001 - Retirement					170.00	0.00	981.63
6723.002 - Unemployment Insurance (Balance Forward As of 10/01/2021)							103.00
10/31/2021	10/31/2021	RC	HGAH 10.2021 Benefits	GJ	27.00		130.00
Totals for 6723.002 - Unemployment Insurance					27.00	0.00	130.00
6936.004 - Service Coordinator Expenses - Membership Dues (Balance Forward As of 10/01/2021)							127.55
Totals for 6936.004 - Service Coordinator Expenses - Membership Dues					0.00	0.00	127.55
Grand Total					262,107.02	262,107.02	0.00

Lomita Manor Senior Housing Vendor Aging Report

Based on: GL posting Date As of: 10/31/2021

Payment Priority	Vendor ID	Vendor Name	AP Invoice	AP Invoices On Hold	GL Posting Date	AP Invoice Date	Due Date	Days aged	0-30	31-60	61-90	91-120	121-	Total
Normal	CASE90723	CalMet Services Inc	14394951	No	10/26/2021	09/30/2021	10/30/2021	5	1,117.45	0.00	0.00	0.00	0.00	1,117.45
	CFPR92821	Cosco Fire Protection Inc - Brea	10005387 54	No	10/26/2021	10/15/2021	11/14/2021	5	4,991.36	0.00	0.00	0.00	0.00	4,991.36
	CLIM90277	Cleaner Image Inc	10005305 9	No	10/26/2021	10/19/2021	11/18/2021	5	795.00	0.00	0.00	0.00	0.00	795.00
			36867	No	10/26/2021	10/16/2021	11/15/2021	5	1,750.00	0.00	0.00	0.00	0.00	1,750.00
	FFSU30384	Ferguson Facilities Supply - Atlanta	36868	No	10/26/2021	10/16/2021	11/15/2021	5	750.00	0.00	0.00	0.00	0.00	750.00
			WC478576	No	10/26/2021	10/04/2021	11/03/2021	5	1,061.18	0.00	0.00	0.00	0.00	1,061.18
	GASC91756	SoCal Gas	WC507012	No	10/26/2021	10/12/2021	11/11/2021	5	83.78	0.00	0.00	0.00	0.00	83.78
			WC507021	No	10/26/2021	10/13/2021	11/12/2021	5	181.88	0.00	0.00	0.00	0.00	181.88
	HDSU92150	HD Supply Ltd	WW477553	No	10/26/2021	10/15/2021	11/14/2021	5	55.68	0.00	0.00	0.00	0.00	55.68
			WC508726	No	10/26/2021	10/15/2021	11/14/2021	5	207.27	0.00	0.00	0.00	0.00	207.27
	HGAH94588	Humangood Affordable Housing	WC508713	No	10/26/2021	10/16/2021	11/15/2021	5	147.11	0.00	0.00	0.00	0.00	147.11
			WC504650	No	10/26/2021	10/19/2021	11/18/2021	5	500.54	0.00	0.00	0.00	0.00	500.54
	JMPL90505	J. McKeeve Plumbing, Inc.	01350501 803/08-1 0.21	No	10/26/2021	10/18/2021	11/17/2021	5	71.57	0.00	0.00	0.00	0.00	71.57
			11430501 061/08-1 0.21	No	10/26/2021	10/18/2021	11/17/2021	5	344.08	0.00	0.00	0.00	0.00	344.08
	RCPC91351	Round The Clock Pest Control Inc	91963049 69	No	10/26/2021	10/11/2021	11/10/2021	5	53.37	0.00	0.00	0.00	0.00	53.37
			91963508 30	No	10/26/2021	10/12/2021	11/11/2021	5	161.67	0.00	0.00	0.00	0.00	161.67
	RENT55416	Rent Track	91963508 29	No	10/26/2021	10/12/2021	11/11/2021	5	166.86	0.00	0.00	0.00	0.00	166.86
			91963825 44	No	10/26/2021	10/13/2021	11/12/2021	5	189.21	0.00	0.00	0.00	0.00	189.21
	SCED91771-0001	So Cal Edison	91963825 43	No	10/26/2021	10/13/2021	11/12/2021	5	319.23	0.00	0.00	0.00	0.00	319.23
			91964393 40	No	10/26/2021	10/14/2021	11/13/2021	5	174.56	0.00	0.00	0.00	0.00	174.56
	SCED91772-0001	So Cal Edison	91964393 38	No	10/26/2021	10/14/2021	11/13/2021	5	193.85	0.00	0.00	0.00	0.00	193.85
			91965131 99	No	10/26/2021	10/15/2021	11/14/2021	5	79.36	0.00	0.00	0.00	0.00	79.36
	TEMP255512935	CABRERA, CONCEPCION	91965946 43	No	10/26/2021	10/19/2021	11/18/2021	5	42.15	0.00	0.00	0.00	0.00	42.15
			81 Septe mber 202 1	No	10/19/2021	10/14/2021	11/13/2021	12	17,551.98	0.00	0.00	0.00	0.00	17,551.98
	SCED91771-0001	So Cal Edison	62034	No	10/26/2021	10/20/2021	11/19/2021	5	897.60	0.00	0.00	0.00	0.00	897.60
			1031/804 36/81557	No	10/26/2021	10/13/2021	11/12/2021	5	515.00	0.00	0.00	0.00	0.00	515.00
	SCED91772-0001	So Cal Edison	93021903 37	No	10/26/2021	09/30/2021	10/30/2021	5	39.00	0.00	0.00	0.00	0.00	39.00
			70014326 216/09-1 0.21	No	10/26/2021	10/15/2021	11/14/2021	5	58.95	0.00	0.00	0.00	0.00	58.95
	TEMP255512935	CABRERA, CONCEPCION	70043434 6846/09-10.2	No	10/26/2021	10/15/2021	11/14/2021	5	2,162.59	0.00	0.00	0.00	0.00	2,162.59
			72-37-52 09331-37	No	10/22/2021	10/22/2021	10/27/2021	9	36.21	0.00	0.00	0.00	0.00	36.21
	TEMP255512935	CABRERA, CONCEPCION	72-40-52 09331-38	No	10/22/2021	10/22/2021	10/27/2021	9	75.00	0.00	0.00	0.00	0.00	75.00
Total for Normal									34,773.49	0.00	0.00	0.00	0.00	34,773.49
Grand Totals									34,773.49	0.00	0.00	0.00	0.00	34,773.49

Report date 11/15/2021

Lomita Manor Senior Housing Check Register

Date	Vendor	Document No	Amount Cleared
	Bank: LOM Operating - Wells Fargo Bank	Account No: 4124301342	
10/05/2021	HGAH94588--Humangood Affordable Housing	24255	17,035.31 10/31/2021
10/12/2021	AESE91185--Amtech Elevator Services	24256	800.00 10/31/2021
10/12/2021	ATT60197-9011--AT&T - Box 9011	24257	272.64 10/31/2021
10/12/2021	BLSE90501--Bobs Lawn Service - Jesus Arias	24258	350.00 10/31/2021
10/12/2021	CLWD90717--City Lomita Water Dept	24259	460.16 10/31/2021
10/12/2021	CLWD90717--City Lomita Water Dept	24260	2,868.88 10/31/2021
10/12/2021	CLIM90277--Cleaner Image Inc	24261	2,000.00 10/31/2021
10/12/2021	FFSU30384--Ferguson Facilities Supply - Atlanta	24262	145.12 10/31/2021
10/12/2021	HDSU92150--HD Supply Ltd	24263	180.03 10/31/2021
10/12/2021	HDSU92150--HD Supply Ltd	24264	211.46 10/31/2021
10/12/2021	HMCA90248--HM Carpet Inc - HM Flooring Group	24265	300.00 10/31/2021
10/12/2021	HDCS85062--Home Depot Credit Services - Phoenix	24266	111.34 In Transit
10/12/2021	OFDE85038--Office Depot - Phoenix Box 29248	24267	124.63 10/31/2021
10/12/2021	REPA75267--RealPage Inc	24268	460.99 10/31/2021
10/12/2021	SCED91771-0001--So Cal Edison	24269	47.80 10/31/2021
10/12/2021	SCED91772-0001--So Cal Edison	24270	2,580.61 10/31/2021
10/12/2021	SWGR75266--Swenson Group - Dallas	24271	405.05 10/31/2021
10/27/2021	TEMP255512934--LEE, SHUEH CHYNN	24272	194.13 In Transit
10/28/2021	LOCKTON--Lockton Insurance Brokers LLC	24273	14,678.20 In Transit
	Total for LOM Operating		<u>43,226.35</u>
		Total:	<u>43,226.35</u>
		Grand Total:	<u>43,226.35</u>

Commercial Checking Acct W Interest

Account number [REDACTED] ■ October 1, 2021 - October 31, 2021 ■ Page 1 of 3



LOMITA MANOR
OPERATING ACCOUNT
6120 STONERIDGE MALL RD STE 300
PLEASANTON CA 94588-3298

Questions?

Call your Customer Service Officer or Client Services
1-800-AT WELLS (1-800-289-3557)
5:00 AM TO 6:00 PM Pacific Time Monday - Friday

Online: wellsfargo.com

Write: Wells Fargo Bank, N.A. (182)
PO Box 63020
San Francisco, CA 94163

IMPORTANT ACCOUNT INFORMATION

Revised USPS service standards effective 10/1/21

Effective October 1, 2021, the United States Postal Service (USPS) has revised its service standards for certain First-Class Mail items, resulting in a delivery window of up to five days. Please note this may delay your receipt of mail from us and our receipt of mail from you. Please take this change into account when mailing items to us via USPS.

Consider signing into Wells Fargo Online® for quicker access to your account information.

Account summary

Commercial Checking Acct W Interest

<i>Account number</i>	<i>Beginning balance</i>	<i>Total credits</i>	<i>Total debits</i>	<i>Ending balance</i>
[REDACTED]	\$533,562.10	\$45,151.40	-\$30,818.11	\$547,895.39

Interest summary

Annual percentage yield earned this period	0.16%
Interest earned during this period	\$75.65
Year to date interest and bonuses paid	\$744.95

Credits

Electronic deposits/bank credits

<i>Effective date</i>	<i>Posted date</i>	<i>Amount</i>	<i>Transaction detail</i>
	10/01	2,123.00	Lomita Manor Settlement 100121 000012530526849 Humangood Affordable H
	10/04	1,641.00	Lomita Manor Settlement 100421 000012557776489 Humangood Affordable H
	10/05	16,597.00	Lomita Manor Settlement 100521 000012587460881 Humangood Affordable H
	10/06	18,360.50	Hud Treas 310 Misc Pay 100621 xxxxx0103 RMT*VV*09901370452*****Hud Operating Fund CA13
	10/06	1,254.00	Lomita Manor Settlement 100621 000012557810749 Humangood Affordable H



Electronic deposits/bank credits (continued)

<i>Effective date</i>	<i>Posted date</i>	<i>Amount</i>	<i>Transaction detail</i>
	10/06	639.00	Lomita Manor Settlement 100621 000012606141689 Humangood Affordable H
	10/07	1,040.00	Lomita Manor Settlement 100721 000012627756725 Humangood Affordable H
	10/07	1,037.00	Lomita Manor Settlement 100721 000012594805717 Humangood Affordable H
	10/08	1,638.25	Lomita Manor Settlement 100821 000012614603913 Humangood Affordable H
	10/12	413.00	Lomita Manor Settlement 101221 000012649535561 Humangood Affordable H
	10/14	330.00	Lomita Manor Settlement 101421 000012648934141 Humangood Affordable H
	10/18	3.00	Lomita Manor Settlement 101821 000012701932601 Humangood Affordable H
10/31	10/29	75.65	Interest Payment
		\$45,151.40	Total electronic deposits/bank credits
		\$45,151.40	Total credits

Debits

Electronic debits/bank debits

<i>Effective date</i>	<i>Posted date</i>	<i>Amount</i>	<i>Transaction detail</i>
	10/07	222.00 <	Business to Business ACH Debit - Lomita Manor Return 100721 000012623453581 Humangood Affordable H
	10/12	197.92	Client Analysis Svc Chrg 211008 Svc Chge 0921 000004124301342
	10/12	413.00 <	Business to Business ACH Debit - Lomita Manor Return 101221 000012644377217 Humangood Affordable H
	10/18	64.26	Rpi Transbilling Sigonfile 101821 Ypt418 Lomita Manor
		\$897.18	Total electronic debits/bank debits

< *Business to Business ACH: If this is a business account, this transaction has a return time frame of one business day from post date. This time frame does not apply to consumer accounts.*

Checks paid

<i>Number</i>	<i>Amount</i>	<i>Date</i>	<i>Number</i>	<i>Amount</i>	<i>Date</i>	<i>Number</i>	<i>Amount</i>	<i>Date</i>
24237	350.00	10/01	24259	460.16	10/19	24265	300.00	10/19
24247*	1,328.25	10/22	24260	2,868.88	10/19	24267*	124.63	10/21
24255*	17,035.31	10/15	24261	2,000.00	10/22	24268	460.99	10/18
24256	800.00	10/18	24262	145.12	10/18	24269	47.80	10/19
24257	272.64	10/19	24263	180.03	10/19	24270	2,580.61	10/19
24258	350.00	10/18	24264	211.46	10/19	24271	405.05	10/18
		\$29,920.93	Total checks paid					

* *Gap in check sequence.*

\$30,818.11 Total debits

Daily ledger balance summary

<i>Date</i>	<i>Balance</i>	<i>Date</i>	<i>Balance</i>	<i>Date</i>	<i>Balance</i>
09/30	533,562.10	10/05	553,573.10	10/08	577,319.85
10/01	535,335.10	10/06	573,826.60	10/12	577,121.93
10/04	536,976.10	10/07	575,681.60	10/14	577,451.93



Daily ledger balance summary (continued)

<u>Date</u>	<u>Balance</u>	<u>Date</u>	<u>Balance</u>	<u>Date</u>	<u>Balance</u>
10/15	560,416.62	10/19	551,272.62	10/22	547,819.74
10/18	558,194.20	10/21	551,147.99	10/29	547,895.39
Average daily ledger balance		\$556,724.13			

Lomita Manor Senior Housing Reconciliation Report

As Of 10/31/2021
Account: Cash - Operating

Statement Ending Balance	547,895.39
Deposits in Transit	0.00
Outstanding Checks and Charges	(15,851.70)
Excluded amount	0.00
Adjusted Bank Balance	532,043.69
Book Balance	532,043.69
Adjustments*	0.00
Adjusted Book Balance	532,043.69

Total Checks and Charges Cleared	30,818.11	Total Deposits Cleared	45,151.40
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Deposits

Name	Memo	Date	Doc No	Cleared	In Transit
General Ledger Entry	03/2022-408 Deposited 09/30/2021	09/30/2021	51249	2,123.00	
General Ledger Entry	04/2022-400 Deposited 10/01/2021 Settlement:12557810749	10/01/2021	51250	1,254.00	
General Ledger Entry	04/2022-401 Deposited 10/01/2021 Settlement:12557776489	10/01/2021	51251	1,641.00	
General Ledger Entry	04/2022-402 Deposited 10/04/2021 Settlement:12594805717	10/04/2021	51252	1,037.00	
General Ledger Entry	04/2022-403 Deposited 10/04/2021 Settlement:12587460881	10/04/2021	51253	16,597.00	
General Ledger Entry	LOM 10.21 Subsidy Payment	10/04/2021		18,360.50	
General Ledger Entry	04/2022-404 Deposited 10/05/2021 Settlement:12614603913	10/05/2021	51254	1,638.25	
General Ledger Entry	04/2022-405 Deposited 10/05/2021 Settlement:12606141689	10/05/2021	51255	639.00	
General Ledger Entry	04/2022-406 Deposited 10/06/2021 Settlement:12627756725	10/06/2021	51257	1,040.00	
General Ledger Entry	04/2022-407 Deposited 10/08/2021 Settlement:12648934141	10/08/2021	51259	330.00	
General Ledger Entry	04/2022-408 Deposited 10/08/2021 Settlement:12649535561	10/08/2021	51260	413.00	
General Ledger Entry	04/2022-409 Deposited 10/15/2021 Settlement:12701932601	10/15/2021	51261	3.00	
	LOM int earned op 10.21	10/31/2021		75.65	
Total Deposits				45,151.40	0.00

Checks and Charges

Name	Memo	Date	Check No	Cleared	Outstanding
AT&T Uverse - PO Box 5014		12/17/2019	23562		13.39
Ferguson Facilities Supply - Atlanta		12/17/2019	23565		289.03
Office Depot - Phoenix Box 29248		12/17/2019	23569		362.74
ANDRE, DORCEL	Unit -LOM001-110A	03/18/2021	24007		76.06
FLETCHER, DONNA T	Unit -LOM001-303A	06/10/2021	24117		126.81
Bobs Lawn Service - Jesus Arias		09/20/2021	24237	350.00	

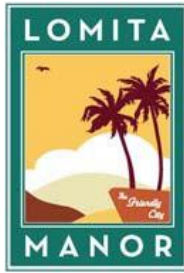
Lomita Manor Senior Housing Reconciliation Report

As Of 10/31/2021

Account: Cash - Operating

Lesley Uribe		09/20/2021	24247	1,328.25	
Humangood Affordable Housing		10/05/2021	24255	17,035.31	
General Ledger Entry	Payment Stopped (R08)	10/05/2021	51253	222.00	
General Ledger Entry	Unable To Locate Account (R03)	10/07/2021	51255	413.00	
Amtech Elevator Services		10/12/2021	24256	800.00	
AT&T - Box 9011		10/12/2021	24257	272.64	
Bobs Lawn Service - Jesus Arias		10/12/2021	24258	350.00	
City Lomita Water Dept		10/12/2021	24259	460.16	
City Lomita Water Dept		10/12/2021	24260	2,868.88	
Cleaner Image Inc		10/12/2021	24261	2,000.00	
Ferguson Facilities Supply - Atlanta		10/12/2021	24262	145.12	
HD Supply Ltd		10/12/2021	24263	180.03	
HD Supply Ltd		10/12/2021	24264	211.46	
HM Carpet Inc - HM Flooring Group		10/12/2021	24265	300.00	
Home Depot Credit Services - Phila		10/12/2021	24266		111.34
Office Depot - Phoenix Box 29248		10/12/2021	24267	124.63	
RealPage Inc		10/12/2021	24268	460.99	
So Cal Edison		10/12/2021	24269	47.80	
So Cal Edison		10/12/2021	24270	2,580.61	
Swenson Group - Dallas		10/12/2021	24271	405.05	
LEE, SHUEH CHYNN	Unit -LOM001-109A	10/27/2021	24272		194.13
Lockton Insurance Brokers LLC		10/28/2021	24273		14,678.20
General Ledger Entry	LOM RP fees 10.21	10/31/2021		64.26	
	LOM bk fees 10.21	10/31/2021		197.92	
Total Checks and Charges				30,818.11	15,851.70





Housing Authority of the City of Lomita

Lomita Manor

November 2021

VACANCIES

- 112A-by end of this month
- 218A-by end of this month

ACTIVITIES

- Mondays:
 - 12:00-3:00pm Bingo-canceled until further notice
- Wednesdays:
 - 11:00am Exercise/Chair class- resumed no more than 10 residents
- Thursdays:
 - 12:00pm Coloring class- resumed no more than 10 residents
- Fridays:
 - 11:00am Walking Group-canceled until further notice
 - 12:00pm Art Class – canceled until further notice
 - Monthly celebration of residents' birthdays with cake-canceled until further notice
- Some Monthly activities have resumed
- Monthly birthday door posters for residents
- November 5, 2021- Sandpipers Volunteers coloring Class
- November 19, 2021- Thanksgiving Dinner Residents
- November 22, 2021- Thanksgiving Activity Packet

MAINTENANCE / PROJECTS

- Annual Inspections –resumed and completed as of May 13, 2021
- REAC Repairs-in progress





CITY OF LOMITA HOUSING AUTHORITY REPORT

Item No. CC 4d

TO: Board of Commissioners

FROM: Trevor Rusin, City Attorney, and Ryan Smoot, Executive Director

MEETING DATE: December 7, 2021

SUBJECT: Authorizing virtual Housing Authority meetings Pursuant to AB 361

RECOMMENDATION

Authorize remote teleconference/virtual meetings for the Housing Authority in accordance with Assembly Bill 361 ("AB 361"), by finding that: (1) a statewide state of emergency is currently in place; (2) state and local officials have imposed or recommended measures to promote social distancing in connection with COVID-19.

ANALYSIS AND OPTIONS

All meetings of the City's legislative bodies are subject to the Ralph M. Brown Act (Gov. Code §§ 54950 *et seq.*) and must be open and public so that any member of the public may attend and participate in the meetings. Commencing in March of 2020, Governor Newsom issued a series of executive orders aimed at preventing the spread of a respiratory disease that came to be known as the novel coronavirus, "COVID-19." Among these were Executive Orders ("EO") N-25-20, N-29-20, and N-35-20 (collectively, the "Brown Act Orders") that waived the teleconferencing requirements of the Brown Act to allow legislative bodies to meet virtually.

On June 11, 2021, the Governor issued EO N-08-21 which rescinded these Brown Act Orders that had allowed remote meetings to occur, effective September 30, 2021. To replace those orders, on September 16, 2021, Governor Newsom signed AB 361, which became effective October 1, 2021, and amended the Brown Act to allow legislative bodies to meet virtually, without following the Brown Act's standard teleconferencing rules, provided that the legislative body makes specific findings, which include the following: (1) a statewide state of emergency is currently in place and (2) State or local officials have imposed or recommended measures to promote social distancing in connection with COVID-19 and/or (3) meeting in person would present imminent risks to the health or safety of attendees.

To comply with AB 361 the Housing Authority must make these findings at least every 30 days. All three findings under AB 361 can be made given the current circumstances. The Governor has proclaimed a state of emergency in response to the ongoing COVID-19 pandemic and the state of emergency currently remains in effect. Further, State officials, including the California Department of Public Health, have recommended measures to promote social distancing in connection with COVID-19, which are currently in place. Similarly, local officials, including the County Public Health Officer, have also recommended measures to promote social distancing in connection with COVID-19. In a recommendation dated September 28, 2021, the County Public Health Officer stated that “utilizing teleconferencing options for public meetings is an effective and recommended social distancing measure to facilitate participation in public affairs and encourage participants to protect themselves and others from the COVID-19 disease.” Finally, the City has determined that meeting in person would present imminent risks to the health or safety of attendees. Accordingly, all of the above-referenced AB 361 findings currently exist.

By taking the recommended action the current virtual meeting procedures may continue. If the Housing Authority does not make the findings pursuant to AB 361, the City would have to conduct its public meetings for the Housing Authority in person.

FISCAL IMPACT

There is no fiscal impact associated with the recommended action.

Prepared by:



Trevor Rusin
City Attorney



CITY OF LOMITA HOUSING AUTHORITY REPORT

Item No. 4e

TO: Board of Commissioners

FROM: Ryan Smoot, Executive Director

PREPARED BY: Gary Sugano, Assistant City Manager

MEETING DATE: December 7, 2021

SUBJECT: Amendment No. 3 to Management Agreement with HumanGood Amending the Per Unit Per Month (PUPM) Fee for Management Services

RECOMMENDATION

Approve Amendment and authorize the City Manager and City Clerk to execute the agreement.

BACKGROUND

On October 5, 2021, the Housing Authority approved Amendment No. 2 to an agreement with HumanGood to extend the Property Management Services at Lomita Manor until October 5, 2022.

The Per Unit Per Month management fee is authorized by HUD which can be provided by a Housing Authority to a third-party operational manager of public housing. As part of the original 2016 management agreement with HumanGood, a PUPM of \$50.00/per occupied unit per month along with an accounting fee of \$7.50/per occupied unit per month was approved by the Housing Authority. HumanGood has requested an increase in the PUPM to \$60.00/per occupied unit per month due to rising operational costs on HumanGood's end, it is recommended that the \$10.00 monthly increase be granted. There would be no change to the monthly accounting fee.

OPTIONS:

Provide staff alternative direction.

FISCAL IMPACT

No impact to the general fund. The necessary funding is available in the existing and approved Housing Authority Budget. Based on an average occupancy of 76 units per month, the additional monthly cost would be \$760/month which can be absorbed within the existing Lomita Manor budget for FY 21-22.

ATTACHMENTS:

1. Amendment No. 3
2. Current Agreement, Amendment No. 1 and Amendment No. 2

Prepared by:



Gary Y. Sugano
Assistant City Manager

Approved by:



Ryan Smoot
Executive Director

THIRD AMENDMENT TO CONTRACT FOR PROFESSIONAL SERVICES BETWEEN THE CITY OF LOMITA AND HUMANGOOD AFFORDABLE HOUSING (FORMERLY BEACON COMMUNITIES AN ABHOW COMPANY) FOR PROPERTY MANAGEMENT SERVICES AT LOMITA MANOR

Recitals.

1. This Third Amendment to the Contract for Professional Services Between the Housing Authority of the City of Lomita (“Authority”) and HumanGood Affordable Housing (“Consultant”) for property management services at Lomita Manor (“Second Amendment”) is made and entered into this 2nd day of November 2021; and
2. The Authority and Consultant, then known as Beacon Communities (an ABHOW company), entered into an agreement for professional services for the above referenced services dated August 2, 2016 (the “Agreement”); and
3. The Authority and Consultant entered into a First Amendment to the Agreement on July 6, 2021, which amended Section 7, extended the term of the Agreement for 90 days, until October 3, 2021; and
4. The Authority and Consultant entered into a Second Amendment to the Agreement on October 5, 2021, which amended Section 7, extended the term of the Agreement until October 5, 2022; and
5. The Authority and Consultant now seek to enter into a Third Amendment to the Agreement which amends Section 1, Subsection C (Fee for Management Services).

NOW, THEREFORE, in consideration of the promises and mutual covenants contained therein, Authority and Consultant hereby agree as follows:

1. **Section 1, Subsection C (Fee for Management Services) of the Agreement shall be amended as follows:**

FEE FOR MANAGEMENT SERVICES

For its proper performance of all the services as set forth herein, CONSULTANT shall be paid a monthly fee (“Management Fee”) based on a per unit payment as follows:

UNIT CATEGORIES	COMPENSATION
Occupied Units	<u>Management Fee</u> \$60.00/per unit, per month <u>Accounting Fee</u> \$7.50/per unit, per month

2. **Acceptance of Facsimile or Electronic Signatures.** The Parties agree that this Third Amendment to the Agreement will be considered signed when the signature of a party is delivered by facsimile transmission, scanned, and delivered via electronic mail, or delivered using digital signature technology approved by the Authority. Such facsimile or electronic signatures will be treated in all respects as having the same effect as an original signature.

3. **No other changes.** All terms, conditions, obligations, and other provisions of the Agreement, First Amendment and Second Amendment, including all Exhibits thereto, not affected by this Third Amendment shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Third Amendment on the 7th day of December 2021, at Lomita, California.

HUMANGOOD AFFORDABLE
HOUSING

CITY OF LOMITA HOUSING
AUTHORITY

By: _____
Kendra Roberts
Vice President of Operations

By: _____
Ryan Smoot
Executive Director

APPROVED AS TO FORM:

Attest:

Trevor Rusin, City Attorney

Kathleen Horn Gregory, City Clerk



**CONTRACT FOR PROFESSIONAL SERVICES
BETWEEN
THE CITY OF LOMITA AND
BEACON COMMUNITIES (AN ABHOW COMPANY)**

This AGREEMENT is entered into this 2nd day of August, 2016, by and between the HOUSING AUTHORITY OF THE CITY OF LOMITA, ("AUTHORITY") and Beacon Communities (An ABHOW Company), ("CONSULTANT").

RECITALS

- A. The AUTHORITY does not have the personnel able and/or available to perform the services required under this agreement.
- B. The AUTHORITY desires to contract with the CONSULTANT to rent, lease, operate and manage that certain property as described below under "Description of Premises"; and
- C. The CONSULTANT desires to manage, rent, lease and operate the property;
- D. The Consultant warrants to the AUTHORITY that it has the qualifications, experience and facilities to perform properly and timely the services under this Agreement.
- E. The AUTHORITY desires to contract with the CONSULTANT to perform the services as described in Exhibit A of this Agreement.

1. **NOW, THEREFORE**, based on the foregoing recitals, the AUTHORITY and the Consultant agree as follows: APPOINTMENT AND ACCEPTANCE

AUTHORITY contracts with CONSULTANT to lease and manage the property described in paragraph 2 upon the terms and conditions set forth in this Agreement. CONSULTANT accepts the appointment and agrees to furnish the services of its organization for the leasing, management, repair, maintenance and landscaping of the Premises, as further described in Exhibit A.

DESCRIPTION OF PREMISES

The property to be managed by CONSULTANT under this Agreement ("Premises") is known as Lomita Manor, located at 24925 Walnut Street, Lomita, CA 90717, legally described and attached hereto and incorporated herein as Exhibit A; consisting of the land, buildings and other improvements described as low-income senior citizen housing facility in the State of California.

CONSIDERATION AND COMPENSATION

- A. As partial consideration, CONSULTANT agrees to perform the work listed in the SCOPE OF SERVICES, attached as EXHIBIT A;
- B. As additional consideration, CONSULTANT and AUTHORITY agree to abide by

the terms and conditions contained in this Agreement;

- C. As additional consideration, AUTHORITY agrees to pay CONSULTANT as outline below:

CONSULTANT'S COMPENSATION AND EXPENSES.

As compensation for the services provided by CONSULTANT under this Agreement (and exclusive of reimbursement of expenses to which CONSULTANT may be entitled hereunder), AUTHORITY shall pay CONSULTANT as follows:

FEE FOR MANAGEMENT SERVICES

For its proper performance of all the services as set forth herein, CONSULTANT shall be paid a monthly fee ("Management Fee") based on a per unit payment as follows:

UNIT CATEGORIES	COMPENSATION
Occupied Units	<u>Management Fee</u> \$ 50.00/per unit, per month <u>Accounting Fee</u> \$7.50/per unit, per month

The Management Fee shall be due and payable on the 10th day of each month. The Management Fee shall be paid from the Operating Account and shall be paid by AUTHORITY to CONSULTANT within thirty (30) days of the receipt of an invoice. Consultant may request a change to the Management Fee which may be increased or otherwise modified in subsequent years by written modification to this Agreement.

- D. No additional compensation shall be paid for any other expenses incurred, unless first approved by the AUTHORITY.
- E. CONSULTANT shall submit to AUTHORITY, by not later than the 10th day of each month, its bill for services itemizing the fees and costs incurred during the previous month. The AUTHORITY shall pay the Consultant all uncontested amounts set forth in the Consultant's bill within 30 days after it is received.

2. SCOPE OF SERVICES.

- A. CONSULTANT will perform the services and activities set forth in the SCOPE OF SERVICE attached hereto as Exhibit A and incorporated herein by this reference. If any part of Exhibit A is inconsistent with the terms of this Agreement, the terms of this Agreement shall control.
- B. Except as herein otherwise expressly specified to be furnished by AUTHORITY, CONSULTANT will, in a professional manner, furnish all of the labor, technical, administrative, professional and other personnel, all supplies and materials,

equipment, printing, vehicles, transportation, office space, and facilities necessary or proper to perform and complete the work and provide the professional services required of CONSULTANT by this Agreement.

3. PAYMENTS. For AUTHORITY to pay CONSULTANT as specified by this Agreement, CONSULTANT must submit an invoice to AUTHORITY which lists the reimbursable costs, the specific tasks performed, and, for work that includes deliverables, the percentage of the task completed during the billing period.
4. TIME OF PERFORMANCE. The services of the CONTRACTOR are to commence upon receipt of a notice to proceed from the AUTHORITY and shall continue to the AUTHORITY's reasonable satisfaction for the term of this agreement.
5. FAMILIARITY WITH WORK. By executing this Agreement, CONSULTANT represents that CONSULTANT has (a) thoroughly investigated and considered the scope of services to be performed; (b) carefully considered how the services should be performed; and (c) understands the facilities, difficulties, and restrictions attending performance of the services under this Agreement.
6. KEY PERSONNEL. CONSULTANT's key persons assigned to perform work under this Agreement are Jennifer Martinez, Regional Property Supervisor and Isaac Ortega, Administrator. CONSULTANT shall not assign another person to be in charge of the work contemplated by this Agreement without the prior written authorization of the AUTHORITY.
7. TERM OF AGREEMENT. The term of this Agreement shall commence upon execution by both parties and shall expire on July 5, 2021 unless earlier termination occurs under Section 38 of this Agreement, or extended in writing in advance by both parties.
8. CHANGES. AUTHORITY may order changes in the services within the general scope of this Agreement, consisting of additions, deletions, or other revisions, and the contract sum and the contract time will be adjusted accordingly. All such changes must be authorized in writing, executed by CONSULTANT and AUTHORITY. The cost or credit to AUTHORITY resulting from changes in the services will be determined in accordance with written agreement between the parties.
9. TAXPAYER IDENTIFICATION NUMBER. CONSULTANT will provide AUTHORITY with a Taxpayer Identification Number.
10. PERMITS AND LICENSES. CONTRACTOR will obtain and maintain during the term of this Agreement all necessary permits, licenses, and certificates that may be required in connection with the performance of services under this Agreement.
11. APARTMENT FOR ON-SITE CONSULTANT. AUTHORITY shall provide a suitable apartment on the Premises for the use of an on-site CONSULTANT (which may be the on-site CONSULTANT/administrator or maintenance supervisor), rent-free, except that resident CONSULTANT must pay for heat, utilities and telephone in the same manner as other tenants. The on-site CONSULTANT's specific apartment may be selected by AUTHORITY.

12. ASSIGNABILITY. This Agreement is for CONSULTANT's professional services. CONSULTANT's attempts to assign the benefits or burdens of this Agreement without AUTHORITY's written approval are prohibited and shall be null and void.
13. BANK ACCOUNTS. The operating account established under this Agreement may be with a bank selected by CONSULTANT and shall at all times be in the name of, and owned by AUTHORITY, but under CONSULTANT'S control. CONSULTANT'S designees and representatives of AUTHORITY duly authorized by AUTHORITY are the only parties authorized to draw upon such account and no individual shall become an authorized signatory on any bank account without the prior authorization of AUTHORITY. CONSULTANT'S monthly management fee and all other checks in amounts in excess of \$1,999.99 shall be countersigned by AUTHORITY's Executive Director. No amounts in any accounts established under this Agreement may, in any event, be commingled with any other funds of CONSULTANT or its other clients.
14. OPERATING (AND/OR) RESERVE ACCOUNT(S). CONSULTANT shall assume responsibility for the established operating account(s) known as the Lomita Manor Operating account ("Operating Account") held at a local bank to be used for the deposit of receipts collected, which deposits are insured by the federal government. Any other depository that may be used in the future shall be selected by AUTHORITY. CONSULTANT shall not be held liable in the event of the bankruptcy or failure of any institution selected by AUTHORITY. Funds in the Operating Account or Reserve Account(s) ("Reserve Account") shall remain the property of AUTHORITY subject to disbursement of operating expenses by CONSULTANT as described in this Agreement. CONSULTANT shall remit to AUTHORITY, or directly deposit to a Reserve Account established by AUTHORITY, the monthly reserve amount from the rental receipts.
15. INITIAL DEPOSIT AND CONTINGENCY RESERVE. Immediately upon commencing this Agreement, CONSULTANT shall be authorized to access the Operating Account at a local bank. CONSULTANT may conduct its own audit of the Operating Account. A contingency reserve account shall be maintained by AUTHORITY. Those funds may be used by the Board of Commissioners of AUTHORITY for the management and benefit of the Premises.
16. SECURITY DEPOSIT ACCOUNT. CONSULTANT shall, if required by law, maintain a separate interest bearing account for tenant security deposits and advance rentals. Such account shall be maintained in accordance with applicable state or federal laws. CONSULTANT shall obtain all existing security deposits from AUTHORITY's former management contractor.
17. FIDELITY BOND. CONSULTANT shall cause all personnel who handle or are responsible for the safekeeping of AUTHORITY funds to be insured by a fidelity bond in the amount of at least (\$150,000.00) with a company selected by CONSULTANT. Such bond shall be secured at CONSULTANT's expense and AUTHORITY and its Board of Commissioners and Executive Director shall be named as an additional insured thereon.
18. COLLECTION OF RENTS AND OTHER RECEIPTS.
- a. CONSULTANT'S COLLECTION AND BANKING AUTHORITY. CONSULTANT shall collect all rents, charges and other amounts receivable on AUTHORITY's account in connection with the management and operation of the

Premises. Such receipts (except tenants' security deposits and advance rentals, which shall be handled as specified above and special charges, which must be handled as specified below) shall be deposited in the Operating Account or the Reserve Account maintained for the benefit of the Premises.

b. SPECIAL CHARGES. If permitted by applicable law, CONSULTANT may collect from tenants any or all of the following: an administrative charge for late payment of rent, a charge for returned or non-negotiable checks, credit reports, and all other expenses associated with people desiring to qualify to live on the Premises.

c. SECURITY DEPOSITS. CONSULTANT shall collect, deposit, and disburse tenants' security deposits in accordance with the terms of each tenant's lease. CONSULTANT shall pay tenants interest upon such security deposits only if required by law to do so. CONSULTANT shall comply with all applicable state or local laws concerning the responsibility for security deposits and interest.

19. DISBURSEMENTS FROM OPERATING ACCOUNTS.

a. OPERATING EXPENSES. Subject to the terms set forth in this Agreement, CONSULTANT is authorized to pay the daily costs of operating the Premises.

b. NET PROCEEDS. To the extent that funds are reasonably available, CONSULTANT shall transmit the cash balance of the Operating Account to AUTHORITY to be deposited in an account designated by AUTHORITY. Such periodic cash balances shall be remitted to AUTHORITY's Executive Director at the address set forth in Section 61.

20. CONSULTANT NOT REQUIRED TO ADVANCE FUNDS. In the event that the balance in the Operating Account is at any time insufficient to pay disbursements, AUTHORITY shall, immediately upon notice, remit to CONSULTANT, sufficient funds to cover the deficiency. In no event is CONSULTANT required to use its own funds to pay such disbursements nor is CONSULTANT required to advance any funds to the AUTHORITY's Security Deposit or the Operating Account.

21. FINANCIAL AND OTHER REPORTS.

a. MONTHLY FINANCIAL REPORT. Seven (7) calendar days before each monthly board meeting CONSULTANT shall furnish the members of AUTHORITY's Board of Commissioners with a monthly financial statement of delinquent accounts, cash receipts and disbursements from the operation of the Premises during the previous month. In addition, seven (7) calendar days before each monthly board meeting, CONSULTANT shall, on a mutually acceptable schedule, prepare and submit to AUTHORITY such other reports as may be required by AUTHORITY.

b. AUTHORITY'S RIGHT TO AUDIT. AUTHORITY has the right to conduct periodic audits of all applicable accounts managed by CONSULTANT. The cost of such audit shall be borne by AUTHORITY unless a discrepancy is found between the

actual amount of funds owed to AUTHORITY and the amount reported by CONSULTANT in its financial reports filed with AUTHORITY. If such discrepancy amounts to more than three percent (3%) in underreported rents, or other funds, CONSULTANT shall pay all costs of such an audit. CONSULTANT shall remit to AUTHORITY the amount of such underreported monies.

c. ANNUAL BUDGET. AUTHORITY's Annual Operating Budget shall be prepared by CONSULTANT with AUTHORITY's Executive Director to be submitted to the AUTHORITY's Board of Commissioners before October 15, of each calendar year for approval. AUTHORITY shall promptly inform CONSULTANT of any changes in the draft Budget proposal. CONSULTANT shall keep AUTHORITY informed of any real or anticipated deviations from the receipts or disbursements as set forth in the previous years approved budget.

d. PREPARATION COSTS. The preparation cost of all reports, bookkeeping, clerical and other management overhead, including without limitation, costs of office supplies (excluding on-site office supplies) equipment, data processing services, postage (excluding postage for checks to creditors), transportation for personnel and telephone services, shall be paid by CONSULTANT from its management fees and is not an AUTHORITY expense.

22. ADVERTISING. With AUTHORITY's prior approval, CONSULTANT may be authorized to advertise the Premises or portions for rent, using periodicals, signs, plans, brochures, or displays, or such other means as CONSULTANT may deem proper and advisable, provided such advertising and such signs comply with applicable federal, state and local laws, ordinances, rules and regulations. The cost of such advertising may be paid out of AUTHORITY's Operating Account consistent with an AUTHORITY approved Operating Budget. All advertising shall clearly state that CONSULTANT is the CONSULTANT and not the owner of the Premises. Newspaper ads shall not share space with other properties managed by CONSULTANT.

23. LEASING AND RENTING.

a. CONSULTANT'S AUTHORITY TO LEASE PREMISES. CONSULTANT shall use all reasonable efforts to keep the Premises rented by procuring tenants for the Premises according to the rules and regulations established by AUTHORITY and the Department of Housing and Urban Development ("HUD"). CONSULTANT is otherwise authorized to prepare and execute all leases on behalf of AUTHORITY, including renewals and extensions of leases (and expansions of space in the Premises, if applicable) and to cancel and modify existing leases. For this purpose only, CONSULTANT may execute all leases as AUTHORITY's agent. AUTHORITY shall approve the form of the lease used by CONSULTANT.

b. NO OTHER RENTAL AGENT. During the term of this Agreement, AUTHORITY agrees not to authorize any other person, firm or corporation to negotiate or act as leasing agent with respect to the letting of the Premises.

c. ENFORCEMENT OF LEASES. CONSULTANT is authorized to sign and serve such notices as CONSULTANT deems necessary for lease enforcement, including the

collection of rent or other income. CONSULTANT is authorized, with AUTHORITY's prior approval, to settle, compromise, and release such legal actions or suits and to reinstate tenancies. Any funds for such settlements paid out by CONSULTANT cannot exceed \$1,000.00 without AUTHORITY's prior approval. Attorneys' fees, filing fees, court costs, and other necessary expenses incurred in connection with such actions and not recovered from tenants may be paid out of the Operating Account or Reserve Account. Prior to instituting any legal action or proceeding in AUTHORITY's name for the enforcement of any lease term, for the collection of rent or other income from the Premises, or for the evicting or dispossessing of tenants or other persons from the Premises, CONSULTANT shall consult with the Executive Director of AUTHORITY. No legal action or proceedings shall be commenced without prior authorization of the Executive Director of the AUTHORITY. CONSULTANT may, subject to AUTHORITY's Board of Commissioners' prior approval, select the attorney of its choice to handle such litigation.

