



**REGULAR MEETING OF THE
Board of Directors of the
El Segundo Senior Citizens Housing Corporation
AGENDA
In-Person Meeting**

MEETING DATE: Wednesday, September 25, 2024

MEETING TIME: 3:30 p.m.

LOCATION: Peter and Edna Freeman Community Room
Park Vista Apartments
615 E. Holly Avenue
El Segundo, CA 90245

The Board of the Senior Citizen Housing Corporation, with certain statutory exceptions, can only take action upon properly posted and listed agenda items. Unless otherwise noted in the agenda, the public can only comment on City-related business that is within the subject matter jurisdiction of the Board.

The time limit for comments is five (5) minutes per person. Before speaking to the Board, please state: your name and residence or the organization you represent. Please respect the time limits.

Members of the public may also provide comments electronically by sending an email to the following address before 3:00 P.M. on the day of the meeting: agnesho@elsegundo.org. **Please include the meeting date and item number in the subject line.** If you would like to request that your emailed comment be read into the record, please include the request at the top of your email, limit your comments to 150 words or less, and email your comments at least 30 minutes prior to the start of the meeting. Depending on the volume of communications, the emails will be read to the Board at the appropriate time.

NOTE: Emails and documents submitted will be considered public documents and are subject to disclosure under the Public Records Act and possibly posted to the City's website.

NOTE: Public Meetings can be recorded and are subject to disclosure under the Public Records Act and possibly posted to the City's website.

REASONABLE ACCOMMODATIONS: In compliance with the Americans with Disabilities Act and Government Code Section 54953(g), the City Council has adopted a reasonable accommodation policy to swiftly resolve accommodation requests. The policy can also be found on the City's website at <https://www.elsegundo.org/government/departments/city-clerk>. Please contact the City Clerk's Office at (310) 524-2308 to make an accommodation request or to obtain a copy of the policy.

CALL TO ORDER:

ROLL CALL

A. PUBLIC COMMUNICATION

At this time, members of the public may speak to any subject within the Board's subject matter jurisdiction.

Also, any member of the public wishing to address the Board regarding an item listed on this agenda must do so at this time. Before speaking, you are requested, but not required, to state your name and address for the record. If you represent an organization or a third party, please so state.

B. APPROVAL OF MEETING MINUTES

1. Regular Meeting: Wednesday, August 28, 2024

Recommendation: Approve

C. CITY STAFF REPORT

2. Upcoming Events. (Ryan Delgado)

Discuss any upcoming events at the Joslyn Center and citywide.

Recommendation: Receive and File

D. NEW BUSINESS

3. President's Report. (Paul Lanyi)

Reports regarding correspondence, meetings, and business related to Park Vista.

Recommendation: Receive and File

4. Financial Statements and LAIF (Local Agency Investment Fund). (Neil Cadman)

a. Discussion and review of status reports including, but not limited to, statements, invoices, and finances for August 2024.

b. LAIF investment fund and transfers between accounts.

Recommendation: Receive and File

5. Ratify Payment to the City of El Segundo for Required Earthquake and Flood Insurance during FY 2024-2025; Authorize Future Premium Payments upon Invoice by City of El Segundo. (Neil Cadman)

The City of El Segundo requires that Cadman Group maintain earthquake and flood insurance for the Park Vista facility. Since the City can obtain insurance at lower premiums due to pooling with multiple city facilities, the cost is passed along to Cadman Group. The City has invoiced Cadman Group for earthquake and flood insurance in accordance with the terms and conditions required by the City of El Segundo. The invoice is attached for reference.

E. UNFINISHED BUSINESS

6. 2023 Draft Financial Audit. (Neil Cadman)

Review and discuss the 2023 Draft Financial Audit documents for the El Segundo Senior Citizens Housing Corporation.

Recommendation: Approve the draft 2023 audit and authorize a board member to execute the audit representation agreement and the final 2023 audit of the El Segundo Senior Citizens Housing Corporation.

F. MANAGEMENT REPORT

Report from the Cadman Group regarding Park Vista operations and management. Unless otherwise listed on the agenda, the Board may not discuss or take action on matters raised in

the management report but may vote to place an item on a future agenda for discussion and possible action.