24. EMPLOYEES.

- a. CONSULTANT'S AUTHORITY TO HIRE. CONSULTANT may hire, supervise, discharge, and pay all servants, employees, contractors, or other personnel from its management fee, to perform the normal day to day management, maintenance, landscaping and operation of the Premises.
- b. CONSULTANT TO PAY ALL EMPLOYEE EXPENSES. Unless indicated in the yearly budget, all wages and fringe benefits payable to such employees, contractors and/or other personnel hired per the paragraph above, and all local, state, and federal taxes and assessments (including without limitation Social Security taxes, unemployment insurance, withholding and workers' compensation insurance) incident to the employment of such personnel, shall be paid by CONSULTANT out of its management fee.
- c. CONSULTANT'S AUTHORITY TO FILE RETURNS. CONSULTANT may perform all acts required of an employer with respect to the Premises and execute and file all W-2 and 1099 forms, employee quarterly, all tax and other returns required under applicable federal, state and local laws, regulations, and/or ordinances governing employment, in addition to all other statements and reports pertaining to labor employed in connection with the Premises and according to any similar federal or state law now or hereafter in force. In connection with such filings, AUTHORITY may, upon written request of CONSULTANT, promptly execute and deliver to CONSULTANT all necessary powers of attorney, notices of appointment, and the like. CONSULTANT is responsible for all amounts required to be paid under the foregoing laws and CONSULTANT shall pay the same from the management fees that it receives under the terms of this Agreement.
- d. HOLD HARMLESS, LABOR LAWS. CONSULTANT is responsible for complying with all applicable state and federal labor laws. CONSULTANT shall indemnify, defend, and save AUTHORITY and its Board of Commissioners and the City of Lomita officers, officials, employees, agents, representatives, and volunteers

harmless from all claims, investigations, and lawsuits, from CONSULTANT'S actions or failures to act, with respect to any alleged or actual violation of state or federal labor laws. CONSULTANT'S obligation with respect to such violation(s) includes payment of all settlements, judgments, damages, liquidated damages, penalties, forfeitures, back pay awards, court costs, litigation expenses, and attorneys' fees.

e. ACCEPTANCE OF GIFTS AND/OR GRATUITIES. CONSULTANT'S employees are prohibited from accepting any gratuity, gift, or compensation directly from any resident of the Premises for any services rendered.

25. MAINTENANCE, INSPECTIONS & REPORTS.

a. MAINTENANCE REQUIREMENTS. CONSULTANT shall cause the Premises to be maintained and repaired in accordance with all applicable state and federal regulations and local ordinances and in a condition that is at all times acceptable to AUTHORITY, including, without limitation, cleaning, painting, decorating, plumbing, carpentry, grounds care and such other matters as from time to time as may be required. CONSULTANT shall use its employed maintenance personnel to perform all janitorial tasks and make all reasonably necessary repairs and replacements for the proper, efficient operation of, and to otherwise preserve, the Premises in its present condition. Subject to the prior approval of AUTHORITY, CONSULTANT shall make all alterations necessary to comply with lease and insurance requirements, statutory and governmental regulations. CONSULTANT shall furnish experts, at AUTHORITY's request and expense, to conduct periodic examinations, provide written reports and recommendations to insure AUTHORITY's satisfactory compliance with those requirements set forth above.

b. ON-SITE MAINTENANCE SPECIFICS. CONSULTANT shall give special attention to preventive maintenance, and to the greatest extent feasible, the services of CONSULTANT maintenance personnel must be used to perform maintenance, repairs, landscaping, inspections and reports. Subject to AUTHORITY's prior approval, CONSULTANT may contract with qualified independent contractors for the maintenance and repair of equipment, systems and the like, which are beyond the capability of CONSULTANT'S maintenance employees. CONSULTANT shall systematically and promptly investigate all service requests from tenants, take such action thereon as may be justified and keep records and report same at the next regularly scheduled meeting of the AUTHORITY's Board of Commissioners. Emergency requests shall be received and serviced on a twenty-four (24) hour basis. Complaints of a serious nature shall be reported to the AUTHORITY's Executive Director after investigation.

c. APPROVAL FOR EXCEPTIONAL MAINTENANCE EXPENSE. The expense to be incurred for any one (1) item of maintenance, alteration, refurbishing, or repair shall not exceed the sum of \$300.00, unless such expense is first specifically authorized by AUTHORITY, or is incurred under such circumstances as CONSULTANT reasonably deems to be an emergency. CONSULTANT is authorized to negotiate contracts for nonrecurring items of expense, not to exceed \$300.00. CONSULTANT shall solicit written cost estimates (bids) from at least three

(3) contractors or suppliers for any work item, maintenance, repair or appliance which can reasonably be expected to cost in excess of \$300.00, regardless of rebates, and submitted to AUTHORITY for prior approval. However, for budgeted appliance purchases CONSULTANT need not solicit written cost estimates for each appliance to be purchased. Rather, for such purchases CONSULTANT need only solicit written cost estimates twice annually.

All employees, contractors or other personnel that perform work or services at the Premises are deemed to be CONSULTANT's employees, except those independent contractors whose contracts are first approved by AUTHORITY. In an emergency where repairs are immediately necessary for the preservation and safety of the Premises, or to avoid danger to life or property, or to comply with federal, state, or local law, such emergency repairs may be made by CONSULTANT at AUTHORITY's expense without prior approval.

26. RELATIONSHIP OF CONSULTANT TO AUTHORITY. The relationship of the parties pursuant to this Agreement is that of Principal and Independent Contractor. Except those authorized actions taken by CONSULTANT on behalf of AUTHORITY pursuant to the terms of this Agreement, CONSULTANT is not AUTHORITY's Agent. Nothing in this Agreement may be construed as creating a partnership, joint venture, or any other relationship between the parties to this Agreement. CONSULTANT bears the responsibility, loss and damage arising out of or connected with the hiring and/or supervision of its employees and operation of the Premises. The employees and contractors of CONSULTANT during the period of this Agreement are not and shall not be considered to be the direct employee of AUTHORITY, its Board of Commissioners or the City of Lomita. Neither party has the power to bind or obligate the other, except as expressly set forth in this Agreement, except that both parties are authorized to act with such additional AUTHORITY and power as may be necessary to carry out the spirit and intent of this Agreement.

27. INDEMNIFICATION.

A. CONSULTANT shall indemnify, defend with counsel approved by AUTHORITY, and hold harmless CITY AND AUTHORITY, its officers, officials, employees and volunteers from and against all liability, loss, damage, expense, cost (including without limitation reasonable attorney's fees, expert fees and all other costs and fees of litigation) of every nature arising out of or in connection with CONSULTANT's performance of work hereunder or its failure to comply with any of its obligations contained in this AGREEMENT, regardless of AUTHORITY'S passive negligence, but excepting such loss or damage which is caused by the sole active negligence or willful misconduct of the AUTHORITY. Should AUTHORITY in its sole discretion find CONSULTANT'S legal counsel unacceptable, then CONSULTANT shall reimburse the AUTHORITY its costs of defense, including without limitation reasonable attorney's fees, expert fees and all other costs and fees of litigation. The CONSULTANT shall promptly pay any final judgment rendered against the AUTHORITY (and its officers, officials, employees and volunteers) covered by this indemnity obligation. It is expressly understood and agreed that the foregoing provisions are intended to be as broad and inclusive as is permitted by the law of the State of California and will survive termination of this Agreement.

- B. The requirements as to the types and limits of insurance coverage to be maintained by CONSULTANT as required by this Agreement, and any approval of said insurance by AUTHORITY, are not intended to and will not in any manner limit or qualify the liabilities and obligations otherwise assumed by CONSULTANT pursuant to this Agreement, including, without limitation, to the provisions concerning indemnification.

29. ASSIGNABILITY. This Agreement is for CONSULTANT's professional services. CONSULTANT's attempts to assign the benefits or burdens of this Agreement without AUTHORITY's written approval are prohibited and will be null and void.

30. INDEPENDENT CONTRACTOR. AUTHORITY and CONSULTANT agree that CONSULTANT will act as an independent contractor and will have control of all work and the manner in which it is performed. CONSULTANT will be free to contract for similar service to be performed for other employers while under contract with AUTHORITY. CONSULTANT is not an agent or employee of AUTHORITY and is not entitled to participate in any pension plan, insurance, bonus or similar benefits AUTHORITY provides for its employees. Any provision in this Agreement that may appear to give AUTHORITY the right to direct CONSULTANT as to the details of doing the work or to exercise a measure of control over the work means that CONSULTANT will follow the direction of the AUTHORITY as to end results of the work only.

31. AUDIT OF RECORDS.

- A. CONSULTANT agrees that AUTHORITY, or designee, has the right to review, obtain, and copy all records pertaining to the performance of this Agreement. CONSULTANT agrees to provide AUTHORITY, or designee, with any relevant information requested and will permit AUTHORITY, or designee, access to its premises, upon reasonable notice, during normal business hours for the purpose of interviewing employees and inspecting and copying such books, records, accounts, and other material that may be relevant to a matter under investigation for the purpose of determining compliance with this Agreement. CONSULTANT further agrees to maintain such records for a period of three (3) years following final payment under this Agreement.
- B. CONSULTANT will keep all books, records, accounts and documents pertaining to this Agreement separate from other activities unrelated to this Agreement.

32. CORRECTIVE MEASURES. CONSULTANT will promptly implement any corrective measures required by AUTHORITY regarding the requirements and obligations of this Agreement. CONSULTANT will be given a reasonable amount of time as determined by the AUTHORITY to implement said corrective measures. Failure of CONSULTANT to implement required corrective measures shall result in immediate termination of this Agreement.

33. INSURANCE REQUIREMENTS.

- A. LIABILITY INSURANCE.

AUTHORITY'S LIABILITY INSURANCE. AUTHORITY shall obtain and keep in force and effect, adequate insurance against physical damage (e.g., fire with extended coverage endorsement, boiler and machinery, etc.) and against liability for loss, damage, or injury to property or persons which might arise out of the occupancy, management, operation, or maintenance of the Premises. Any deductible required under such insurance policies are at AUTHORITY's expense.

CONSULTANT shall be covered as an additional insured on all liability insurance maintained with respect to the Premises. AUTHORITY agrees to furnish CONSULTANT with two (2) copies of insurance endorsements, certificates or duplicate copies of such policies evidencing such coverage within sixty (60) days of the Effective Date. Said policies will provide that notice of default or cancellation shall be sent to both parties and require a minimum of thirty (30) days' written notice before any cancellation of/or changes to said policies except for cancellation due to nonpayment.

B. INSURANCE. CONSULTANT, as Managing Agent of AUTHORITY, shall maintain on behalf of AUTHORITY and at the expense of AUTHORITY, the following insurance policies:

1. Replacement cost fire insurance with extended coverage and with replacement cost coverage on buildings and on contents with a deductible amount not to exceed \$1,000.
2. Replacement cost earthquake coverage with a deductible amount of not more than ten percent (10%) of the total coverage.
3. General Liability coverage in an amount not less than \$1,000,000 single limit and \$2,000,000 annual aggregate.
4. Umbrella Liability coverage in an amount of not less than \$1,000,000 single limit and \$2,000,000 annual aggregate.
5. Directors & Officers Liability (Professional Liability) in an amount of not less than \$1,000,000 aggregate inclusive of defense expenses.
6. Fidelity bond covering all employees of CONSULTANT who handle funds, including all such employees assigned to Lomita Manor.

C. In addition to the above coverages, CONSULTANT shall maintain at its own expense the following insurance coverages:

1. Commercial General Liability coverage in an amount not less than \$1,000,000. The amount of insurance shall be a combined single limit per occurrence for bodily injury, personal injury, and property damage for the policy coverage. Liability policies shall be endorsed as required by this Section and to state that such insurance shall be deemed "primary" such that any other insurance that may be carried by AUTHORITY will be excess thereto. Insurance shall be on an "occurrence," not a "claims made," basis and shall not be cancelable or subject to reduction except upon thirty (30) days prior written notice to AUTHORITY.

2. Employers Automobile Non Ownership Liability coverage in an amount of not less than \$ 1,000,000 covering all employees assigned to AUTHORITY who use their personal automobiles for AUTHORITY business. Automobile coverage shall be written on ISO Business Auto Coverage Form CA 00 01 06 92, including symbol 1 (Any Auto).
 3. The insured parties in connection with all of the above policies shall include the following: City of Lomita, its elected and appointed officials, employees, agents, officers, volunteers and the Housing AUTHORITY of the City of Lomita, its Board of Commissioners, its employees, agents, officers, directors, volunteers and appointed officials.
 4. Workers Compensation coverage in accordance with California law.
 5. Should CONSULTANT, for any reason, fail to obtain and maintain the insurance required by this Agreement, AUTHORITY may obtain such coverage at CONSULTANT's expense and deduct the cost of such insurance from payments due to CONSULTANT under this Agreement or terminate the Agreement.
- D. All of the above policies shall be kept in force during the term of this Agreement and contain a cancellation clause reading in substance as follows: "It is agreed that this policy cannot be canceled nor the amounts of coverage provided herein reduced until thirty (30) days after the AUTHORITY Board of Commissioners receives written notice as to such cancellation or reduction." In the event that CONSULTANT is advised by one or more of the insurers that it shall no longer provide such coverages; CONSULTANT shall immediately advise AUTHORITY that it can no longer provide such coverages and request instructions from the AUTHORITY as to what action to take with regard to replacement of such coverages.
- E. All of the above policies shall be written by an insurance company licensed to do business in California with a "Best's Rating" of not less than A: XIII.
- F. CONSULTANT shall maintain with the AUTHORITY certificates of insurance evidencing current coverage for CONSULTANT'S General Liability coverage, CONSULTANT'S Workers Compensation coverage, CONSULTANT'S Employers Automobile Non Ownership Liability coverage and CONSULTANT'S Fidelity Bond.
- G. Endorsements. Each general liability, automobile liability and professional liability insurance policy shall be shall be endorsed as follows. CONSULTANT also agrees to require all contractors, and subcontractors to do likewise.
1. "The CITY AND AUTHORITY, its elected or appointed officers, officials, employees, agents, and volunteers are to be covered as additional insureds with respect to liability arising out of work performed by or on behalf of the CONSULTANT, including materials, parts, or equipment furnished in connection with such work or operations."
 2. This policy shall be considered primary insurance as respects the CITY AND AUTHORITY, its elected or appointed officers, officials, employees, agents, and volunteers. Any insurance maintained by the CITY AND AUTHORITY, including

any self-insured retention the CITY AND AUTHORITY may have, shall be considered excess insurance only and shall not contribute with this policy.

3. This insurance shall act for each insured and additional insured as though a separate policy had been written for each, except with respect to the limits of liability of the insuring company.
 4. The insurer waives all rights of subrogation against the CITY AND AUTHORITY, its elected or appointed officers, officials, employees, or agents.
 5. Any failure to comply with reporting provisions of the policies shall not affect coverage provided to the CITY AND AUTHORITY, its elected or appointed officers, officials, employees, agents, or volunteers.
 6. The insurance provided by this policy shall not be suspended, voided, canceled, or reduced in coverage or in limits except after thirty (30) days' written notice has been received by the CITY AND AUTHORITY.
- I. CONSULTANT agrees to provide immediate notice to AUTHORITY of any claim or loss against Contractor arising out of the work performed under this agreement. AUTHORITY assumes no obligation or liability by such notice, but has the right (but not the duty) to monitor the handling of any such claim or claims if they are likely to involve AUTHORITY.
 - J. Any deductibles or self-insured retentions must be declared to and approved by the AUTHORITY. At the AUTHORITY's option, the CONSULTANT shall demonstrate financial capability for payment of such deductibles or self-insured retentions.
 - K. The CONSULTANT shall provide certificates of insurance with original endorsements to the AUTHORITY as evidence of the insurance coverage required herein. Certificates of such insurance shall be filed with the AUTHORITY on or before commencement of performance of this Agreement. Current certification of insurance shall be kept on file with the AUTHORITY at all times during the term of this Agreement.
 - L. Failure on the part of the CONSULTANT to procure or maintain required insurance shall constitute a material breach of contract under which the AUTHORITY may terminate this Agreement pursuant to Section 38.
 - M. The commercial general and automobile liability policies required by this Agreement shall allow AUTHORITY, as additional insured, to satisfy the self-insured retention ("SIR") and/or deductible of the policy in lieu of the Consultant (as the named insured) should Consultant fail to pay the SIR or deductible requirements. The amount of the SIR or deductible shall be subject to the approval of the City Attorney and the Finance Director. Consultant understands and agrees that satisfaction of this requirement is an express condition precedent to the effectiveness of this Agreement. Failure by Consultant as primary insured to pay its SIR or deductible constitutes a material breach of this Agreement. Should AUTHORITY pay the SIR or deductible on Consultant's behalf upon the Consultant's failure or refusal to do so in order to secure defense and indemnification as an additional insured under the policy, AUTHORITY may include such amounts as damages in any action against Consultant for

breach of this Agreement in addition to any other damages incurred by AUTHORITY due to the breach.

34. CONSULTANT ASSUMES NO LIABILITY FOR ACTS OF AUTHORITY.

CONSULTANT assumes no liability, whatsoever for any acts or omissions of AUTHORITY, its Board of Commissioners, any previous owners of the Premises or any previous management or other agent of either. CONSULTANT assumes no liability for any failure of or default by any tenant in the payment of any rent or other charges due AUTHORITY or for the performance of any obligations owed by any tenant to AUTHORITY pursuant to any lease or otherwise. Nor does CONSULTANT assume any liability for any violations of environmental or other regulations, which occurred before CONSULTANT'S entering into this Agreement. Any such regulatory violations or hazards discovered by CONSULTANT shall be brought to AUTHORITY's attention in writing, and AUTHORITY shall promptly cure them.

35. REPRESENTATIONS. AUTHORITY represents and warrants that it has full power and AUTHORITY to enter this Agreement; that there are no recorded easements, restrictions, reservations, or rights of way which adversely affect the use of the Premises for the purposes intended under this Agreement; that to the best of AUTHORITY'S knowledge, the property is zoned for the intended use; that all leasing and other permits for the operation of the Premises were secured and are current; that the building and its construction and operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders, or the like (including, without limitation, those pertaining to hazardous or toxic substances); and that, to the best of AUTHORITY'S knowledge, the building does not contain any asbestos, urea, formaldehyde, radon, or other toxic or hazardous substance.

36. STRUCTURAL CHANGES. AUTHORITY expressly withholds from CONSULTANT any power or AUTHORITY to make any structural changes in any building, or to make any other major alterations or additions in or to any such building, or to any equipment in any such building, or to incur any expense chargeable to AUTHORITY other than expenses related to exercising the express powers vested in CONSULTANT through this Agreement, without the prior written consent of AUTHORITY'S Board of Commissioners. However, such emergency repairs as may be required because of danger to life or property, or which are immediately necessary for the preservation and safety of the Premises or the safety of the tenants and occupants, or required to avoid the suspension of any necessary service to the Premises, or to comply with any applicable federal state, or local laws, regulations, or ordinances, and shall be authorized pursuant to the appropriate paragraphs of this Agreement, and CONSULTANT shall notify AUTHORITY accordingly.

37. BUILDING COMPLIANCE. CONSULTANT understands the Lomita Manor was constructed as a joint venture between the City of Lomita and HUD. CONSULTANT represents and warrants that it has the knowledge and expertise necessary to manage a low-income senior housing facility consistent with applicable federal laws and regulations. CONSULTANT shall at all times comply with all federal laws and regulations applicable to the Premises, including but not limited to regulations promulgated by HUD. Except as otherwise provided, CONSULTANT assumes no liability, and is given no responsibility for compliance of the Premises, or any equipment therein, with the requirements of any building code, statute, ordinance, law, or regulation of any state or local governmental body or of any state or local public AUTHORITY or official having jurisdiction, except to notify AUTHORITY promptly or to forward to

AUTHORITY promptly any complaints, warnings, notices, or summonses received by CONSULTANT relating to such matters. AUTHORITY represents that to the best of its knowledge the Premises and all such equipment comply with all such requirements.

38. TERMINATION.

- A. Except as otherwise provided, AUTHORITY may terminate this Agreement at any time in writing with or without cause within thirty (30) days notice.
- B. CONSULTANT may terminate this Agreement at any time in writing upon one-hundred and twenty (120) days notice.
- C. Upon receiving a termination notice from AUTHORITY, CONSULTANT shall immediately cease performance under this Agreement unless otherwise provided in the termination notice. Except as otherwise provided in the termination notice, any additional work performed by CONSULTANT after receiving a termination notice shall be performed at CONSULTANT's own cost and expense; AUTHORITY is not obligated to compensate CONSULTANT for such additional work.
- D. Should termination occur, all finished or unfinished documents, reports and other materials prepared by CONSULTANT shall, at AUTHORITY's option, become AUTHORITY's property, and CONSULTANT shall receive just and equitable compensation for any work satisfactorily completed up to the effective date of notice of termination. In the event of termination, CONSULTANT shall immediately return all books, records outstanding bills, current receipts, accounts and ledgers over to AUTHORITY.
- E. Should the Agreement be terminated pursuant to this Section, AUTHORITY may procure on its own terms services similar to those terminated.
- F. By executing this document, CONSULTANT waives any and all claims for damages that might otherwise arise from AUTHORITY's termination under this Section.

39. HEADINGS AND ATTACHMENTS. All headings and subheadings employed within this Agreement are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

40. ENTIRE AGREEMENT. This Agreement, and its Attachments, sets forth the entire understanding of the parties. There are no other understandings, terms or other agreements expressed or implied, oral or written. The attachments to this Agreement are incorporated herein by reference. This Agreement shall bind and inure to the benefit of the parties to this Agreement and any subsequent successors and assigns.

41. RIGHTS CUMULATIVE; NO WAIVER. No right or remedy herein conferred on or reserved by either of the parties to this Agreement is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given under this Agreement or now or hereafter legally existing upon the occurrence of

an event of default under this Agreement. The failure of either party to insist at any time on the strict observance or performance of any of the provisions of the Agreement, or to exercise any right or remedy as provided in the Agreement, does not impair any such right or remedy or be construed as a waiver or relinquishment of such right or remedy with respect to subsequent defaults. Every right and remedy given by this Agreement to the parties to it may be exercised from time to time and as often as may be deemed expedient by those parties.

42. RULES OF CONSTRUCTION. Each Party had the opportunity to independently review this Agreement with legal counsel. Accordingly, this Agreement shall be construed simply, as a whole, and in accordance with its fair meaning and it shall not be interpreted strictly for or against either Party.

43. TAXPAYER IDENTIFICATION NUMBER. CONSULTANT shall provide AUTHORITY with a Taxpayer Identification Number.

44. CONSISTENCY. In interpreting this Agreement and resolving any ambiguities, the main body of this Agreement takes precedence over the attached Exhibits; this Agreement supersedes any conflicting provisions. Any inconsistency between the Exhibits shall be resolved in the order in which the Exhibits appear below:

A. Exhibit B: Request for Proposal dated May 19, 2016;

B. Exhibit C: CONSULTANT's Proposal for Services dated June 9, 2016.

45. THIRD PARTY BENEFICIARIES. This Agreement and every provision herein are generally for the exclusive benefit of CONSULTANT and AUTHORITY and not for the benefit of any other party. However, the Parties agree that the City of Lomita is an intended third-party beneficiary to this Agreement and may enforce CONSULTANT's obligations under this Agreement. Other than the City of Lomita, there shall be no incidental or other beneficiaries of any of CONSULTANT's or AUTHORITY's obligations under this Agreement.

46. AGREEMENT BINDING UPON SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon the parties hereto and their respective personal representatives, heirs, administrators, executors, successors, trustees and assigns.

47. AUTHORITY/MODIFICATION. The Parties represent and warrant that all necessary action has been taken by the Parties to authorize the undersigned to execute this Agreement and to engage in the actions described herein. This Agreement may be modified by written amendment between.

48. SEVERABILITY. If any portion of this Agreement is declared by a court of competent jurisdiction to be invalid or unenforceable, then such portion shall be deemed modified to the extent necessary in the opinion of the court to render such portion enforceable and, as so modified, such portion and the balance of this Agreement shall continue in full force and effect.

49. COMPLIANCE WITH LAW. CONSULTANT, in performance of this Agreement, warrants and certifies that it shall comply with all federal, state, and local statutes, rules, regulations and orders that are applicable to this Agreement. CONSULTANT understands that failure to comply

with any of the aforementioned statutes, rules, regulations or orders may result in termination of the Agreement. CONSULTANT further warrants and certifies that it shall comply with any new, amended, or revised laws, regulations, and procedures that apply to the performance of the Agreement.

50. DISADVANTAGED BUSINESS ENTERPRISE. CONSULTANT shall make a good faith effort to assist the AUTHORITY in its anticipated levels of participation for disadvantaged business enterprises (DBEs) in accordance with 24 C.F.R. Part 85.36(e). It is the policy of the AUTHORITY that disadvantaged businesses enterprises shall have the maximum opportunity to participate in the performance of this Agreement.

51. EQUAL EMPLOYMENT AND NON-DISCRIMINATION. In the performance of this Agreement, CONSULTANT and its subcontractors, if any, shall not discriminate in their employment practices against any employee or applicant for employment because of the employee's or applicant's race, religion, national origin, ancestry, sex, age, sexual preference or physical handicap. CONSULTANT shall take affirmative action to ensure that employees are treated during employment without regard to their race, religion, sex, color, or national origin. Such actions shall include, but not limited to, the following: employment upgrading; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation and selection training, including apprenticeship. CONSULTANT agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the CONSULTANT setting forth the provisions of this non-discrimination clause.

52. PROCUREMENT AND CONTRACT COMPLIANCE. CONSULTANT shall use competitive purchasing and procurement procedures pursuant to 24 C.F.R. Part 85.36, 24 C.F.R. Part 85.36(e), Davis-Bacon Act, 24 C.F.R. Part 135, HUD Procurement Handbook 7460.8 REV.1, (Procurement Handbook), and to the maximum extent possible, 24 C.F.R. Part 963, for procuring services, supplies, material and equipment for use by the CONSULTANT in carrying out its responsibilities under this Agreement. AUTHORITY reserves the right to monitor and review all purchases made for the Premises for Procurement and Contract Compliance.

53. GOVERNING LAW. This Agreement was drafted in, and shall be construed in accordance with the laws of the State of California, and the exclusive venue for any action involving this Agreement shall be in Los Angeles County Superior Court.

57. USE OF OTHER CONSULTANTS. CONSULTANT must obtain AUTHORITY's prior written approval to use any consultants while performing any portion of this Agreement. Such approval must include approval of the proposed consultant and the terms of compensation.

58. FINAL PAYMENT ACCEPTANCE CONSTITUTES RELEASE. The acceptance by the CONSULTANT of the final payment made under this Agreement shall operate as and be a release of the AUTHORITY from all claims and liabilities for compensation to the CONSULTANT for anything done, furnished or relating to the CONSULTANT'S work or services. Acceptance of payment shall be any negotiation of the AUTHORITY'S check or the failure to make a written extra compensation claim within ten (10) calendar days of the receipt of that check. However, approval or payment by the AUTHORITY shall not constitute, nor be deemed, a release of the responsibility and liability of the CONSULTANT, its employees, sub-consultants and agents for the accuracy and competency of the information provided and/or work performed; nor shall such

approval or payment be deemed to be an assumption of such responsibility or liability by the AUTHORITY for any defect or error in the work prepared by the Consultant, its employees, sub-consultants and agents.

59. CORRECTIONS. In addition to the above indemnification obligations, the CONSULTANT shall correct, at its expense, all errors in the work which may be disclosed during the AUTHORITY's review of the Consultant's report or plans. Should the Consultant fail to make such correction in a reasonably timely manner, such correction shall be made by the AUTHORITY, and the cost thereof shall be charged to the CONSULTANT. In addition to all other available remedies, the AUTHORITY may deduct the cost of such correction from any retention amount held by the AUTHORITY or may withhold payment otherwise owed CONSULTANT under this Agreement up to the amount of the cost of correction.

60. NON-APPROPRIATION OF FUNDS. Payments to be made to CONSULTANT by AUTHORITY for services performed within the current fiscal year are within the current fiscal budget and within an available, unexhausted fund. In the event that AUTHORITY does not appropriate sufficient funds for payment of CONSULTANT'S services beyond the current fiscal year, the Agreement shall cover payment for CONSULTANT'S only to the conclusion of the last fiscal year in which AUTHORITY appropriates sufficient funds and shall automatically terminate at the conclusion of such fiscal year.

61. NOTICES. All communications to either party by the other party will be deemed made when received by such party at its respective name and address as follows:

CITY	CONSULTANT
<u>City of Lomita – Housing AUTHORITY</u> <u>24300 Narbonne Avenue</u> <u>Lomita, CA 90717</u>	<u>Beacon Communities</u> <u>6120 Stoneridge Mall Road, Suite 300</u> <u>Pleasanton, CA 94588</u>
<u>ATTN: Assistant City Manager Gary</u> <u>Sugano</u> <u>Email: g.sugano@lomitacity.com</u>	<u>ATTN: Ancel Romero, President</u> <u>Email:aromero@beaconcommunities.org</u>

Any such written communications by mail will be conclusively deemed to have been received by the addressee upon deposit thereof in the United States Mail, postage prepaid and properly addressed as noted above. In all other instances, notices will be deemed given at the time of actual delivery. Changes may be made in the names or addresses of persons to whom notices are to be given by giving notice in the manner prescribed in this paragraph. Courtesy copies of notices may be sent via electronic mail, provided that the original notice is deposited in the U.S. mail or personally delivered as specified in this Section.

62. SOLICITATION. CONSULTANT warrants that it has not employed nor retained any company or person, other than CONSULTANT's bona fide employee, to solicit or secure this Agreement. Further, CONSULTANT warrants that it has not paid nor has it agreed to pay any company or person, other than CONSULTANT's bona fide employee, any fee, commission, percentage, brokerage fee, gift or other consideration contingent upon or resulting from the award or making of this Agreement. Should CONSULTANT breach or violate this warranty, AUTHORITY may rescind this Agreement without liability.

63. ENTIRE AGREEMENT. This Agreement, and its Attachments, sets forth the entire understanding of the parties. There are no other understandings, terms or other agreements expressed or implied, oral or written.

64. AUTHORITY/MODIFICATION. The Parties represent and warrant that all necessary action has been taken by the Parties to authorize the undersigned to execute this Agreement and to engage in the actions described herein. This Agreement may be modified by written amendment with signatures of all parties to this Agreement. AUTHORITY'S Executive Director, or designee, may execute any such amendment on behalf of AUTHORITY.

65. ACCEPTANCE OF FACSIMILE OR ELECTRONIC SIGNATURES. The Parties agree that this Contract, agreements ancillary to this Contract, and related documents to be entered into in connection with this Contract will be considered signed when the signature of a party is delivered by facsimile transmission or scanned and delivered via electronic mail. Such facsimile or electronic mail copies will be treated in all respects as having the same effect as an original signature.

66. FORCE MAJEURE. Should performance of this Agreement be impossible due to fire, flood, explosion, war, embargo, government action, civil or military AUTHORITY, the natural elements, or other similar causes beyond the Parties' control, then the Agreement will immediately terminate without obligation of either party to the other.

67. TIME IS OF ESSENCE. Time is of the essence to comply with dates and schedules to be provided.

68. ATTORNEY'S FEES. The parties hereto acknowledge and agree that each will bear his or its own costs, expenses and attorneys' fees arising out of and/or connected with the negotiation, drafting and execution of the Agreement, and all matters arising out of or connected therewith except that, in the event any action is brought by any party hereto to enforce this Agreement, the prevailing party in such action shall be entitled to reasonable attorneys' fees and costs in addition to all other relief to which that party or those parties may be entitled.

69. STATEMENT OF EXPERIENCE. By executing this Agreement, CONSULTANT represents that it has demonstrated trustworthiness and possesses the quality, fitness and capacity to perform the Agreement in a manner satisfactory to AUTHORITY. CONSULTANT represents that its financial resources, surety and insurance experience, service experience, completion ability, personnel, current workload, experience in dealing with private consultants, and experience in dealing with public agencies all suggest that CONSULTANT is capable of performing the proposed contract and has a demonstrated capacity to deal fairly and effectively with and to satisfy a public agency.

70. DISCLOSURE REQUIRED. (AUTHORITY and Consultant initials required at one of the following paragraphs)

By their respective initials next to this paragraph, AUTHORITY and Consultant hereby acknowledge that Consultant is a "consultant" for the purposes of the California Political Reform Act because Consultant's duties would require him or her to make one or more of the governmental

decisions set forth in Fair Political Practices Commission Regulation 18701(a)(2) or otherwise serves in a staff capacity for which disclosure would otherwise be required were Consultant employed by the AUTHORITY. Consultant hereby acknowledges his or her assuming-office, annual, and leaving-office financial reporting obligations under the California Political Reform Act and the City's Conflict of Interest Code and agrees to comply with those obligations at his or her expense. Prior to consultant commencing services hereunder, the AUTHORITY's CONSULTANT shall prepare and deliver to consultant a memorandum detailing the extent of Consultant's disclosure obligations in accordance with the City's Conflict of Interest Code.

AUTHORITY Initials _____

Consultant Initials _____

OR

By their initials next to this paragraph, AUTHORITY and Consultant hereby acknowledge that Consultant is not a "consultant" for the purpose of the California Political Reform Act because Consultant's duties and responsibilities are not within the scope of the definition of consultant in Fair Political Practice Commission Regulation 18701(a)(2)(A) and is otherwise not serving in staff capacity in accordance with the City's Conflict of Interest Code.

AUTHORITY Initials _____

Consultant Initials AR

IN WITNESS WHEREOF the parties hereto have executed this contract the day and year first hereinabove written.

CITY OF LOMITA
HOUSING AUTHORITY

Ryan Smoot
Ryan Smoot, Executive Director

CONSULTANT

By: Ancel Romero
Ancel Romero, President

ATTEST:

Sandra Medina
Sandra Medina, City Clerk

Taxpayer ID No.

APPROVED AS TO FORM:

Christi Hogin
Christi Hogin, City Attorney

16 JUN -9 P4:21

JUNE 09, 2016
 CITY CLERK'S OFFICE
 EVALUATION PANEL
 24300 NARBONNE AVENUE
 LOMITA, CA 90717

Dear Evaluation Panel Members,

Beacon Communities (Beacon) is pleased to submit the enclosed proposal to professionally manage Lomita Manor. As you are perhaps aware, Beacon has proudly served as the management agent of Lomita for the past 5 years. We are honored to be deemed worthy of your consideration anew.

Formerly operating as the affordable housing department under American Baptist Homes of the West (ABHOW), Beacon is now a non-profit affiliate operating as a wholly-owned subsidiary of ABHOW. Beacon is recognized as such by various regulatory agencies, including the U.S. Department of HUD.

Founded in 1949, ABHOW is widely known for its pioneering leadership in senior housing. Moreover, we recently merged with Southern California Presbyterian Homes (dba be.group) which is based in Glendale, CA. As such, Beacon is now the largest non-profit provider of low-income housing for seniors in California.

We are confident that we will continue to provide Lomita Manor and its residents the superior service and personal dedication that exemplifies BEACON's core values. We truly believe that we are the best people for such important work as evidenced by our service to Lomita Manor for the past five years.

Simply put, no other organization responding to the RFP will benefit your community more than Beacon. This is due to the following:

Our experience in serving seniors *exclusively*:

No other organization that provides for the housing and supportive needs of seniors exclusively has the breadth of Beacon's history, experience and resources. With more than 5,000 elderly residents served in four Western states, we bring the deep knowledge and exclusive track record that will have an immediate and long lasting positive impact residents and employees. Over the past five years Beacon Communities has successfully served the residents of Lomita Manor. Since the arrival of Beacon Communities in 2011 the relationship between management and residents has improved in a most positive way.

To recap the past five years, Beacon has received a high score in the REAC physical inspection. This made it possible for the Lomita Housing Authority to achieve a High Performer status for the first time in 30 years. One of the benefits of being a high performer made is an increase in subsidy by 60%. This increase allows for an improved operating budget with a positive surplus.

For the past five years Beacon has help strengthened the relationship between the HUD representatives and the Lomita Housing Authority. In tandem all three parties have successfully worked together for a common goal. We firmly believe that we can sustain this level of performance for the next five years.

Our faith-based mission, philosophy and approach to serving seniors and faith-based Boards:

BEACON's mission statement is manifested through our day-to-day activities. We take our responsibility for the fiscal and physical management of the properties we manage very seriously because we know that our performance redounds to the direct benefit of the residents and property owners. We place very close attention to the quality of service we provide to ensure that it embodies our mission statement on a daily basis. Our mission statement reads:

"Beacon Communities will advocate for, develop and operate quality housing and services for the aging and other people with limited resources and/or disabilities, enabling them to thrive in a positive, affordable and supportive community."

Our Team:

BEACON's professionals are among the most well regarded in the profession of serving seniors. Many hold responsible positions outside of BEACON by serving on Boards and committees in greatly respected and influential associations such as Leading Age (formerly AAHSA), Aging Services of California and the Association of Affordable Housing Management Agents for Northern California, Nevada and Hawaii. We are therefore in the cutting edge of a rapidly evolving profession and we bring the most up to date information and resources to the communities we serve.

Our Commitment:

We look forward to providing Lomita Manor with the most professional, polished and caring property management services available in the country today, as we have for the past five years.

Thank you for this opportunity to present this proposal. We are truly excited about the many successes we can accomplish together, should we be fortunate enough to be selected.

Ancel Romero

President

aromero@BeaconCommunities.org

(925) 924-7197



Travis Hanna

Vice President of Operations

thanna@BeaconCommunities.org

(925) 924-7116

BEACON
COMMUNITIES

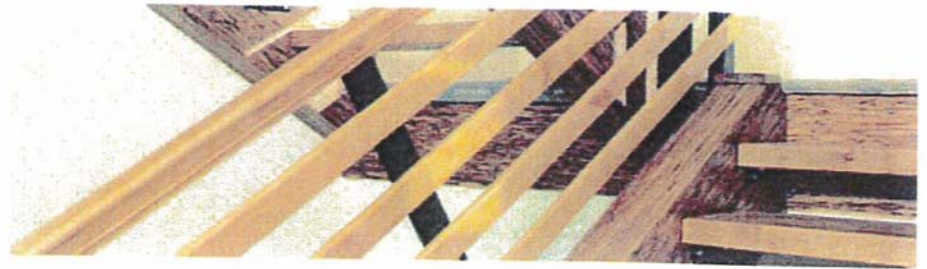
6120 Stoneridge Mall Road, Suite 300 · Pleasanton | CA 94588

Extraordinary professionals serving extraordinary people

BEACON

COMMUNITIES

AN ABHOW COMPANY



- A. OVERVIEW
- B. ABHOW REORGANIZES AFFORDABLE HOUSING DIVISION, AS BEACON COMMUNITIES
- C. QUALIFICATIONS AND EXPERIENCE IN LOW-INCOME SENIOR HOUSING
- D. REFERENCES
- E. COMMITMENT TO EXCELLENCE IN PROPERTY MANAGEMENT AND SERVICE DELIVERY
- F. PROPOSED STAFF AND ORGANIZATION
- G. WORK PLAN / TECHNICAL APPROACH
- H. COST AND PRICE

ATTACHMENTS

1. ABHOW AWARDS
2. INSURANCE REQUIREMENTS
3. FINANCIAL STATEMENTS
4. JOB DESCRIPTIONS
5. RESUMES
6. MANAGEMENT PLAN



Mature Living Since 1949

Founded in 1949, ABHOW is widely known for its pioneering leadership in senior housing and health care. ABHOW was one of the first in the U.S. to develop the concept of a continuing care retirement community, offering multiple levels of living and assistance on one campus. The company's pioneering spirit is reflected in its innovations in memory support, health and wellness, and financing and management of affordable housing. ABHOW's history is a living heritage as the company pursues its mission "to enhance the independence, well-being and security of older people through the provision of housing, health care and supportive services."

American Baptist Homes of the West (ABHOW) was founded in 1949 as Pilgrim Haven Home Corporation with the establishment of Pilgrim Haven Retirement Community in Los Altos, California, the original purpose to provide quality housing and

health care for retired American Baptist ministers and missionaries grew to include older persons regardless of occupation or religious affiliation.

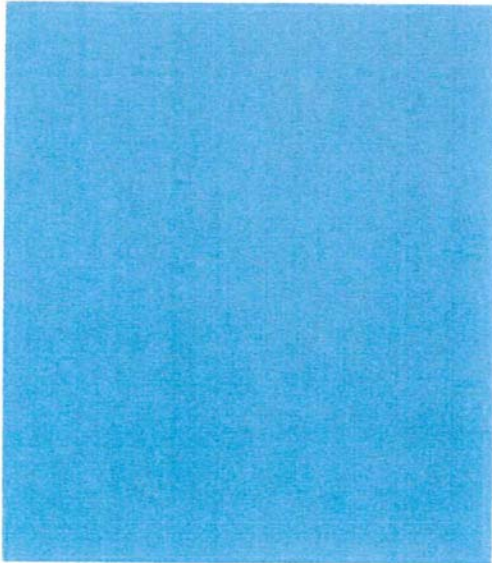
ABHOW's history is grounded in delivering a continuum of services to seniors that will allow them to age in place in comfort and dignity in a stimulating and nurturing environment. For the first twenty years of its existence (1949 - 1969) ABHOW concentrated its efforts on the development and management of continuing care facilities.

In 1969 the organization expanded its operations to include subsidized affordable housing rental properties, primarily Section HUD 202-financed communities, serving low- and very low-income seniors. It also expanded its geographic focus beyond Northern California to include Southern California, Washington, and Arizona.

Pacific Meadows, a rental community in Carmel Valley, California, opened in 1991 to serve a variety of income levels. The community was one of the first in the U.S. to use tax-credit financing.

As with all senior housing populations, ABHOW's resident population is steadily increasing in overall median age. Practical experience and gerontological research findings confirm that increasing age leads to a commensurate decrease in ability to live independently, as mental, physical, social, and financial resources diminish. Throughout its 36 senior housing developments, ABHOW is committed to providing its residents with more than just a place to live.



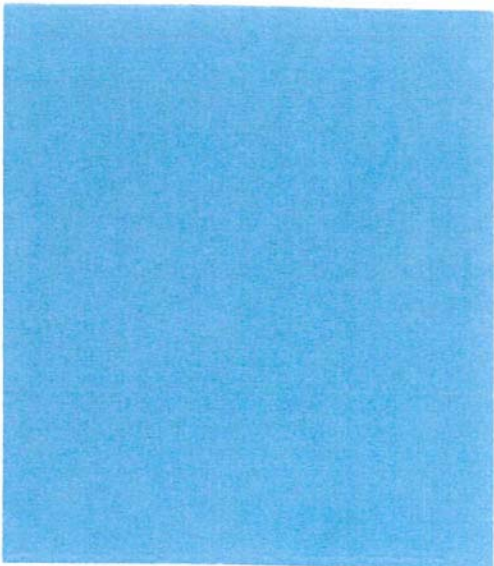


B. ABHOW
REORGANIZES
AFFORDABLE
HOUSING
DIVISION, AS
BEACON
COMMUNITIES



To meet this demand, ABHOW created Beacon Communities focuses on meeting the needs of seniors. This new company serves more than 2,500 residents and 33 communities. Supported by the broad resources of ABHOW, Beacon Communities is laying the groundwork for the future so we can expand our vision to provide affordable, comfortable homes to older adults throughout the West Coast. To support and enhance its growth, Beacon Communities acquired Beacon Development Group, a Seattle-based developer of affordable housing communities. Beacon Development Group remains a Washington corporation and continues to serve its clients. The firm, headed by Paul Purcell provides development expertise to Beacon Communities for projects in California and other locations as necessary. The alliance between Beacon Communities and Beacon Development group is founded on shared values and a common mission to grow affordable housing. Together, Beacon Communities will expand affordable housing opportunities across the West Coast. ABHOW is recognized as one of the nation's most respected providers of affordable senior housing for more than four decades. The organization is one of only a few companies designated as a Communities of Quality Corporate Partner with the National Affordable Housing Management Association. "ABHOW has always pursued creative ways to provide housing and supportive services to older adults," says David Ferguson, ABHOW's president and CEO. The reorganization of Beacon Communities and acquisition of Beacon Development Group is our response to the tremendous need for quality affordable housing. With over \$200 million in assets and \$27 million in annual revenue, Beacon Communities will serve an ever-increasing number of seniors. Although the name has changed, our commitment to building safe, affordable homes for older adults has never been stronger. We are excited to expand our footprint and expertise as Beacon Communities in the months and years ahead.

*"Although our name is changing, our
commitment to building safe, affordable homes
for older adults has never been stronger."
— Ancel Romero, Beacon Communities President*



We specialize in senior housing. Beacon Communities develops and manages a growing portfolio of 31 Affordable Housing properties. Beacon Communities, a subsidiary of ABHOW, owns and/or manages 1,800 apartments, serving over 2,000 low-income residents. In addition to managing its own properties, Beacon Communities provides fee management, development, consulting and training services, and asset management.

C. QUALIFICATIONS AND EXPERIENCE IN LOW-INCOME SENIOR HOUSING MANAGEMENT

Beacon Communities began to develop and manage affordable housing properties in 1970. The organization has since created a distinctive property management model incorporating extensive on-going training, belief in superior resident services and a reputation for conscientious site managers.

Regulatory compliance and on-going professional training ensures that Beacon Communities staff is well prepared to communicate with and serve its senior residents. A customized resident services plan is designed for each property according to its environment and demographic needs. Each Beacon Communities staff member is thoroughly familiar with Fair Housing laws and lender requirements for each community in order to ensure total compliance with the letter of the law as well as the spirit of the law.

Accurate and timely financial reporting has been essential to Beacon Communities' successful property management. Beacon Communities has been highly regarded by non-profit non-affiliate Board of Directors as well as partner funding agencies for the organization's ability to ensure that financial operations are sound, project operating budgets are realistic, financial expectations are being met, and physical property conditions are being maintained.



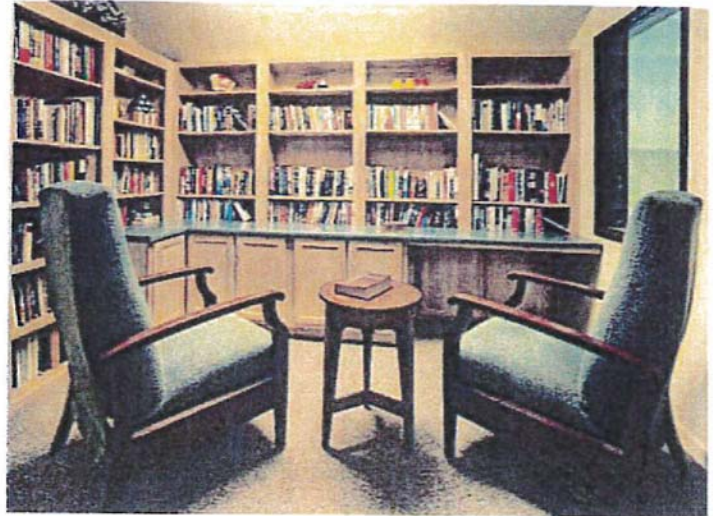
D. REFERENCES

1) Arty, John Harrison
Allen Temple Housing and Development
Corporation
(510) 517-0370

2) Tom Morris
Judson Terrence Homes
(805) 543-0945

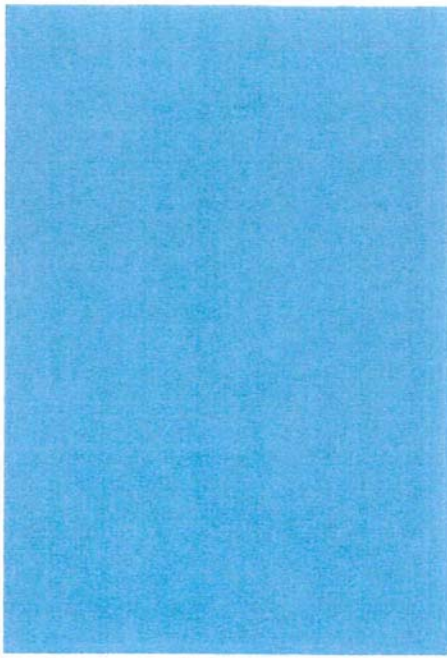
3) Joe Lutz
Mount Rubidoux Manor
(951) 683-1711

4) Chris Bover
Shepherd Garden
Lynnwood, WA
(425) 774-1010



Below is a list of ABHOW's fee-managed communities:





E. COMMITMENT TO EXCELLENCE IN PROPERTY MANAGEMENT AND SERVICE DELIVERY

Diligent Fiscal and Asset Management

Beacon Communities' property management philosophy is centered on diligent fiscal and asset management. This includes ensuring that financial operations are in line with the expectations by the management team and the non-profit Board of Directors. In operating each of our properties, we ensure that each property's operating budget is realistic, its financial expectations are being met and its physical conditions are being maintained. Our experienced property management team conducts necessary audits on a regular basis - this includes: a trash audit, utility audit and insurance contract audit. Beacon certifies that it's not debarred, suspended or otherwise declared ineligible to contract with any other federal, state or local public agency. Furthermore we certify we are not in bankruptcy or pending litigation.

After taking over a new property, Beacon Communities usually recommends an overall assessment of each property's operating budget, monthly expenses, personnel and staffing, vendor contracts and utility consumption. This assessment will provide the new management agent as well as the Board of Directors a clear picture of the property's needs and strengths. Upon Board of Directors approval, Beacon Communities also conducts long-term financial plans. These plans will take into consideration the property's yearly performance and needed capital improvements.

Accountability

Beacon Communities submits monthly management agent reports to the property's owners and Board of Directors. These reports include updates on landscaping and curb appeal, compliance, leasing, vacancy and staffing. The owners and members of the Board will also receive a monthly financial report that will include updates on the property's monthly income and operating expenses.

Beacon Communities' property management team members are trained to develop and maintain a close working relationship with their property's Board of Directors. Each Board member's input is valued and appreciated. Compared to other non-profit affordable housing management organizations, Beacon Communities operates within a lean, tight team. The Board of Directors has direct access to a Beacon Communities regional supervisor, the Vice President of Operations and the President of Affordable Housing. Beacon Communities' home office team members respond to each Board Member's concerns and issues promptly.

E. COMMITMENT TO EXCELLENCE IN PROPERTY MANAGEMENT AND SERVICE DELIVERY (CONTINUED)



Comprehensive Training for On-Site Staff

Beacon Communities is committed to investing in our staff by providing a wide range of training through a comprehensive training program. Our staff benefit from:

The ABHOW Academy. The ABHOW Academy (www.abhowacademy.com) offers over 400 web based training courses that are open to all staff members and range from basic computer skills, sexual harassment, elder abuse, customer service, ethics, Alzheimer's, OSHA Training, Communicating with the elderly, cultural sensitivity, dealing with difficult persons, staff management and a variety of health issues that relate to the aging process. Many of these courses are interactive and have testing to ensure comprehension. Many of these training are available in Spanish.

ABHOW's Annual Meeting and Council Meetings. At each Annual Meeting and at two additional council meetings each year, all resident managers / community administrators gather with ABHOW corporate staff to receive updates and training as well as to network and strengthen working relationships. Trainings are presented in various current topics by our Corporate Staff and include Asset Management, Compliance, Maintenance Management, Budgeting and Financial Management, Board Relations and Customer Service.

Classroom Training. Our Vice President of Operations, Travis Hanna is certified as an instructor by the National Affordable Housing Management Association (NAHMA) and is the lead trainer for its local affiliate, the Affordable Housing Management Association of Northern California, Nevada and Hawaii (AHMA-NCNH). Travis regularly teaches for the industry in subjects including Fair Housing, Reasonable Accommodations, Tax Credits, Occupancy, Auditing, Affordable Property Management and how to pass an agency audit. Community Room. Mr. Hanna has co-developed seminars with Jeff Jackson, Housing and Urban Development (HUD) Fair Housing branch Chief and with Rose Guerrero, the Compliance Manager for the California Tax Credit Allocation Committee (TCAC). These trainings offered to the industry are regularly presented to Beacon Communities' staff. The most recent training offered to staff was on Fair Housing. This training is provided to all Beacon Communities staff members, including maintenance personnel, every two years.

Maintenance Training. Each Beacon Communities site conducts an Occupational Safety and Health Administration (OSHA) training with all staff members. In addition, ABHOW regularly gathers its maintenance staff to train them in areas of safety, teamwork, fair housing, customer service, passing a physical inspection, conducting unit inspections and basic maintenance skills. Our last training was held in San Leandro, California where we gathered all maintenance staff in a hands-on training class where they were taught lock rekeying, stove and refrigerator troubleshooting and repair, and a review of the do's and don'ts of dealing with elderly residents. These trainings also provide the opportunity for the maintenance staff to network and build relationships with their peers.

E. COMMITMENT TO EXCELLENCE IN PROPERTY MANAGEMENT AND SERVICE DELIVERY (CONTINUED)



Service Delivery

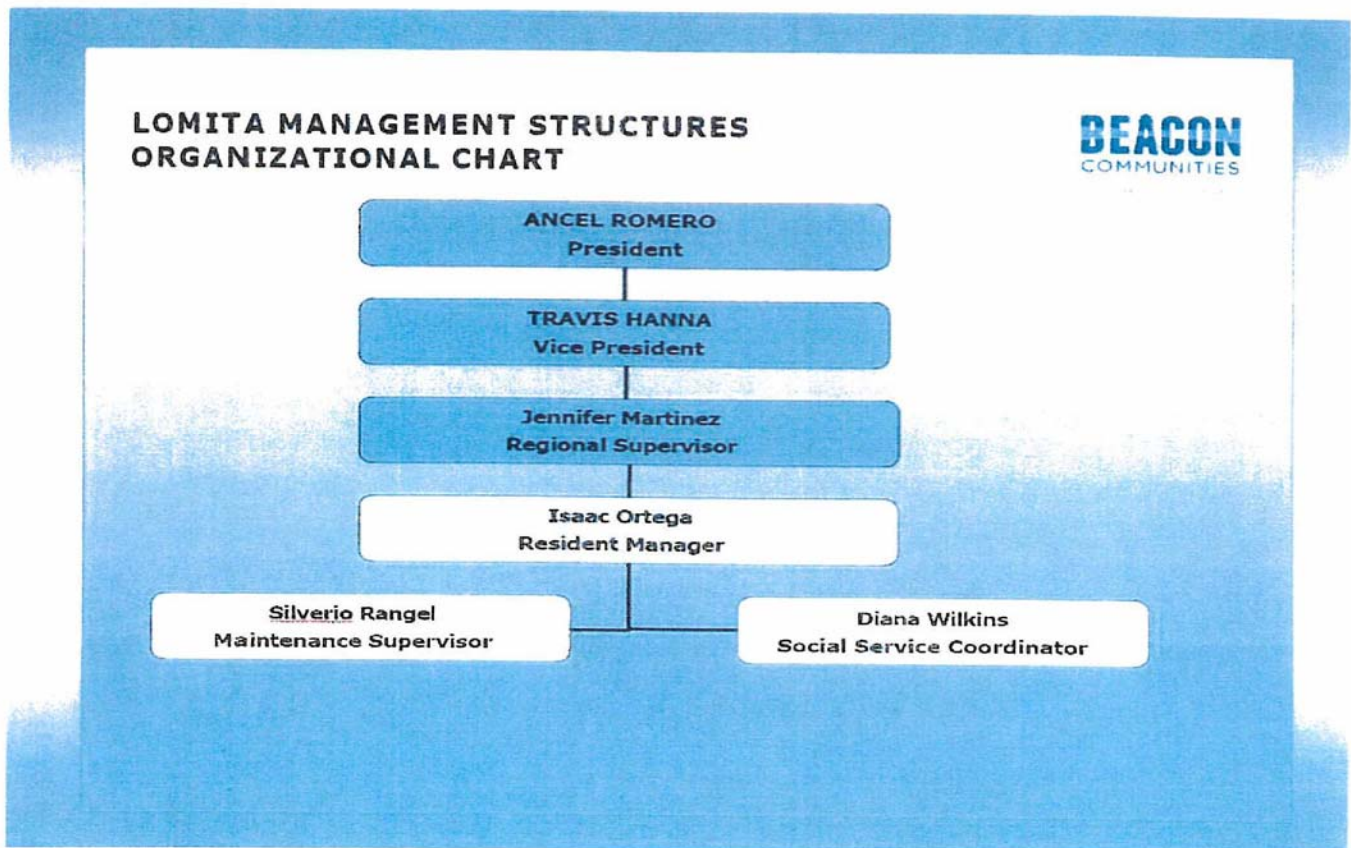
The management services we provide include the following:

- Regular attendance at Board meetings upon Board request, written Board reports and compliance with Board directives; help ensure open and highly satisfactory communication with the Board
- Oversee provision of quality supportive services to enhance resident ability to “age in place”
- Provide social activities to enhance resident satisfaction, prepare organize decumate all TAB board report, elections or any necessary HUD reports.
- Create and implement resident satisfaction surveys; implement plans of action to address and resolve identified resident concerns
- Generate optimal physical inspection scores and management audit ratings for all the properties to the greatest extent possible through thorough training and supervision
- Supervision, coaching and training of site personnel with the specific objective of achieving Board of Directors goals and priorities for the properties
- Implement systems to help ensure property compliance with all pertinent regulations (federal, state, local) including fair housing laws, prepare and submit all required HUD Online reporting; (Web-Based) modules, PIC, FIV, Eloccs, PHAS, EPIC, and REACH established schedule.
- Optimal financial stewardship of the properties on behalf of the Board of Directors: includes rent/revenue collection, bookkeeping, A/P and A/R processing and reconciliation, operating budget preparation, financial reporting and expense monitoring. Preparing and monitoring the submission of all necessary HUD reports including ACOP, GPNA, HUD-50077-SL, HUD-50077-CR, HUD-50077-ST-HVC-HP, HUD-50071, SF-LLL, HUD-50075.1-HUD-50075.2, HUD-52723, HUD-52722. Capital modernization/capital fund project management; environmental review, ACC amendments, annual Statements, evaluation report, and modernization strategy.
- Implement systems such as Real Page software to enhance overall physical condition of the properties: includes regular site inspections and visits by property supervisor, apartment inspections, apartment turnover oversight, monitoring and execution of preventative maintenance plans, ensuring quality work and repairs, replacement reserve analysis, long range planning. Ensuring compliance with HUD/REAC standards.
- Implement measures to minimize apartment turnover period through careful monitoring of staff and vendor performance
- Grant writing and assistance with fundraising activities
- Professional construction management services upon request

F. PROPOSED STAFFING AND PROJECT ORGANIZATION

We propose to staff Lomita Manor Senior Housing with two full time team members, a resident manager, and one live-in maintenance staff supervisor. We also propose a part-time social services coordinator working 16 hours a week. These staff members will be responsible for all the duties and responsibilities indicated on the scope of services document.

Lomita Manor Senior Housing would be assigned to Beacon Property Supervisor Jennifer Martinez, who resides in Rancho Cucamonga, CA and whose office is in Redlands Ca. The resident manager will report directly to Jennifer and would be supported by various Beacon departments such as accounting, asset management, human resources, HUD compliance, Service coordinator quality assurance, software management. Attached are the Beacon organizational chart and how the organization relates to Lomita Manor. Also attached is the job description for the resident manager, maintenance supervisor, and social service coordinator



G. WORKPLAN / TECHNICAL APPROACH

The City of Lomita Housing Authority's goals are 1) to enhance the lives of the low-income seniors living in Lomita Manor Senior Housing by providing them decent and affordable housing and 2) to ensure the long-time viability of the property so the asset can continue to serve generations of seniors for years to come.

Like the City of Lomita Housing Authority, Beacon shares with the agency's objectives of providing safe, decent and affordable housing to low income seniors and to make certain that existing properties maintain its long-term viability. We operate each of our properties with these goals in mind.

These goals are shaped by our mission and core values. Beacon's property management principles are centered around the following core values.

Sound and Responsible Financial Practices

Beacon's property management philosophy is centered on diligent fiscal and asset management. This includes ensuring that financial operations are in line with the expectations by the management team and the non-profit board.

In operating each of our properties, we ensure that each property's operating budget is realistic, its financial expectations are being met and its physical conditions are being maintained. Our experienced property management team conducts necessary audits on a regular basis - this includes: a trash audit, utility audit and insurance contract audit.

If selected, Beacon would recommend an overall assessment of each property's operating budget, monthly expenses, personnel and staffing, vendor contracts and utility consumption. This assessment will provide the new management agent as well as the Board of Directors a clear picture of the property's needs and strengths. We will also recommend that long-term financial plans be drafted for both properties. These plans will take into consideration the property's yearly performance and needed capital improvements.

Direct Line of Communication with Board Members and Owners

Above all else, Beacon team members strive to create an environment that will help ensure great resident and owner satisfaction. We are dedicated professionals who clearly understand that a physically and fiscally sound community makes for happy residents, owners, and regulators.

We believe that an open line of communication between a community's Board of Directors and Beacon team members is key to the successful operation of a property. Beacon's property managers and supervisors regularly meet with each property's respective Board members regularly. Many of these Boards are not affiliated with Beacon (list of fee managed communities below).



II. COST AND PRICE

Management Fee of \$50/PUPM
Accounting fee of \$7.50/PUPM

***Fees indicated above are negotiable*



Attachments 1 – 6

1. ABHOW AWARDS
2. INSURANCE REQUIREMENTS
3. FINANCLAL STATEMENTS
4. JOB DESCRIPTION
5. RESUMES
6. MANAGEMENT PLAN

ABHOW AWARDS

ABHOW's commitment to excellence is demonstrated by the recognition our properties have received from various associations. Fifteen of ABHOW's communities have received the prestigious "Community of Quality" designation from the National Affordable Housing Management Association (NAHMA). This prestigious designation is given only to providers of the highest quality of affordable housing.

ABHOW has won other numerous awards over the years including:

- 1999 Best Practices Award from HUD for Harborview Manor for leveraging funds for physical improvement of the property
- 1999 Best Practice award for Strategic Planning was received from the American Association of Homes and Services for the Aging
- 2002 Best Practice award for the Governance in Action from the American Association of Homes and Services for the Aging
- 2004 Gold Nugget Award of Merit for Senior Housing for Broadmoor Plaza in San Leandro, CA
- 2004 Planning Design Award from the City of San Leandro for the development of Broadmoor Plaza
- 2008 Innovative Financing in Affordable Housing from the Aging Services of California for its unique financing of Valley Vista in San Ramon, CA
- 2010 Honorable Mention in the Charles L. Edson Tax Credit Excellence Awards for Kelly Ridge in South Lake Tahoe, CA for which the property was also featured on the cover of the July 2010 edition of Tax Credit Advisor, national magazine for tax credit developments
- 2010 Best of the Basin Award from the Tahoe Regional Planning Agency for Kelly Ridge in South Lake Tahoe, CA

CERTIFICATE OF LIABILITY INSURANCE

11/1/2015

DATE (MM/DD/YYYY)

9/29/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER Lockton Insurance Brokers, LLC 725 S. Figueroa Street, 35th Fl. CA License #0F15767 Los Angeles CA 90017 (213) 689-0065	CONTACT NAME: PHONE: _____ FAX: _____ (A/C, No, Ext): _____ (A/C, No): _____ E-MAIL ADDRESS: _____ <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">INSURER(S) AFFORDING COVERAGE</th> <th style="text-align: center;">NAIC #</th> </tr> <tr> <td>INSURER A: Philadelphia Indemnity Insurance Company</td> <td style="text-align: center;">18058</td> </tr> <tr> <td>INSURER B: Hartford Fire Insurance Company</td> <td style="text-align: center;">19682</td> </tr> <tr> <td>INSURER C: ACE American Insurance Company</td> <td style="text-align: center;">22667</td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> <tr> <td>INSURER F:</td> <td></td> </tr> </table>	INSURER(S) AFFORDING COVERAGE	NAIC #	INSURER A: Philadelphia Indemnity Insurance Company	18058	INSURER B: Hartford Fire Insurance Company	19682	INSURER C: ACE American Insurance Company	22667	INSURER D:		INSURER E:		INSURER F:	
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INSURER F:															
INSURED Beacon Communities, Inc. 1347569 c/o American Baptist Homes of the West 6120 Stoneridge Mall Rd., 3rd Floor Pleasanton CA 94588															

COVERAGES AMEBA01

CERTIFICATE NUMBER: 13612104

REVISION NUMBER: XXXXXXXX

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input type="checkbox"/> OCCUR <div style="text-align: center; margin-top: 10px;"><input checked="" type="checkbox"/></div>	N	N	PHPK1398026	10/1/2015	10/1/2016	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COM/OP AGG \$ 2,000,000
GEN'L AGGREGATE LIMIT APPLIES PER:							
PRO- <input checked="" type="checkbox"/> LOC							
B	<input checked="" type="checkbox"/> AUTOMOBILE <input checked="" type="checkbox"/> UNELT <input checked="" type="checkbox"/> YR/ALID <input checked="" type="checkbox"/> ALL OWNED AUTOS	N	N	72UENZN2539	10/1/2015	10/1/2016	<input checked="" type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS COMBINED SINGLE LIMIT (Ea accident) \$ 2,000,000 BODILY INJURY (Per person) \$ XXXXXXXX BODILY INJURY (Per PROPERTY DAMAGE (Per \$ XXXXXXXX Comp/Coll Ded \$ 1,000
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input checked="" type="checkbox"/> EXCESS LIAB <input checked="" type="checkbox"/> RETENTION \$10,000	N	N	PHUB515864	10/1/2015	10/1/2016	<input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> CLAIMS-MADE EACH OCCURRENCE \$ 3,000,000 AGGREGATE \$ 3,000,000 \$ XXXXXXXX
C	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY Y/N ANY PROPRIETOR/PARTNER/EXECUTIVE	N/A	N	WLRG48594311	10/1/2015	10/1/2016	<input checked="" type="checkbox"/> PER STATUTE <input type="checkbox"/> OTH-ER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A	CRIME	N	N	PHSD992173	11/1/2014	11/1/2015	\$1,000,000 Per Occurrence Retention \$25,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**REPORT ON AUDIT OF CONSOLIDATED FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION**

YEAR ENDED SEPTEMBER 30, 2015

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

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Dauby O'Connor & Zaleski, LLC
A Limited Liability Company
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Beacon Communities, Inc. and Affiliates
(A California Non-Profit Public Benefit Corporation)

Report on the Financial Statements

We have audited the accompanying financial statements of Beacon Communities, Inc. and Affiliates, which comprise the consolidated statement of financial position as of September 30, 2015, and the related consolidated statements of activities, changes in net assets (deficit), and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Beacon Communities, Inc. and Affiliates' 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 Beacon Communities, Inc. and Affiliates' 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Beacon Communities, Inc. and Affiliates as of September 30, 2015, and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Beacon Communities, Inc. and Affiliates' basic financial statements. The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic 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.

December 11, 2015
Carmel, Indiana

Dauby O'Connor & Zaleski, LLC

Dauby O'Connor & Zaleski, LLC
Certified Public Accountants

BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015

ASSETS

Current assets

Cash and cash equivalents	\$	2,684,003
Investments		1,592,973
Resident accounts receivable		38,285
Management and development accounts receivable		841,257
Development and operating advance receivable, net		260,161
Prepaid expenses, deposits, and other assets		91,865

Total current assets **5,508,544**

Restricted cash **7,957,244**

Land, building, and equipment, net **181,711,095**

Other assets

Investments in Properties, equity method		2,282
Unamortized costs		1,777,748
Goodwill		6,464,363

Total other assets **8,244,393**

\$ 203,421,276

BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
SEPTEMBER 30, 2015

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable and accrued expenses	\$ 959,581
Accrued interest - short term	34,723
Accounts payable - construction	2,920,364
Due to affiliates	1,300,448
Notes and bonds payable, current portion	569,638
Prepaid and deferred revenue	23,704

Total current liabilities **5,808,458**

Deposits **467,272**

Long term liabilities

Notes and bonds payable, net of current portion	150,127,501
Accrued interest, net of short term	6,750,663
Fair market value of interest rate swap	1,849,719

Total long term liabilities **158,727,883**

Total liabilities **165,003,613**

Unrestricted net assets of the non-controlling interest **31,911,989**

Unrestricted net assets of the controlling interest **6,505,674**

\$ 203,421,276

BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

Revenue	
Affordable housing fees and rents	\$ 10,707,071
Affordable housing development	2,118,570
Bequests and charitable giving	30,506
Other operating revenue	303,780
	<hr/>
Total revenue	13,159,927
	<hr/>
Operating expenses	
Salaries and wages	4,618,343
Employee benefits	1,312,612
Supplies	367,537
Marketing and advertising	233,785
Repairs and maintenance	746,616
Purchased services	1,460,975
Leases and rents	310,034
Utilities	1,063,410
Travel and related expenses	353,389
Other operating expenses	641,770
Insurance	429,522
	<hr/>
Total operating expenses	11,537,993
	<hr/>
Income (loss) from operations	1,621,934
	<hr/>
Other income (expenses)	
Change in fair market value of interest rate swap	(461,115)
Interest	(1,965,405)
Depreciation and amortization	(5,982,337)
Contribution Income	7,148,093
Interest and investment income, net	12,220
	<hr/>
Total other income (expenses)	(1,248,544)
	<hr/>
Change in unrestricted net assets	373,390
	<hr/>
Change in unrestricted net assets of the non-controlling interest	(5,188,488)
	<hr/>
Change in unrestricted net assets of the controlling interest	\$ 5,561,878
	<hr/> <hr/>

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (DEFICIT)
YEAR ENDED SEPTEMBER 30, 2015**

	<u>ABHOW</u>	<u>Non-controlling interest</u>	<u>Total</u>
Balance, October 1, 2014	\$ 943,796	\$ 29,891,655	\$ 30,835,451
Contributions	-	7,208,822	7,208,822
Change In unrestricted net assets	<u>5,561,878</u>	<u>(5,188,488)</u>	<u>373,390</u>
Balance, September 30, 2015	<u>\$ 6,505,674</u>	<u>\$ 31,911,989</u>	<u>\$ 38,417,663</u>

BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2015

Cash flow from operating activities

Revenue:

Affordable housing fees and rents	\$ 10,703,490
Affordable housing development	1,914,544
Bequests and charitable giving	30,506
Other operating revenue	316,000
	<u>12,964,540</u>

Expenditures:

Salaries and wages	(4,158,917)
Employee benefits	(1,312,612)
Vendors	(6,004,692)
Interest	(1,158,019)
	<u>(12,634,240)</u>

Net cash provided by (used in) operating activities

330,300

Cash flows from investing activities

Investment gains	(31,594)
Proceeds from sale of investments	800,000
Net change in restricted cash	(4,483,244)
Net change in deposits	229,272
Net change in investments in Properties, equity method	(2,282)
Acquisition of land, building, and equipment	(40,413,705)
Acquisition of goodwill	(2,109,161)
	<u>(46,010,714)</u>

Net cash provided by (used in) investing activities

(46,010,714)

Cash flows from financing activities

Proceeds from long term debt	40,477,684
Payments on long term debt	(239,763)
Contributions from non-controlling interest	7,208,822
Purchase of unamortized costs	(346,326)
	<u>47,100,417</u>

Net cash provided by (used in) financing activities

47,100,417

Net change in cash and cash equivalents

1,420,003

Cash and cash equivalents, beginning

1,264,000

Cash and cash equivalents, ending

\$ 2,684,003

Cash flow from investing activities related to the acquisition of land, building, and equipment excludes \$2,920,364, which is included in accounts payable - construction at September 30, 2015.

BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

**Reconciliation of change in unrestricted net assets to
net cash provided by (used in) operating activities**

Change in unrestricted net assets	\$	373,390
Adjustments to reconcile change in unrestricted net assets to net cash provided by (used in) operating activities:		
Change in fair market value of interest rate swap		461,115
Depreciation and amortization		5,982,337
Contribution income		(7,148,093)
Changes in:		
Resident accounts receivable		(27,285)
Management and development accounts receivable		(841,257)
Development and operating advance receivable, net		(260,161)
Prepaid expenses, deposits, and other assets		(91,865)
Accounts payable and accrued expenses		(249,419)
Accrued interest		807,386
Due to affiliates		1,300,448
Prepaid and deferred revenue		23,704
Net cash provided by (used in) operating activities		330,300

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PARENT ORGANIZATION

Cornerstone Affiliates is a California nonprofit public benefit corporation. Cornerstone is the sole member of American Baptist Estates, Inc. (d.b.a. Terraces of Phoenix), Las Ventanas Retirement Community ("Las Ventanas"), Boise Retirement Community (d.b.a. the Terraces of Boise), Terraces at San Joaquin Gardens ("TSJG"), Cornerstone Affiliates International, Inc. ("CAI"), American Baptist Homes of Washington (dba Judson Park) and Seniority, Inc.; and elects the majority of the directors of American Baptist Homes of the West ("ABHOW"). ABHOW is the sole member of Beacon Communities, Inc. (the "Corporation").

ORGANIZATION

The Corporation is a California non-profit public benefit tax-exempt corporation formed in December 1998. The Corporation was known as Carmel Senior Housing, Inc. ("Carmel") prior to January 29, 2015. The Corporation provides quality housing and services for older adults and people with limited resources or disabilities in the states of California and Washington.

On January 1, 2015, ABHOW purchased all outstanding membership interests in Beacon Development Group, LLC ("Beacon Development") for \$350,000 in cash and a \$2,000,000 note and assigned its rights to the Corporation. ABHOW then entered into a \$2,350,000 inter-affiliate note with Beacon Development to assign the cost of purchase to the acquired entity. The purchase agreement also called for an increase in the purchase price for working capital above \$250,000 on January 1, 2015. See Note 7.

Also on January 1, 2015, the Corporation entered into a master transfer agreement with ABHOW where ABHOW affordable housing employees became employees of the Corporation and all operational activities, assets and liabilities associated with ABHOW's affordable housing line of business were also transferred to the Corporation. The master transfer agreement details the form of two non-interest bearing interaffiliate notes. See Notes 8 and 14.

In late fiscal year 2015, following United States Department of Housing and Urban Development ("HUD") approval, ABHOW transferred its sole memberships in all of ABHOW's owned affordable housing communities as well as the management agreements for all of its owned and managed communities to the Corporation.

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

ORGANIZATION (CONTINUED)

The consolidated financial statements include the transactions and accounts of Beacon Communities, Inc., 10 wholly owned affiliates, and 7 low income housing tax credit partnerships in which Beacon has the only or majority general partner interest:

Wholly owned subsidiaries

- Beacon Development Group, LLC
- Good Shepherd Senior Housing (d.b.a. Shepherd's Garden)
- Hillcrest Senior Housing, Inc. (d.b.a. Hillcrest Gardens)
- Judson Terrace Lodge, Inc. (d.b.a. Judson Terrace Lodge)
- Oak Knolls Haven, Inc. (d.b.a. Oak Knolls Haven)
- Redlands Senior Housing, Inc. (d.b.a. Casa de la Vista)
- Redlands Senior Housing Two (d.b.a. Fern Lodge)
- Salishan Senior Housing, Inc. (d.b.a. Salishan Gardens)
- San Leandro Senior Housing, Inc. (d.b.a. Broadmoor Plaza)
- Tahoe Senior Plaza, Inc. (d.b.a. Tahoe Senior Plaza)

Low income housing tax credit partnerships

- Bay Vista Partners LLLP (d.b.a. The Pearl on Oyster Bay)
- Harborview Manor LLLP (d.b.a. Harbor View Manor)
- Pacific Meadows Senior Housing L.P. (d.b.a. Pacific Meadows)
- Rotary Plaza LP (d.b.a. Rotary Plaza)
- Tahoe Senior Housing II, L.P. (d.b.a. Kelly Ridge)
- Three Rivers Senior Housing LLLP (d.b.a. Three Rivers Village)
- Valley Vista Senior Housing, L.P. (d.b.a. Valley Vista)

Beacon Development is a professional services firm that consults in the development and construction of affordable housing communities. Beacon Development provides services to the Corporation, other non-profits, and housing authorities. The other wholly owned affiliates are separately incorporated affordable housing entities in California and Washington. The affordable housing entities received HUD direct loans or grants to fund construction and receive HUD rental assistance to subsidize the residents' rents, and therefore, their operations are regulated by HUD.

The Corporation, and prior to January 2015, affiliates of ABHOW, also owned the only or majority general partner interests in the following low income housing tax credit partnerships during the year ended September 30, 2015: Bay Vista Partners LLLP (d.b.a. The Pearl on Oyster Bay), Harborview Manor LLLP (d.b.a. Harbor View Manor), Pacific Meadows Senior Housing L.P. (d.b.a. Pacific Meadows), Rotary Plaza LP (d.b.a. Rotary Plaza), Tahoe Senior Housing II, L.P. (d.b.a. Kelly Ridge), Three Rivers Senior Housing LLLP (d.b.a. Three Rivers Village), and Valley Vista Senior Housing, L.P. (d.b.a. Valley Vista). The Corporation became a minority general partner of Tower Park LP (d.b.a. Tower Park) on October 24, 2014.

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

ORGANIZATION (CONTINUED)

Generally, the low income housing tax credit is provided pursuant to Section 42 of the Internal Revenue Code and is computed as a percentage of the qualified basis of the property and is allowed annually during a period of ten years commencing with the year the buildings are placed in service. Capital contributed to the partnership from limited partners (as a result of the low income housing tax credit) allows for the property to be developed and funded with lower debt service, which in turn, allows the owner to provide housing to low income residents at below market rents. Each low income housing tax credit partnership has executed regulatory agreements with state and/or local agencies which govern the operation of the properties.

Collectively, the wholly owned affordable housing entities and the low income housing tax credit partnerships are referred to as "Properties".

The Corporation provides affordable housing management services to 17 properties owned or sponsored by unaffiliated organizations in addition to the affordable housing management services provided to the Properties.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of the consolidated financial statements

The consolidated financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America, and are in conformity with the provisions required by the Not-for-Profit Entities Presentation of Financial Statements topic of the FASB *Accounting Standards Codification* ("ASC") 958-205. This topic established standards for external financial reporting for Not-for-Profit Organizations.

The Not-for-Profit Entities Presentation of Financial Statements topic primarily affects the display of the consolidated financial statements and requires that the amounts for each of the classes of net assets – unrestricted, temporarily restricted and permanently restricted – be displayed in the consolidated statement of financial position and the amounts of the change in each of those classes of net assets be displayed in a consolidated statement of changes in net assets. Accordingly, assets of the Corporation and changes therein are classified and reported as follows:

Unrestricted assets – Assets that are not subject to donor-imposed stipulations. These are available to support the Corporation's activities and operations at the discretion of the Board of Directors.

Temporarily restricted assets – Assets subject to donor-imposed stipulations that will be met either by actions of the donor, the Corporation and/or the passage of time.

Permanently restricted assets – Assets that are subject to donor-imposed stipulations that the corpus must be maintained permanently by the Corporation. The donors of these assets permit the Corporation to use all or part of the income or gains earned on the related investments for general (unrestricted) or specific purposes (temporarily restricted).

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Basis of preparation of the consolidated financial statements (continued)

All net assets held by the Corporation as of September 30, 2015 are classified as unrestricted.

In accordance with FASB ASC 805-50, Transactions Between Entities Under Common Control, the transfer of net assets from ABHOW to the Corporation have been reported as if they occurred at the beginning of the period.

FASB issued ASC Topic 958-810, Consolidation of Not-for-Profit Entities, which requires that a recognized non-controlling interest in another entity, whether a business or a not-for-profit entity, be measured at its fair value at the acquisition date. In addition, this statement also provides guidance on the presentation of non-controlling interest in a not-for-profit entity's financial statements. Non-controlling interest in net assets of consolidated subsidiaries are reported as a separate component of the appropriate class of net assets in the Consolidated Statement of Activities and Changes in Net Assets (Deficit).

Consolidation

In accordance with FASB ASC 810, the consolidated financial statements include the accounts of the Corporation and its wholly owned operating entities, after elimination of all material intercompany accounts, transactions, and profits.

The financial statements also consolidate the assets, liabilities, and activities of the various low income housing tax credit limited partnerships for which the Corporation, as a general partner, is the primary beneficiary. All material intercompany accounts and transactions have been eliminated in consolidation.

Cash and cash equivalents

For the consolidated statement of cash flows, all unrestricted investments with original maturities of three months or less are cash equivalents. At September 30, 2015, cash and cash equivalents consist of unrestricted checking and savings accounts held at numerous banks.

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounts receivable and bad debt policy

Accounts receivable consists of amounts due to the Properties from resident rents and amounts due to the Corporation from unaffiliated affordable housing properties for property management fees and reimbursable management services such as payroll. Rental income and property management fee income are typically due the first of the month. The Corporation and the Properties do not accrue interest on accounts receivable balances.

Accounts receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not material to the consolidated financial statements for the year ended September 30, 2015. Bad debts expense totaled \$31,291 for the year ended September 30, 2015.

Other receivables and bad debt policy

Other receivables are amounts due to the Corporation from the Properties or Beacon Development and are stated at unpaid balances less any applicable allowance for doubtful accounts. Other receivables due from the Properties consist of revenues from management fees, reimbursable management services such as payroll, development advances, and operating advances. Other receivables due from Beacon Development consist of reimbursable management services such as payroll. The Corporation does not accrue interest on the intercompany receivable balances.

Management periodically reviews intercompany receivables and uses an allowance for doubtful accounts to recognize bad debts. There were no bad debts expensed for the year ended September 30, 2015. The allowance for doubtful accounts totaled \$133,767 as of September 30, 2015.

Notes receivables

The Corporation has reflected the receivables and payables in place with the majority of the low income housing tax credit partnerships in notes receivable, net and notes and bonds payable, respectively, on the Statement of Financial Position, however, these amounts are eliminated in consolidation. See Notes 3 and 9.

Property and equipment

The Properties' land, buildings and improvements, and equipment and furnishings are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives which are estimated to be between 3 and 40 years using the straight-line method. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred.

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Property and equipment (continued)

The Properties are subject to the provisions of the Impairment or Disposal of Long-Lived Assets topic of the FASB ASC 360-10. Impairment or Disposal of Long-Lived Assets has no retroactive impact on the Corporation's financial statements. The standard requires impairment losses to be recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets (excluding interest) are less than the carrying amount of the assets. In such cases, the carrying value of assets to be held and used are adjusted to their estimated fair value and assets held for sale are adjusted to their estimated fair value less selling expenses. No impairment losses were recognized during the year ended September 30, 2015.

Unamortized costs

The Properties incurred financing costs in connection with obtaining long term financing. These costs have been capitalized and are being amortized using the straight-line method over the term of the applicable financing. Generally accepted accounting principles require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not material to the financial statements for the year ended September 30, 2015. Certain Properties also incurred tax credit monitoring fees, which are being amortized over the 15 year compliance period using the straight-line method.

Goodwill

Under ASC 350 Intangibles - Goodwill and Other, an intangible asset with an indefinite useful life shall not be amortized. The intangible asset is evaluated for impairment annually and on an interim basis as events and circumstances warrant by comparing the fair value of the intangible asset with its carrying amount. No impairment losses were recognized during the year ended September 30, 2015.

Investments in Properties, equity method

The Corporation does not consolidate the accounts and activities of Tower Park, LP. The Corporation has deemed the general partner interest a Variable Interest Entity under ASC 810-10 Consolidation, because the Corporation is not considered the primary beneficiary. The Corporation accounts for the equity investment in accordance with the equity method of accounting, under which the equity investment is carried at cost and is adjusted for the Corporation's share of net income or loss and by cash distributions received. The Corporation's equity investment balance represents the maximum exposure to loss in connection with such investments.

**BEACON COMMUNITIES, INC. AND AFFILIATES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Affordable housing fees and rents

The Properties' affordable house rents are recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between the Properties and the residents are operating leases.

The Corporation's management fee income is earned based on the terms as outlined in the management agreements with the Properties and the unaffiliated affordable housing properties. Management fees are typically received monthly and based on previous month's collections. Management fees earned by the Corporation in management of consolidated Properties are eliminated in consolidation.

Affordable housing development

Beacon Development earns developer fees primarily for facilitating the financing and construction of affordable housing. Fees are recognized based on completion of various phases of the development, as specified in the respective agreements. Certain fees are deferred and payable from the Properties' available operating cash flow.

Prior to the acquisition of Beacon Development and reorganization of ABHOW's affordable housing division on January 1, 2015, development services were provided to the low income housing tax credit partnerships jointly by ABHOW or an affiliate and Beacon Development.

Advertising costs

Advertising costs incurred by the Properties are expensed as incurred and are included in marketing and advertising expenses in the consolidated statement of activities.

Property taxes

The Properties are exempt from some, but not all real property taxes. For those Properties that are required to pay property taxes, property taxes are expensed in the year of the lien on the property such that twelve months of expense are charged to operations each year.

Derivatives

One of the Properties, Pacific Meadows Senior Housing L.P. entered into an interest rate swap agreement as a free standing derivative as allowed under the applicable accounting standard to appropriately reflect the prospective intentions of holding the interest rate swap. The fair value of the interest rate swap is reported on the Corporation's Statement of Financial Position. Changes in fair value are included in change in fair market value of interest rate swap in the Corporation's Statements of Activities. The valuation technique is classified as Level 2 (see below) under the fair value measurements fair value hierarchy.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Accounting for uncertainty in income taxes

The Corporation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and state income tax and has been classified as an other than private foundation. Accordingly, no provision for federal and state taxes on revenue and income has been recognized in the accompanying consolidated financial statements.

Even though the Corporation is recognized as tax exempt, it still may be liable for tax on its unrelated business income (UBI). The Corporation evaluates uncertain tax positions through its review of the sources of income to identify UBI and certain other matters, including those which may affect its tax exempt status. The effect of the uncertainty would be recorded if the outcome was considered probable and reasonably estimable. As of September 30, 2015, the Corporation had no uncertain tax positions requiring accrual.

Generally, the Federal and State tax filings were subject to examinations from the three years after the later of the original or extended due date or the date filed with the applicable tax authority.

Concentration of credit risk

The Corporation maintains various cash balances with various regional and national financial institutions. The balances in the accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. As of September 30, 2015, the cash balances held at some of these financial institutions exceeded the FDIC insurance limit. The Corporation has not experienced any losses in such accounts. Management believes that the Corporation is not exposed to any significant credit risk on cash and cash equivalents.

The Corporation's operations are concentrated in the multifamily real estate market. In addition, the Corporation operates in a heavily regulated environment. The operations of the Corporation, specifically, the Properties, are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies. Such administrative directives, rules and regulations are subject to change. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, if any, to comply with a change.

Use of estimates in the preparation of consolidated financial statements

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**BEACON COMMUNITIES, INC. AND AFFILIATES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 1-ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Fair value

The Corporation is subject to the provisions of the Fair Value Measurement top of the FASB ASC 820-10 which provides guidance for assets and liabilities which are required to be measured at fair value and requires expanded disclosure for fair value measurement. The standard applies whenever other standards require or permit assets or liabilities to be measured at fair value and does not require any new fair value measurements. The Fair Value Measurement did not have a material impact on the Corporation's consolidated financial statements for the year ended September 30, 2015. The standard establishes a fair value hierarchy based on three levels:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Quoted prices for similar assets or liabilities in active markets
- Level 3 - Unobservable inputs for the asset or liability based on the best available information

The fair value of the interest rate swap agreement is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Subsequent events

Management performed an evaluation of the Corporation's activity through December 11, 2015, the audit report date, and has concluded that there are no significant subsequent events requiring disclosure through the date these consolidated financial statements were available to be issued.

NOTE 2-RESTRICTED CASH

The Properties have various cash balances which are segregated and restricted which consist of resident security deposits, tax and insurance escrow deposits, replacement reserves, and operating reserves which are required to be maintained by various operating, regulatory, or lending agreements. The Properties' designated restricted cash balances held in cash and cash equivalents as of September 30, 2015, consisted of the following:

Resident security deposits	\$ 500,176
Tax and insurance escrow deposits	248,850
Replacement reserves	3,143,919
Operating reserves	2,008,595
Other reserves	<u>2,055,704</u>
	<u>\$7,957,244</u>

**BEACON COMMUNITIES, INC. AND AFFILIATES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 3-NOTES RECEIVABLE

The Corporation as general partner in Bay Vista Partners LLLP and Valley Vista Senior Housing, L.P. entered into capital advance agreements with HUD under Section 202 of the Housing Act of 1959 to assist in financing the affordable housing properties. As required by the capital advance program agreements, the Corporation loaned the proceeds from the capital advances to Bay Vista Partners LLLP and Valley Vista Senior Housing, L.P. Bay Vista Partners LLLP was loaned \$9,709,002 and Valley Vista Senior Housing, L.P. was loaned \$12,282,400. The notes bear no interest and mature in October 1, 2069 (Bay Vista) and March 1, 2067 (Valley Vista).

The Corporation also has outstanding notes receivable from Harborview Manor LLLP, Pacific Meadows Senior Housing L.P., Tahoe Senior Housing II, L.P., and Three Rivers Senior Housing LLLP which were typically necessary to fund development costs. The Corporation's notes receivable and interest from these tax credit partnerships totaled \$17,709,392 as of September 30, 2015.

All notes receivable and interest balances eliminate in consolidation.

NOTE 4-PROPERTY AND EQUIPMENT

Property and equipment is recorded at cost and as of September 30, 2015, consisted of the following:

Land and improvements	\$ 27,820,502
Building and improvements	160,703,236
Furnishings and equipment	16,843,939
Automotive equipment	47,653
Construction in progress	<u>10,086,551</u>
Total	215,501,881
Less: accumulated depreciation	<u>(33,790,786)</u>
Balance, September 30, 2015	<u>\$181,711,095</u>

Depreciation expense for the year ended September 30, 2015 totaled \$5,843,899. Construction contracts and commitments exist with various counterparties for the redevelopment of Rotary Plaza. The total cost of the rehabilitation is expected to be approximately \$28,000,000, which includes a construction contract with D&H Construction totaling \$18,103,684 plus change orders to date of \$625,640. At September 30, 2015, \$7,527,661 of the contract has been completed and \$2,920,364 remains payable.

**BEACON COMMUNITIES, INC. AND AFFILIATES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 5—FAIR VALUE

FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investments in the near term.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents held for investment, commercial paper, mutual funds, equity securities, corporate debt securities, and U.S. government securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics, discounted cash flows, or net asset value as described below. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Interest Rate Swap Agreements – The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

BEACON COMMUNITIES, INC. AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015

NOTE 5-FAIR VALUE (CONTINUED)

The following tables present the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall at September 30, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value at September 30, 2015</u>
Investments				
Cash and cash equivalents	\$ 10,025	\$ -	\$ -	\$ 10,025
Mutual funds	-	-	-	-
Commodities and structure products	-	-	-	-
Domestic equities	-	-	-	-
Foreign equities	-	-	-	-
Domestic corporate debt	822,319	-	-	822,319
U.S. government securities	<u>760,629</u>	-	-	<u>760,629</u>
Total investments	\$ 1,592,973	\$ -	\$ -	\$ 1,592,973
Interest rate swaps and caps	\$ -	\$ (1,849,719)	\$ -	\$ (1,849,719)

NOTE 6-INVESTMENTS

Investments at September 30, 2015, consisted of the following at fair value:

Cash and cash equivalents	\$ 10,025
Mutual funds	-
Commodities and structure products	-
Domestic equities	-
Foreign equities	-
Domestic corporate debt	822,319
U.S. government securities	<u>760,629</u>
Total	<u>\$ 1,592,973</u>

Investment income for the year ended September 30, 2015, is as follows:

Dividend, Interest, and other investment income	\$ 32,973
Net realized gain (loss) on Investments	175
Net unrealized gain (loss) on Investments	<u>(25,575)</u>
Total Investment income - net	<u>\$ 7,573</u>

Investment Income is net of investment expenses of \$9,607 for the year ended September 30, 2015.

**BEACON COMMUNITIES, INC. AND AFFILIATES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 7-OTHER ASSETS

Investments in Properties, equity method

As of September 30, 2015, the Corporation held a 0.0049% ownership interest in Tower Park LP. Tower Park LP is developing a 50 unit affordable housing community for seniors in Modesto, California. The balance of the equity investment as September 30, 2015 totaled \$2,282.

Unamortized costs

Certain Properties incurred financing costs and tax credit monitoring fees of \$2,059,162 in connection with the financing and development of the affordable housing properties. Amortization expense for the year ended September 30, 2015 totaled \$138,438. Accumulated amortization at September 30, 2015 totaled \$281,414.

Estimated amortization expense for each of the next five years and thereafter is as follows:

2016	\$	78,822
2017		77,932
2018		75,766
2019		74,592
2020		74,592
Thereafter		<u>1,396,044</u>
		<u>\$ 1,777,748</u>

Goodwill

The Corporation recognized goodwill of \$2,109,161 in connection with the acquisition of Beacon Development on January 1, 2015 related to the value of the expected synergies from combining operations, and its employees, industry specific knowledge and client relationships in place on the acquisition date.

Pacific Meadows Senior Housing, L.P. recognized goodwill totaling \$4,355,202 in connection with the acquisition of the property and equipment in 2010.

Through September 30, 2015, the Corporation has not identified any impairment losses in the carrying value of goodwill. As of September 30, 2015, the goodwill value totaled \$6,464,363.

**BEACON COMMUNITIES, INC. AND AFFILIATES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8-CORPORATION NOTES PAYABLE AND OTHER OBLIGATIONS

ABHOW - Master Transfer Agreement

The Corporation entered into a master transfer agreement dated January 1, 2015 with ABHOW in exchange for the transfer of affordable housing related assets and liabilities. The master transfer agreement details the form of two non-interest bearing interaffiliate notes:

The first note payable to ABHOW totaled \$2,242,486 and calls for quarterly payments of \$28,000 until September 30, 2034 and a final quarterly payment of \$30,486 on maturity December 31, 2034.

The second note payable to ABHOW totaled \$1,364,447 and calls for payments annually contingent upon the Corporation's ability to achieve certain levels of cash flow and operating margin. The second note payable to ABHOW does not have a stated maturity date.

Outstanding principal at September 30, 2015 totaled \$2,242,486 for the first note payable and \$1,364,447 for the second note payable, respectively.

ABHOW - Beacon Development

Beacon Development entered into a promissory note payable to ABHOW in an original amount of \$2,350,000 and a term of 12 years maturing on January 1, 2027. The note bears interest at 4.5% per annum and requires annual principal payments of \$200,000 plus accrued interest with unpaid principal due on the maturity date. Interest expense for the year ended September 30, 2015 totaled \$79,313. Outstanding principal and accrued interest at September 30, 2015 totaled \$2,350,000 and \$79,313, respectively.

Housing Authority of the County of Monterey

The Corporation entered into a development fee sharing agreement with the Housing Authority of the County of Monterey ("HACM") in connection with the development of Pacific Meadows Senior Housing, L.P. The Corporation is required to pay HACM 50% of each deferred fee payment received from Pacific Meadows Senior Housing, L.P. for further consideration of HACM's lease of the property to Pacific Meadows Senior Housing, L.P. Deferred development fees due the Corporation from Pacific Meadows Senior Housing, L.P. at September 30, 2015 totaled \$1,719,188, however, only \$1,042,475 is covered by the development fee sharing agreement. Deferred development fees payable to HACM from the Corporation at September 30, 2015 totaled \$521,238, which is included in notes and bonds payable on the Statement of Financial Position.

**BEACON COMMUNITIES, INC. AND AFFILIATES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 8-CORPORATION NOTES PAYABLE AND OTHER OBLIGATIONS (CONTINUED)

Housing Authority of the County of Monterey (continued)

Scheduled maturities of corporation notes payable and other obligations are approximately as follows:

2016	\$	312,000
2017		312,000
2018		312,000
2019		312,000
2020		312,000
Thereafter		<u>4,918,171</u>
		<u>\$ 6,478,171</u>

NOTE 9-PROPERTIES' MORTGAGES AND LONG TERM DEBT

The following mortgage loans and notes payable are collateralized by various trust deeds covering the Properties' land, buildings, and improvements:

Bay Vista Partners LLLP (d.b.a. The Pearl on Oyster Bay)

Capital advance payable to HUD by the Corporation, secured by The Pearl on Oyster Bay real estate. The non-recourse capital advance bears no interest and matures on October 1, 2069. Loan funding was conditional on the General Partner (a wholly owned affiliate of the Corporation) loaning the proceeds of the advance to Bay Vista Partners LLLP.

\$ 9,709,002

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9-PROPERTIES' MORTGAGES AND LONG TERM DEBT (CONTINUED)

Good Shepherd Senior Housing (d.b.a. Shepherd's Garden)

Capital advance payable to Snohomish County in the state of Washington, secured by Shepherd's Garden real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2050, unless forgiven.

\$ 462,453

Promissory note payable to the State of Washington, secured by Shepherd's Garden real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2050, unless forgiven.

\$ 1,999,629

Capital advances payable to the HUD, secured by Shepherd's Garden real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2050, unless forgiven.

\$ 5,077,587

Harborview Manor LLLP (d.b.a. Harbor View Manor)

Series A promissory note payable to US Bank, secured by Harbor View Manor real estate and due on January 1, 2029. The loan bore interest at one-month LIBOR plus 3.0% until June 1, 2013, when the rate converted to 6.85%.

\$ 1,983,099

**BEACON COMMUNITIES, INC. AND AFFILIATES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9-PROPERTIES' MORTGAGES AND LONG TERM DEBT (CONTINUED)

Hillcrest Senior Housing, Inc. (d.b.a. Hillcrest Gardens)

Capital advances payable to HUD, secured by Hillcrest real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years. The HUD capital advance agreement was entered into on April 1, 2007.

\$ 5,620,000

Promissory notes payable to the City of Daly City and County of San Mateo, secured by Hillcrest real estate. The notes bear interest at rates ranging from 0% to 3.0% simple interest, with 55 year terms. Commencement dates of payables range from June 14, 2006 to May 20, 2009. All but one note requires payments from residual receipts, and two notes will be forgiven at maturity if certain provisions are met.

\$ 4,112,084

Loan payable to Bank of the West, secured by a subordinated interest in Hillcrest real estate. The loan is non-interest bearing, non-amortizing, and will be forgiven at the end of the fifteen year term, after the May 20, 2009 commencement date of the loan, if the owner has not defaulted under the terms of the note.

\$ 270,535

Judson Terrace Lodge, Inc. (d.b.a. Judson Terrace Lodge)

Capital advance payable to HUD, secured by Judson Terrace Lodge real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years. The HUD capital advance agreement was entered into on January 1, 2003.

\$ 2,593,900

Promissory notes payable to the City and County of San Luis Obispo, secured by Judson Terrace Lodge real estate. The notes bear interest at a variable rate and 3.0% simple interest, respectively, with principal and interest due in 2033 and 2034, respectively. All principal and interest will be forgiven at maturity if certain provisions are met.

\$ 1,317,000

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 9-PROPERTIES' MORTGAGES AND LONG TERM DEBT (CONTINUED)

Oak Knolls Haven, Inc. (d.b.a. Oak Knolls Haven)

5.70% first mortgage payable to Evanston Financial in monthly installments including interest until December 1, 2042. The loan is secured by a deed of trust on Oak Knolls real estate and a security interest in all rents, profits and income from Oak Knolls Haven.

\$ 1,699,688

Pacific Meadows Senior Housing L.P. (d.b.a. Pacific Meadows)

Series 2010A Variable Rate Demand Multifamily Housing Revenue Bond secured by Pacific Meadows real estate and backed by a letter of credit through Chase, which expired in December 2012. The loan bears interest at a variable rate, payable monthly, and matures in 2042. Bonds partially repaid in October 2012 using tax credit equity, and the letter of credit with Chase was replaced with a credit enhancement agreement with Freddie Mac.

\$ 6,508,564

Promissory note payable to the California Housing and Community Development Department, secured by Pacific Meadows real estate and due in 2047. The loan bears interest at 3.0%. Once operational, interest is payable annually from residual cash flows, and both principal and all unpaid interest are due in full upon maturity.

\$ 3,100,000

Promissory note payable to the County of Monterey in the state of California, secured by Pacific Meadows real estate. The loan bears interest at 3%. Once operational, interest is payable annually from residual cash flows, and both principal and all unpaid interest are due in full upon loan maturity in 2065.

\$ 625,334

**BEACON COMMUNITIES, INC. AND AFFILIATES
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 9-PROPERTIES' MORTGAGES AND LONG TERM DEBT (CONTINUED)

Redlands Senior Housing, Inc. (d.b.a. Casa de la Vista)

4.75% mortgage note to HUD. Payable in monthly installments including interest until April 1, 2045. The loan is secured by a deed of trust on Casa de la Vista's property and security interest in all rents, profits and income from the property.

\$ 3,630,555

Redlands Senior Housing Two (d.b.a. Fern Lodge)

Capital advances payable to HUD, secured by Fern Lodge real estate, 5.75% interest payable monthly if not maintained as affordable housing, principal due 2039, unless forgiven.

\$ 4,889,200

Rotary Plaza LP (d.b.a. Rotary Plaza)

Series 2015A Variable Rate Demand Multifamily Housing Revenue Bond in a maximum amount of \$32,000,000, secured by Rotary Plaza real estate. The loan bears interest at 4.36% per annum and requires interest only payments until permanent conversion which is estimated to occur in 2016. Monthly principal and interest payments are required after permanent conversion.

\$ 14,661,943

Promissory note payable to the seller, Rotary Plaza, Inc., the minority general partner in Rotary Plaza, LP, secured by Rotary Plaza real estate. The promissory note bears interest at 2.67% per annum and requires payments from surplus cash as defined in the agreement with principal and interest due at maturity in 2072.

\$ 23,465,741

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9-PROPERTIES' MORTGAGES AND LONG TERM DEBT (CONTINUED)

Salishan Senior Housing, Inc. (d.b.a. Salishan Gardens)

Capital advances payable to Pierce County in the State of Washington, secured by Salishan Gardens real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2040, unless forgiven. \$ 200,000

Promissory note payable to the State of Washington, secured by Salishan Gardens real estate. The capital advances bear no interest and principal is required to be repaid annually in the amount of 50% of residual cash flow, with the remaining principal due in 2051, upon maturity. \$ 2,250,000

Capital advances payable to Tacoma Community Redevelopment Authority, secured by Salishan Gardens real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due between 2049-2051, unless forgiven. \$ 1,200,000

Capital advances payable to HUD, secured by Salishan Gardens real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2051, unless forgiven. \$ 7,647,299

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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NOTE 9-PROPERTIES' MORTGAGES AND LONG TERM DEBT (CONTINUED)

San Leandro Senior Housing, Inc. (d.b.a. Broadmoor Plaza)

Capital advances payable to HUD, secured by Broadmoor Plaza real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, various principal due dates from 2044 to 2064, unless forgiven. \$ 5,647,700

Promissory notes payable to the City of San Leandro and County of Alameda, secured by Broadmoor Plaza real estate. The notes bear 3.0% simple interest and have due dates of 2061, 2062, and 2064. \$ 2,429,180

Tahoe Senior Plaza, Inc. (d.b.a. Tahoe Senior Plaza)

Capital advances payable to HUD, secured by Tahoe Senior Plaza real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing, principal due 2039, unless forgiven. \$ 4,603,381

Tahoe Senior Housing II, L.P. (d.b.a. Kelly Ridge)

Construction loans payable to the City of South Lake Tahoe, secured by Kelly Ridge real estate and due in 2064. The loans bear interest at a fixed rate of 3.0%, with principal and accrued interest only payable to the extent that certain operating cash flow targets are achieved by the community. \$ 4,306,719

Loan payable to Bank of the West, as the party advancing funds received from the Federal Home Loan Bank of San Francisco's Affordable Housing Program, secured by a subordinated interest in Kelly Ridge real estate. The loan is non-interest bearing, non-amortizing and is not repayable unless certain conditions are met over the 15-year retention period. The loan payable commenced on August 1, 2009. \$ 172,000

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9-PROPERTIES' MORTGAGES AND LONG TERM DEBT (CONTINUED)

Three Rivers Senior Housing LLLP (d.b.a. Three Rivers Village)

Mortgage note payable to the Washington Community Reinvestment Association in monthly installments including interest of 6.25%, until July 1, 2018. In September 2013, Three Rivers Senior Housing LLLP assumed the loan from Richland Senior Housing LLC and immediately paid the balance down to \$300,000. The mortgage note is secured by the Three Rivers Village property.

\$ 183,975

Housing Trust Fund loan from the Washington Department of Commerce, secured by Three Rivers Village real estate, maturing on February 28, 2054. Interest begins to accrue on March 1, 2014 at 1.0%, compounding quarterly. Quarterly principal and interest payments begin May 31, 2021.

\$ 1,100,000

Housing Trust Fund loans from the Washington Department of Commerce, secured by Three Rivers Village real estate, maturing on February 28, 2054. Interest begins to accrue on March 1, 2014 at 1.0%, compounding annually. A payment of \$1,191,091 is due at maturity to pay both principal and accrued interest.

\$ 800,000

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 9-PROPERTIES' MORTGAGES AND LONG TERM DEBT (CONTINUED)

Valley Vista Senior Housing, L.P. (d.b.a. Valley Vista)

Capital advance payable to HUD by the Corporation, secured by Valley Vista's real estate. The non-recourse capital advance bears no interest and matures on March 1, 2067. Loan funding was conditional on the General Partner (a wholly owned affiliate of the Corporation) loaning the proceeds of the advance to Valley Vista Senior Housing, L.P.

\$ 12,282,400

Land acquisition loans payable to the San Ramon Redevelopment Agency Contra Costa, secured by Valley Vista real estate. The land acquisition advances bear interest at 3.0% for the first 30 years from the dates of disbursement and no interest thereafter, and are due 55 years after project completion. Loans payable commenced on December 1, 2009.

\$ 8,000,000

Promissory note payable to Bank of the West, secured by Valley Vista real estate and due in 2065. The loan bears no interest and is non-amortizing.

\$ 945,000

Promissory note payable to the California Tax Credit Allocation Committee, secured by Valley Vista real estate and due in 2065. The loan bears no interest and is non-amortizing.

\$ 725,000

Total mortgage loans and notes payable

\$144,218,968

Interest expense for the year ended September 30, 2015 totaled \$1,884,613. Accrued interest at September 30, 2015 totaled \$6,706,073.

Scheduled maturities of mortgage loans and notes payable are approximately as follows:

2016	\$ 257,638
2017	274,587
2018	262,334
2019	236,077
2020	250,991
Thereafter	<u>142,937,341</u>

\$144,218,968

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 10-FAIR MARKET VALUE OF INTEREST RATE SWAP

Pacific Meadows Senior Housing L.P. entered into an interest rate swap agreement converting the variable interest rate to a fixed rate of 4.36%. The agreement has an effective date of April 1, 2012 and matures April 1, 2030. The mark-to-market adjustments for the year ended September 30, 2015 on this interest rate swap agreement resulted in unrealized losses of \$461,115, and the fair market value of interest rate swap liability totaled \$1,849,719 as of September 30, 2015. The net effect of this interest rate swap was an increase in interest expense totaling \$298,583 for the year ended September 30, 2015.

The activity and balance of the interest rate swap agreement as of and for the year ended September 30, 2015 is as follows:

Fair value of interest rate swap agreement, October 1, 2014	\$ 1,388,604
Increase in unrealized loss from fair value adjustment	<u>461,115</u>
Fair value of interest rate swap agreement, September 30, 2015	<u>\$ 1,849,719</u>

NOTE 11-RELATED PARTIES

Beacon Communities, Inc. provides affordable housing management and development services in connection with the operation of the Properties. Fees earned under management and development contracts are typically regulated by HUD or state agencies.

The employees of Beacon Development and the Properties are employees of Beacon Communities, Inc. All payroll and related expenses are recorded and paid by the Beacon Communities, Inc., and Beacon Development and the Properties reimburse Beacon Communities, Inc. for these expenses throughout the year as they are incurred.

The Properties' insurance coverage is provided for under consolidated policies issued through conventional insurance providers and maintained by ABHOW. The Properties reimburse Beacon Communities, Inc., who then reimburses ABHOW for these expenses as premiums are incurred.

All material intercompany accounts and transactions have been eliminated in consolidation.

Additionally, as part of the master transfer agreement described in Note 1, it was agreed that the Corporation would reimburse ABHOW for its portion of corporate office rent and, on a contingent basis, would reimburse ABHOW for certain costs incurred in support of the Corporation's operations dependent upon the Corporation's ability to achieve certain levels of cash flow and operating margin. The Corporation owed ABHOW \$1,298,680 as of September 30, 2015 for reimbursements and other advances.

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 12-FUNCTIONAL EXPENSES

Management of the Corporation presents operating expenses in its accompanying Consolidated Statement of Activities by natural class categories. Operating expenses classified by functional categories for the year ended September 30, 2015 are as follows:

Direct resident care	\$	-
Dietary services		-
Housekeeping and laundry services		-
Property		6,892,009
Resident services and activities		397,458
Marketing and advertising		233,785
Administration and general		<u>4,014,741</u>
Total expenses		<u>\$ 11,537,993</u>

NOTE 13-MANAGEMENT OF AFFORDABLE HOUSING

The Corporation provides housing management services to affordable housing communities. The fee revenue for the services provided to properties owned or sponsored by unaffiliated organizations are included in affordable housing fees and rents on the Consolidated Statement of Activities and for the year ended September 30, 2015 are as follows:

Allen Temple Arms I	\$	60,098
Allen Temple Arms II		40,790
Allen Temple Arms III		33,525
Allen Temple Arms IV		22,831
Arbor Vista		44,280
Bellflower Friendship Manor		95,348
Bellflower Oak Street Manor		15,188
E.E. Cleveland Manor		38,399
Interfaith Housing		29,889
Judson Terrace		52,020
Life's Garden		42,364
Lomita Manor		39,848
Manila Terrace		15,000
Mount Rubidoux Manor		143,584
Parnow Friendship House		25,020
Pleasanton Gardens		18,000
San Rafael Rotary Manor		47,140
Vineyard Village		<u>41,513</u>
Total management fees		<u>\$ 804,837</u>

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 13-MANAGEMENT OF AFFORDABLE HOUSING (CONTINUED)

The Corporation is due amounts for fee revenue for the services provided as well as reimbursable amounts such as payroll, insurance, benefits and other costs. Amounts owed by these properties are included in management and development accounts receivable on the Consolidated Statement of Financial Position and at September 30, 2015 are as follows:

Allen Temple Arms I	\$	42,439
Allen Temple Arms II		15,785
Allen Temple Arms III		28,130
Allen Temple Arms IV		49,851
Arbor Vista		31,822
Bellflower Friendship Manor		4,138
Bellflower Oak Street Manor		2,258
E.E. Cleveland Manor		28,625
Interfaith Housing		28,555
Judson Terrace		39,890
Life's Garden		113,223
Lomita Manor		35,408
Manila Terrace		9,075
Mount Rubidoux Manor		130,330
Pleasanton Gardens		15,448
San Rafael Rotary Manor		28,076
Vineyard Village		<u>34,176</u>
Total receivables	\$	<u>637,229</u>

NOTE 14-TRANSFER OF AFFORDABLE HOUSING

On January 1, 2015, the Corporation entered into a master transfer agreement with ABHOW where ABHOW affordable housing employees became employees of the Corporation and all operational activities, assets and liabilities associated with ABHOW's affordable housing line of business were also transferred to the Corporation. The Corporation recognized contribution income totaling \$7,148,093 during the year ended September 30, 2015 in connection with the transfer. In addition, during the year ended September 30, 2015 ABHOW, transferred the sole memberships of the wholly owned affiliates.

**BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2015**

NOTE 15-COMMITMENTS AND CONTINGENCIES

Guarantees

The Corporation and ABHOW have issued guarantees to cover operating deficits and to ensure compliance with certain on-going aspects of the amended and restated limited partnership agreements ("LPA") of the low income housing tax credit partnerships. Management periodically evaluates the potential exposure from these on-going guarantees. The Corporation has not provided support under these guarantees in the past and based on the current evaluation, management believes they cumulatively do not constitute a material future financial risk exposure for the Corporation.

The Corporation and ABHOW, as co-guarantors, have also issued unconditional project completion guarantees for tax-credit financed affordable housing partnerships in which the Corporation serves as a general partner. On January 21, 2014, ABHOW and the Corporation provided such a co-guaranty for the completion of the redevelopment of Rotary Plaza, with the guaranty anticipated to expire in late 2016.

Low income housing tax credits

Certain Properties have received allocations of low-income housing tax credits. The tax credits are contingent on the applicable Properties' ability to maintain compliance with applicable sections of Section 42. Failure to maintain compliance with occupant eligibility, and/or unit gross rent, or to correct non-compliance within a specified time period could result in recapture of previously taken tax credits. In addition, such potential noncompliance may require adjustments as disclosed in the Properties' partnership agreements.

Use or regulatory agreements

Substantially all of the Properties have executed a use or regulatory agreement in connection with the financing. The agreements require the Properties to maintain certain affordability and rental restrictions.

BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2015

ASSETS

	Beacon Communities, Inc.	Beacon Development Group, LLC	Properties	Eliminations	Total
Current assets					
Cash and cash equivalents	\$ 926,757	\$ 127,280	\$ 1,629,966	\$ -	\$ 2,684,003
Investments	1,592,973	-	-	-	1,592,973
Resident accounts receivable	-	-	38,285	-	38,285
Management and development accounts receivable	637,229	204,028	-	-	841,257
Development and operating advance receivable, net	860,501	-	52	(600,392)	260,161
Intarcompany	774,535	-	-	(774,535)	-
Prepaid expenses, deposits, and other assets	-	3,780	88,085	-	91,865
Total current assets	4,791,995	335,088	1,756,388	(1,374,927)	5,508,544
Restricted cash	-	4,275	7,952,969	-	7,957,244
Land, building, and equipment, net	-	23,017	181,688,078	-	181,711,095
Other assets					
Investments in Properties, equity method	1,313,746	-	-	(1,311,464)	2,282
Notes receivable, net	39,700,794	-	-	(39,700,794)	-
Unamortized costs	-	-	1,777,748	-	1,777,748
Goodwill	-	2,109,161	4,355,202	-	6,464,363
Total other assets	41,014,540	2,109,161	6,132,950	(41,012,258)	8,244,393
Total assets	\$ 45,806,535	\$ 2,471,541	\$ 197,530,385	\$ (42,387,185)	\$ 203,421,276
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued expenses	\$ 241,294	\$ 255,839	\$ 491,341	\$ (28,893)	\$ 959,581
Accrued interest - short term	-	-	34,723	-	34,723
Accounts payable - construction	-	-	2,920,364	-	2,920,364
Due to affiliates	1,298,680	-	602,160	(600,392)	1,300,448
Intercompany	-	299,450	446,042	(745,492)	-
Notes and bonds payable, current portion	112,000	200,000	257,638	-	569,638
Prepaid and deferred revenue	-	-	23,704	-	23,704
Total current liabilities	1,651,974	755,289	4,778,972	(1,374,777)	5,808,458
Deposits	-	-	467,272	-	467,272
Long term liabilities					
Notes and bonds payable, net of current portion	26,007,573	2,150,000	159,689,039	(37,719,111)	150,127,501
Accrued interest, net of short term	-	79,313	8,662,128	(1,990,778)	6,750,663
Fair market value of interest rate swap	-	-	1,849,719	-	1,849,719
Total long term liabilities	26,007,573	2,229,313	170,200,886	(39,709,889)	158,727,883
Total liabilities	27,659,547	2,984,602	175,444,130	(41,084,666)	165,003,613
Unrestricted net assets of the non-controlling interest	-	-	31,911,989	-	31,911,989
Unrestricted net assets of the controlling interest	18,146,988	(513,061)	(9,825,734)	(1,302,519)	6,505,674
	\$ 45,806,535	\$ 2,471,541	\$ 197,530,385	\$ (42,387,185)	\$ 203,421,276

BEACON COMMUNITIES, INC. AND AFFILIATES
(A CALIFORNIA NON-PROFIT PUBLIC BENEFIT CORPORATION)

SUPPLEMENTARY INFORMATION
CONSOLIDATING STATEMENTS OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2015

	Beacon Communities, Inc.	Beacon Development Group, LLC	Properties	Eliminations	Total
Revenue					
Affordable housing fees and rents	\$ 1,399,262	\$ -	\$ 9,902,234	\$ (594,425)	\$ 10,707,071
Affordable housing development	744,914	1,373,656	-	-	2,118,570
Bequests and charitable giving	-	-	30,506	-	30,506
Other operating revenue	156,905	73,264	73,611	-	303,780
Total revenue	2,301,081	1,446,920	10,006,351	(594,425)	13,159,927
Operating expenses					
Salaries and wages	1,207,863	1,229,599	2,180,881	-	4,618,343
Employee benefits	296,994	295,176	720,442	-	1,312,612
Supplies	6,864	5,591	355,082	-	367,537
Marketing and advertising	12,739	12,655	208,391	-	233,785
Repairs and maintenance	-	1,912	744,704	-	746,616
Purchased services	247,374	96,232	1,715,853	(598,484)	1,460,975
Leases and rents	129,182	77,335	103,516	-	310,034
Utilities	-	-	1,063,410	-	1,063,410
Travel and related expenses	187,005	55,263	111,121	-	353,389
Other operating expenses	67,121	89,354	485,295	-	641,770
Insurance	5,804	16,071	407,647	-	429,522
Total operating expenses	2,160,946	1,879,189	8,096,342	(598,484)	11,537,993
Income (loss) from operations	140,135	(432,269)	1,910,009	4,059	1,621,934
Other income (expenses)					
Change in fair market value of interest rate swap	-	-	(461,115)	-	(461,115)
Interest	-	(80,792)	(2,252,229)	367,616	(1,965,405)
Depreciation and amortization	-	-	(5,982,337)	-	(5,982,337)
Contribution income	7,148,093	-	-	-	7,148,093
Interest and investment income, net	370,303	-	4,647	(362,730)	12,220
Total other income (expenses)	7,518,396	(80,792)	(8,691,034)	4,886	(1,248,544)
Change in unrestricted net assets	7,658,531	(513,061)	(6,781,025)	8,945	373,390
Change in unrestricted net assets of the non-controlling interest	-	-	(5,188,488)	-	(5,188,488)
Change in unrestricted net assets of the controlling interest	\$ 7,658,531	\$ (513,061)	\$ (1,592,537)	\$ 8,945	\$ 5,561,878

Agenda Item 1 Item Description

Beacon Communities

Administrator

GENERAL STATEMENT OF POSITION:

Under general direction, administers directives set forth by the Board of Directors, Property

Supervisor and Director of Operations; conducts the affairs of the local home in accordance with federal, state, and local standards, laws and ordinances; manages and controls the functions of all departments of the retirement community to provide quality services within budgetary boundaries.

REPORTS TO: Property Supervisor

DEPARTMENT: AFFORDABLE HOUSING

LOCATION: Affordable Housing Community

ESSENTIAL FUNCTIONS:

The following duties are normal for this position. These are not to be construed as exclusive or all inclusive. Other duties may be required and assigned.

- Coordinates the operations and delivery of services; prepares, plans and executes the policies for the services offered;
- Supervises department heads, including instructing, assigning and reviewing work, planning, maintaining standards, coordination activities, allocating personnel, acting on employee problems, selecting new employees, and recommending/approving transfers/promotions, discipline, termination, and salary increases; promotes staff development and motivation; oversees a program for orientation and training for all employees; writes performance appraisals; interprets personnel policies and practices;
- Develops new programs to enhance welfare of residents; communicates with the resident council; counsels and responds to requests and/or complaints from residents; advises and receives information from families;
- Is responsible for occupancy; oversees move-ins and interviews prospective residents;
- Maintains or oversees the maintenance of records;
- Authorizes purchases of supplies and equipment;
- Reviews and approves invoices, submit to accounting department in a timely manner;
- Assures that buildings and grounds are properly maintained;
- Develops strategic plan and oversees development and implementation of various systems and functions including redecorating schedule and preventative maintenance plan;
- Plans for and attends various resident and staff functions;

- Monitors the financial condition of the community; estimates present and future financial needs; monitors, prepares, and administers financial analysis, budgets, and cash management;
 - Participates in area and state association meetings, committees, etc;
 - Prepares and presents regular reports to the Board of Directors;
 - Devises plans for disaster and emergency response;
 - Responsible for the preparation of estimated annual budgets;
 - Responsible for the operations, programs and problems, and resources available to resolve Home problems;
-
- Enforces house rules to all tenants, responsible for tenant management including administering 30 day, 10 day and 3 day notices and processing any evictions;
 - Enforces rules, regulations, laws and ordinances of various departments and pertinent agencies.

Physical Requirements:

- Ability to operate a variety of automated office machines including a personal computer, calculator, telephone, copy machine, fax, etc;
- Ability to coordinate eyes, hands and fingers in performing semi-skilled tasks including typing, calculating, etc;
- Ability to coordinate eyes, hands, arms and legs in driving;
- Ability to exert light physical effort in sedentary to light work involving sitting most of the time, but may involve walking or moving from one area to another and standing or remaining stationary for periods of time;
- Ability to perceive color, odor, sound and taste.

Supervisory Responsibilities:

- Ability to assign, review, plan and coordinate the work of other employees;
- Ability to provide instruction and guidance to staff; promote staff development and motivation; and analyze problems that arise in the areas under supervision and recommend solutions;
- Ability to approve the discipline or discharge of staff, approve transfers, promotion or salary increase of employees;
- Ability to assess the work of employees and write performance appraisals;
- Ability to oversee a program for orientation and training for all employees.

Mathematical Ability:

- Ability to add, subtract, multiply and divide and calculate decimals, ratios, percentages, and fractions;
- Ability to perform and apply descriptive and inferential statistics.

Judgment and Situational Reasoning Ability:

- Ability to apply principles of influence systems such as supervising, instructing, etc;
- Ability to apply principles of synthesis functions in long range planning;
- Ability to use independent judgment in fairly routine situations, such as planning, overseeing local home policy, and carrying out corporate policy.

Language Ability and Interpersonal Communication:

- Ability to comprehend and correctly use a variety of informational documents including budgets, invoices, status, vacancy, and income/expense reports, payroll authorization/status change, daily census, and accounts receivable;
- Ability to prepare variance analysis, survey plan of correction, personal expense reports, Income/Expense reports, regulatory reports, capital budget, performance evaluations, and agendas using prescribed format and conforming to all rules of punctuation, grammar, diction and style;
- Remains current on legislation and regulations that may impact home operations; directs completion of all records/reports required by licensing agencies; conducts audits for sanitation and regulatory compliance;
- Develops and maintains effective working relationships with community resources;
- Promotes and protect the rights of each resident;
- Performs other related essential duties as required.

MARGINAL FUNCTIONS

- Reviews employee, resident and vendor files;
- Maintains and reviews minutes of various committee and staff meetings; prepares agendas;
- Photocopies and distributes relevant information to department heads.

MINIMUM TRAINING AND EXPERIENCE

Prefer bachelor's degree with a major in one of the professional disciplines concerned with service to people such as social work, business or public administration or a related field. At least 2 years experience as manager for affordable housing community; membership and active participation in professional and community service organization is very helpful; or any equivalent combination of training and experience which provides the required skills, knowledge and abilities.

Licensing Requirements

- Requires possession of a Class C California Drivers License.
- May require First Aid and CPR Certification through the American Red Cross.

KNOWLEDGE AND ABILITIES REQUIRED TO PERFORM ESSENTIAL JOB FUNCTIONS

Knowledge of:

- Administrative principles and practices with particular reference to affordable housing community operations and administration;
- Accounting information systems and/or fund accounting and internal control;
- Ability to comprehend a variety of reference books and manuals including professional journals, architectural drawings, administrative manuals, HUD 4350.1 handbook, Emergency Procedures Manual, and job descriptions;

- Ability to communicate effectively with residents and families, staff, department heads, media, attorneys, architects, vendors, consultants, and the Board of Directors utilizing a broad base of verbal and writing skills; ability to network, maintain a positive public relations profile, and become politically involved in the local community;
- Ability to utilize and interpret legal, financial, accounting, and related terminology as necessary in communicating in an effective manner;
- Ability to keep abreast of any changes in policy, methods, operations, etc. as they pertain to

Affordable Housing operations and activities.

Environmental Ability:

- Ability to work in an office environment

BEACON is an Equal Opportunity Employer. In compliance with the Americans with Disabilities

Act, BEACON will provide reasonable accommodations to qualified individuals with disabilities and encourages both prospective employees and incumbents to discuss potential accommodations with the employer.

This Job Description has been prepared for BEACON for use in planning, staffing, budgeting and/or evaluation of employees. It also provides employees with a guide to the duties they are expected to effectively handle in the course of their employment with BEACON.

BEACON COMMUNITIES

Maintenance Supervisor

GENERAL STATEMENT OF JOB

Under limited supervision, perform and supervises work in the operation, maintenance, and security of buildings, grounds, and facilities in order to ensure efficient plant operation. Plans schedules, supervises, participates in, and inspects the work of departmental employees engaged in the operation, maintenance, repairs and safe guarding of building and facilities. Employee is on call in case of an emergency.

REPORTS TO: Administrator

ESSENTIAL FUNCTIONS:

The following duties are normal for this position. These are not to be construed as Exclusive or all-inclusive. Other duties may be required and assigned.

- Schedules, assigns, and supervises the maintenance of units and public spaces;
- Completes all unit repairs, completes move-in inspections, schedules unit refurbishing by outside vendors, including painting, re-carpeting, etc; supervises activities of outside contractors, ensuring quality of work performed and adherence to established project specifications;
- Oversees the maintenance of grounds, buildings, parking lots, sprinkler systems and fences and facilities;
- Secures or arranges for availability of necessary work orders, materials, equipment, tools, parts, and permits;
- Conducts preventative maintenance program;
- Cleans carpet and vinyl floor covering surfaces;
- Establishes and maintains necessary procedure manuals and records;
- Conducts and oversees safety training of employees on proper, safe and efficient use of equipment, materials, supplies and safety equipment;
- Encourages safety practices of tenants and guests on site;
- Assists the Administrator in maintaining compliance with Cal-OSHA requirements for reporting work-related accidents;
- May instruct workers on work prior to commencing project;
- May inspect work upon completion of assigned tasks;
- May assume command as detailed in the Disaster Plan in the event of a disaster;
- Attends in-service training workshops and meetings as required;
- Conducts work tasks safely and in compliance with the facility safety program;
- Provides effective and courteous service to all residents, guests and co-workers;
- Performs related essential duties as required;

MINIMUM TRAINING AND EXPERIENCE:

Graduation from high school; at least 5 years experience in the maintenance trade fields; at least one user of which includes supervisory experience; or and equivalent combination of training and experience which provides the required skills, knowledge and abilities.

KNOWLEDGE AND ABILITIES

REQUIRED TO PERFORM ESSENTIAL JOB FUNCTIONS:

Knowledge of:

- Operating principles and maintenance requirements of the mechanical and electrical installations on facility property;
- Physical layout of facility property;
- Practices, procedures, materials and equipment used in the plumbing, masonry, electrical, heating and air conditionally and a negligible amount force constantly to move objects;
- Ability to coordinate hands and eyes in performing semi-skilled movements, such as preparation of paper work;
- Ability to differentiate colors and shades of color in performing electrical maintenance and repairs;
- Ability to exert physical effort in medium to heavy work involving a combination of sitting, standing, walking, and climbing ladders;

Supervisory Responsibilities:

- Ability to plan and supervise the work of skilled and semi-skilled workers;

Mathematical Ability:

- Ability to add, subtract, multiply, and divide;
- Ability to calculate decimals and percentages;
- Ability to determine time and weight;

Judgment and Situational Reasoning Ability:

- Ability to apply common sense understanding to perform semi-repetitive tasks, i.e. machine monitoring and repair;
- Ability to apply principles of rational system in order to perform mechanical repair work;
- Ability to apply principles of influence systems, i.e. supervision;
- Ability to use independent judgment in regularly routine and/or stable situations.

Language Ability and Interpersonal Communication:

- Ability to effectively communicate with people to convey or exchange information, including instructions, assignments or directions to subordinates or assistants;
- Ability to communicate effectively with individuals, including residents and employees, utilizing a broad base of verbal skills;
- Ability to read a variety of records and reports including maintenance work orders, security reports, blueprints and invoices;
- Ability to prepare correspondence, reports, diagrams, performance appraisals,

maintenance logs and maintenance work orders using prescribed format and conforming to all rules of punctuation, grammar, and style.

Environmental Adaptability:

- Ability to work under hot or cold conditions;
- Ability to work under conditions of moderate noise as a result of machinery.
- Ability to work in an office environment;

BEACON in an Equal Opportunity Employer. In compliance with the Americans with Disabilities Act, ABHOW will provide reasonable accommodations to qualified individuals with disabilities and encourages both prospective employees and incumbents to discuss potential accommodations with the employer.

This Job Description has been prepared for ABHOW for use in planning, staffing, budgeting and/or evaluation of employees. It also provides employees with a guide to the duties they are expected to effectively handle in the course of their employment with ABHOW.

I have read the Job Description that believes that it does accurately define the job.

BEACON COMMUNITIES

SERVICE COORDINATOR

GENERAL STATEMENT OF POSITION:

Under the supervision of the Administrator, assumes oversight of the residents' social services needs, including, but not limited to: resident assessment, maintenance of resident records, coordination of services to meet the needs of residents, and relocation when necessary.

REPORTS TO: Administrator

DEPARTMENT: AFFORDABLE HOUSING

LOCATION: Community

ESSENTIAL FUNCTIONS:

The following duties are normal for this position. These are not to be construed as exclusive or all-inclusive. Other duties may be required and assigned.

CASE MANAGEMENT

- Assesses resident needs based on admission social services history, resident's health, psychological and social needs.
- Develops a Resident Care Plan based on the above assessment.
- Includes family, significant others, or appropriate individuals when developing Resident Care Plan and when assessing resident needs.
- Develops measurable social services goals for the Resident Care Plan.
- Updates and/or revises social services goals and Resident Care Plan quarterly.
- Coordinates referrals to outside agencies based on resident needs; monitors services provided by outside agencies to ensure services are meeting the needs of the residents.
- Works with residents, families and outside agencies when need for a higher level of services has been identified.
- Visits residents in the home to evaluate health, safety and property needs of the resident.
- Visits residents in the hospital, nursing home or rehabilitation facilities to maintain community connection and to assist with discharge planning.
- Obtains and updates resident emergency information; ensures emergency information is readily available within both the home and the office.

ADMINISTRATIVE AND COMMUNITY

Coordinates, facilitates and organizes educational programs for residents regarding health, safety, and quality of life concerns.

Provides one-to-one education to residents and families regarding availability of services, application procedures, and resident rights.

Organizes and implements volunteer support programs for residents utilizing service organizations within the community.

Coordinates, facilitates and organizes educational programs for staff regarding the health, social and safety needs of the residents.

Service Coordinator 11.2013

Participates in meetings with the administrator and staff; presents an update on all changes in resident needs and progress toward meeting changed needs.

Maintains compliance with all HUD and other regulatory agency requirements for social services.

Represents the community at local meets and organizations relating to resident rights, community activities and social service functions.

Provides input on policies and procedures relating to residents rights and social services functions.

Inform management of any resident incident or issue that adversely impacts management;

Ensure confidentiality of resident files including the acquisition of a "release of information" form from resident;

Fill out and distribute appropriate reports in a timely fashion and document appropriate information in resident files;

Report any suspected cases of abuse, neglect or exploitation of a resident to appropriate agency. Report problems of service providers to the appropriate agency.

Advise residents and families of service options recognizing that all final decisions regarding service utilization is the choice of the resident;

Inform all residents of the availability and purpose of the Service Coordinator position;and provide information for reporting to HUD as appropriate and required.

MINIMUM TRAINING AND EXPERIENCE

Bachelors degree in gerontology, social work, psychology, counseling or related area; two to three years of experience working in social service delivery to geriatric communities; or any equivalent combination of training and experience resulting in the required skills, knowledge and abilities.

**MINIMUM QUALIFICATIONS OR STANDARDS REQUIRED TO PERFORM
ESSENTIAL JOB FUNCTIONS**

KNOWLEDGE OF:

- Standard office equipment and machinery
- Social Services practices with regard to retirement facilities
- Documentation procedures and regulations

PHYSICAL REQUIREMENTS:

- Ability to communicate by telephone.
- Ability to document in, and review resident charts and records
- Ability to speak to, and be heard by, individuals, small groups and large groups of elderly residents, hearing impaired individuals notwithstanding or in general elderly residents who have disabilities.

BEACON is an Equal Opportunity Employer. In compliance with the Americans with Disabilities Act, BEACON will provide reasonable accommodations to qualified individuals

with disabilities and encourages both prospective employees and incumbents to discuss potential accommodations with the employer.

Service Coordinator 11.2013

This Job Description has been prepared for BEACON for use in planning, staffing, budgeting and/or evaluation of employees. It also provides employees with a guide to the duties they are expected to effectively handle in the course of their employment with BEACON .

Administrative Resolutions

Isaac Ortega
1238 E Poppy Street
Long Beach CA, 90805
562-230-0392
isaacosalas@yahoo.com

OBJECTIVE

Seeking a challenging opportunity where I can utilize my life experiences as well as my interpersonal skills, which will allow me to grow personally and professionally within the medical field.

EXPERIENCE

Administrator

2015- Present

Beacon Communities-Lomita Manor, Lomita CA 90717

- Coordinates the operations and delivery of services; prepares, plans and executes the policies for the services offered;
- Supervises department heads, including instructing, assigning and reviewing work, planning, maintaining standards, coordination activities, allocating personnel, acting on employee problems, selecting new employees, and recommending/approving transfers/promotions, discipline, termination, and salary increases; promotes staff development and motivation; oversees a program for orientation and training for all employees; writes performance appraisals; interprets personnel policies and practices;
- Develops new programs to enhance welfare of residents; communicates with the resident council; counsels and responds to requests and/or complaints from residents; advises and receives information from families;
- Is responsible for occupancy; oversees move-ins and interviews prospective residents;
- Maintains or oversees the maintenance of records;
- Authorizes purchases of supplies and equipment;
- Reviews and approves invoices, submit to accounting department in a timely manner;
- Assures that buildings and grounds are properly maintained;
- Develops strategic plan and oversees development and implementation of various systems and functions including redecorating schedule and preventative maintenance plan;
- Plans for and attends various resident and staff functions;
- Monitors the financial condition of the community; estimates present and future financial needs; monitors, prepares, and administers financial analysis, budgets, and cash management;
- Participates in area and state association meetings, committees, etc;
- Prepares and presents regular reports to the Board of Directors;
- Devises plans for disaster and emergency response;
- Responsible for the preparation of estimated annual budgets;
- Responsible for the operations, programs and problems, and resources available to resolve Home problems;
- Enforces house rules to all tenants, responsible for tenant management including administering 30 day, 10 day and 3 day notices and processing any evictions;
- Enforces rules, regulations, laws and ordinances of various departments and pertinent agencies.

Hospital Liaison

2008 - 2015

Lifecare Solutions, Carson CA 90745

Distribution Supervisor: Supervise daily Operational Activities, Warehouse, and Materials Management. Knowledge and compliant with local fire codes, OSHA, FDA, DOT regulations. Responsible for maintaining various warehouse functions including shipping and receiving.

Dispatcher: Coordinate the activities of the Patient Service Technicians and dispatching all outgoing work orders

Biomedical Technician: Maintain function of equipment and in-house repairs. Tracking, completion and documentation of preventative maintenance. Maintain and ordering inventory of repair parts and filters.

Hospital Liaison: Coordinate the services between Lifecare Solutions (LCS) and the hospital, physicians' office, SNF, and managed care providers. Provide delivery of equipment and patient training in hospital as needed.

Respiratory Care Coordinator: Primarily responsible for coordinating respiratory services for new and existing patients. Responsible for the maintenance and reporting of clinical respiratory records and other administrative support duties. Perform patient financial and insurance verification.

Hazard Material License, (Class C with airbrakes, tanker endorsements)

Assisted with the initial venture of the Carson Branch Suggested new products that increased earnings by 23%.

Clinical Service Technician

2004-2008

Apria Healthcare, Santa Fe Springs CA 90660

- Hospital Liaison
- Coordinates services between Apria and the hospitals, physician office, SNF, managed care providers.
- Provide delivery of equipment to hospital
- Dispatcher: dispatching all outgoing work orders
- Prioritize patient daily care according to acuity and scheduled routes
- Perform routine vehicle maintenance
- Maintain and set up patient rooms
- Perform preventive maintenance on emergency equipment
- Assist with patient and family education
- Deliver durable medical equipment to home healthcare patients
- Utilize PC to enter and retrieve patient data
- Answer multi-line phone, operate fax and copy machine
- Hazard Material License, (Class C with airbrakes, tanker endorsements)

Sales Representative

2008-2008

[Company Name, City, ST]

- Answered phone, scheduled patients
- Deliver durable medical equipment and Oxygen to home healthcare patients
- Perform preventive maintenance on emergency equipment
- Hazard Material License (class C)

Developed Excellence in Sales training course.

EDUCATION

David Starr Jordan

1998

High School Diploma

LANGUAGES

Fluent in Written and Spoken Spanish

REFERENCES: AVAILABLE UPON REQUEST

Silverio Rangel
24925 Walnut Street #101A
Lomita Ca, 90717
310-325-7055

Objectives

A PROFESSIONAL MAINTENANCE TECHNICIAN WHO IS VERY PASSIONATED AND MOTIVATED TO GET ANY JOB DONE, RECOGNIZED AS A PROBLEM SOLVER AND A RESULTS ORIENTED INDIVIDUAL. ACCREDITED BY FELLOW COWORKERS AS AN EXCEPTIONAL SUPERVISER, CAPABLE OF MULTITASKING AND REACTING CALMLY UNDER PRESSURE. AREAS OF STRENGTH INCLUDE PLUMBING, ELECTRICAL, DRYWALL INSTALLATION, STUCCO REPAIRS, MOLDING, CABINETS INSTALLATION, READING WRITING, AND UNDERSTANDING BASIC SCHEMATIC AND BLUEPRINTS, HVAC, AND APPLIANCES INSTALLATIONS/REPAIRS

Experience

• November 2011 - Present
Beacon Communities / Lomita Manor • 24925 Walnut Street Lomita Ca 90717

Schedules, assigns, and supervises the maintenance of units and public spaces; Completes all unit repairs, completes move-in inspections, schedules unit refurbishing by outside vendors, including painting, re-carpeting, etc; supervises activities of outside contractors, ensuring quality of work performed and adherence to established project specifications; Oversees the maintenance of grounds, buildings, parking lots, sprinkler systems and fences and facilities; Secures or arranges for availability of necessary work orders, materials, equipment, tools, parts, and permits; Conducts preventative maintenance program; Cleans carpet and vinyl floor covering surfaces; Establishes and maintains necessary procedure manuals and records; Conducts and oversees safety training of employees on proper, safe and efficient use of equipment, materials, supplies and safety equipment; Encourages safety practices of tenants and guests on site; Assists the Administrator in maintaining compliance with Cal-OSHA requirements for reporting work-related accidents; May instruct workers on work prior to commencing project; May inspect work upon completion of assigned tasks; May assume command as detailed in the Disaster Plan in the event of a disaster; Attends in-service training workshops and meetings as required; Conducts work tasks safely and in compliance with the facility safety program; Provides effective and courteous service to all residents, guests and co-workers; Performs related essential duties as required;

• February 2008 – November 2011
Logan Property Management • 11950 Centralia Rd Hawaiian Gardens, Ca 90720

RESPONSIBLE FOR REPAIRS AND WORK WITH CONTRACTORS TO COMPLETE THE 463 UNITS RENOVATION OF THE FAMED ALEXANDRIA HOTEL LOCATED IN LOS ANGELES CALIFORNIA, MET WITH CONTRACTORS ONE ON ONE TO PROVIDE THEM WITH THE VISION OF THE INVESTORS. RESPONSIBLE FOR MAINTENING THE PROPERTY UP TO LPM STANDARS. OTHER EXPERIENCE INCLUDE TURNING OVER NEWLY REFURBISHED UNITS TO THE RENTAL OFFICE IN TIMELY FASHION, KEEPING WORK ORDER ON CURRENTLY RENTED UNITS UP TO DATE AND FINISHING PROMPTLY, KEEPING MAINTENANCE ROOM ORGANIZED AS WELL AS FOLLOW THE OCCUPATIONAL HEALTH, SAFETY AND WELFARE PROCEDURES IN THE WORKPLACE.

• January 1998 – February 2008
Maintenance Techs / Business Owner • 360 W. 3rd Street San Pedro Ca 90731

RESPONSIBLE FOR MAINTENING THE PROPERTY UP TO LPM STANDARS. TURNING OVER NEWLY REFURBISHED UNITS TO THE RENTAL OFFICE IN TIMELY FASHION, KEEPING WORK ORDER ON CURRENTLY RENTED UNITS UP TO DATE AND FINISHING PROMPTLY, KEEPING MAINTENANCE ROOM ORGANIZED AS WELL AS FOLLOW THE OCCUPATIONAL HEALTH, SAFETY AND WELFARE PROCEDURES IN THE WORKPLACE.

Education

Leon Guanajuato, Mexico

1982 • High School Diploma

Long Beach City College, Long Beach Ca

2004 • Resident Electrical Certification

General Contracting School, Long Beach Ca

2004 • California Home Inspection Inspector License

Professional Training Classes | HD Supply

2010 • Air Conditioning, Mechanical and Electrical

Professional Training Classes | HD Supply

2010 • Fire Alarm, Sprinklers, Installation, and Repair

JENNIFER MARTINEZ

7936 CHULA VISTA DR RANCHO CUCAMONGA CA 91730

(760)975-6954 JMARTINEZ@BEACONCOMMUNITIES.ORG

OBJECTIVE

To obtain a position utilizing my expertise in affordable housing and administration while generating new skills to assist in my career progression.

SUMMARY OF QUALIFICATIONS

Effective at identifying and developing strong on site employees into successful team players
Experienced in LIHTC, HUD, Public Housing & Fair Housing regulations
Excellent interpersonal, communication and organization skills
Great appreciation for cultural diversity and quality customer service
High performance individual with a self-motivated working style and strong critical thinking skills.
Proficiency and skills in using Windows-based applications including Word, Access, Excel and Outlook

WORK OF EXPERIENCE

2013- Present Beacon Communities Pleasanton, CA
Regional Property Supervisor
Oversee the operation five senior communities totaling 680 units.
Supervise onsite property management team, including the selection of new employees, recommend/approve promotions, discipline, terminate, recommend salary increases, provide training and orientation for new Administrators and other positions as needed.
Ensure fiscal soundness of property operations; monitor and ensure accuracy of the financial reports of each community; work closely with Administrators in the preparation of annual budgets, long-range capital improvement plans, staff development, energy efficiency, maintenance planning, and security.
Professionally and competently represent Beacon in dealing with various government and private agencies, vendors and suppliers, residents and families.
Serves as a liaison between Boards of Directors (BOD) and Beacon with assistance from the Administrator in board meetings and ensuring follow up and implementation of pertinent items discussed or requested by the BOD.
Ensure proper resolution of all property issues including resident complaints, operational and legal matters, compliance of corporate policies and procedures.
Implemented new staffing model's and peer training programs.
Improved REAC scores to above 90%.
Created audit procedures to ensure compliance requirements of applicable federal and state housing programs(s) and Beacon's Affordable Housing Operation Policies, HUD and LIHTC or Agency Handbooks are met.
Selected by senior management to participate in EMERGE Leadership Development Program

1998- 2013

National CORE

Rancho Cucamonga, Ca

Property Supervisor

Oversee and manage all onsite property management operations including performance reviews, guidance, and training within a multi-site portfolio
Establish operations guidelines and ensure policies are met accordingly
Oversee property lease up's
Hire, retain, train and oversee all onsite staff including third party vendors
Oversee and manage all property issues including resident complaints, operational and legal matters, compliance of corporate policies and procedures
Monitor operating budgets, monthly variance reports, monthly collection and delinquency reports, and weekly rental, occupancy and traffic reports.
Prepare property operating and capital improvement budgets
Complete monthly reporting to ensure adherence to set budgets and preventive maintenance schedules
Serve as liaison between site staff and corporate office, facilitating positive relationships between departments
Perform compliance audits and unit inspections
Work closely with regulatory agencies to achieve overall compliance
Maintain positive working relationships with city partners and lenders
Monitor the rental application process to ensure that all appropriate documentation is obtained from rental applicants for approval by corporate office

EDUCATION

2014	AHMA-PSW	Certified Occupancy Specialist Certification
2006	Tax Credit Certification	Quadel Consulting Corp.
1996-1997	General Studies	Crafton Hills Community College
1991-1995	Graduate 1995	Calvary Chapel High School

REFERENCES: Available upon request

BEACON COMMUNITIES MANAGEMENT PLAN

Introduction

The following plan summarizes BEACON COMMUNITIES policies, systems and procedures.

This plan is designed to define the duties and responsibilities of the owner and managing agent, and to outline a management program that will assure the physical, financial and social well-being of the project and its residents.

The term "Agency" as used in this plan refers both to the United States Department of Housing and Urban development, and the City of Lomita Housing Authority. The term "Agent" refers to Beacon Communities. The term "Project" refers to the Lomita Manor Senior Housing. The terms "Sponsor" and "Owner" refers to the City of Lomita Housing Authority.

I. MANAGEMENT

A. Role and responsibility of the owner and/or delegation of authority of the managing agent.

1. Scope of duties

It is the Owner's responsibility to establish the broad, general policies under which the project will operate. The Agent will provide advice and assistance in the development of policy, based on its prior extensive experience in managing senior housing.

The Owner and Agent have agreed on the delegation of the authority for management of the project to the managing agent through the execution of the Management Agreement as the instrument of authority.

The Managing Agent consults with the owner in cases of expenditures of above \$5,000 (unless otherwise specified in the Management Agreement), when bids are being considered, in situations where policy decisions are required and in certain emergency situations. Additionally, by means of periodic budgets, financial reports, financial statements and management reports, the Agent advises the owner at regular board meetings on the operations of the project and recommends operating policies, major expenditures and major repairs.

The Agent's staff is responsible for the day-to-day operation of the project. Management company staff is accountable to the President of Beacon Communities. The President is responsible to the CEO of ABHOW, who in turn report to the Board of Directors.

The Administrator of this community is responsible for handling day-to-day business and activities at the project level and is in charge of the supervision of all personnel assigned to this project. The Administrator reports to the Property Supervisor, who in turn reports to the Vice President of Operations, Beacon Communities. The Vice President of Operations, Affordable Housing reports to the President of Beacon Communities.

The key person to contact in the management organization is the Vice President of Operations, Beacon Communities. The key contact in the owner organization is the President/Chair of the Board of affordable housing community.

In cases of emergency, the Agent will act promptly to safeguard the health and welfare of the residents and to safeguard the assets of the complex or to prevent additional damage to the assets. The Agent will inform the Owner as quickly as possible of the emergency situation.

The Agent is paid a management fee, as outlined in the Management Agreement, for expertise in proper selection, certification and recertification of residents, properly collecting and computing rents, establishing a control system for operating the project on a sound fiscal and physical basis, the training and supervising of project personnel, and to cover its off-site office expenses and overhead.

2. Changes in Management

If for any reason or at any time before or after occupancy, the Management Agreement is cancelled, records will be transferred in accordance with the terms of the contract. Efforts will be made by the Agent to affect a smooth transfer to a new agent selected by the owners, as follows:

- a. The Agent will transfer all files and records relating to the project to the Owner, including all management documents, books of account and resident records.
- b. The Agent will promptly close the books and transfer to the Owner all project monies under its control, together with any outstanding bills and invoices.
- c. The Owner will compensate the Agent for any outstanding fees, salaries, etc.
- d. The Agent will cooperate with the Owner's auditor in complying with Agency's requirements with respect to review or audit of the records.

Personnel Policy and Staffing Arrangements

1. Hiring and Personnel Policies

All hiring of employees of Beacon shall conform to equal opportunity requirements. Beacon shall not discriminate against any applicant for employment because of race, color, religion,

ancestry, national origin, age, sex, pregnancy, marital status, disability, sexual orientation, or AIDS

2. Training and Monitoring

Specialized training regarding Agency policies will be provided by supervisory staff, to ensure conformity with program requirements, and staff may be required to attend Agency training sessions. In further support of career development, it is Beacon's philosophy to provide optimum delegation of responsibility, authority and accountability. Although Beacon provides support and oversight to the extent necessary for effective project management, it is intended that the project Administrator be fully responsible for his or her facility and staff, balancing sensitivity with firmness.

The Vice President will provide assistance to the project Administrator through development of sound and well-written manuals, conduct of training sessions, careful monitoring of reports and frequent site visits. Most important, the President is accessible for advice and counsel.

The immediate supervisor (the Property Supervisor) prepares regular and documented performance evaluations for all staff (central office and project) with the assistance, when indicated, of his or her supervisor. The evaluation is intended to expose strengths and weaknesses, and is then reviewed with the employee with a goal toward open communication and mutual benefit.

A system of due process is followed in any disciplinary action, including termination. Except in the case of malfeasance, any non-introductory employee is given an opportunity to correct the problem. Every attempt is made to resolve grievances at each supervisory level, progressing only as necessary to the President.

Demotion, layoff or termination will be handled in a nondiscriminatory manner. When an employee's performance is below standard, he/she will receive written notification. Every effort will be made to assist the employee in improving his/her performance. If the problem continues, the employee will be placed on probation, and may be terminated.

Selection of site staff will be based upon experience and demonstration of the requisite skills. The Agent will interview applicants.

C. Plan for Maintaining Adequate Accounting Records and Handling Necessary Forms and Vouchers.

1. Accounting Basis

Project accounts are maintained on the accrual basis, in accordance with generally accepted accounting practices.

All project and Beacon's financial records are audited annually by an independent certified public accounting firm.

2. Collections and Disbursements

Beacon collects all rent charges, miscellaneous charges and other amounts receivable for the Project's account in connection with the management and operation of the property. Receipts are deposited in an account, separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Insurance Corporation. This account will be placed in the name of Beacon and designated as the Project's Operating Account, Beacon's, and Trustee.

From the funds collected and deposited to the Operating Account, Beacon will make the following disbursements promptly when payable:

- a. Reimbursement to Management Company for payroll of the employees of the project and for insurance premiums, Social Security payments, other payroll taxes and assessments payable to local, State and Federal governments in connection with employment of such personnel;
- b. All charges incurred in the operation of the project in connection with utilities, real estate taxes and assessments, and liability, fire and other hazard insurance;
- c. Payments of required interest, principal, impounds, fees and charges, if any, on any loans and mortgages;
- d. All sums due and payable under the terms of the Management Agreement as Agent's compensation;
- e. All other expenses incurred to cover operating costs in accordance with the approved annual operating budget of the Development or as otherwise approved in advance by Agency;
- f. Deposits to the required reserve accounts;

The Owner may depart from the foregoing priorities of payment only upon the express written approval of Agency. In no event will the Management Company be required to use its own funds to pay such disbursements. Management will advise the Owner immediately of any deficiency in funds. Checks will require two signatures.

A Monthly Financial Report (see example in Exhibit 2) will be provided to the Owner which includes deposits to date, unpaid bills, bank account balances, amount of rent outstanding during the balance of the month, disbursements expected during the balance of the month, vacancies and rent losses. In addition, a monthly cash receipts and disbursements comparison (budget comparison) will be provided. Cash flow can therefore be closely

monitored. These monthly accounting reports will normally be provided by the 15th of the following month on an ongoing basis.

3. Contracting, Purchasing, Cost Controls

For routine or emergency repairs beyond the capability of staff, management will establish accounts with designated contractors, e.g., plumbers, electricians. In addition, a list of approved vendors for office supplies and repair materials will be prepared. Invoices will be sent directly to management, will be reviewed by the Accounting Department, and will be paid from the Operating Account subject to the approval of the Administrator and/or Property Supervisor. If outside contract services are required a minimum of three bids must be received for work costing \$5,000 or more. Work anticipated to cost over \$5,000 may be referred to Beacon's Construction Manager for bid specifications prior to soliciting bids from outside contractors. When possible, major repairs or other items will be budgeted. In emergencies, where items are not budgeted but are essential to the physical and long-term financial viability of the project, management will present proposals for purchase of those items to the Owner and options such as loans and grants will be considered. If such sources are not available, consideration will be given to deferring some items, which were to be accomplished within the budget to a future point in time. In the event of dire emergencies, the President will make a reasonable decision to effect repairs or provide the services necessary. In the case of such emergencies, the Owner will be notified of the circumstances as soon as possible.

In the event the balance in the Operating Account is projected to be insufficient to meet accounts payable, a review of options will be made, including cutting costs, raising rents, or other measures which will alleviate the cash flow shortage. The Owner and Agency will be advised of the potential shortfall. Any insufficiency will usually be forecast in advance. However, should an immediate insufficiency occur, the President will determine, in consultation with the Owner, which accounts must be paid and which might be deferred.

The Property Supervisor will monitor the project's budget on a monthly basis.

The Property Supervisor and the Administrator will ensure that residents meet income eligibility requirements. Beacon's Asset Manager will be responsible for ensuring the coordination of all reporting and accounting requirements and any other financial reporting requirements of the Project.

Beacon will comply with all Agency reporting requirements. Owner will be responsible for engaging and supervising the Accountants in the preparation of the annual audited financial statements.

4. Compliance and Reporting

The affordable housing project will comply with all reporting requirements for the Owner and Agency, including:

- a. The preparation of a recommended operating budget for each fiscal year beginning during the term of the Management Agreement;
- c. Submission of budgets to the Owner at least 60 days before the beginning of the fiscal year. The Owner will promptly inform the Asset Manager of changes to be incorporated in the approved budget and the Asset Manager will incorporate such changes and forward the budget to Agency for approval. An annual financial report will be prepared by a Certified Public Accountant acceptable to Agency and the Owner. This report will be based upon the preparer's examination of the Project's books and records. The report will be prepared in accordance with the directives of the Owner and Agency will be certified by the preparer and the Agent, and will be submitted to the Owner and Agency, within 60 days of the end of the fiscal year. Compensation for the preparer's services will be paid out of the Operating Account as a project expense.
- d. Periodic reports will be provided as directed or required by the Owner and Agency.

5. Vacancies and Rent Losses

Vacancy and rent losses will be recorded monthly in the rent rolls as well as the monthly financial report. Any amounts recovered will also be credited on the monthly rent rolls and the monthly financial statement.

6 Security Deposits

Security Deposits will be held in a separate interest bearing account, which is FDIC, insured. The interest on security deposits will be used for purposes or activities, which benefit the residents. At the time a resident vacates the unit, a move-out inspection will be conducted with the resident, where possible. All items needing cleaning or repair, plus the charges or estimated charges for each will be determined at the time of inspection. Both the Administrator and the vacating resident will sign the inspection form. A final closing statement will be prepared for each vacating resident itemizing any charges to be made against the security deposit. This final closing statement will be forwarded to each vacating resident within 21 days of their vacating and will include a refund if there are no damage charges or if no rent charges are being charged against the deposit. If damages are charged, then the remaining security deposit and/or the final closing statement will be sent within 21 days of the time of the resident's departure.

D. Provisions for Update of Management Plan

On at least an annual basis the President will review this management plan with the Owner and Administrator to determine whether any changes are required as a result of either procedural changes or new laws or regulations affecting project management operations. Any proposed changes will be inserted in a distinctive typeface.

E. Insurance

The Agent, with approval of the Owner, will arrange for the project to be insured for fire and other hazard, general liability, and contingencies, workers' compensation, fidelity bond and director' and officers' liability, in such amounts and for such periods as are required by Agency and the Owner. Cost savings may be affected by purchasing package coverage for all of Beacon's properties.

The insurance coverage will be reviewed at least annually and competitive bids will be sought to ensure that the most reasonable price is obtained. All policies will name the Department of Housing and Urban Development as an additional loss payee, and liability policies will name the Department as an additional insured. The Agent will investigate and report all claims and maintain detailed records of all claims and losses.

II. COMPLIANCE

A. Plans and Procedures for Publicizing and Achieving Early and Continued Occupancy

1. Outreach

All units will be marketed by the Agent in accordance with the attached Affirmative Fair Housing Marketing Plan in the case of a HUD project and according to a marketing plan in the case of a non-HUD project. Preference for units which are designed to accommodate the disabled (mobility, hearing or sight impaired) will be given to persons who require the features of these apartments.

An affirmative marketing strategy will be used for recruitment, designed to ensure equal access to all units by eligible applicants in all categories protected by federal, anti-discrimination laws.

Outreach will be made through the following:

X Advertisements in newspapers with high readership by groups who are identified in the AFHMP as underrepresented in the census track for a new lease up or underrepresented in the project if an existing building..

X Advertisements in minority language newspapers.

X Local housing authorities.

X Announcements to churches, social service agencies and local community groups.

X Equal Housing Opportunity logos and affirmative marketing slogans and statements on all marketing and advertising material

X Display of Fair Housing posters in rental offices and locations;

X Notice of nondiscrimination on the basis of handicap on all marketing and advertising materials.

2. Resident Selection

The following will be considered in the selection of residents:

- X Current income
- X Family composition and size
- X AGENCY required income criteria
- X Previous rental history including landlord references and rent paying history
- X Resident of community in which project is situated, if required by local Government and approved by AGENCY
- X Need for mobility, hearing or sight impaired accessible unit
- X And other provisions as identified in the Resident Selection Plan

The following process will be used for resident selection:

Applications will be stamped with date and time and numbered as they are received, or in the case of a lottery they will be numbered as they are randomly drawn and the names entered on a master list. They will then be screened and processed in the same order. Applicants who pass the screening process will be placed in the same order on the waiting lists by unit size, and will be so notified.

Applications on the waiting list will be processed chronologically in the order in which they are received. Separate chronological lists will be created for each unit size.

Ineligible applicants will be advised of the reason for their ineligibility and notified of their right to appeal this determination.

3. Waiting List

To assure that waiting lists are current and have adequate numbers of applicants for each income category, the following procedures will be utilized:

- a. One waiting list will be maintained for all units.
- b. When a unit becomes available, applicants will be offered units in chronological order in which they appear in the waiting list. Preferences will be granted according to Agency's requirements.
- c. A notice will be sent to each applicant every six months asking the applicant to advise the Administrator of his/her continued interest.
- d. Ineligible applicants will be given an opportunity to appeal the determination of ineligibility.

4. Orientation

Resident orientation will be conducted individually and will include the following:

- X Thorough review of the lease and house rules requirements.
- X Security deposit requirements and processing.
- X Rent payment procedures.
- X Requirements for transfer to another unit.
- X Recertification requirements and explanation of effect of any changes
X in income on rent.
- X Explanation of management's right of access.
- X Rent increase and adjustment procedures
- X Pet policies and deposit requirements
- X Energy conservation information
- X Rules regarding use of community space
- X Move-out procedures
- X How to request maintenance work
- X Safety concerns and disaster procedures

In addition, a move-in inspection will be conducted with the resident, and the resident will be instructed on use of appliances, etc. An inspection report will be signed by resident and Administrator, and will form the basis of comparison at time of move-out for any repair or replacement costs.

Management reserves the right to conduct group orientation sessions for the initial residents of the new Project, as a way of fostering community and highlighting mutual responsibilities.

B. Procedures for Determining Resident Eligibility and for Certifying and Annually Recertifying Household Income and Size

1 Initial Certification

The site Administrator, under the direction of the Agent, is responsible for resident selection, in accordance with the Resident Selection Plan. The Agent will ensure that all-applicable city, state and federal requirements are followed. Eligibility will be determined as follows:

- a. An initial screening will be conducted using a pre-application form to determine whether applicant is eligible based on income, age and family composition and any other factors listed on the application that would cause the applicant to be ineligible...
- b. Prospective residents determined to be ineligible will receive a written notification, which will offer them the opportunity to request reconsideration if they feel the decision was incorrect.

c. Applicants who pass the initial screening will receive further screening as follows, to determine eligibility:

(1) Each applicant will complete an application form and give written permission for verification of income and references and return them to the Administrator.

(2) Each applicant will be interviewed by the Administrator or other authorized site staff member.

(3) The following checks will be made:

X verification of income

X credit report

X check with prior landlord(s)

X maintain emergency contact information

(4) Written notice will be sent advising applicants of their final eligibility status and offering them an opportunity to request a reconsideration, if they believe the decision was incorrect.

2. Recertification

The project will recertify resident incomes according to the following procedure:

Recertification will take place on the anniversary of tenant's move-in, as follows unless the property has permission to conduct mass recerts:

120 days prior: Resident notified of recertification and is scheduled for an interview at which time the resident signs releases for verifications

90 days prior: Administrator reviews income information and schedules appointment with resident

60 days prior: Administrator interviews residents, completes forms and advises resident of any changes in eligibility or rent payment

Anniversary: Rent changes implemented, if required. Ineligible residents so notified (see 3, below)

3. Changes in Eligibility during Occupancy

If the household's size changes and is no longer appropriate for the unit it is occupying, the household shall be required to move to the next available appropriate unit if required by the project's transfer policy.

4. Occupancy Standards and Policies

Resident occupancy standards shall be established and implemented in accordance with AGENCY and appropriate criteria that does not have the effect of discrimination.

C. Rent Collection

1. Rent Payment

At the Project, the rules on payment of rent will apply equally to all residents and require full payment of rent on or before the first of each month. The project shall establish a five-day grace period. On the rare occasions that it may be necessary, on or after the sixth day of the month, an appropriate notice to pay rent or quit will be given before eviction procedures are initiated under the supervision of an attorney. Prompt follow-up on past due rent will be a priority responsibility of the on-site staff. The following are key elements of our rent collection policy:

X Rent is paid by check or money order at the project site. Partial payments are generally not accepted (except under a written workout agreement for medical or similar emergency)

X Rent payments are entered to the resident's ledger before being deposited promptly to a bank account dedicated exclusively to the project's operating account.

X A master rent roll will be maintained containing details of residents' obligation and their account status.

2. Late Rent

a. Residents who are having financial problems that affect rent payment, or payment problems caused by declining health, will be referred to an appropriate social Agency for assistance.

b. Should a resident's checks bounce repeatedly, the assistance of a social service Agency may be requested, and payment by money order may be required if permitted by the Agency.

3. Rent Increases

The need for an increase in rent will be determined at the time the annual budget is prepared. However, ongoing review of financial reports may indicate an increase is needed earlier. In this case a rent increase may occur if permitted by the program and/or lease. Any proposed

increase will be submitted for Agency approval in conformance with Agency regulations Residents will be given a 30- day written notice prior to the effective date of any rent increase. In the state of California, at non-subsidized projects, rent increase of 10% or more require a 60 day notice under State law.

Our procedure for collecting for damages beyond the security deposit will be to:

- a. Send a written notice to vacating resident;
- b. Should there be no response, Beacon may turn debt over to a collection Agency or pursue other legal remedies.
- c. Procedures for Eviction

1. The project may initiate lease termination and eviction in the following situations, which constitute material violation of the lease.

- non-payment of rent
- repeated late payment of rent
- non-payment of charges for repairs
- damage to the premises
- actions adversely affecting the health, safety or quiet enjoyment of residents and guests
- other documented violations of the lease or house rules of serious nature
- failure to certify income when requested, or intentionally providing false income information
- failure to comply with program requirements, if permitted by the agency

Any notice of termination or eviction shall contain a statement of the facts constituting the cause for the termination or eviction and a statement of resident rights to appeal.

Eviction action for non-payment will begin with an appropriate notice to pay or quit on the 6th day of the month. All other eviction actions will be preceded by a 30-day, 60 day or 90 day notice, as required by state or local law. The time frames for evictions are unpredictable, but generally 90 days is an average time frame. Once an eviction for nonpayment has been placed in the hands of the project's attorney, only payment in full, by money order or cashier's check, can stop the process if agreed to by management.

Minor resident complaints will be handled by the Site Administrator. If the complaint cannot be settled by the Administrator, they will be referred to the President for review and assistance.

2. Arrange and provide legal assistance and representation.

III SOCIAL SERVICES AND ACTIVITIES

1. Attached are copies of the house rules and other related informational policies and documents that will be given to the residents.

2. The formation of a residents' association will be actively encouraged and assisted by management. Communication between residents and management is expected to occur in the following manner:

X A suggestion box will be set up and publicity given to those suggestions, which save the project money or enhance residents' lives.

X Volunteer committees will be encouraged, such as the following:

- welcoming committee for newcomers
- activities committee to initiate and implement social, cultural and educational activities for children and adults
- a newsletter committee

3. Safety and emergency preparedness are given high priority at all of the agent's properties. During their initial orientation, residents will be shown the use of fire equipment, smoke detectors, nurse call system emergency staircases and other features of the project. They will be given information of the 911 emergency services and referred to the information pages on emergency preparedness in the telephone book. Other materials may be distributed when received from various agencies.

Periodic newsletters will emphasize the importance of safety. A safety committee will be established which will initiate and conduct emergency drills, conduct emergency preparedness meetings, and make recommendations to management.

Management will coordinate with the City to assure that there is coordination with local disaster plans.

F. Auxiliary Programs

Recognizing that the population being served is elderly and often frail, for programs that will allow funding for a service coordinator the owner will seek funding to pay for a part-time service coordinator, who will work at the community one or two days a week. The duties of the coordinator will include the following:

- assessing the health, psychological and social needs of the residents
- establishing links with agencies and service providers in the community and maintaining a directory of such providers
- Referring residents to providers
- Charting progress of referred residents

- Educating residents about the availability of services, application procedures and their rights
- Setting up volunteer support programs for residents
- Discussing resident needs with family members
- Educating staff on issues relating to aging and service coordination
- Attending trainings and workshops as required

The goal of the program shall be to assist the aging resident in remaining in place for as long as possible.

Additionally, management will seek to implement an activities program, which will offer residents the opportunity to take part in outings, sports, exercise, arts and crafts, films, volunteer activities and other programs. Activities will be promoted through a monthly newsletter and a master calendar. Activities will be coordinated with neighboring housing developments and community programs.

IV. MAINTENANCE AND SECURITY

A. Construction Follow-up

When construction is completed, the Owner's Construction Manager and a representative of the Agent will complete a punch-list of interior and exterior items that need to be corrected. The list will be reviewed weekly to determine corrective action completed and updated to include any additional defects identified. Final walk through will be conducted approximately one week before residents move in, to catch any remaining uncorrected items.

Subsequent to occupancy, management will record all reported defects that appear to be construction defects. These will be referred to the Owner, who will contact the Contractor to assure that all warranty items are corrected.

The Owner will assure that lien waivers are obtained during construction so that any disputes over payment of subcontractors do not become liens on the property.

The maintenance program is outlined below:

B. Maintenance Program

1. Maintenance Duties

Most maintenance work will be done by site employees, except as detailed under (10) below.

Maintenance employees are expected to comply with local, state and federal laws and regulations pertaining to the health and safety of residents. They are required to:

- X Meet emergency needs.
- X Perform routine inspections of property, units and equipment.
- X Maintain attractive, sanitary, and secure housing units and grounds.
- X Post all necessary safety and legal notices if required, as advised by Administrator.
- X Pay close attention to safety standards in the performance of their work.

2. Maintenance Supervision and Performance

X The Site Administrator is responsible for supervising and scheduling maintenance personnel.

X Specific assignments of duties shall be developed and issued each week.

X A performance record is maintained for the maintenance employee and, at least annually, is discussed with employee.

X The Site Administrator, by coordinating with, and receiving approval from the Property Supervisor, decides when outside services are needed.

3. Tools

X Small tools shall be furnished by the employee. Additional special use and expensive power tools are provided by the project as needed through purchase, inter-project loan, or rental.

4. Corrective Maintenance

Corrective maintenance is performed in response to requests from residents, management or as a result of plant or equipment malfunction. Requests must originate or be approved by the Site Administrator through the issuance of work orders.

Resident-initiated work orders are prioritized according to the categories that follow, and handled, in general, in the order received:

X **Priority One:** Items affecting the health and safety of the residents or causing damage to property or interruption of the following services: hot or cold running water, electricity or gas, adequate heat, plumbing, garbage removal. Inability of the following appliances to function: refrigerator and stove. Glass breakage wherein the resident is deprived of security and/or loss of heat. Repairs of a nature, which, if left unrepaired, would expose people to personal injury.

All repairs involving hazardous materials must conform to the hazardous materials management policy.

X Priority Two: Important maintenance requests, which are of an inconvenient nature to the residents, and affect the suitability of living conditions and comfort of the residents. Minor but necessary repairs, adjustments, and replacements such as broken toilet seats, missing towel bars, missing floor tile, inoperative kitchen or bathroom exhaust fans.

X Priority Three: The cleaning, decorating and repairing of apartments for occupancy, including, but not limited to, interior building and fixture repairs, drapery and carpet cleaning, painting of unit. Extra attention will be given to minor repairs and final cleanup.

X Priority Four: Cleanliness of the grounds and public areas, such as lawns, laundry rooms, restrooms, recreation areas, sidewalks and stairs.

X Priority Five: Normal maintenance items of a cosmetic nature such as replacement of chipped tile, bent towel bars, etc., that are of a routine, minor, non-hazardous nature.

X Priority Six: Preventive maintenance, i.e., maintenance acts which lengthen the life of major operating equipment, including but not limited to, cleaning out boilers or water heaters, oiling motors, changing filters, and clearing rain gutters.

5. Resident Neglect and Abuse

Maintenance services requested by residents due to their neglect or abuse may be approved after the resident has signed an agreement stating that he/she agrees to pay for any repairs, replacements, or labor charges required.

6. Reconditioning for New Residents

Upon vacancy, each unit shall be reconditioned for a new resident in accordance with the issued check list.

7. Preventive Maintenance

Most preventive maintenance tasks will be performed by site employees.

X All mechanical and electric equipment and systems shall be checked and serviced and the results recorded on the required form.

X Regular interior and exterior inspection of buildings required and inspection report forms are completed. The control record is maintained by the Site Administrator.

X An annual inspection of all units will be conducted and staff will follow up to assure that all needed repairs are made.

X Major preventive maintenance items will be followed closely with expected expenses and workload projected annually and reserves developed accordingly. Following are some examples of typical life expectancy:

-Interior Painting: units will typically be painted every five to seven years.

-Carpet: will typically be replaced every seven years, on average.

-Exterior Painting: will be done every six to seven years depending on needs.

-Roofs: will be inspected twice a year, maintained as needed and monitored closely when they near their life expectancy to see if replacement or repairs are needed.

-Paving: asphalt should be sealed to reduce deterioration and lessen the effects of moisture damage. Three years after the first seal, the asphalt should be resealed and then may go 5 to 6 years before needing an additional seal coat.

8. Emergency Maintenance

A 24-hour emergency service shall be established by the Administrator through an on-call schedule reviewed with the maintenance personnel.

In case of disaster, management has the responsibility to implementing the disaster plan and protecting the remaining property.

X Management is not required to pay for the loss of resident's possessions or provide or pay for interim housing, but will assist residents with their emergency housing needs to the extent possible.

X In cases where apartments are uninhabitable, the rent charge is stopped and credit is given for any unused portion of rent or deposits.

9. Gardening and Landscape

The maintenance person will supervise the contractor providing gardening services and is responsible for the maintenance of presentable grounds and landscaping, keeping in mind that the project's marketability will be enhanced through proper landscaping care. Minimum maintenance landscaping is planned for the project.

10. Contract Maintenance

The Administrator is responsible for determining whether it is cost-effective to contract for specialist services rather than doing them in-house. Contracts will be let to qualified specialists, particularly when dealing with potentially hazardous materials, such as pest control, or skilled tasks, such as elevator maintenance.

If services are to be contracted, bid specifications will be developed and submitted to selected contractors.

Upon receipt of bids, they will be evaluated for compliance with bid specifications and the reliability of the bidder as to work performance and financial status. All contract documents are reviewed and approved at the Home Office. Bids will be compared against the cost of performing the task in-house. Conflict of interest situations, such as hiring relatives, will be subject to disclosure.

The contracted work will be monitored by maintenance staff or, in the case of a major contract, such as a roof replacement, a consultant may be hired to check the quality of workmanship and materials.11. Maintenance Stock Control

The agent will implement a well-organized system of stock control, involving regular inventories to ensure that maintenance parts and supplies are always on hand.

C. Security

The Administrator, with assistance and supervision from the Property Supervisor and guidance from the President, will develop and coordinate a security program by bringing together his/her resources with those of the police, the residents and the community as a whole.

The Administrator will take all possible actions to create a secure atmosphere among residents, including the following:

- X Provision of safe lighting and secure locks.
- X Discussion of crime prevention ideas with residents.
- X Prompt response to resident notification of problems regarding building security.
- X Strict control over common area and apartment keys.

The Administrator will promptly notify the Owner and the President of any unusual developments affecting resident security

Report of Independent Auditors and
Consolidated Financial Statements with
Supplementary Information

American Baptist Homes of the
West and Affiliates
(a Member of Cornerstone Affiliates)

As of and for the Years Ended
September 30, 2015 and 2014

MOSS ADAMS LLP

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REPORT OF INDEPENDENT AUDITORS

To the Members of the Board of Directors
American Baptist Homes of the West and Affiliates

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of American Baptist Homes of the West ("ABHOW") and Affiliates, (a member of Cornerstone Affiliates) (collectively referred to as the "Corporation"), which comprise the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Beacon Communities and Affiliates ("Beacon") which statements reflect total assets constituting approximately 29 percent and 26 percent, respectively, of consolidated total assets at September 30, 2015 and 2014, and total revenues constituting approximately 9 percent and 7 percent, respectively of consolidated total revenues for the years then ended. These statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Beacon, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Baptist Homes of the West and Affiliates as of September 30, 2015 and 2014, and the results of their operations, change in net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

San Francisco, California
December 18, 2015

CONSOLIDATED FINANCIAL STATEMENTS

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2015 and 2014
(In Thousands)

ASSETS	2015	2014
CASH AND CASH EQUIVALENTS	\$ 28,407	\$ 23,696
RESTRICTED CASH	28,362	21,373
INVESTMENTS	95,243	99,161
INVESTMENTS IN LAS VENTANAS BONDS	4,689	6,959
RESTRICTED INVESTMENTS	92,513	100,710
RESIDENT ACCOUNTS RECEIVABLE LESS ALLOWANCES FOR DOUBTFUL ACCOUNTS OF \$1,553 AND \$1,920, RESPECTIVELY	6,575	7,146
SUBORDINATED NOTES RECEIVABLE - Net	37,089	37,089
OTHER RECEIVABLES	4,698	4,015
DUE FROM AFFILIATES	17,106	15,632
PREPAID EXPENSES, DEPOSITS AND OTHER ASSETS	1,565	2,181
OTHER ASSETS	18,208	11,644
LAND, BUILDING, AND EQUIPMENT - Net	365,586	304,748
TOTAL	\$ 700,041	\$ 634,354
LIABILITIES AND NET ASSETS		
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 28,257	\$ 19,813
DEPOSITS	8,988	8,345
ACCRUED INTEREST	11,913	9,977
REBATABLE ENTRANCE FEES DUE	19,753	19,717
ENTRANCE FEES SUBJECT TO REFUND	40,390	43,541
ENTRANCE FEES NON-REFUNDABLE	80,306	74,752
REVOCABLE TRUSTS	410	552
OBLIGATIONS UNDER ANNUITY AGREEMENTS	1,966	2,216
NOTES AND BONDS PAYABLE	397,048	344,747
RETIREMENT LIABILITIES	6,846	3,658
WORKERS' COMPENSATION LIABILITY	6,414	4,292
OTHER LIABILITIES	8,264	9,134
Total liabilities	610,555	540,744
COMMITMENTS AND CONTINGENCIES (SEE NOTE 14)		
NET ASSETS		
Unrestricted - Controlling	48,872	54,218
Unrestricted - Non-controlling	31,912	29,892
Temporarily restricted	8,245	9,058
Permanently restricted	457	442
Total net assets	89,486	93,610
TOTAL	\$ 700,041	\$ 634,354

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
CONSOLIDATED STATEMENTS OF OPERATIONS
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014
(In Thousands)**

	2015	2014
UNRESTRICTED NET ASSETS		
OPERATING REVENUES		
Residential living	\$ 41,262	\$ 38,442
Assisted living	12,317	10,926
Health center	47,867	43,709
Memory support	7,158	5,631
Other residential services	1,010	1,138
Amortization of entrance fees	17,192	16,215
Other operating revenue	6,360	5,687
Affordable housing fees and rents	13,491	9,563
Net assets released from restrictions	244	64
Bequests and charitable giving	1,323	572
Total operating revenues	148,224	131,947
OPERATING EXPENSES		
Salaries and wages	59,704	55,157
Employee benefits	17,381	14,686
Supplies	9,184	8,876
Chargeable ancillary services	6,988	6,678
Marketing and advertising	4,262	4,478
Repairs and maintenance	2,161	1,457
Purchased services	7,187	6,005
Leases and rents	1,598	1,356
Utilities	6,331	6,277
Travel and related	1,457	1,491
Other operating expenses	3,134	3,165
Insurance	1,643	1,559
Total operating expenses	121,030	111,185
INCOME BEFORE OTHER OPERATING INCOME (EXPENSE)	27,194	20,762
OTHER OPERATING INCOME (EXPENSE)		
Increase in unrealized losses on interest rate swaps and caps	(386)	(197)
Realized gains on investments - net	5,441	5,591
Investment income - net	2,499	2,397
Mortgage interest	(8,743)	(6,616)
Depreciation and amortization	(21,597)	(18,871)
INCOME FROM OPERATIONS	\$ 4,408	\$ 3,066

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
CONSOLIDATED STATEMENTS OF OPERATIONS
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (continued)
(In Thousands)**

	2015	2014
UNRESTRICTED NET ASSETS		
Income from operations	\$ 4,408	\$ 3,066
Unrealized losses on investments - net	(9,257)	(911)
Unrealized losses on investment in Las Ventanas bonds	(2,270)	(1,291)
Contributions in aid of construction	9,090	4,129
Loss from change in unrecognized pension obligation	(3,045)	(1,165)
Loss on extinguishment of debt	(1,052)	-
Loss on multi-employer pension plan withdrawal	(1,200)	-
(DECREASE) INCREASE IN UNRESTRICTED NET ASSETS	(3,326)	3,828
TEMPORARILY RESTRICTED NET ASSETS		
Dividend and interest income	248	214
Unrealized (losses) gains on restricted investments - net	(492)	406
Contributions	1,301	1,994
Net assets released from restrictions	(244)	(64)
Contractual payments to beneficiaries	(394)	(648)
Realized gains on investments - net	201	159
Contractual liability adjustments	398	112
Special project fund distribution	(1,831)	(1,045)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(813)	1,128
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	15	15
CHANGE IN NET ASSETS	(4,124)	4,971
NET ASSETS - Beginning of year	93,610	88,639
NET ASSETS - End of year	\$ 89,486	\$ 93,610

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014
(In Thousands)

	2015	2014
OPERATING ACTIVITIES		
Cash received for resident services	\$ 109,788	\$ 104,933
Cash received for entrance fees from reoccupancy	20,117	20,926
Cash received from other operating activities	18,124	14,107
Cash received from bequests and trust maturities	1,566	636
Cash earnings realized from investments	7,927	5,002
Cash paid for employee salaries	(55,190)	(49,186)
Cash paid for employee benefits	(15,887)	(14,730)
Cash paid for temporary labor	(3,623)	(4,061)
Cash paid to vendors	(46,877)	(49,158)
Cash paid for interest, net of amounts capitalized	(8,347)	(6,485)
Net cash provided by operating activities	27,598	21,984
INVESTING ACTIVITIES		
Acquisition of land, buildings, and equipment - Continuing Care Retirement Communities ("CCRCs")	(29,257)	(35,586)
Acquisition of land, buildings, and equipment - Affordable Housing	(42,525)	(17,402)
Increase in restricted cash	(8,948)	(363)
Purchase of unrestricted investments	(51,524)	(48,759)
Proceeds from sale of unrestricted investments	47,151	44,219
Purchase of restricted investments	(156,664)	(112,843)
Proceeds from sale of restricted investments	165,658	131,411
Net cash used in investing activities	(76,109)	(39,323)
FINANCING ACTIVITIES		
Cash received from initial entrance fees and deposits	3,298	24,344
Refunds of deposits and refundable fees	(3,278)	(2,611)
Net proceeds from issuance of notes and bonds payable - CCRCs	55,846	-
Cash paid for deferred debt issuance costs - CCRCs	(1,068)	-
Principal payments on notes and bonds payable - CCRCs	(43,817)	(3,527)
Proceeds from issuance of notes and bonds payable - Affordable Housing	40,478	7,993
Cash paid for deferred debt issuance costs - Affordable Housing	(346)	-
Principal payments on notes and bonds payable - Affordable Housing	(240)	(76)
Cash received from contributions in aid of construction	3,014	4,129
Cash received from restricted gifts and donations	1,329	2,073
Cash paid from other trust activity - net	(1,994)	(1,479)
Net cash provided by financing activities	53,222	30,846
INCREASE IN CASH AND CASH EQUIVALENTS	4,711	13,507
CASH AND CASH EQUIVALENTS - Beginning of year	23,696	10,189
CASH AND CASH EQUIVALENTS - End of year	\$ 28,407	\$ 23,696

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014 (continued)
(In Thousands)

	2015	2014
OPERATING ACTIVITIES		
Change in net assets	\$ (4,124)	\$ 4,971
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization of entrance fees	(17,192)	(16,215)
Entrance fees from reoccupancy	20,117	20,926
Depreciation and amortization	21,597	18,871
Unrealized losses on investments - net	9,257	911
Unrealized losses (gains) on restricted investments - net	492	(406)
Unrealized loss on investments in Las Ventanas bonds	2,270	1,291
Loss on extinguishment of debt	1,052	-
Loss on multi-employer pension plan withdrawal	1,200	-
Change in net unrecognized pension obligation	3,045	1,165
Increase in unrealized loss on interest rate swaps and caps	386	197
Contributions in aid of construction	(9,090)	(4,129)
Change in accounts receivable from residents and others	571	(816)
Change in prepaid expenses, deposits and other assets	616	(45)
Other changes in operating assets and liabilities - net	(2,599)	(4,737)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 27,598	\$ 21,984
NONCASH DISCLOSURES		
Acquisition of buildings and equipment financed through accounts payable and accrued expenses	\$ 4,395	\$ 2,392
Purchase and sale of affordable housing fixed assets with debt	\$ 2,920	\$ -
Sale of Boise land through debt retirement	\$ -	\$ 3,000
Sale of Boise land through issuance of note receivable	\$ -	\$ 2,000

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014**

Note 1 – Business and Organization

Parent Organization – Cornerstone Affiliates (“Parent Organization” or “Cornerstone”) is a California nonprofit public benefit corporation. Cornerstone is the sole member of American Baptist Estates, Inc. (“ABE” or d.b.a. Terraces of Phoenix), Las Ventanas Retirement Community (“Las Ventanas”), Boise Retirement Community (“Boise” or d.b.a. the Terraces of Boise), Terraces at San Joaquin Gardens (“TSJG”), American Baptist Homes of Washington (dba “Judson Park”), Cornerstone Affiliates International, Inc. (“CAI”), and Seniority, Inc.; and elects the majority of the directors of American Baptist Homes of the West (“ABHOW”). ABHOW and the Affiliates are collectively referred to as the “Corporation.”

Cornerstone Related Enterprises

American Baptist Estates, Inc. – American Baptist Estates, Inc. is a California nonprofit public benefit tax-exempt corporation providing housing, health care and supportive services for the elderly in Phoenix through its continuing care retirement community, Terraces of Phoenix. Prior to September 29, 2003, ABE was a controlled affiliate of ABHOW. The funds previously advanced by ABHOW to support ABE’s operating and capital needs were retained in the form of a note receivable from ABE. Based on Terraces of Phoenix’s projected cash flows, payments on the note receivable are not anticipated by ABHOW until 2030. The note has been recorded as part of subordinated notes receivable in the accompanying consolidated balance sheets at the estimated net realizable value of \$4,315,000 at September 30, 2015 and 2014.

ABHOW manages Terraces of Phoenix under a multiyear management agreement. In November 2013, Terraces of Phoenix refunded its Series 2003 and 2007 debt with the existing lender after ABHOW committed to a credit support package. Terraces of Phoenix and the holders of the Terraces of Phoenix’s debt had a maximum recourse of \$5,700,000 to ABHOW in the event of default (see Note 14). At September 30, 2015, ABHOW had self-restricted \$10,000,000 of cash to lend to Terraces of Phoenix on a subordinated basis at 4% fixed interest in conjunction with Terraces of Phoenix’s fiscal year 2016 refinancing (see Note 17).

Las Ventanas Retirement Community – Las Ventanas Retirement Community (“Las Ventanas”) is a California nonprofit public benefit tax-exempt corporation providing housing, health care, and supportive services for the elderly in Las Vegas, Nevada through its continuing care retirement community. On July 1, 2004, ABHOW began providing oversight management services to Las Ventanas. On January 1, 2010, ABHOW began providing full management services to Las Ventanas. In September 2012, Las Ventanas’ existing obligations were restructured; including the forgiveness of all previously accrued management fees. Certain obligations of Las Ventanas have a maximum recourse of \$2,000,000 to ABHOW in the event of default under a limited debt service advance agreement (see American Baptist Properties (“ABP” section in Note 1).

Boise Retirement Community – Boise Retirement Community (“Boise”) is a California nonprofit public benefit tax-exempt corporation which leased, and subsequently purchased, from ABP a site in Boise, Idaho upon which the Terraces of Boise is currently under construction, with planned completion in calendar year 2015. The obligations of Boise are non-recourse to ABHOW.

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Note 1 – Business and Organization (continued)

To support the Boise financing, in 2014 ABHOW and ABP provided \$3,000,000 in equity at financing along with \$1,000,000 of funded liquidity support and an additional \$1,250,000 of unfunded liquidity support. At the same time, Boise purchased the parcel of land upon which the Terraces of Boise is built from ABP for \$5,000,000. This purchase price consisted of \$3,000,000 in cash, which was used to retire ABP's Boise land acquisition loan, and a \$2,000,000 interest-bearing subordinated note receivable. The subordinated note receivable was subsequently assigned to ABHOW (see ABP section of Note 1). The land sale resulted in a deferred gain on sale of \$533,000 in 2014 as part of other liabilities in the accompanying consolidated balance sheets.

On October 24, 2013, Boise's Sales and Marketing Oversight Services Agreement with Seniority, Inc. ("Seniority"), a related entity, was amended and restated. Under the terms of the amendment, Seniority is entitled to a Marketing Administrative Fee equal to \$8,000 per month beginning in the month in which first occupancy of a residential living apartment occurs and continuing until achievement of 90% occupancy of the residential living apartments. In addition, Seniority is entitled to an Incentive Fee equal to \$80,000 as follows: (i) \$5,000 upon completion of the marketing collateral and first ad series, (ii) \$30,000 upon achievement of the priority member goal, (iii) \$35,000 upon achievement of the minimum number of reservation deposits necessary to secure financing and (iv) \$10,000 upon obtaining an initial certificate of occupancy for resident occupancy. Additionally, under Boise's Development Administration Services Agreement, ABHOW is entitled to a development administrative support services fee equal to \$17,000 per month for each month that Greystone Development Corporation ("GDC") is entitled to a management fee during the term.

Terraces at San Joaquin Gardens – Terraces at San Joaquin Gardens is a California nonprofit public benefit tax-exempt corporation providing housing, healthcare, and supportive services for the elderly in Fresno, California through its continuing care retirement community.

Prior to September 26, 2012, TSJG was one of the eight continuing care retirement communities constituting ABHOW's California Obligated Group. Effective September 26, 2012, by vote of the ABHOW Board of Directors, and consistent with the rights and abilities granted in ABHOW's Master Trust Indenture, sole corporate membership and control of TSJG was transferred from ABHOW to Cornerstone. Additionally, at this time, ABHOW entered into a 10-year management agreement at a base fee of 8.5% of total budgeted cash revenues, with half of this fee subject to subordination. During fiscal year 2015 and 2014, the recognition of \$828,000 and \$737,000, respectively, of TSJG management fee revenue was deferred by ABHOW, and an additional \$1,333,000 and \$1,384,000, respectively of interest income related to the TSJG Subordinated Notes A and B, payable to ABHOW, was accrued, with collection pending achievement of certain TSJG operating performance criteria. In September 2014, \$1,151,000 of interest income earned in 2013 was collected by ABHOW.

American Baptist Homes of Washington – American Baptist Homes of Washington ("Judson Park") is a Washington nonprofit tax-exempt corporation providing housing, health care, and supportive services for the elderly in Washington through its continuing care retirement community, Judson Park. On May 30, 2012, ABHOW entered into a 10-year management agreement at a base fee of 8.5% of total budgeted cash revenues, with the payment of such fees subject to subordination if Judson Park fails to achieve certain operating performance criteria. On September 22, 2015, the Cornerstone Board of Directors voted to accept receipt of the sole membership of Judson Park from ABHOW, causing a transfer of the ownership of Judson Park from ABHOW to Cornerstone (see Note 16).

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Note 1 – Business and Organization (continued)

Seniority, Inc. – Seniority, Inc. is a California for-profit corporation which was wholly owned by the Corporation from inception in October 1997 through September 2015. Seniority provides sales and operational management and consulting services to Cornerstone's CCRCs (excluding Las Ventanas) and unrelated third parties. Seniority currently pays ABHOW a \$194,000 annual corporate cost allocation fee. On September 22, 2015, the Cornerstone Board of Directors voted to accept receipt of the stock of Seniority from ABHOW causing a transfer of the ownership of Seniority from ABHOW to Cornerstone (see Note 16). During fiscal year 2015, Cornerstone transferred to Seniority the voting stock of Seniority Properties (see below).

Seniority Properties – Seniority Properties is a California for-profit corporation which was wholly owned by Cornerstone through September 22, 2015, at which time the Cornerstone Board of Directors voted to transfer its stock ownership of Seniority Properties to Seniority, Inc. Seniority Properties was formed in February 2014 for the purpose of holding equity interests in developed and acquired free-standing assisted living and memory support communities and other similar investments.

During the year ended September 30, 2015, ABHOW contributed \$3,000,000 to Seniority Properties in support of its purpose of investing in senior housing communities, and to that end, Seniority Properties, through a subsidiary LLC, purchased a parcel of land for \$1,000,000 upon which a free-standing memory support and assisted living community will be constructed. Additionally, on September 1, 2015, Seniority Properties, through a subsidiary LLC, purchased a 49% equity interest (as well as an option to purchase an additional 1% interest) in the limited liability company ("LLC") which owns an existing memory support senior housing community currently managed by Seniority, Inc.

Cornerstone Affiliates International, Inc. – Cornerstone Affiliates International, Inc. ("CAI") is a California for-profit corporation wholly owned by Cornerstone. CAI is the holding company for the activities surrounding the development of international senior housing consulting and management business opportunities.

American Baptist Homes of the West – American Baptist Homes of the West is a California nonprofit public benefit tax-exempt corporation which owns, operates, and manages both continuing care retirement communities and rental housing communities in which housing, health care, and supportive services are provided for the elderly. Cornerstone is the sole member of ABHOW and elects eight of ABHOW's fifteen directors. The executive officers of Cornerstone also serve as executive officers of ABHOW. As of September 30, 2014, the following CCRCs were owned and operated by ABHOW:

- Grand Lake Gardens
- Piedmont Gardens
- Terraces at Los Altos
- Plymouth Village
- Rosewood
- Valle Verde
- Terraces of Los Gatos

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Note 1 – Business and Organization (continued)

American Baptist Homes Foundation of the West, Inc. – American Baptist Homes Foundation of the West, Inc. (the “Foundation”) is a California nonprofit public benefit tax-exempt corporation whose primary purpose is to develop, invest, and administer funds to provide residential and nursing home care on behalf of the residents of certain communities of the Corporation. The Foundation’s principal activity is to administer such funds under trust agreements. The Corporation is the sole member of the Foundation, and therefore, elects the directors of the Foundation. As a result, the Corporation has control over the Foundation, and therefore, the Foundation is included in the Corporation’s consolidated financial statements. The Foundation guarantees the bond obligations of the Corporation. The Foundation’s obligations under the guaranty agreement are limited to the Foundation’s income earned on its unrestricted net assets.

American Baptist Properties, Inc. – American Baptist Properties, Inc. (“ABP”) is a California nonprofit public benefit corporation established in 1997 to serve as a real property holding company for the Corporation. In May 2008, ABP completed the purchase of a parcel of land in Boise, Idaho, for the purpose of developing a continuing care retirement community. The land was purchased for \$4,075,000 using a combination of cash and \$3,075,000 of debt and subsequently sold to the Terraces of Boise at financing of the community.

In June 2009, ABP completed the \$8,500,000 purchase of the land underlying Las Ventanas, the corresponding ground lease and the rights to a \$5,000,000 contingent deferred payment. On December 16, 2011, ABP purchased at a substantial discount, the Santander \$5,600,000 Las Ventanas secured construction loan. On June 22, 2012, Las Ventanas, its bondholders, ABHOW, and ABP executed a letter of agreement for the restructuring of Las Ventanas’ debt and lease obligations. On September 12, 2012, the restructuring was finalized, which involved the exchanging of existing bonded indebtedness for three new series of tax-exempt bonds.

ABP contributed \$2,500,000 and released its interests in the ground lease and construction loan in exchange for interests in the newly issued Las Ventanas Series A-2, Series B-2, Series B-3, and Series C-2 bonds. Additionally, ABP, with liquidity support from ABHOW, provided an unfunded \$2,000,000 debt service support agreement for the Las Ventanas Series A-1 bonds, with any resulting funded amounts triggering the issuance to ABP of an equal amount of Las Ventanas Series B-4 bonds, comparable in structure to the Las Ventanas Series B-3 bonds.

As a result of the aforementioned restructuring, ABP received \$16,414,000 (par value) of LVRC bonds, which were revalued to \$8,250,000 in the year of receipt, and classified as Investments in Las Ventanas bonds in the accompanying consolidated balance sheets. Subsequent revaluations of the investments as of September 30, 2015 and 2014 have resulted in additional increases in the unrealized mark-to-market loss of \$2,270,000 and \$1,291,000, respectively, and an aggregate unrealized loss on investments in Las Ventanas bonds of \$11,725,000, in the accompanying consolidated statements of operations and changes in net assets (see Note 3).

On September 22, 2015, the ABHOW board of directors voted to accept receipt of the net assets of ABP in full satisfaction of intercompany liabilities from ABP to ABHOW. As such, assets, including ABP’s ownership of Las Ventanas Series A, B and C bonds, in the amount of \$7,041,000 and ABP’s \$533,000 deferred gain on the sale of the Boise land were transferred to ABHOW and \$17,115,000 in interaffiliate obligations were satisfied. As a result of this transaction ABHOW recorded a reduction in net assets of \$7,574,000 and ABP recorded an equally offsetting increase in net assets.

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Note 1 – Business and Organization (continued)

Beacon Communities – Beacon Communities, Inc. (formerly Carmel Senior Housing, Inc., “CSH”), an affiliate of the Corporation, is a California nonprofit public benefit tax-exempt corporation.

Prior to January 1, 2015, Carmel Senior Housing served primarily as the legal entity holding ABHOW’s general partner interest in the following tax credit communities: Tahoe Senior Housing II, L.P. (d.b.a. Kelly Ridge), Pacific Meadows Senior Housing L.P. (d.b.a. Pacific Meadows), Valley Vista Senior Housing (d.b.a. Valley Vista), Harborview Manor LLLP (d.b.a. Harbor View Manor), Bay Vista Partners LLLP (d.b.a. The Pearl on Oyster Bay), Three Rivers Senior Housing LLLP (d.b.a. Three Rivers Village), and Tower Park LP (d.b.a. Tower Park). On January 21, 2015, CSH became the general partner of Rotary Plaza LP (d.b.a. Rotary Plaza).

On January 1, 2015, ABHOW purchased for \$350,000 in cash and a \$2,000,000 note (see Note 6) all of the outstanding membership interests in the Beacon Development Group and assigned its rights to Carmel Senior Housing, Inc. ABHOW then entered into a \$2,350,000 interaffiliate note with Beacon Development Group to assign the cost of purchase to the acquired entity.

In conjunction with this January 1, 2015 purchase, Carmel Senior Housing, Inc. was renamed Beacon Communities, Inc. (“Beacon”) and ABHOW affordable housing employees became employees of Beacon. All operational activities, assets and liabilities associated with ABHOW’s affordable housing line of business were also transferred to Beacon. In late fiscal year 2015, following United States Department of Housing and Urban Development approval, ABHOW transferred its sole memberships in all of ABHOW’s owned affordable housing communities as well as the management agreements for all of its owned and managed communities to Beacon.

In exchange for the transfer of affordable housing related assets and liabilities, Beacon entered into a non-interest bearing interaffiliate note with ABHOW for \$2,226,000 as well as a non-interest bearing contingent note with ABHOW for \$1,364,000, which is payable upon Beacon’s ability to achieve certain levels of cash flow and operating margin. These notes are included in notes and bonds payable and other receivables on the balance sheets of Beacon and ABHOW, respectively, and eliminate upon consolidation. The remaining \$1,542,000 of assets transferred were recorded as a capital contribution from ABHOW to Beacon. Additionally, as part of the transfer agreement, it was agreed that Beacon would reimburse ABHOW for its portion of corporate office rent and, on a contingent basis, would reimburse the corporate office for certain costs incurred in support of Beacon’s operations dependent upon Beacon’s ability to achieve certain levels of cash flow and operating margin.

In June 2015, Beacon determined that there was economic value in certain of its intercompany assets with its tax credit affordable housing communities in excess of the carrying value of those assets. Given the strategic importance of those assets upon expiration of the tax credits, a change in accounting estimate related to the net realizable value of the assets was made which resulted in a reversal of reserves on intercompany notes receivable and associated interest income, on general partner equity investments, and on developer fees receivable. The net result of this change in estimate was an increase in Beacon net assets of \$5,700,000.

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Note 1 – Business and Organization (continued)

Beacon serves as the sole or majority member and controlling organization for the following separately incorporated affordable housing entities:

- Redlands Senior Housing, Inc. (d.b.a. Casa de la Vista)
- Redlands Senior Housing Two (d.b.a. Fern Lodge)
- Oak Knolls Haven, Inc. (d.b.a. Oak Knolls Haven)
- Tahoe Senior Plaza, Inc. (d.b.a. Tahoe Senior Plaza)
- Judson Terrace Lodge, Inc. (d.b.a. Judson Terrace Lodge)
- San Leandro Senior Housing, Inc. (d.b.a. Broadmoor Plaza)
- Hillcrest Senior Housing, Inc. (d.b.a. Hillcrest Gardens)
- Good Shepherd Senior Housing (d.b.a. Shepherd's Garden)
- Salishan Senior Housing, Inc. (d.b.a. Salishan Gardens)

Beacon serves as the majority General Partner and controlling organization for the following separately incorporated affordable housing entities:

- Tahoe Senior Housing II, L.P. (d.b.a. Kelly Ridge)
- Pacific Meadows Senior Housing L.P. (d.b.a. Pacific Meadows)
- Valley Vista Senior Housing (d.b.a. Valley Vista)
- Harborview Manor LLLP (d.b.a. Harbor View Manor)
- Bay Vista Partners LLLP (d.b.a. The Pearl on Oyster Bay)
- Three Rivers Senior Housing LLLP (d.b.a. Three Rivers Village)
- Rotary Plaza, L.P. (d.b.a. Rotary Plaza)

Beacon Communities also serves as the minority General Partner for Tower Park LP (d.b.a. Tower Park), an affordable housing community which is currently under construction.

Managed Rental Homes and CCRCs – At September 30, 2015, Beacon managed sixteen affordable housing rental communities and the Corporation managed three continuing care retirement communities. At September 30, 2014, the Corporation managed eighteen affordable housing rental communities and three continuing care retirement communities (see Note 12).

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Note 2 – Accounting Policies

Basis of Consolidation – The accompanying financial statements consolidate the accounts of ABHOW, the Foundation, ABP, Beacon and Affiliates. The financial statements of ABHOW and Affiliates are presented on a consolidated basis due to the sole corporate membership and controlling financial interests of these organizations. All significant intercompany balances and transactions have been eliminated.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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 the reported amounts of revenue and expenses during the reported periods. Significant items subject to such estimates and assumptions include the fair values of interest rate swap and cap assets and liabilities; allowances for contractual and uncollectible accounts receivable; fair values of notes receivable; fair values of investments; future service benefit obligations; rebatable entrance fees due; entrance fees subject to refund; entrance fees non-refundable; liabilities for self-insured workers' compensation; liabilities for pension and retirement plans; and valuation of split-interest agreements. Actual results could differ from those estimates.

New Accounting Pronouncements – In August 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40)*. The amendment in this update provides guidance in generally accepted accounting principles ("GAAP") about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. In doing so, the amendments should reduce diversity in the timing and content of footnote disclosures. In connection with preparing financial statements for each annual and interim reporting period, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). ASU No. 2014-15 is effective for the Corporation in the fiscal year ending September 30, 2016. It is not anticipated that ASU No. 2014-15 will have an impact on the Corporation's financial statements.

In April 2015, the FASB issued ASU No. 2015-03, *Interest-Imputation of Interest (Subtopic 835-30)*. The amendment in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this update. For all nonpublic entities, the amendments in this update are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. It is not anticipated that ASU No. 2015-03 will have a material impact on the Corporation's financial statements.

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Note 2 – Accounting Policies (continued)

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, a consensus of the Emerging Issue Task Force. Pursuant to ASU No. 2015-07, investments for which fair value is measured at net asset value, or its equivalent, using the practical expedient will no longer be categorized in the fair value hierarchy. Removing such investments from the fair value hierarchy thereby ensures that all investments categorized in the fair value hierarchy are classified using a consistent approach. ASU No. 2015-07 also removes the requirement that make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value practical expedient. Instead, such disclosures are limited to investments for which the entity has elected to estimate the fair value using the practical expedient. ASU No. 2015-07 is effective in the annual periods beginning after December 15, 2016, with earlier adoption permitted. ASU No. 2015-07 should be applied retrospectively to all prior periods presented. The Corporation is currently evaluating the impact of the ASU No. 2015-07 on the Corporation's financial statements.

Cash and Cash Equivalents – Cash and cash equivalents are defined as cash on hand, demand deposits with financial institutions, and overnight investments considered to be cash equivalents. Accounts at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation ("FDIC") and Securities Investor Protection Corporation ("SIPC"). The Corporation has cash balances in financial institutions that are in excess of FDIC limits. Management monitors the financial condition of these institutions on an ongoing basis and does not believe significant credit risk exists at this time.

Restricted Cash – Restricted cash is defined as cash which is restricted in its use by regulatory or other agreements. These accounts are primarily funds set aside for future strategic investments, escrowed first generation entry fee deposits, replacement reserves at the affordable housing communities and unexpended equity contributions for tax credit affordable housing communities.

Investments – Investments include certain cash equivalents held by investment managers, certificates of deposits, commercial paper, mutual funds, equity securities, corporate debt, U.S. government securities and certain cash equivalents and securities held by trustees for capital project expenditures and debt service, and are stated at fair value.

Certain investments are restricted as assets held in trust. These include assets held by trustees in accordance with the indentures relating to debt agreements and assets set aside in accordance with various trust agreements with third parties, including donors. Assets held in trust as well as assets managed for certain ABHOW affiliates are classified as restricted investments. Also included in restricted investments is \$10,455,000 and \$6,886,000 as of September 30, 2015 and 2014, respectively, designated by the board for future capital projects at several communities.

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Note 2 – Accounting Policies (continued)

Investment income (including realized gains and losses on investments, interest, and dividends) is included in the consolidated statements of operations and changes in net assets according to donor restrictions. Realized gains and losses for mutual funds are computed using the average cost method. Historical cost, on the specific identification method, is utilized to compute the realized gains and losses for all other securities. Upon determination that the cost of securities is other-than-temporarily impaired, adjustments are made to revalue the securities to current value. Any adjustments required by this policy for unrestricted assets are charged to investment loss and restricted assets are charged to the appropriate net assets category. Unrealized gains and losses are recorded in other changes in net assets (see Note 4).

Investments in Las Ventanas Bonds – Investments include holdings in three tranches of the Las Ventanas Series 2012 bonds (see Note 1). These investments are recorded at fair market value as of September 30, 2015 and 2014, in the accompanying consolidated balance sheets. Changes in fair market value are included in unrealized loss on Investments in Las Ventanas bonds in the consolidated statements of operations and changes in net assets. Investment income is included in the consolidated statements of operations and changes in net assets.

Resident Accounts Receivable – The Corporation provides services to residents even though they may lack adequate funds or may participate in programs that do not pay full charges. The Corporation receives payment for health services from residents, insurance companies, Medicare, Medi-Cal, Medicaid, HMOs, and other third-party payors. As a result, the Corporation is exposed to certain credit risks. The Corporation manages its risk by regularly reviewing its accounts, by providing appropriate allowances for uncollectible accounts, and by having secured the accounts through the Care and Residence Agreements with the residents of continuing care retirement communities.

Resident accounts receivable are stated at the amount management expects to collect. If necessary, management provides for probable uncollectible amounts through a charge to earnings and a credit to valuation allowance based on its assessment of the current status of individual balances. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and credit to resident accounts receivable.

Subordinated Notes Receivable – Includes both a fixed rate subordinated note and a variable rate subordinated note from TSJG in the amount of \$29,774,000 for the years ended September 30, 2015 and 2014. Interest income is included as a reduction to interest expense in the consolidated statements of operations and changes in net assets, due to the notes being structured as a mechanism to reimburse ABHOW for prior borrowings that were partially utilized to specifically fund capital expenditures at TSJG. During the years ended September 30, 2015 and 2014, \$1,333,000 and \$1,384,000, respectively, of interest income was accrued by ABHOW. Subordinated Notes Receivable as of September 2015 and 2014 also includes a non-interest bearing subordinated note from ABE for \$4,315,000, an interest bearing subordinated note from Boise for \$2,000,000 and non-interest bearing amounts due under subordinated liquidity support agreement from Boise for \$1,000,000 (see Note 1).

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Note 2 – Accounting Policies (continued)

Land, Building, and Equipment – Land, building, and equipment are recorded at cost, or fair value when received, if donated. The cost basis includes any interest, finance charges, and other related costs capitalized during construction. Real estate predevelopment costs, such as architectural and entitlement costs, costs of model units, furnishings, etc., are capitalized as part of the building cost and depreciated over the useful life of the related building. Maintenance and repair costs are charged to operations when incurred.

Depreciation of buildings and equipment is computed on the straight-line method using estimated useful lives of 3 to 40 years. When assets are retired or otherwise disposed of, the cost of the asset and its related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income for the period.

Asset Impairment – The Corporation periodically evaluates the carrying value of its long-lived assets for impairment. The evaluations address the estimated recoverability of the assets' carrying value, which is principally determined based on projected undiscounted cash flows generated by the underlying tangible assets. When the carrying value of an asset exceeds estimated recoverability, an asset impairment is recognized. No impairment was recorded during the years ended September 30, 2015 and 2014.

Fair Value of Financial Instruments – Unless otherwise indicated, the fair value of all reported assets and liabilities that represent financial instruments approximate their carrying values. The Corporation's policy is to recognize transfers in and transfers out of Level 1 and Level 2 as of the end of the reporting period. Revocable trusts and obligations under annuity agreements are classified as Level 2 in the fair value hierarchy. Investments in Las Ventanas bonds is classified as Level 3 in the fair value hierarchy. See Note 3 for fair value hierarchy disclosures.

Deferred Debt Issuance Costs – Expenses incurred in connection with the issuance of debt are deferred and amortized over the term of the related financing agreements using the effective interest method. Unamortized deferred debt issuance costs amounted to \$5,487,000 and \$5,161,000 at September 30, 2015 and 2014, respectively, and are included in other assets in the accompanying consolidated balance sheets. Accumulated amortization of deferred debt issuance costs was \$908,000 and \$997,000 at September 30, 2015 and 2014, respectively.

Deferred Marketing Costs – Expenses incurred in connection with marketing of newly constructed apartments are deferred and amortized over the estimated average life of the first generation of residents. Unamortized deferred marketing costs amounted to \$4,346,000 and \$3,896,000 at September 30, 2015 and 2014, respectively, and are included in other assets in the accompanying consolidated balance sheets. Accumulated amortization of deferred marketing costs was \$75,000 and \$0 at September 30, 2015 and 2014, respectively.

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Note 2 – Accounting Policies (continued)

Deferred Revenue from Investment Contract – The Corporation entered into an investment program in 1997 with respect to its bond reserve funds. Under the program, the Corporation received approximately \$6,400,000 in cash proceeds representing the discounted cash value of the investment earnings on these funds over the 30-year life of the reserve funds. In exchange for these proceeds, the counterparty to the arrangements had the ability to invest certain of the Corporation's bond reserve funds over the terms of the arrangements. The funds received were recorded as deferred revenue and recognized as revenue over the life of the agreements. Revenue recognized was \$213,000 for the year ended September 30, 2013. On October 4, 2013, ABHOW paid a \$2,205,000 settlement amount to terminate the program. In exchange for this settlement payment, ABHOW regained the rights to the income earned on the debt service reserve funds related to its Series 2010 bonds, including control over the determination of how these reserve funds are invested. As a result of this agreement, a net gain on investment of approximately \$772,000 was recognized during the year ended September 30, 2014, included in realized gains on investments, net in the consolidated statement of operations and changes in net assets.

Donor-Related Obligations – The Corporation has recorded certain obligations related to donations received as follows:

Revocable Trusts – Revocable trusts are trust agreements that are revocable by trustors at any time, with specific terms for each agreement. Consequently, a liability is reflected in other liabilities in the accompanying consolidated balance sheets equal to those related trust assets in restricted investments in the accompanying consolidated balance sheets.

Obligations Under Annuity Agreements – In conjunction with certain giving arrangements, the Foundation is required to pay a certain sum of money to the donor or a designated beneficiary and consequently a liability is reflected in obligations under annuity agreements in the accompanying consolidated balance sheets. These types of arrangements are summarized as follows:

Gift Annuities Fund – As consideration for certain gifts made to the Foundation, the Foundation enters into agreements to pay fixed annual payments to the donors or their beneficiaries for life. In accordance with Section 11521 of the California Insurance Code, a liability has been established for the future payments under the outstanding annuity contracts. The annual computation of the temporarily restricted amount of the gift is based upon the 2000 Group Annuity Mortality Table, with an interest assumption at 5% per annum. Assets in excess of liabilities, if any, related to these annuities are available for the use of the Foundation with the approval of the California Department of Insurance.

Annuity Trusts – Annuity trusts are trust agreements that provide for a fixed annual payment of not less than 6% of the initial value of trust assets to one or more income beneficiaries, with an irrevocable remainder interest contributed to charity. The annual payment never varies, regardless of trust income or the appreciation or depreciation in the value of trust assets.

Unitrusts – Unitrusts are trust agreements that are similar to annuity trusts, except that the annual payout generally is a fixed percentage, of not less than 6%, of the value of the trust assets valued annually. In general, the unitrust beneficiary payment amounts rise and fall in proportion to the value of trust assets. In certain cases, the payout from unitrusts may be tied to trust income.

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Note 2 – Accounting Policies (continued)

Obligation to Provide Future Services – If the present value of future outflows to provide future services, adjusted for certain noncash items, exceeds the present value of future cash in-flows, a liability is recognized. An evaluation of the future service obligation for residents indicated a liability was not considered to be necessary at September 30, 2015 and 2014. The discount rate used to calculate the obligation to provide future service is 5%.

Types of Entrance Fees – The Care and Residence Agreements between the Corporation and the residents provide for the payment of an entrance fee. Entrance fees received by the Corporation are categorized into two types: initial entrance fees and entrance fees from reoccupancy, and are recorded as either rebatable entrance fees, entrance fees subject to refund, or entrance fees non-refundable. Initial entrance fees, which are the initial fees on new or expanded facilities, are used to provide funds for acquisition and construction of physical facilities, debt retirement, and to defray anticipated deficits in the operations of new homes for a period of time. Entrance fees from reoccupancy in existing homes are used for general purposes, including capital expenditures, support of operations (including benevolence), new development, and funding of reserves.

Refund Policy on Entrance Fees – The Care and Residence Agreement provides the resident with the right to a refund of the entrance fee, less 2% for each month of residency for 44 months after an initial reduction of 12% of the original fee, under certain circumstances. For a majority of contracts, upon the move out of a resident, the unamortized balance of the entrance fee becomes the property of the Corporation and is included in income. For contracts established in fiscal year 2006 or later, the resident is entitled to a partial refund if move out occurs in the first 44 months of the contract. Amounts amortized to income relating to these types of contracts were \$17,192,000 and \$16,215,000 for the years ended September 30, 2015 and 2014, respectively.

At September 30, 2015 and 2014, the Corporation had non-refundable entrance fees of \$80,306,000 and \$74,752,000, respectively, related to entrance fees received that will be recognized as revenue in future years. Additionally, at September 30, 2015 and 2014, the Corporation had entrance fees subject to refund of \$40,390,000 and \$43,541,000, respectively, which will be recognized as revenue in future years unless refunded.

The Corporation offers contract options whereby 50% to 100% of the entrance fee is rebatable at death of or termination of the contract and subsequent reoccupancy of their apartment. At September 30, 2015 and 2014, \$19,753,000 and \$19,717,000, respectively, of the entrance fees related to these types of contracts are contractually rebatable, and are included in entrance fees subject to refund in the accompanying consolidated balance sheets.

Actual refunds and rebates of entrance fees were \$3,278,000 and \$2,611,000 for the years ended September 30, 2015 and 2014, respectively. Based on historical experience, management expects to pay refunds in future years of approximately \$4,000,000 per year.

Interest Rate Swaps and Caps – ABHOW uses interest rate swaps and caps as part of its overall debt management policy. ABHOW accounts for interest rate swaps and caps in accordance with FASB ASC Topic 815, *Derivatives and Hedging*. The topic requires that all derivatives be carried at fair value on the consolidated balance sheets (see Note 8).

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Note 2 – Accounting Policies (continued)

Net Assets – The Corporation reports three classifications of net assets. A description of each classification of net assets is as follows:

Unrestricted Net Assets – Unrestricted net assets include unrestricted contributions and income earned on unrestricted funds, and amounts for which restrictions have expired.

Temporarily Restricted Net Assets – Temporarily restricted net assets represent resources restricted by donors for specific expenditures and are comprised of trusts as well as donations for special projects. The related investment income on temporarily restricted net assets is transferred to unrestricted net assets, except for investment income earned on temporarily restricted funds held in trust which is restricted for payment of distributions to trust beneficiaries under the trust agreements. Investment income earned on restricted net assets is recorded in temporarily restricted or unrestricted net assets as designated by the donor.

Also included in temporarily restricted net assets are assets held in trust under life annuity gifts. The assets are valued at fair value in accordance with the requirements of the specific trust agreements. The Foundation is required to pay a certain portion of the annual income from these assets to the donor or a designated beneficiary for the life of the donor or the beneficiary. Such amounts have been estimated and reflected as obligations under annuity agreements in the accompanying consolidated balance sheets. The remaining assets will revert to the Foundation at the donor's or beneficiary's death. The portion of assets received in excess of that required to meet the annuity's obligations has been recognized as a contribution at the time received.

Assets received from external trusts that are controlled by third-party trustees are recognized at the present value of the estimated future distributions to be received by the Corporation over the term of the agreement.

Permanently Restricted Net Assets – Permanently restricted net assets represent cash and investments that are subject to gift instrument restrictions that require the principal to be invested in perpetuity. The related investment income is transferred to unrestricted net assets or temporarily restricted net assets and primarily used to fund resident programs and activities and operating costs as designated by donors.

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Note 2 – Accounting Policies (continued)

FASB issued ASC Topic 958-810, *Consolidation of Not-for-Profit Entities*, which requires that a recognized non-controlling interest in another entity, whether a business or a not-for-profit entity, be measured at its fair value at the acquisition date. In addition, this statement also provides guidance on the presentation of non-controlling interest in a not-for-profit entity's financial statements. Non-controlling interest in net assets of consolidated subsidiaries are reported as a separate component of the appropriate class of net assets in the consolidated balance sheets. Included below is a table to reconcile the beginning and the end of period carrying amounts of the Corporation's interest and non-controlling interest for its unrestricted net assets (in thousands):

	Controlling interest	Non-controlling interest	Total
Balance, September 30, 2013	\$ 56,070	\$ 24,212	\$ 80,282
Income (loss) from operations	5,507	(2,441)	3,066
Other (decrease) increase in unrestricted net assets	(7,359)	8,121	762
Balance, September 30, 2014	54,218	29,892	84,110
Income (loss) from operations	9,596	(5,188)	4,408
Other (decrease) increase in unrestricted net assets	(14,942)	7,208	(7,734)
Balance, September 30, 2015	\$ 48,872	\$ 31,912	\$ 80,784

Revenue Recognition – Non-refundable entrance fees are initially recorded as entrance fees non-refundable and are amortized to income using the straight-line method over the remaining life expectancy of the resident. The life expectancy of each resident is updated annually based upon the 2000 Group Annuity Mortality Table.

Monthly service fees, ancillary, and other service fees are reported at the estimated net realizable amounts from residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Accounts receivable over 150 days past their contractual due date are fully reserved.

The Corporation provides health care services primarily to residents of its communities. Revenues from the Medicare, Medi-Cal, and Medicaid programs accounted for approximately 22% of the Corporation's total operating revenues less amortization of entrance fees for each of the years ended September 30, 2015 and 2014. Laws and regulations governing the Medicare, Medi-Cal and Medicaid programs are complex and subject to interpretation. The Corporation believes that it is in compliance with all applicable laws and regulations. Certain reimbursements from Medicare have been subjected to regulatory audit resulting in questioned costs, and subsequent losses of \$331,000, of which \$20,000 is under appeal at September 30, 2015. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and exclusion from the Medicare, Medi-Cal, and Medicaid programs.

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Note 2 – Accounting Policies (continued)

Benevolence – The Corporation provides services to residents who meet certain criteria under its benevolence policy without charge or at amounts less than its established rates. Partial payments to which the Corporation is entitled from public assistance programs on behalf of residents that meet the Corporation's benevolence criteria are reported as Health center revenues. Because the Corporation does not normally pursue collection of amounts determined to qualify as benevolence, they are not reported as revenue. Benevolence provided for the years ended September 30, 2015 and 2014, is as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Benevolence, at cost	<u>\$ 1,003</u>	<u>\$ 967</u>

Contractual Allowances – A portion of the Corporation's revenues is subject to discounts under contracts with third-party payors. These discounts are reported as contractual allowances for the years ended September 30, 2015 and 2014, is as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Contractual allowances	<u>\$ 6,879</u>	<u>\$ 7,050</u>

Performance Indicator – "Income from operations" as reflected in the accompanying consolidated statements of operations and changes in net assets is a performance indicator. Income from operations includes all changes in unrestricted net assets other than primarily noncash changes in unrealized gains and losses on other than trading investments, certain pension provisions, loss on the extinguishment of debt, loss on multi-employer pension plan termination, and contributions in aid of construction.

Workers' Compensation Plan – The Corporation is partially self-insured for the first \$200,000 of each workers' compensation claim under an occurrence form insurance policy for 2015 and 2014. For claims over \$200,000 in the 2015 and 2014 policy years, there is an additional layer of partial self-insurance for a total of \$300,000. Claims are accrued under the plan as the incidents that give rise to them occur. The estimate of incurred but not reported claims is based on actuarial projections of the ultimate cost of settlement, including claim settlement expenses, using the Corporation's historical claim payment experience. The estimated liability is continually monitored and reviewed and, as settlements are made or estimates are adjusted, differences are reflected in current operations. Given the inherent variability of such estimates, the actual liability could differ significantly from the amounts provided. While the ultimate payments of self-insured workers' compensation claims are dependent upon future developments, management is of the opinion that the recorded reserve is adequate (see Note 10). Any related insurance recovery receivables are recorded under other receivables in the accompanying consolidated balance sheets.

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Note 2 – Accounting Policies (continued)

Professional Liability Insurance – The Corporation has secured claims-made policies for malpractice and general liability insurance with self-insured retentions of \$150,000 for each claim for the years ended September 30, 2015 and 2014. The Corporation has accrued a liability of \$1,573,000 and \$1,625,000 as its best estimate of the cost of known claims incurred prior to September 30, 2015 and 2014, respectively. In addition the Corporation has accrued a liability of \$1,067,000 and \$1,072,000 at September 30, 2015 and 2014, respectively, as its best estimate of the cost of claims incurred but not yet reported. These liabilities are included in accounts payable and accrued expenses in the accompanying consolidated balance sheets. Related insurance recovery receivables of \$1,242,000 and \$1,367,000 at September 30, 2015 and 2014, respectively, are recorded under other receivables in the accompanying consolidated balance sheets.

Tax-Exempt Status – The Corporation is a California nonprofit corporation as described in Section 501(c)(3) of the Internal Revenue Code and has been granted tax-exempt status by the Internal Revenue Service and the California Franchise Tax Board.

The Corporation assesses uncertain tax positions in accordance with the provisions of the FASB ASC Topic 740-10, *Income Taxes*. The Corporation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Corporation recognizes interest and penalties related to income tax matters in operating expenses. At September 30, 2015 and 2014, there were no such uncertain tax positions.

Reclassifications – Certain reclassifications were made to the 2014 amounts to conform to the 2015 presentation.

Note 3 – Fair Value

FASB ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or net asset value per share (or its equivalent) with the ability to redeem the investments in the near term.
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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Note 3 – Fair Value (continued)

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated financial statements, as well as the general classification of such instruments pursuant to the valuation hierarchy:

Investments – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include cash and cash equivalents held for investment, commercial paper, mutual funds, equity securities, corporate debt securities, and U.S. government securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with identical characteristics, discounted cash flows, or net asset value as described below. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The fair value of alternative investments is recorded at the investment managers' Net Asset Values ("NAV"), as the managers have the greatest insight into the investments of their fund and the related industry and have the appropriate expertise to determine the NAV. The Corporation assesses the NAV and takes into consideration events such as suspended redemptions, restructuring, secondary sales, and investor defaults to determine if an adjustment is necessary. Additionally, asset holdings are reviewed within investment manager's audited financial statements, as are interim financial statements and fund manager communications, for purposes of assessing valuation.

Investments in Las Ventanas Bonds – The fair value is estimated by a third party using a small sample of sales comparables of other non-related CCRC fixed rate bonds. Due to a lack of available Level 1 and Level 2 inputs, the investments have been classified within Level 3 of the hierarchy.

Interest Rate Swap and Cap Agreements – The fair value is estimated by a third party using inputs that are observable or that can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

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Note 3 – Fair Value (continued)

The following tables present the fair value measurements of assets recognized in the accompanying consolidated balance sheets measured at fair value on a recurring basis and the level within the FASB ASC Topic 820 fair value hierarchy in which the fair value measurements fall at September 30, 2015 and 2014 (in thousands):

	Level 1	Level 2	Level 3	Fair value at September 30, 2015
Investments				
Cash and cash equivalents	\$ 38,431	\$ -	\$ -	\$ 38,431
Mutual funds	17,332	-	-	17,332
Commodities and structure products	-	2,754	-	2,754
Domestic equities	24,536	9,989	-	34,525
Foreign equities	15,275	-	-	15,275
Domestic corporate debt	42,381	-	-	42,381
Foreign corporate debt	7,317	-	-	7,317
U.S. government securities	28,440	-	-	28,440
Alternative investments	-	1,301	-	1,301
Investments in Las Ventanas bonds	-	-	4,689	4,689
Interest rate swaps and caps	-	(1,679)	-	(1,679)
Total	<u>\$ 173,712</u>	<u>\$ 12,365</u>	<u>\$ 4,689</u>	<u>\$ 190,766</u>
				Fair value at September 30, 2014
Investments				
Cash and cash equivalents	\$ 31,564	\$ -	\$ -	\$ 31,564
Mutual funds	12,418	-	-	12,418
Commodities and structured products	-	2,081	-	2,081
Domestic equities	28,759	-	-	28,759
Foreign equities	20,474	-	-	20,474
Domestic corporate debt	63,262	-	-	63,262
Foreign corporate debt	9,633	-	-	9,633
U.S. government securities	31,274	-	-	31,274
Alternative investments	-	406	-	406
Investments in Las Ventanas bonds	-	-	6,959	6,959
Interest rate swaps and caps	-	(1,293)	-	(1,293)
Total	<u>\$ 197,384</u>	<u>\$ 1,194</u>	<u>\$ 6,959</u>	<u>\$ 205,537</u>

The following tables reconcile the beginning and ending balances of recurring fair value measurements recognized in the accompanying consolidated financial statements using significant unobservable (Level 3) inputs:

	2015	2014
Balance, October 1,	\$ 6,959	\$ 8,250
Increase in unrealized loss on investments in Las Ventanas bonds	(2,270)	(1,291)
Balance, September 30,	<u>\$ 4,689</u>	<u>\$ 6,959</u>

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Note 3 – Fair Value (continued)

As required by FASB ASC Topic 820, the investments are classified within the level of the lowest significant input considered in determining fair value. In evaluating the level at which the Corporation's investments have been classified, the Corporation has assessed factors including, but not limited to the ability to redeem at NAV at the measurement date and the existence or absence of certain restrictions at the measurement date. In accordance with the guidance, if the Corporation has the ability to redeem from the investment at the measurement date or in the near-term at NAV, the investment would be classified as a Level 2 fair value measurement. Alternatively, if the Corporation will never have the ability to redeem from the investment or is restricted from redeeming for an uncertain or extended period of time from the measurement date, the investment would be classified as a Level 3 fair value measurement.

There were no significant transfers between Levels 1, 2, and 3 in the current fiscal year.

The following table provides the fair value and redemption terms and restrictions for the alternative investments as of September 30, 2015 and 2014:

<u>Major Category</u>	<u>2015 Fair value</u>	<u>2014 Fair value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Hedge fund of funds (a)	\$ 1,301	\$ 406	-	Quarterly, Semi-annually	75 - 95 days

(a) This category includes investments in hedge fund of funds. The fair values of the investments in this category have been estimated using the net asset value per share of the investments which is calculated monthly.

The following methods were used to estimate the fair value of all other financial instruments.

Cash and Cash Equivalents – The carrying amount approximates fair value.

Subordinated Notes Receivable – The fair value of subordinated notes receivable is estimated based on discounted cash flow analyses of the affiliates from which the Corporation is owed.

Notes and Bonds Payable – The fair value of notes and bonds payable is estimated based on discounted cash flow analyses, based on the Corporation's current incremental borrowing rates for similar types of borrowing arrangements.

The following table presents estimated fair values of the Corporation's financial instruments in accordance with FASB ASC Topic 825, *Financial Instruments*, at September 30, 2015 and 2014 (in thousands):

	2015		2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents - unrestricted	\$ 28,407	\$ 28,407	\$ 23,696	\$ 23,696
Cash and cash equivalents - restricted	\$ 28,362	\$ 28,362	\$ 21,373	\$ 21,373
Subordinated notes receivable	\$ 37,089	\$ 37,089	\$ 37,089	\$ 37,089
Notes and bonds payable	\$ 397,048	\$ 414,775	\$ 344,747	\$ 358,950

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Note 3 – Fair Value (continued)

Considerable judgment is required to develop estimates of fair value, and the estimates presented are not necessarily indicative of the amounts that the Corporation would realize in a current market exchange. The use of different market assumptions and/or estimation methods could have a material effect on the estimated fair values. The estimates presented are based on pertinent information available to management as of September 30, 2015 and 2014. Current estimates of fair value may differ significantly from the amounts presented.

Note 4 – Investments

Investments were held at September 30, 2015 and 2014, for the following purpose (at fair value) (in thousands):

	<u>2015</u>	<u>2014</u>
Investments		
Principal, interest, and other reserves held in trust under bond indenture or mortgage agreements	\$ 82,262	\$ 89,491
Investments held in trust under revocable trust, gift annuity, annuity trust or unitrust agreements	<u>10,251</u>	<u>11,219</u>
Total restricted investments	92,513	100,710
Investments in Las Ventanas bonds	4,689	6,959
Investments - unrestricted	<u>95,243</u>	<u>99,161</u>
Total investments	<u>\$ 192,445</u>	<u>\$ 206,830</u>

Investments at September 30, 2015 and 2014, consisted of the following at fair value (in thousands):

	<u>2015</u>	<u>2014</u>
Cash and cash equivalents	\$ 38,431	\$ 31,564
Mutual funds	17,332	12,418
Commodities and structure products	2,754	2,081
Domestic equities	34,525	28,759
Foreign equities	15,275	20,474
Domestic corporate debt	42,381	63,262
Foreign corporate debt	7,317	9,633
U.S. government securities	28,440	31,274
Investments in Las Ventanas bonds	4,689	6,959
Alternative investments	<u>1,301</u>	<u>406</u>
Total	<u>\$ 192,445</u>	<u>\$ 206,830</u>

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Note 4 – Investments (continued)

Alternative Investments consist of two hedge fund of funds as of September 30, 2015 and 2014. Cash equivalents include \$29,616,000 and \$24,131,000 at September 30, 2015 and 2014, respectively, invested in accordance with bond indentures and additional amounts to comply with bank collateral requirements. Of these amounts, \$21,485,000 at September 30, 2015, and \$17,109,000 at September 30, 2014, are held for various redevelopment projects at the California continuing care retirement communities.

The following table shows the gross unrealized losses and fair value of unrestricted investments with unrealized losses that are not deemed to be other-than-temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at September 30, 2015 and 2014 (in thousands):

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2015						
Bonds	\$ 5,792	\$ 230	\$ 3,835	\$ 24	\$ 9,627	\$ 254
Equity	20,303	2,613	12,343	1,713	32,646	4,326
Total temporarily impaired investments	<u>\$ 26,095</u>	<u>\$ 2,843</u>	<u>\$ 16,178</u>	<u>\$ 1,737</u>	<u>\$ 42,273</u>	<u>\$ 4,580</u>
September 30, 2014						
Bonds	\$ 11,820	\$ 51	\$ 11,151	\$ 298	\$ 22,971	\$ 349
Equity	9,758	449	5,004	537	14,762	986
Total temporarily impaired investments	<u>\$ 21,578</u>	<u>\$ 500</u>	<u>\$ 16,155</u>	<u>\$ 835</u>	<u>\$ 37,733</u>	<u>\$ 1,335</u>

The fair value of these investments has declined due to a number of reasons, including changes in interest rates, changes in economic conditions, and changes in market outlook for various industries, among others. The securities disclosed above have not met the criteria for recognition of an other-than-temporary impairment under management's policy described below. The Corporation follows a policy of evaluating securities for impairment which considers available evidence in evaluating potential impairment of its investments. This review considers the severity and duration of the decline in market value, the volatility of the security's market price, third-party analyst reports, credit rating changes, and regulatory or legal action changes, among other factors. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded to investment income (loss) and a new cost basis in the investment is established.

The unrealized losses on these unrestricted investments represent approximately 2% and 1% of the Corporation's portfolio as of September 30, 2015 and 2014, respectively. Gross unrealized gains on unrestricted investments as of September 30, 2015 and 2014, were approximately \$6,153,000 and \$13,941,000, respectively.

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Note 4 – Investments (continued)

Investment income primarily on unrestricted net assets for the years ended September 30, 2015 and 2014, is as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Dividend, interest, and other investment income	\$ 2,747	\$ 2,611
Net realized gain on investments	5,642	5,750
Total investment income - net	<u>\$ 8,389</u>	<u>\$ 8,361</u>
Unrealized losses on investments - unrestricted	\$ (9,257)	\$ (911)
Unrealized losses on Investments in Las Ventanas bonds	\$ (2,270)	\$ (1,291)
Unrealized (losses) gains on investments - temporarily restricted	\$ (492)	\$ 406

Investment income is net of investment expenses of \$568,000 and \$534,000 for the years ended September 30, 2015 and 2014, respectively.

Note 5 – Land, Buildings, and Equipment

Land, buildings, and equipment at cost as of September 30, 2015 and 2014, consisted of the following (in thousands):

	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 48,590	\$ 35,135
Buildings and improvements	455,364	417,013
Furnishings and equipment	67,884	55,656
Automotive equipment	733	973
Total	<u>572,571</u>	<u>508,777</u>
Accumulated depreciation	<u>(261,765)</u>	<u>(240,307)</u>
Total	310,806	268,470
Construction in progress	<u>54,780</u>	<u>36,278</u>
Total	<u>\$ 365,586</u>	<u>\$ 304,748</u>

Construction contracts and commitments of approximately \$103,000,000 exist with various counterparties for the redevelopment of the Terraces of Los Altos, of which approximately \$43,474,000 remains unspent at September 30, 2015. Construction contracts and commitments of approximately \$28,000,000 exist with various counterparties for the redevelopment of Rotary Plaza, of which approximately \$23,393,000 remain unspent at September 30, 2015. Depreciation expense for the years ended September 30, 2015 and 2014, was \$21,459,000 and \$18,684,000, respectively.

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Note 6 – Notes and Bonds Payable

A summary of the Corporation's notes and bonds payable at September 30, 2015 and 2014, is as follows (in thousands):

	2015	2014
Secured		
Bonds used to refinance existing debt and renovate existing retirement communities in California, all secured under a master trust indenture on ABHOW obligated group assets, gross revenue pledged, and Foundation guaranty:		
Series 2015 tax-exempt Revenue Bonds Issued by the California Statewide Communities Development Authority (dated May 28, 2015). Serial certificate bonds in the aggregate amount of \$30,550 maturing annually through 2028 with annual principal payable commencing on October 1, 2016, in varying amounts ranging from \$1,885 to \$3,080 through 2023; interest at fixed rates ranging from 2.0% to 5.0%, payable semiannually on April 1 and October 1. Term bond in the amount of \$21,530 with annual principal payments commencing on October 1, 2037, in varying amounts ranging from \$345 to \$4,780 through 2045; interest at the fixed rate of 5.0%, payable semiannually on April 1 and October 1.	\$ 52,080	\$ -
Series 2010 tax-exempt Revenue Bonds Issued by the California Statewide Communities Development Authority (dated February 16, 2010), Serial certificates, annual principal payable commencing on October 1, 2011, in varying amounts ranging from \$690 to \$1,045 through 2020, amounts ranging from \$1,100 to \$6,105 through 2030, and amounts ranging from \$6,490 to \$10,560 through 2039; interest at fixed rates ranging from 4.25% to 6.25%, payable semiannually on April 1 and October 1.	103,635	104,415
Series 2006, tax-exempt Variable Rate Demand Revenue Bonds pursuant to a Bond Trust Indenture dated September 1, 2006, to finance the acquisition, construction, and equipping of CCRC's of ABHOW. Annual principal payable in varying amounts ranging from \$1,095 to \$2,365 through 2018. Interest at variable rates determined daily by a remarketing agent, payable monthly. Rates before line of credit ("LOC") fees at September 30, 2014 were 0.03%. Bonds were retired in May 2015.	-	41,995
Series 2012 tax-exempt Revenue Bonds Issued by the California Statewide Communities Development Authority and subsequently sold and delivered to PNC Bank. The loan matures on October 1, 2036, and accrues interest at tax-exempt LIBOR plus 1.19%, with the undrawn portion incurring an availability fee of 0.15%. PNC bank has the option to tender the bonds to ABHOW for purchase upon the 5th, 10th, 15th and 20th anniversary of issuance. Rates at September 30, 2015 and 2014, were 1.14% and 1.26%, respectively.	18,950	19,480

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Note 6 – Notes and Bonds Payable (continued)

	<u>2015</u>	<u>2014</u>
Series 2013 Revenue Bonds issued by the California Statewide Communities Development Authority (dated February 1, 2013) to finance or reimburse ABHOW for the costs of acquiring, constructing, expanding, remodeling, renovating, furnishing, and equipping Terraces at Los Altos. Annual principal payable in varying amounts ranging from \$0 to \$30,000 through 2018, and amounts ranging from \$420 to \$1,350 through 2043; interest at fixed rates ranging from 2.1% to 5.0%.	71,250	71,250
Terraces of Los Altos Equipment Loan issued in February 2013 and maturing in February 2020. Monthly principal and interest payments in the amount of \$38 began March 2013, with an interest rate of 2.07%.	1,943	2,393
Other secured obligations		
Capital advance payable to Department of Housing and Urban Development by Carmel Senior Housing Inc., secured by Valley Vista's real estate. The non-recourse capital advance bears no interest and matures on March 1, 2067.	12,282	12,282
4.75% mortgage note to the Department of Housing and Urban Development. Payable in monthly installments (including interest) of \$19 until April 1, 2045. The loan is secured by a deed of trust on Casa de la Vista's property and security interest in all rents, profits and income from the property.	3,631	3,685
Series A promissory note payable to US Bank, secured by Harbor View Manor real estate and due on January 1, 2029. The loan bore interest at one-month LIBOR plus 3.0% until June 1, 2013, when the rate converted to 6.85%. Rates at September 30, 2015 and 2014, were 6.85%.	1,983	2,036
5.70% first mortgage payable to Evanston Financial in monthly installments (including interest) of \$10 until December 1, 2042. The loan is secured by a deed of trust on Oak Knoll real estate and a security interest in all rents, profits and income from Oak Knoll.	1,700	1,725
Capital advances payable to the Department of Housing and Urban Development, secured by Fern Lodge real estate, 5.75% interest payable monthly if not maintained as affordable housing, principal due 2039, unless forgiven.	4,889	4,890
Capital advances payable to the Department of Housing and Urban Development, secured by Tahoe Senior Plaza real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing, principal due 2039, unless forgiven.	4,603	4,603
Capital advances payable to Department of Housing and Urban Development, secured by Broadmoor Plaza real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, various principal due dates from 2044 to 2064, unless forgiven.	5,648	5,648

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Note 6 – Notes and Bonds Payable (continued)

	<u>2015</u>	<u>2014</u>
Promissory notes payable to the City of San Leandro and County of Alameda, secured by Broadmoor Plaza real estate. The notes bear 3.0% simple interest and have due dates of 2061, 2062, and 2064.	2,429	2,429
Capital advance payable to Department of Housing and Urban Development, secured by Judson Terrace Lodge real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years. The HUD capital advance agreement was entered into on January 1, 2003.	2,593	2,593
Promissory notes payable to the City and County of San Luis Obispo, secured by Judson Terrace Lodge real estate. The notes bear interest at a variable rate and 3.0% simple interest, respectively, with principal and interest due in 2033 and 2034, respectively. All principal and interest will be forgiven at maturity if certain provisions are met.	1,318	1,318
Capital advances payable to Department of Housing and Urban Development, secured by Hillcrest real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years. The HUD capital advance agreement was entered into on April 1, 2007.	5,620	5,620
Promissory notes payable to the City of Daly City and County of San Mateo, secured by Hillcrest real estate. The notes bear interest at rates ranging from 0% to 3.0% simple interest, with 55 year terms. Commencement dates of payables range from June 14, 2006 to May 20, 2009. All but one note requires payments from residual receipts and two notes will be forgiven at maturity if certain provisions are met.	4,112	4,112
Loan payable to Bank of the West, secured by a subordinated interest in Hillcrest real estate. The loan is non-interest bearing, non-amortizing and will be forgiven at the end of the fifteen year term, after the May 20, 2009, commencement date of the loan, if the owner has not defaulted under the terms of the note.	271	271
Land acquisition loans payable to the San Ramon Redevelopment Agency Contra Costa, secured by Valley Vista real estate. The land acquisition advances bear interest at 3.0% for the first 30 years from the dates of disbursement and no interest thereafter and are due 55 years after project completion. Loans payable commenced on December 1, 2009.	8,000	8,000
Promissory note payable to Bank of the West, secured by Valley Vista real estate and due in 2065. The loan bears no interest and is non-amortizing.	945	945
Promissory note payable to the California Tax Credit Allocation Committee, secured by Valley Vista real estate and due in 2065. The loan bears no interest and is non-amortizing.	725	725
Construction loans payable to the City of South Lake Tahoe, secured by Kelly Ridge real estate and due in 2064. The loans bear interest at a fixed rate of 3.0%, with principal and accrued interest only payable to the extent that certain operating cash flow targets are achieved by the community.	4,307	4,307

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Note 6 – Notes and Bonds Payable (continued)

	2015	2014
Loan payable to Bank of the West, as the party advancing funds received from the Federal Home Loan Bank of San Francisco's Affordable Housing Program, secured by a subordinated interest in Kelly Ridge real estate. The loan is non-interest bearing, non-amortizing and is not repayable unless certain conditions are met over the 15-year retention period. The loan payable commenced on August 1, 2009.	172	172
Mortgage note payable to the Washington Community Reinvestment Association in monthly installments of \$8, including interest of 6.25%, until July 1, 2018. In September 2013, Three Rivers Senior Housing LLLP assumed the loan from Richland Senior Housing LLC and immediately paid the balance down to \$300. The mortgage note is secured by the Three Rivers Village property.	184	242
Housing Trust Fund loan from the Washington Department of Commerce, secured by Three Rivers Village real estate, maturing on February 28, 2054. Interest begins to accrue on March 1, 2014, at 1.0%, compounding quarterly. Quarterly principal and interest payments in the amount of \$11 begin May 31, 2021.	1,100	1,100
Housing Trust Fund loans from the Washington Department of Commerce, secured by Three Rivers Village real estate, maturing on February 28, 2054. Interest begins to accrue on March 1, 2014, at 1.0%, compounding annually. A payment of \$1,191 is due at maturity to pay both principal and accrued interest.	800	800
Capital advances payable to Snohomish County in the state of Washington, secured by Shepherd's Garden real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2050, unless forgiven.	462	462
Promissory note payable to the State of Washington, secured by Shepherd's Garden real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2050, unless forgiven.	2,000	2,000
Capital advances payable to the Department of Housing and Urban Development, secured by Shepherd's Garden real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2050, unless forgiven.	5,078	5,078
Capital advances payable to Pierce County in the State of Washington, secured by Sallshan real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2040, unless forgiven.	200	200

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Note 6 – Notes and Bonds Payable (continued)

	<u>2015</u>	<u>2014</u>
Promissory note payable to the State of Washington, secured by Salishan real estate. The capital advances bear no interest and principal is required to be repaid annually in the amount of 50% of residual cash flow, with the remaining principal due in 2051, upon maturity.	2,250	2,250
Capital advances payable to Tacoma Community Redevelopment Authority, secured by Salishan real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due between 2049 - 2051, unless forgiven.	1,200	1,200
Capital advances payable to the Department of Housing and Urban Development, secured by Salishan real estate. The capital advances bear no interest and are not required to be repaid if properly maintained as affordable housing for forty years, principal due 2051, unless forgiven.	7,647	7,647
Series 2010A Variable Rate Demand Multifamily Housing Revenue Bond secured by Pacific Meadows real estate and backed by a letter of credit through Chase which expired in December 2012. The loan bears interest at a variable rate, payable monthly, and matures in 2042. At September 30, 2015 and 2014, interest rate was 7.37%. Bonds partially repaid in October 2012 using tax credit equity and the letter of credit with Chase was replaced with a credit enhancement agreement with Freddie Mac.	6,509	6,558
Promissory note payable to the California Housing and Community Development Department, secured by Pacific Meadows real estate and due in 2047. The loan bears interest at 3.0%. Once operational, interest is payable annually from residual cash flows and both principal and all unpaid interest are due in full upon loan maturity.	3,100	3,100
Promissory note payable to the County of Monterey in the state of California, secured by Pacific Meadows real estate. The loan bears interest at 3%. Once operational, interest is payable annually from residual cash flows and both principal and all unpaid interest are due in full upon loan maturity in 2065.	625	625
Series 2015A Variable Rate Demand Multifamily Housing Revenue bond in a maximum amount of \$32,000,000, secured by Rotary Plaza real estate. The loan bears interest at 4.36% per annum and required interest only payments until permanent conversion which is estimated to occur in 2016. Monthly principal and interest payments are required after permanent conversion.	14,662	-

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Note 6 – Notes and Bonds Payable (continued)

	2015	2014
Promissory note payable to the seller, Rotary Plaza, Inc., the minority general partner in Rotary Plaza, LP, secured by Rotary Plaza real estate. The promissory note bears interest at 2.67% per annum and requires payments from surplus cash as defined in the agreement with principal and interest due at maturity in 2072.	23,466	-
Capital advance payable to Department of Housing and Urban Development by Bay Vista GP LLC, secured by Bay Vista Senior Housing real estate. The non-recourse capital advance has a total capacity of \$9,769, bears no interest and matures on October 1, 2069. Loan funding was conditional on Bay Vista GP LLC loaning the proceeds of the advance to Bay Vista Partners LLLP.	9,709	9,709
Promissory note payable to the County of Monterey in the state of California, secured by Pacific Meadows real estate. The loan bears interest at 3%. Once operational, interest is payable annually from residual cash flows, and both principal and all unpaid interest due in full upon loan maturity in 2065.	522	-
Total secured notes and bonds payable	<u>392,600</u>	<u>345,865</u>
Unsecured		
Note to individual bearing interest at 4.5%	2,000	-
Note to individual bearing interest at 10.0%	44	44
Total unsecured notes payable	<u>2,044</u>	<u>44</u>
Less: Unamortized bond premium (discount), net	<u>2,404</u>	<u>(1,162)</u>
Total notes and bonds payable	<u>\$ 397,048</u>	<u>\$ 344,747</u>

In May 2013, ABP's Boise land acquisition loan for \$3,030,000 matured and was replaced with a short-term loan from another senior housing provider. The replacement loan, which was backed by a guaranty from ABHOW, was retired in conjunction with the purchase of the underlying land by Boise at the time of its Series 2014 financing (see Notes 1 and 14).

During 2006, the Corporation issued \$50,000,000 of additional tax-exempt bonds. The 2006 bonds were backed by irrevocable letters of credit issued by a bank for \$42,455,000. The original letters of credit expired on September 26, 2011, and were subsequently replaced by letters of credit expiring on September 26, 2016, which were subject to certain administrative and financial covenants. In May 2015, these bonds were replaced with fixed-rate tax-exempt bonds issued at a premium. The net impact of this financing was to allow ABHOW to replace the Series 2006 bonds while also securing an additional \$20,000,000 in proceeds. Of these proceeds, \$9,000,000 is held in a project fund with the trustee to be utilized on various capital projects in the obligated group with the remaining \$10,000,000 reimbursing prior capital expenditures. The Corporation and the Foundation are required to maintain compliance with certain financial reporting, administrative, and financial covenants on a consolidated reporting basis (see Note 7).

Capitalized interest expense for the year ended September 30, 2015, was \$1,869,000, comprised of \$2,558,000 of interest expense net of \$689,000 of interest income. Capitalized interest expense for the year ended September 30, 2014, was \$2,429,000, comprised of \$3,774,000 of interest expense net of \$1,345,000 of interest income.

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Note 6 – Notes and Bonds Payable (continued)

Scheduled maturities of notes and bonds payable are as follows (in thousands):

<u>Year Ending September 30,</u>	
2016	\$ 2,253
2017	22,038
2018	3,709
2019	3,808
2020	33,687
Thereafter	<u>331,553</u>
	<u>\$ 397,048</u>

The Corporation maintains a standby letter of credit with a bank for workers' compensation as discussed in Note 10.

Note 7 – Compliance with Financial Covenants

ABHOW Debt – ABHOW is subject to financial covenants on its obligated group debt which include a debt service coverage ratio and minimum days of cash-on-hand requirement. Management believes that ABHOW was in compliance with both of these debt covenants as of and for the year ended September 30, 2015.

ABP Debt – ABHOW has provided a debt service guaranty on obligations of ABP. ABP financial covenants required that ABHOW support debt service payments of ABP if ABP's liquidity falls below \$875,000. With the retirement of the Las Ventanas land acquisition loan and the Boise land acquisition loan in 2014, these liquidity and support covenants were extinguished. In their place, with the issuance of the \$3,030,000 short-term loan from another senior housing provider, ABHOW made an unconditional guaranty of the payment and performance by ABP of all obligations under the loan agreement. The short-term loan was retired in conjunction with the Boise Series 2014 financing (see Note 1).

Note 8 – Interest Rate Swaps and Caps

On April 12, 2010, as part of the resyndication of Pacific Meadows (see Note 1), Pacific Meadows entered into a forward starting interest rate swap agreement converting variable interest expense to a fixed rate of 4.36% beginning in April 2012 and maturing in April 2030. The start date was subsequently amended to October 1, 2012.

The net effect of the interest rate swaps was an increase in interest expense of approximately \$299,000 and \$286,000 for the years ended September 30, 2015 and 2014, respectively.

Effective December 1, 2010, ABHOW entered into an interest rate cap agreement with a counterparty to manage interest rate risk on \$23,650,000 of its Series 2006 tax-exempt variable rate demand revenue bonds. The agreement establishes that when the SIFMA Municipal Swap Index rate exceeds 2.88%, ABHOW is reimbursed for the excess by the counterparty to the transaction. The agreement expired on December 1, 2015.

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Note 8 – Interest Rate Swaps and Caps (continued)

Effective March 3, 2011, ABHOW entered into an interest rate cap agreement with a counterparty to manage interest rate risk on the remaining \$23,650,000 of its Series 2006 tax-exempt variable rate demand revenue bonds. The agreement establishes that when 70% of the one month LIBOR rate exceeds 2.62%, ABHOW is reimbursed for the excess by the counterparty to the transaction. The agreement expired on December 1, 2015.

On June 20, 2012, ABHOW entered into a forward starting interest rate cap agreement with a counterparty to extend the management of interest rate risk on \$19,000,000 of its Series 2006 tax-exempt variable rate demand revenue bonds from December 1, 2015 to December 1, 2018. The agreement establishes that when 70% of the one-month LIBOR rate exceeds 2.50%, ABHOW is reimbursed for the excess by the counterparty to the transaction. With the refunding of the Series 2006 bonds with fixed rate obligations, the interest rate cap agreement is now being utilized to manage interest rate risk on the Series 2012 Revenue Bonds with PNC bank.

For the years ended September 30, 2015 and 2014, the aforementioned floating interest rates for both of the cap agreements failed to exceed the respective cap strike rates, and thus none of the cap agreements had an impact on interest expense.

A summary of the components of the various interest rate swaps and caps as of September 30, 2015 and 2014, is as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Swaps and caps not qualifying for hedge accounting included in other liabilities:		
Fair value of swap and caps - beginning of year	\$ (1,293)	\$ (937)
Purchase of interest rate caps, net of amortization	-	(159)
Decrease in unrealized loss from fair value adjustment	(386)	(197)
Fair value of swaps and caps - end of year	<u>\$ (1,679)</u>	<u>\$ (1,293)</u>
Impact on consolidated statements of operations and changes in net assets -		
Net decrease in unrealized loss from mark-to-market of floating to fixed rate swaps and interest rate caps	<u>\$ (386)</u>	<u>\$ (197)</u>

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Note 9 – Employee Benefit Plans

Defined Benefit Pension Plan – The Corporation's employees with service prior to December 31, 2002, for nonunion, and up to September 30, 2003, for union, were eligible to participate in a defined benefit retirement plan which covers certain employees who are at least 21 years of age and have completed one year of service. Benefits are based on years of service and a percentage of the employee's compensation. Employees vest after completion of five years of service. The Corporation's funding policy is to contribute annually the amount required under the minimum funding standards of the Employee Retirement Income Security Act ("ERISA"). The Board of Directors approved the freezing of the plan for all nonunion employees effective December 31, 2002, and for union employees effective September 30, 2003. Contributions are intended to provide for benefits attributed to service to the date of freezing. In March 2015, ABHOW provided terminated vested plan participants with a time limited option to terminate their participation in the plan in exchange for a lump sum payout. This resulted in a pay out to vested terminated employees of over 5% of the plan liability and as such constituted a partial pension settlement under IRS Revenue Ruling 2007-43. This partial plan settlement resulted in the recognition of a portion of previously unrecognized net actuarial losses and increased pension expense by \$831,000 in fiscal year 2015. This additional non-cash expense is included as part of employee benefits in the Corporation's accompanying consolidated statement of operations and changes in net assets.

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Note 9 – Employee Benefit Plans (continued)

A recognition of the Plan's benefit obligations, fair value of assets, funded status, and amounts recognized in the Corporation's accompanying consolidated balance sheets is as follows as of September 30, 2015 and 2014 (in thousands):

	<u>2015</u>	<u>2014</u>
Change in benefit obligation		
Benefit obligation at beginning of year	\$ 34,561	\$ 31,559
Interest cost	1,344	1,455
Actuarial gain	3,921	3,204
Benefits paid	(1,712)	(1,657)
Settlement payments and related gains	(2,460)	-
Benefit obligation at measurement date	<u>\$ 35,654</u>	<u>\$ 34,561</u>
Change in plan assets		
Fair value of plan assets at beginning of year	\$ 35,299	\$ 32,832
Actual return on plan assets	435	3,124
Employer contribution	1,000	1,000
Benefits paid	(1,712)	(1,657)
Settlement payment	(2,301)	-
Fair value of plan assets at measurement date	<u>\$ 32,721</u>	<u>\$ 35,299</u>
Funded status at measurement date	\$ (2,933)	\$ 738
Unrecognized net actuarial loss	12,882	9,823
Unrecognized prior service cost	4	17
Prepaid benefit	9,953	10,578
Accumulated other comprehensive income for unrecognized net actuarial losses	<u>(12,886)</u>	<u>(9,840)</u>
Net (liability) asset recognized	<u>\$ (2,933)</u>	<u>\$ 738</u>

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Note 9 – Employee Benefit Plans (continued)

The components of net periodic benefit cost included as part of employee costs in the Corporation's accompanying consolidated statement of operations and changes in net assets is as follows for the years ended September 30, 2015 and 2014 (in thousands):

	2015	2014
Interest cost	\$ 1,344	\$ 1,455
Expected return on plan assets	(1,568)	(1,944)
Amortization of prior service cost	13	13
Recognized net actuarial loss	1,005	846
Settlement loss	831	-
Net periodic benefit cost	<u>\$ 1,625</u>	<u>\$ 370</u>

The following assumptions were used for the September 30, 2015 and 2014, measurement dates:

	2015	2014
Actuarial present value of the benefit obligation		
Weighted-average discount rate	4.00%	4.00%
Rate of increase in future compensation levels*	n/a	n/a
Long-term rate of return on plan assets	4.50%	6.00%
Net periodic benefit cost		
Weighted-average discount rate	4.00%	4.75%
Rate of increase in future compensation levels*	n/a	n/a
Long-term rate of return on plan assets	4.50%	6.00%

* As the Plan was frozen for all employees as of September 30, 2003, the rate of increase in future compensation levels are not considered to be applicable.

Pension plan assets are as follows:

	2015	2014
Equity securities	7%	14%
Debt securities	89%	82%
Guaranteed insurance contract	4%	4%
Total	<u>100%</u>	<u>100%</u>

The expected rate of return on plan assets for computing pension expense was 4.5% for the years ended September 30, 2015 and 2014. This rate was based primarily on investment portfolios of 7% and 14% equities and 93% and 86% fixed income in fiscal year 2015 and 2014, respectively. Real rates of return (before inflation) for these categories are assumed to be 7.25% and 4.25%, respectively, with a long-term inflation rate of 3%. On October 7, 2015, all equity securities within the investment portfolio were liquidated (see Note 17).

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Note 9 – Employee Benefit Plans (continued)

FASB ASC Topic 820 defines fair value and expands disclosures about fair value measurements. See Note 3 for a detailed discussion of the FASB ASC Topic 820 valuation hierarchy.

Plan assets are summarized according to the FASB ASC Topic 820 Valuation hierarchy as follows (in thousands):

	Level 1	Level 2	Level 3	Fair value at September 30, 2015
Investments				
Mutual funds	\$ 80	\$ -	\$ -	\$ 80
Equity securities - Domestic	-	3,948	-	3,948
Equity securities - Foreign	-	-	-	-
U.S. government securities	-	11,512	-	11,512
Corporate debt securities - Domestic	-	14,368	-	14,368
Corporate debt securities - Foreign	-	422	-	422
Asset-backed securities	-	4,253	-	4,253
Investment contract with insurance company	-	-	1,384	1,384
Other liabilities	-	(3,246)	-	(3,246)
Total	\$ 80	\$ 31,257	\$ 1,384	\$ 32,721

	Level 1	Level 2	Level 3	Fair value at September 30, 2014
Investments				
Mutual funds	\$ 79	\$ -	\$ -	\$ 79
Equity securities - Domestic	-	6,850	-	6,850
Equity securities - Foreign	-	-	-	-
U.S. government securities	-	11,279	-	11,279
Corporate debt securities - Domestic	-	14,102	-	14,102
Corporate debt securities - Foreign	-	413	-	413
Asset-backed securities	-	4,292	-	4,292
Investment contract with insurance company	-	-	1,448	1,448
Other liabilities	-	(3,164)	-	(3,164)
Total	\$ 79	\$ 33,772	\$ 1,448	\$ 35,299

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Note 9 – Employee Benefit Plans (continued)

The following table reconciles the beginning and ending balances of recurring fair value measurements recognized in the pension plan assets using significant unobservable inputs (in thousands):

	Investment contract with insurance company 2015	Investment contract with insurance company 2014
Balance, October 1	\$ 1,448	\$ 1,517
Actual return on plan assets:		
Relating to assets still held at the reporting date	79	83
Sales	(143)	(152)
Balance, September 30	\$ 1,384	\$ 1,448

Investment contract with insurance company: The unallocated Immediate Participation Guarantee ("IPG") insurance contract is valued at fair value as estimated by the trustees.

There were no significant transfers between Levels 1, 2, and 3 during the years ended September 30, 2015 and 2014. ABHOW is not aware of any unfunded commitments related to plan assets or of any restrictions upon the redemption of plan assets.

Please see Note 3 for information about the valuation techniques and inputs used to measure the fair value of plan assets.

The Corporation expects to contribute \$1,000,000 to its defined benefit retirement plan for the year ending September 30, 2016.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (in thousands):

<u>Year Ending September 30,</u>	
2016	\$ 2,100
2017	2,110
2018	2,120
2019	2,130
2020	2,130
Thereafter	10,660
	\$ 21,250

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Note 9 – Employee Benefit Plans (continued)

Supplemental Retirement Income Plan Agreements – Certain management employees or retirees of the Corporation participate in supplemental retirement income plans, and have individually entered into agreements with the Corporation whereby the employees will be provided specific amounts of annual retirement income for the balance of their lifetime following retirement. During the year ended September 30, 2005, accrued benefits for active participants in the supplemental retirement income plan were transferred into a new non-qualified plan under IRC 457(f) that distributes a lump-sum payment at retirement. The Corporation is accruing the present value of such retirement benefits, assuming a discount rate of 6.0% at September 30, 2015 and 2014, from the date of eligibility to the normal retirement date at age 65 for active participants and for the present value of future benefit payments for retirees. The benefits under the IRC 457(f) plan are discretionary and do not vest until the participant reaches age 65, dies, becomes disabled or is involuntarily terminated without cause. No benefits are due to participants who terminate their employment prior to age 65. The present value of the future lump sum payments to active participants was \$4,400,000 and \$5,900,000 at September 30, 2015 and 2014, respectively. On October 2, 2015 the plan was temporarily frozen to new entrants (see Note 17).

Assets available for benefits for the pool of participants in the IRC 457(f) plan are subject to the claims of the Corporation's creditors. The assets are included in unrestricted investments and amounted to \$5,622,000 and \$5,654,000 at September 30, 2015 and 2014, respectively. Normal funding for the pool of active participants is approximately \$240,000 per year.

The Corporation annually assesses the estimated liability related to the supplemental retirement income plan agreements. At September 30, 2015 and 2014, ABHOW recognized a liability of \$3,563,000 and \$4,072,000, respectively, which is included in retirement liabilities in the accompanying consolidated balance sheets. Actual payments made to retirees under the agreements and plan were \$487,000 and \$901,000 for the years ended September 30, 2015 and 2014, respectively.

Defined Contribution Plan – Effective January 1, 1999, the Corporation also participates in a defined contribution retirement plan covering all eligible employees. The Corporation's contribution was a match of employee contributions up to 4% of eligible earnings in calendar years 2014 and 2013. Annual expenses incurred under the plan for the years ended September 30, 2015 and 2014, were \$1,407,000 and \$1,274,000, respectively.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014**

Note 9 – Employee Benefit Plans (continued)

Multiemployer Pension Plan – Two of ABHOW's CCRC communities have employees under collective bargaining agreements that participate in a multiemployer pension plan managed by Service Employees International Union ("SEIU"). At September 30, 2015 and 2014, there were 163 and 134 employees, respectively, for which ABHOW made contributions to the plan. Plan provisions include pension but exclude post-retirement benefits. All contributions made to the plan were made in cash and amounted to \$228,000 and \$208,000 for the years ended September 30, 2015 and 2014, respectively. During the years ended September 30, 2015 and 2014, ABHOW was notified that the SEIU plan was significantly underfunded and \$80,000 and \$69,000 of the contribution made during the years ended September 30, 2015 and 2014 contributions, respectively, were related to additional assessments required to partially offset poor plan performance. On September 1, 2015, the ABHOW employees who are SEIU members ratified a new union contract which, among other negotiated terms, included an agreement to freeze participation in the SEIU multiemployer pension plan effective December 31, 2015, and instead, beginning January 1, 2016, begin participation in the ABHOW defined contribution retirement plan. Additionally, it was determined by ABHOW management in the year ended September 30, 2015, that ABHOW would terminate its participation in the plan through a one-time lump sum payment which is anticipated to be made in the year ended September 30, 2016, in the amount of \$1,200,000. Accordingly, in 2015, ABHOW recorded a \$1,200,000 liability, which is included in accounts payable and accrued expenses in the accompanying consolidated balance sheet and a corresponding expense below the performance indicator in the accompanying consolidated statement of operations and changes in net assets (see note 17).

Note 10 – Self-Insured Workers' Compensation Plan

The Corporation has a partially self-funded workers' compensation program, covering all employees, which includes a reinsurance policy covering individual claims in excess of \$200,000 per occurrence at September 30, 2015 and 2014. In addition, for the 2015 and 2014 policy years, the Corporation is subject to a \$300,000 insurance corridor that is eroded by claims payments for each respective year that have exceeded \$200,000. There were no claims that exceeded \$200,000 in payments during the years ended September 30, 2015 and 2014, that would result in payments under the corridor arrangements. The Corporation has recorded a total liability for claims payable of \$6,414,000 and \$4,292,000, respectively, including an estimate of incurred but not reported claims at September 30, 2015 and 2014. The estimated insurance recovery receivable of \$2,288,000 and \$1,900,000 are recorded under other receivables in the accompanying consolidated balance sheets, at September 30, 2015 and 2014, respectively. As required by the insurer, the Corporation has obtained letters of credit for \$4,071,000 in connection with this program, subject to annual renewal, with the next scheduled renewal date on September 30, 2016.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014**

Note 11 – Functional Expenses

Management of the Corporation presents operating expenses in its accompanying consolidated statements of operations and changes in net assets by natural class categories. Operating expenses classified by functional categories for the years ended September 30, 2015 and 2014, were as follows (in thousands):

	<u>2015</u>	<u>2014</u>
Direct resident care	\$ 40,817	\$ 37,475
Dietary services	17,406	16,281
Housekeeping and laundry services	4,750	4,430
Property	21,327	16,651
Resident services and activities	4,936	4,752
Marketing and advertising	4,193	6,429
Administrative and general	<u>27,601</u>	<u>25,167</u>
Total operating expenses	<u>\$ 121,030</u>	<u>\$ 111,185</u>

Note 12 – Relationship and Transactions with Managed Rental Homes and CCRCs

The Corporation and its affiliates manage rental housing communities, continuing care retirement communities and assisted living communities (see Note 1) under management agreements whereby the Corporation or its affiliates provide administrative and management services to all communities and sales management services to the continuing care retirement communities.

Management fees for providing these services for the years ended September 30, 2015 and 2014, are included in other operating revenue earned by ABHOW, and for affordable housing are included in affordable housing fees and rents in the accompanying consolidated statements of operations and changes in net assets and are as follows (in thousands):

	<u>2015</u>	<u>2014</u>
ABHOW - Continuing Care Retirement Communities		
Terraces of Phoenix	1,526	977
Terraces at San Joaquin Gardens [1]	829	737
Judson Park	<u>1,524</u>	<u>1,567</u>
Total	<u>3,879</u>	<u>3,281</u>

[1] Excludes \$829,000 and \$737,000 of deferred management fees during the years ended September 30, 2015 and 2014, respectively.

Management fees provided by Beacon to affordable housing communities for the years ended September 30, 2015 and 2014, were \$804,000 and \$1,198,000, respectively.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 12 – Relationship and Transactions with Managed Rental Homes and CCRCs (continued)

Amounts receivable from these managed rental homes and CCRC's for management fees and cost recoveries for other services such as dining, purchase cards, payroll, and insurance at September 30, 2015 and 2014, are included in due from affiliates in the accompanying consolidated balance sheets, and are as follows (in thousands):

	2015	2014
ABHOW - Continuing Care Retirement Communities		
Las Ventanas	1,552	1,027
Terraces of Phoenix	(49)	275
Judson Park	6,434	7,422
Terraces of San Joaquin Gardens	2,385	1,629
Total receivable	10,322	10,353

Amounts receivable due to Beacon for services provided for the years ended September 30, 2015 and 2014, were \$637,000 and \$674,000, respectively.

Terraces of Phoenix receivable represents a portion of the management fee that was not payable until certain financial ratios were achieved. Repayment of this commenced in 2012 with payments totaling \$600,000 and was completed in 2015 with payment of the remaining \$536,000.

Note 13 – Leases

ABHOW has entered into operating leases for premises and equipment. Rent expense was approximately \$1,598,000 and \$1,356,000 for the years ended September 30, 2015 and 2014, respectively.

Future minimum annual lease payments under noncancellable operating leases are as follows (in thousands):

<u>Year Ending September 30,</u>	
2016	\$ 1,380
2017	1,204
2018	999
2019	817
2020	177
Thereafter	-
Total	\$ 4,577

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014**

Note 14 – Commitments and Contingencies

The Corporation is party to various claims and legal actions in the normal course of business. In the opinion of management, based upon current facts and circumstances the resolution of these matters is not expected to have a material adverse effect on the financial position of the Corporation.

ABHOW is aware of the existence of asbestos in certain of its buildings. ABHOW has not recorded a liability for any asbestos abatement costs because the cost cannot be reasonably estimated at this time. At such time in the future that plans are made to make changes to structures with asbestos and the related asbestos removal cost estimates are completed, ABHOW will record an estimate of the costs of the required asbestos abatement.

ABHOW had provided a debt service guaranty for the obligations of ABP in the event ABP liquidity fell below \$875,000. This debt service guaranty was extinguished in 2014 (see Note 6 and Note 7). On May 10, 2013, as part of the refinancing of ABP's Boise land loan of \$3,030,000, ABHOW issued a guaranty for the repayment of all debt service and principal payments associated with the loan. The loan was retired in January 2014.

On May 31, 2012, Judson Park entered into a seven year direct placement financing with Washington Federal for \$21,500,000. In connection with this financing, ABHOW provided a liquidity support agreement in the form of a \$2,100,000 unfunded debt service reserve fund that would only be drawn upon in the event Judson Park fails its liquidity covenant.

On September 12, 2012, Las Ventanas closed on the restructuring of its indebtedness. As discussed in Note 1, ABP, with liquidity support from ABHOW, provided an unfunded \$2,000,000 debt service support agreement for the Las Ventanas Series A-1 bonds, with any resulting funded amounts triggering the issuance to ABP of an equal amount of Las Ventanas Series B-4 bonds. In 2015, this contingent liability, along with all of ABP's net assets, was transferred to ABHOW.

For all the tax-credit financed affordable housing communities in which Beacon serves as a General Partner (see Note 1), ABHOW and Beacon, as co-guarantors, have issued on-going guarantees to cover operating deficits and guarantees to ensure compliance with certain on-going aspects of the Limited Partnership Agreement ("LPA"). ABHOW periodically evaluates the potential exposure from these on-going guarantees. ABHOW has not provided support under these guarantees in the past and based on the current evaluation, management believes they cumulatively do not constitute a material future financial risk exposure for the Corporation.

In addition to operating deficit and LPA guarantees, ABHOW and Beacon, as co-guarantors, also issue unconditional project completion guarantees for tax-credit financed affordable housing communities in which Beacon serves as a General Partner (see Note 1). On January 21, 2015 ABHOW and Beacon provided such a co-guaranty for the completion of the redevelopment Rotary Plaza, with the guaranty anticipated to expire in late 2016.

On July 7, 2015, the ABHOW Board of Directors announced plans to affiliate with Southern California Presbyterian Homes (d.b.a. be.group), a Glendale, California-based nonprofit senior living provider. The proposed combined entity will provide continuing care, affordable housing, and assisted living and memory support to more than 10,000 residents in more than 80 communities across California, Arizona, Nevada, Washington, Oklahoma and Idaho. The affiliation must be approved by several state agencies. During this review period, the two companies will conduct due diligence. Upon regulatory approval, the two companies will affiliate, with the process expected to finalize in spring of 2016.

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014**

Note 14 – Commitments and Contingences (continued)

On November 20, 2013, ABE closed on a refunding whereby its Series 2003 and Series 2007 bonds were refunded with a \$48,615,000 direct placement financing with Santander Bank that extends through December 1, 2014, with two additional one year extensions, as long as specified potential covenant violations are timely cured by first restricting a portion of ABE cash over 150 days and, if insufficient for cure, ABHOW credit support. As a condition of the refunding, ABHOW's board approved a credit support package including unfunded credit support up to a cumulative maximum of \$2,000,000 (increasing to \$2,500,000 in the event of an occupancy covenant violation) to cure potential covenant violations in achieving ABE's minimum liquidity, debt service coverage or minimum occupancy covenants. As of September 30, 2015, ABE cash was sufficient to fund amounts required under the new borrowing arrangement.

As a condition in advance of the third year of the financing, ABE is required to obtain a current appraisal. If the loan to value ratio based on the appraisal exceeds 85%, ABHOW will advance funds equaling the excess into a trustee account. Finally, ABHOW advanced \$750,000 during the year ended September 30, 2014 to fund the completion of refurbishments on the Terraces of Phoenix campus and approximately \$250,000 to provide for costs of issuance for the new credit facility. In exchange for the credit support package, ABE benefits from a reduction in interest expense based on current rates of \$1,600,000 from that incurred during the year ended September 30, 2013 as well as having a relaxation of debt service coverage covenants to 1.1 times and liquidity covenants to 150 days. On November 4, 2015, ABE signed a term sheet with Washington Federal to replace the existing obligation and the new facility was put in place on December 15, 2015 (see Note 17).

Note 15 – Health and Safety Code Section 1790(a)(3) Disclosure

The following disclosure is made pursuant to section 1790(a)(3) of the California Health & Safety Code. The Corporation has identified certain corporate initiatives and contingencies listed below to which unrestricted assets may be exposed; and, therefore, have designated reserves as a safeguard against such contingencies. Although not restricted in accordance with ASC Topic 958, *Not-for-Profit Entities*, the designations are as follows:

	2015	2014
Designated for Endowment	\$ 36,659	\$ 38,070
Designated for 457(f) Plan	5,622	5,654
Designated for Claims	1,330	1,330
Designated for Corporate Reserves	14,284	13,622
Designated for Affordable Housing Guarantees	2,000	2,000
Designated for Commitments and Contingencies	7,000	10,000
Designated for Campus Redevelopment	10,000	5,000
Total designations	\$ 76,895	\$ 75,676

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Note 16 – Change in Reporting Entities

Seniority, Inc. – The consolidated financial statements of ABHOW for the years ended September 30, 2014 and 2013 included the results of operations of Seniority. On September 22, 2015, the Cornerstone Board of Directors voted to accept receipt of the stock of Seniority from ABHOW causing a transfer of the ownership of Seniority from ABHOW to Cornerstone. ABHOW determined that this change represents a change in the reporting entity as described in FASB ASC Topic 250, *Accounting Changes and Error Corrections*. Accordingly, this change was retrospectively applied to the consolidated financial statements of all prior periods presented. The effect of this retrospective application was to present consolidated financial position and related consolidated results of operations and changes in net assets and consolidated cash flows, as if Seniority had not been consolidated for all periods presented and to present Seniority as an unconsolidated entity as part of Cornerstone.

Summary balance sheets and statements of operations and changes in net deficit for Seniority as of and for the years ended September 30, 2015 and 2014, that is now a sister corporation to ABHOW under Cornerstone and therefore excluded from these consolidated financial statements for all periods presented, follows (in thousands):

	2015	2014
Cash and cash equivalents	\$ 304	\$ 250
Receivables	229	71
Other assets	16	2
Total assets	<u>\$ 549</u>	<u>\$ 323</u>
Current liabilities	\$ 1,092	\$ 959
Payable to affiliates	2,754	1,844
Total liabilities	<u>3,846</u>	<u>2,803</u>
Net deficit	<u>(3,297)</u>	<u>(2,480)</u>
Total liabilities and net deficit	<u>\$ 549</u>	<u>\$ 323</u>
	2015	2014
Operating revenues	\$ 8,581	\$ 8,618
Operating expenses	9,398	9,368
Loss before other operating expenses	\$ (817)	\$ (750)
Other operating expenses	-	(4)
Loss from operations	<u>(817)</u>	<u>(754)</u>
Decrease in unrestricted net assets	(817)	(754)
Net deficit - beginning of year	<u>(2,480)</u>	<u>(1,726)</u>
Net deficit - end of year	<u>\$ (3,297)</u>	<u>\$ (2,480)</u>

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014**

Note 16 – Change In Reporting Entities (continued)

Judson Park – The consolidated financial statements of ABHOW for the years ended September 30, 2014 and 2013, included the results of operations of Judson Park. On September 22, 2015, the Cornerstone Board of Directors voted to accept receipt of the sole membership of Judson Park from ABHOW, causing a transfer of the ownership of Judson Park from ABHOW to Cornerstone. ABHOW determined that this change represents a change in the reporting entity as described in FASB ASC Topic 250, *Accounting Changes and Error Corrections*. Accordingly, this change was retrospectively applied to the consolidated financial statements of all prior periods presented. The effect of this retrospective application was to present consolidated financial position and related consolidated results of operations and changes in net deficit and consolidated cash flows, as if Judson Park had not been consolidated for all periods presented and to present Judson Park as an unconsolidated entity as part of Cornerstone.

Summary balance sheets and statements of operations and changes in net deficit for Judson Park as of and for the years ended September 30, 2015 and 2014, that is now a sister corporation to ABHOW under Cornerstone and therefore excluded from these consolidated financial statements for all periods presented, follows (in thousands):

	2015	2014
Cash and cash equivalents	\$ 5,582	\$ 7,194
Investments	2,345	2,290
Receivables	1,458	2,467
Other assets	1,069	1,311
Land, buildings, and equipment - net	30,716	31,785
Total assets	\$ 41,170	\$ 45,047
Current liabilities	\$ 1,713	\$ 2,435
Payable to affiliates	6,419	7,422
Deferred revenue and deposits from entrance fees	21,913	22,990
Notes and bonds payable	18,599	19,471
Other liabilities	888	967
Total liabilities	49,532	53,285
Net deficit	(8,362)	(8,238)
Total liabilities and net deficit	\$ 41,170	\$ 45,047

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
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FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014

Note 16 – Change in Reporting Entities (continued)

	2015	2014
Operating revenues	\$ 21,076	\$ 19,435
Operating expenses	17,943	16,625
Income before other operating expenses	\$ 3,133	\$ 2,810
Other operating expenses	(3,234)	(3,183)
Loss from operations	(101)	(373)
Change in unrealized loss on investments	(23)	(40)
Decrease in unrestricted net assets	(124)	(413)
Net deficit - beginning of year	(8,238)	(7,825)
Net deficit - end of year	\$ (8,362)	\$ (8,238)

The following table presents certain appropriate consolidated financial statement captions as previously reported consolidating Seniority and Judson Park with the Corporation, and compares them to the current presentation which does not consolidate Seniority and Judson Park as of and for the years ended September 30, 2015 and 2014:

For the year ending September 30, 2015

	Consolidated with Judson Park & Seniority	As Currently Reported, Judson Park & Seniority Not Consolidated	Change
Income before other operating income	\$ 29,410	\$ 27,194	\$ 2,216
Income from operations	\$ 3,388	\$ 4,408	\$ (1,020)
Changes in unrestricted net deficit	\$ (5,650)	\$ (3,326)	\$ (2,324)
Changes in net assets	\$ (6,448)	\$ (4,124)	\$ (2,324)

For the year ending September 30, 2014

	As Previously Reported, Consolidated with Judson Park & Seniority	As Currently Reported, Judson Park & Seniority Not Consolidated	Change
Income before other operating income	\$ 22,630	\$ 20,762	\$ 1,868
Income from operations	\$ 1,747	\$ 3,066	\$ (1,319)
Changes in unrestricted net assets	\$ 2,469	\$ 3,828	\$ (1,359)
Changes in net assets	\$ 3,612	\$ 4,971	\$ (1,359)

**AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2015 and 2014**

Note 17 – Subsequent Events

Subsequent events are events or transactions that occur after the consolidated balance sheet date but before consolidated financial statements are issued. ABHOW recognizes in the consolidated financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the consolidated balance sheet, including the estimates inherent in the process of preparing the consolidated financial statements. ABHOW's consolidated financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the consolidated balance sheet but arose after the consolidated balance sheet date and before consolidated financial statements are issued.

On October 2, 2015, the ABHOW Board of Directors voted to temporarily freeze the Corporation's 457(f) plan to new entrants pending the successful completion of the planned affiliation with be.group and an overall evaluation of the combined entity's pay and benefits offerings.

On November 4, 2015, ABE signed a term sheet with Washington Federal to replace Banco Santander. The term sheet for the five-year facility with renewal options was subsequently approved by the ABE Board, the ABHOW Board and Cornerstone. Key provisions of the replacement financing include a \$10,000,000 subordinated advance bearing interest at 4% from ABHOW to be used for a \$9,000,000 partial paydown of existing primary debt with the remainder being utilized for liquidity and debt issuance costs. Key covenants include a minimum 25% cash to primary debt ratio, debt service coverage of 1.25 times and a debt service guaranty from ABHOW at an initial level of \$3,500,000. Opportunities for reductions in the spread over 70% of one-month LIBOR and the guaranty amount are available for increased levels of liquidity. The financing closed on December 15, 2015.

On October 2, 2015, the ABHOW Board voted to terminate ABHOW's previously frozen defined benefit pension plan (see Note 9). Subsequent to this resolution, ABHOW liquidated the remaining equity investments within the pension investment portfolio to reduce volatility risk in advance of anticipated partial settlement of pension liabilities to be made in late 2016. As a result, estimated rates of return for pension investments were reduced in the 2015 valuation with a corresponding increase in pension expense for 2015 and estimates for 2016. Actual cash funding of the plan is anticipated to continue at \$1,000,000 per year through final termination and settlement anticipated to occur in 2017.

On December 15, 2015, ABHOW's obligation to provide unfunded liquidity support for Judson Park of \$2,100,000 was released by Washington Federal.

ABHOW has evaluated subsequent events through December 18, 2015, which is the date the financial statements were issued.

**REPORT OF INDEPENDENT AUDITORS ON
 SUPPLEMENTARY INFORMATION**

To the Members of the Board of Directors
 American Baptist Homes of the West and Affiliates

We have audited the consolidated financial statements of American Baptist Homes of the West, ("ABHOW") and Affiliates (a member of Cornerstone Affiliates) (collectively referred to as the "Corporation"), all of which are under common control and common management, as of and for the years ended September 30, 2015 and 2014, and our report thereon dated December 18, 2015, which contained an unmodified opinion on those consolidated financial statements.

Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary schedules listed in the table of contents as of and for the year ended September 30, 2015, are presented for the purpose of additional analysis and are not a required part of the basic consolidated financial statements.

The Balance Sheet Information, Statement of Operations and Changes in Net Assets (Deficit) Information, Statement of Operations and Changes in Net Assets (Deficit) Community Information (ABHOW Obligated Group) and Statement of Cash Flows Information (ABHOW Obligated Group) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to Beacon, is based on the reports of other auditors, such information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.



San Francisco, California
 December 18, 2015

SUPPLEMENTARY INFORMATION

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
SUPPLEMENTARY INFORMATION – BALANCE SHEET INFORMATION
AS OF SEPTEMBER 30, 2015
(In Thousands)

	ABHOW Obligated Group	Foundation	Beacon	Subtotal	Eliminations	Total
ASSETS						
CASH AND CASH EQUIVALENTS	\$ 25,504	\$ 219	\$ 2,684	\$ 28,407	\$ -	\$ 28,407
RESTRICTED CASH	20,405	-	7,957	28,362	-	28,362
INVESTMENTS	56,935	36,715	1,593	95,243	-	95,243
INVESTMENTS IN LAS VENTANAS BONDS	4,689	-	-	4,689	-	4,689
RESTRICTED INVESTMENTS	82,262	10,251	-	92,513	-	92,513
RESIDENT ACCOUNTS RECEIVABLE - Net	6,510	27	38	6,575	-	6,575
SUBORDINATED NOTES RECEIVABLE - Net	37,089	-	-	37,089	-	37,089
OTHER RECEIVABLES	3,597	-	1,101	4,698	-	4,698
DUE FROM AFFILIATES	23,131	-	-	23,131	(6,025)	17,106
PREPAID EXPENSES, DEPOSITS AND OTHER ASSETS	1,427	46	92	1,565	-	1,565
OTHER ASSETS	9,963	-	8,245	18,208	-	18,208
LAND, BUILDING, AND EQUIPMENT - Net	183,875	-	181,711	365,586	-	365,586
INTERCOMPANY	1,763	(481)	(1,302)	-	-	-
TOTAL	\$ 457,150	\$ 46,797	\$ 202,119	\$ 706,066	\$ (6,025)	\$ 700,041
LIABILITIES AND NET ASSETS (DEFICIT)						
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	\$ 24,308	\$ 70	\$ 3,879	\$ 28,257	\$ -	\$ 28,267
DEPOSITS	8,524	-	464	8,988	-	8,988
ACCRUED INTEREST	5,195	-	6,786	11,981	(68)	11,913
REBATABLE ENTRANCE FEES DUE	19,753	-	-	19,753	-	19,753
ENTRANCE FEES SUBJECT TO REFUND	40,390	-	-	40,390	-	40,390
ENTRANCE FEES NON-REFUNDABLE	80,306	-	-	80,306	-	80,306
REVOCABLE TRUSTS	-	410	-	410	-	410
OBLIGATIONS UNDER ANNUITY AGREEMENTS	-	1,966	-	1,966	-	1,966
NOTES AND BONDS PAYABLE	252,307	-	150,698	403,005	(5,957)	397,048
RETIREMENT LIABILITIES	6,846	-	-	6,846	-	6,846
WORKERS' COMPENSATION LIABILITY	6,414	-	-	6,414	-	6,414
OTHER LIABILITIES	6,285	105	1,874	8,264	-	8,264
Total liabilities	450,328	2,551	183,701	616,580	(6,025)	610,555
COMMITMENTS AND CONTINGENCIES						
NET ASSETS						
Unrestricted - Controlling	6,822	38,603	6,506	49,931	(1,059)	48,872
Unrestricted - Non-controlling	-	-	31,912	31,912	-	31,912
Temporarily restricted	-	7,186	-	7,186	1,059	8,245
Permanently restricted	-	457	-	457	-	457
Total net assets	6,822	44,246	38,418	89,486	-	89,486
TOTAL	\$ 457,150	\$ 46,797	\$ 202,119	\$ 706,066	\$ (6,025)	\$ 700,041

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT) INFORMATION
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(In Thousands)

UNRESTRICTED NET ASSETS	ABHOW Obligated Group	Foundation	Beacon	American Baptist Properties	Subtotal	Eliminations	Total
OPERATING REVENUES							
Residential living	\$ 41,282	\$ -	\$ -	\$ -	\$ 41,282	\$ -	\$ 41,282
Assisted living	12,317	-	-	-	12,317	-	12,317
Health center	47,867	-	-	-	47,867	-	47,867
Memory support	7,158	-	-	-	7,158	-	7,158
Other residential services	1,010	-	-	-	1,010	-	1,010
Amortization of entrance fees	17,192	-	-	-	17,192	-	17,192
Other operating revenue	6,227	-	304	-	6,531	(171)	6,360
Affordable housing fees and rents	676	-	12,825	-	13,501	(10)	13,491
Net assets released from restrictions	-	244	-	-	244	-	244
Bequests and charitable giving	-	1,292	31	-	1,323	-	1,323
Foundation community benefit	897	-	-	-	897	(897)	-
Total operating revenues	<u>134,838</u>	<u>1,536</u>	<u>13,180</u>	<u>-</u>	<u>149,302</u>	<u>(1,078)</u>	<u>148,224</u>
OPERATING EXPENSES							
Salaries and wages	54,667	419	4,618	-	59,704	-	59,704
Employee benefits	15,996	82	1,313	-	17,391	-	17,391
Supplies	8,814	2	388	-	9,184	-	9,184
Chargeable ancillary services	6,988	-	-	-	6,988	-	6,988
Marketing and advertising	4,027	1	234	-	4,262	-	4,262
Repairs and maintenance	1,414	-	747	-	2,161	-	2,161
Purchased services	5,784	122	1,460	2	7,368	(181)	7,187
Leases and rents	1,267	21	310	-	1,598	-	1,598
Utilities	5,265	3	1,063	-	6,331	-	6,331
Travel and related	1,073	31	353	-	1,457	-	1,457
Other operating expenses	2,615	(123)	842	-	3,134	-	3,134
Foundation community distribution	-	897	-	-	897	(897)	-
Insurance	1,180	33	430	-	1,643	-	1,643
Total operating expenses	<u>109,080</u>	<u>1,468</u>	<u>11,538</u>	<u>2</u>	<u>122,100</u>	<u>(1,078)</u>	<u>121,030</u>
INCOME (LOSS) BEFORE OTHER OPERATING INCOME (EXPENSE)	<u>25,826</u>	<u>40</u>	<u>1,622</u>	<u>(2)</u>	<u>27,194</u>	<u>-</u>	<u>27,194</u>
OTHER OPERATING INCOME (EXPENSE)							
Unrealized gains (losses) on interest rate swaps and caps	75	-	(481)	-	(386)	-	(386)
Realized gains on investments - net	2,474	2,967	-	-	5,441	-	5,441
Investment income - net	1,422	937	12	128	2,499	-	2,499
Mortgage interest	(5,779)	-	(1,965)	-	(8,743)	-	(8,743)
Depreciation and amortization	(15,815)	-	(6,982)	-	(21,597)	-	(21,597)
INCOME (LOSS) FROM OPERATIONS	<u>7,104</u>	<u>3,952</u>	<u>(6,774)</u>	<u>126</u>	<u>4,408</u>	<u>-</u>	<u>4,408</u>
Unrealized losses on investments	(3,838)	(5,419)	-	-	(9,257)	-	(9,257)
Unrealized losses on investments in Las Ventanas bonds	(2,270)	-	-	-	(2,270)	-	(2,270)
Contributions in aid of construction	(12,941)	-	14,357	7,574	9,090	-	9,090
Loss from change in unrecognized pension obligation	(3,045)	-	-	-	(3,045)	-	(3,045)
Loss on extinguishment of debt	(1,052)	-	-	-	(1,052)	-	(1,052)
Loss on multi-employer pension plan withdrawal	(1,200)	-	-	-	(1,200)	-	(1,200)
CHANGE IN UNRESTRICTED NET ASSETS	<u>(17,142)</u>	<u>(1,467)</u>	<u>7,593</u>	<u>7,700</u>	<u>(3,326)</u>	<u>-</u>	<u>(3,326)</u>
TEMPORARILY RESTRICTED NET ASSETS							
Dividend and interest income	-	248	-	-	248	-	248
Unrealized losses on restricted investments - net	-	(492)	-	-	(492)	-	(492)
Contributions	-	1,301	-	-	1,301	-	1,301
Net assets released from restrictions	-	(244)	-	-	(244)	-	(244)
Contractual payments to beneficiaries	-	(394)	-	-	(394)	-	(394)
Realized gains on investments - net	-	201	-	-	201	-	201
Contractual liability adjustments	-	398	-	-	398	-	398
Special project fund distribution	-	(1,631)	-	-	(1,631)	-	(1,631)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>	<u>(813)</u>	<u>-</u>	<u>-</u>	<u>(813)</u>	<u>-</u>	<u>(813)</u>
CHANGE IN PERMANENTLY RESTRICTED NET ASSETS	<u>-</u>	<u>16</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>-</u>	<u>16</u>
INCREASE (DECREASE) IN NET ASSETS	<u>(17,142)</u>	<u>(2,265)</u>	<u>7,593</u>	<u>7,700</u>	<u>(4,124)</u>	<u>-</u>	<u>(4,124)</u>
NET ASSETS (DEFICIT) - Beginning of year	<u>23,964</u>	<u>46,511</u>	<u>30,835</u>	<u>(7,700)</u>	<u>93,610</u>	<u>-</u>	<u>93,610</u>
NET ASSETS - End of year	<u>\$ 6,822</u>	<u>\$ 44,246</u>	<u>\$ 38,428</u>	<u>\$ -</u>	<u>\$ 89,486</u>	<u>\$ -</u>	<u>\$ 89,486</u>

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND CHANGES IN NET
ASSETS (DEFICIT) COMMUNITY INFORMATION
(ABHOW OBLIGATED GROUP)
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(In Thousands)

	Corporate Office	Grand Lake Gardens	Piedmont Gardens	Terraces at Los Altos	Plymouth Village
OPERATING REVENUES					
Residential living	\$ -	\$ 2,707	\$ 7,134	\$ 1,686	\$ 5,977
Assisted living	-	-	3,194	1,136	1,677
Health center	-	-	11,847	5,116	4,395
Memory support	-	-	1,171	1,260	533
Other residential services	-	199	132	48	101
Amortization of entrance fees	-	354	1,981	591	2,229
Other operating revenue	4,093	74	277	117	304
Affordable housing fees and rents	676	-	-	-	-
Foundation community benefit	54	22	183	69	156
Total operating revenues	4,823	3,356	25,919	10,002	15,372
OPERATING EXPENSES					
Salaries and wages	8,897	1,235	9,902	5,331	5,421
Employee benefits	2,590	339	2,963	1,409	1,663
Supplies	110	293	1,600	733	1,141
Chargeable ancillary services	-	-	1,700	584	557
Marketing and advertising	10	586	763	4	733
Repairs and maintenance	6	26	355	43	103
Purchased services	1,928	121	793	503	527
Leases and rents	613	15	177	53	87
Utilities	162	278	946	507	659
Travel and related	534	18	44	34	87
Corporate allocations	(9,087)	259	1,966	761	1,099
Other operating expenses	896	75	151	221	354
Insurance	(51)	41	262	92	182
Total operating expenses	6,608	3,286	21,614	10,275	12,613
(LOSS) INCOME BEFORE					
OTHER OPERATING INCOME (EXPENSE)	(1,785)	70	4,305	(273)	2,759
OTHER OPERATING INCOME (EXPENSE)					
Increase in unrealized loss on interest rate swaps and caps	75	-	-	-	-
Realized gains on investments - net	2,474	-	-	-	-
Investment income - net	1,419	-	-	-	-
Mortgage interest	(1,151)	(122)	(413)	(856)	(368)
Depreciation and amortization	(249)	(520)	(2,447)	(1,441)	(2,503)
INCOME (LOSS) FROM OPERATIONS	783	(572)	1,446	(2,570)	(102)
Change in unrealized gains and losses on investments	(5,118)	-	-	1,280	-
Unrealized loss on investments in Las Ventanas bonds	(2,270)	-	-	-	-
Contribution in aid of construction	(13,023)	-	-	182	-
Extraordinary loss on extinguishment of debt	(1,052)	-	-	-	-
Loss on pension plan termination	-	(120)	(1,080)	-	-
Loss from change in unrecognized pension obligation	(3,045)	-	-	-	-
CHANGE IN UNRESTRICTED NET ASSETS	(23,725)	(692)	365	(1,108)	(102)
NET (DEFICIT) ASSET - Beginning of year	(56,284)	(6,621)	29,142	13,611	5,899
NET (DEFICIT) ASSET - End of year	<u>\$ (80,009)</u>	<u>\$ (7,313)</u>	<u>\$ 29,507</u>	<u>\$ 12,503</u>	<u>\$ 5,797</u>

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
SUPPLEMENTARY INFORMATION – STATEMENT OF OPERATIONS AND
CHANGES IN NET ASSETS (DEFICIT) COMMUNITY INFORMATION
(ABHOW OBLIGATED GROUP)
FOR THE YEAR ENDED SEPTEMBER 30, 2015 (continued)
(In Thousands)

	Rosewood	Valle Verde	Terrace of Los Gatos	Total
OPERATING REVENUES				
Residential living	\$ 3,604	\$ 11,009	\$ 9,246	\$ 41,262
Assisted living	1,699	1,806	2,805	12,317
Health center	9,520	8,517	8,472	47,867
Memory support	1,148	1,422	1,634	7,158
Other residential services	165	300	65	1,010
Amortization of entrance fees	415	5,623	5,999	17,192
Other operating revenue	244	823	295	6,227
Affordable housing fees and rents	-	-	-	676
Foundation community benefit	70	301	52	897
Total operating revenues	<u>16,765</u>	<u>29,801</u>	<u>28,568</u>	<u>134,606</u>
OPERATING EXPENSES				
Salaries and wages	6,777	9,323	7,781	54,667
Employee benefits	1,983	2,886	2,183	15,986
Supplies	1,295	2,046	1,596	8,814
Chargeable ancillary services	1,901	1,047	1,199	6,988
Marketing and advertising	649	698	584	4,027
Repairs and maintenance	207	323	351	1,414
Purchased services	510	782	640	5,784
Leases and rents	87	147	88	1,267
Utilities	659	1,006	1,048	5,265
Travel and related	76	215	65	1,073
Corporate allocations	1,291	2,017	1,692	-
Other operating expenses	283	104	531	2,615
Insurance	200	250	204	1,180
Total operating expenses	<u>15,918</u>	<u>20,824</u>	<u>17,942</u>	<u>109,080</u>
(LOSS) INCOME BEFORE OTHER OPERATING INCOME (EXPENSE)	847	8,977	10,626	25,526
OTHER OPERATING INCOME (EXPENSE)				
Increase in unrealized loss on interest rate swaps and caps	-	-	-	75
Realized gains on investments - net	-	-	-	2,474
Investment income - net	-	3	-	1,422
Mortgage interest	(454)	(1,250)	(2,174)	(6,778)
Depreciation and amortization	(1,256)	(4,321)	(2,878)	(15,615)
INCOME (LOSS) FROM OPERATIONS	(863)	3,409	5,574	7,104
Change in unrealized gains and losses on investments	-	-	-	(3,838)
Unrealized loss on investments in Las Ventanas bonds	-	-	-	(2,270)
Contribution in aid of construction	-	-	-	(12,841)
Extraordinary loss on extinguishment of debt	-	-	-	(1,052)
Loss on pension plan termination	-	-	-	(1,200)
Loss from change in unrecognized pension obligation	-	-	-	(3,045)
CHANGE IN UNRESTRICTED NET ASSETS	(863)	3,409	5,574	(17,142)
NET (DEFICIT) ASSET - Beginning of year	(15,520)	36,023	17,714	23,964
NET ASSETS (DEFICIT) - End of year	\$ (16,383)	\$ 39,432	\$ 23,288	\$ 6,822

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
SUPPLEMENTARY INFORMATION – STATEMENT OF CASH FLOWS INFORMATION
(ABHOW OBLIGATED GROUP)
FOR THE YEAR ENDED SEPTEMBER 30, 2015
(In Thousands)

OPERATING ACTIVITIES	
Cash received for resident services	\$ 109,788
Cash received for entrance fees from reoccupancy	20,117
Cash received from other operating activities	12,664
Cash earnings realized from investments	3,895
Cash paid for employee salaries	(50,641)
Cash paid for employee benefits	(14,492)
Cash paid for temporary labor and recruitment	(3,595)
Cash paid to vendors	(47,439)
Cash paid for Interest, net of amounts capitalized	(7,189)
Net cash provided by operating activities	<u>23,108</u>
INVESTING ACTIVITIES	
Acquisition of land, buildings, and equipment - CCRCs	(29,358)
Change in restricted cash	(4,465)
Purchase of unrestricted investments	(25,441)
Proceeds from sale of unrestricted investments	24,121
Purchase of restricted investments	(154,581)
Cash utilized from restricted investments	163,090
Net cash used in investing activities	<u>(26,634)</u>
FINANCING ACTIVITIES	
Cash received from initial entrance fees and deposits	3,298
Refunds of deposits and refundable fees	(3,278)
Net proceeds from issuance of notes and bonds payable - CCRCs	55,846
Cash paid for deferred debt issuance costs - CCRCs	(1,068)
Principal payments of notes and bonds payable - CCRCs	(43,817)
Cash paid for capital contributions	(3,818)
Net cash provided by financing activities	<u>7,163</u>
INCREASE IN CASH AND CASH EQUIVALENTS	<u>3,637</u>
CASH AND CASH EQUIVALENTS - Beginning of year	<u>21,867</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 25,504</u></u>

AMERICAN BAPTIST HOMES OF THE WEST AND AFFILIATES
(A MEMBER OF CORNERSTONE AFFILIATES)
SUPPLEMENTARY INFORMATION – STATEMENT OF CASH FLOWS INFORMATION
(ABHOW OBLIGATED GROUP)
FOR THE YEAR ENDED SEPTEMBER 30, 2015 (continued)
(In Thousands)

OPERATING ACTIVITIES

Change in net assets	\$ (17,142)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Amortization of entrance fees	(17,192)
Entrance fees from reoccupancy	20,117
Depreciation and amortization	15,615
Change in unrealized gains on investments - net	(75)
Unrealized losses on investments	3,838
Unrealized losses on investments in Las Ventanas bonds	2,270
Change in net unrecognized pension obligation	3,045
Contribution in aid of construction	12,841
Change in accounts receivable from residents and clients	526
Change in prepaid expenses and deposits	(279)
Other changes in operating assets and liabilities - net	(456)

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 23,108

NONCASH DISCLOSURES

Acquisition of buildings and equipment financed through accounts payable and accrued expenses

\$ 4,395

FIRST AMENDMENT TO CONTRACT FOR PROFESSIONAL SERVICES BETWEEN THE CITY OF LOMITA AND HUMANGOOD AFFORDABLE HOUSING (FORMERLY BEACON COMMUNITIES AN ABHOW COMPANY) FOR PROPERTY MANAGEMENT SERVICES AT LOMITA MANOR

Recitals.

1. This First Amendment to the Contract for Professional Services Between the Housing Authority of the City of Lomita ("Authority") and HumanGood Affordable Housing ("Consultant") for property management services at Lomita Manor ("First Amendment") is made and entered into this 6th day of July 2021.
2. The Authority and Consultant, then known as Beacon Communities (an ABHOW company), entered into an agreement for professional services for the above referenced services dated August 2, 2016, (the "Agreement"); and
3. Beacon Communities has since changed its name to HumanGood Affordable Housing; and
4. Consultant has requested that the City take steps to convert the Premises to a Rental Assistance Demonstration (RAD) program project and the City is currently exploring the feasibility of that option and expects to have a decision within 90 days. Consultant has indicated to the City that if such a conversion is not pursued it may terminate the Agreement pursuant to Section 38(B) or decline to further extend the term of the Agreement beyond 90 days; and
5. Pursuant to Section 47 of the Agreement, the Authority and Consultant desire to amend the Agreement as outlined herein.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained therein, Authority and Consultant hereby agree as follows:

1. Term of Agreement. Pursuant to Section 7 of the Agreement, the term of Agreement shall be extended by ninety (90) days with an expiration date of October 3, 2021.

2. Acceptance of Facsimile or Electronic Signatures. The Parties agree that this First Amendment to the Agreement will be considered signed when the signature of a party is delivered by facsimile transmission, scanned and delivered via electronic mail, or delivered using digital signature technology approved by the Authority. Such facsimile or electronic signatures will be treated in all respects as having the same effect as an original signature.

3. No other changes. All terms, conditions, obligations, and other provisions of the Agreement, including all Exhibits thereto, not affected by this First Amendment shall remain in full force and effect.

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this First Amendment on the 6th day of July 2021, at Lomita, California.

HUMANGOOD AFFORDABLE HOUSING

By: Kendra Roberts
Kendra Roberts
Vice President of Operations

CITY OF LOMITA HOUSING AUTHORITY

By: Ryan Smoot
Ryan Smoot
Executive Director

APPROVED AS TO FORM:

Trevor Rusin
Trevor Rusin, City Attorney

Attest:

Kathleen Horn Gregory
Kathleen Horn Gregory, City Clerk



Agree No 2021-38

SECOND AMENDMENT TO CONTRACT FOR PROFESSIONAL SERVICES BETWEEN THE CITY OF LOMITA AND HUMANGOOD AFFORDABLE HOUSING (FORMERLY BEACON COMMUNITIES AN ABHOW COMPANY) FOR PROPERTY MANAGEMENT SERVICES AT LOMITA MANOR

Recitals.

1. This Second Amendment to the Contract for Professional Services Between the Housing Authority of the City of Lomita ("Authority") and HumanGood Affordable Housing ("Consultant") for property management services at Lomita Manor ("Second Amendment") is made and entered into this 5th day of October 2021; and
2. The Authority and Consultant, then known as Beacon Communities (an ABHOW company), entered into an agreement for professional services for the above referenced services dated August 2, 2016 (the "Agreement"); and
3. The Authority and Consultant entered into a First Amendment to the Agreement on July 6, 2021, which amended Section 7 and extended the term of the Agreement for 90 days, until October 3, 2021; and
4. The Authority and Consultant now seek to enter into a Second Amendment to the Agreement which amends Section 7 of the Agreement and extends the term of the Agreement until October 5, 2022. Termination of the Agreement must still comply with Section 38; and
5. Beacon Communities has since changed its name to HumanGood Affordable Housing; and
6. Consultant has requested that the City take steps to convert the premises to a Rental Assistance Demonstration (RAD) program project and the City is currently exploring the feasibility of that option. Consultant has indicated to the City that if such a conversion is not pursued it may terminate the Agreement pursuant to Section 38(B) or decline to further extend the term of the Agreement; and
7. Pursuant to Section 47 of the Agreement, the Authority and Consultant desire to amend the Agreement as outlined herein.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained therein, Authority and Consultant hereby agree as follows:

1. **Term of Agreement.** Section 7 of the Agreement is amended to read in its entirety as follows: The term of this Agreement shall be extended to October 5, 2022, unless terminated by the parties as set forth in Section 38.

2. **Acceptance of Facsimile or Electronic Signatures.** The Parties agree that this Second Amendment to the Agreement will be considered signed when the signature of a party is delivered by facsimile transmission, scanned, and delivered via electronic mail, or delivered using digital signature technology approved by the Authority. Such facsimile or electronic signatures will be treated in all respects as having the same effect as an original signature.

3. **No other changes.** All terms, conditions, obligations, and other provisions of the Agreement, including all Exhibits thereto, not affected by this Second Amendment shall remain in

full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment on the 5th day of October 2021, at Lomita, California.

HUMANGOOD AFFORDABLE
HOUSING

CITY OF LOMITA HOUSING
AUTHORITY

By: Kendra Roberts
Kendra Roberts
Vice President of Operations

By: Ryan Smoot
Ryan Smoot
Executive Director

APPROVED AS TO FORM:

Trevor Rusin
Trevor Rusin, City Attorney



Attest:

Kathleen Horn Gregory
Kathleen Horn Gregory, City Clerk