G. BOARD MEMBERS REPORT

A general report from individual Board members.

ADJOURNMENT

NEXT REGULAR MEETINGS:
Wednesday, October 23, 2024
Wednesday, November 27, 2024

MINUTES OF THE MEETING
El Segundo Senior Citizen Housing Board Corporation
Wednesday,
August 28, 2024
Park Vista Senior Housing
615 E. Holly Avenue, El Segundo, CA 90245

CALL TO ORDER:

The meeting was called to order at 3:30 p.m. by Board Paul Lanyi.

ROLL CALL

Members Present: Paul Lanyi
Tim Whelan
Julia Newman
Paula Rotolo
Denise Fessenbecker

Others: Neil Cadman
Michael Allen
Venus Wesson
Agnes Ho
Elias Sasson
Ryan Delgado

A. PUBLIC COMMUNICATION. (Suggestion Box Comments)

- Letter concerning a few issues: 1) Caregiver needing to wear mask will be in the building for fear of being exposed to Covid; 2. Cleaning common area chairs and the benches outside need to be sanded down; 3) Front door is malfunctioning before residents enter the building.
- Adell submitted a letter requesting to place item on the agenda to discuss revisiting the rate of low-income housing \$65,000 threshold to live in Park Vista. She believes that this unrealistic in this economy to pay \$6,500 a month.

B. APPROVAL OF MEETING MINUTES

1. Julia Newman motioned, and Paula Rotolo seconded, to approve the July 24, 2024, Meeting Minutes. The motion passed 5-0.

C. CITY STAFF REPORT

2. Upcoming Events. (Ryan Delgado)

- Ryan updated the day tripper sign-up events for Saturday, September 21st to Los Angeles Arboretum. The cost to ride is \$10 per person and \$11 entry into the Arboretum. He also stated that trips in October would be planned for the Getty Villa, and LA Farmers market in November.
- During the Elections city staff will be providing rides from Lyft services. To schedule pickup to polling location contact the Joslyn Center.

Receive and file: Motion carried 5-0

D. NEW BUSINESS

3. President's Report. (Paul Lanyi)

- Paul mentioned the upcoming Park Vista Anniversary party on September 28th and requested that email notification inviting city council members. He also asked to invite all council candidates. Neil stated that a discussion at the recent tenant management to bring a guest was a "No". Paul asked for exception for potential council members that are running to be allowed. Neil responded that is up to the board, but they would be prohibited from discussing the election. Paul made a motion to invite the potential councilmember to the party.
- Paul inquired about meeting times adjustment in the Fall season to have more attendee. Paula responded that the past meeting started at 7:30 pm with the same amount of attendees currently. Neil provided a history of the meeting start time pre-Covid at 7:00 or 7:30 with an attendance of 60 – 65 people. He stated that the board became continuous causing the meeting to go to 9:30 pm. Michael shared that the By-Laws have been approved by Council indicating the meeting time, and suggested that the board cancel a regular meeting and schedule a special meeting at the suggested later time. Michael provided additional information a survey completed in 2023 with results supporting keeping the existing start time. The board asked to merge the November and December meeting as special meeting to test the later start time.

Receive and file: Motion carried 5-0

4. Financial Statement and LAIF (local Agency Investment Fund). (Neil Cadman)

- Paula inquired about multiple plumbing related costs on July 8, 2024. Neil stated that it was multiple units billed for plumbing issues due to tenants' negligence. Paula asked if there was a process in place to address the negligence. Neil stated that yes if the negligence continues to be issue.

Receive and file: Motion carried 5-0

5. Review The Findings from the SB 721 Balcony Inspection and Review the Capital Repair Plan. (Neil Cadman)

- Neil updated that the SB 721 inspections were completed and the facility is now in compliance for the next 6 years. Neil provided an overview of the inspection report.
- Elias provided a report finding that the building overall is in good condition. He stated that an inspection of the roof was done back in June 2024, they found some debris that needed to be removed. Elias stated that he provided a copy of the report with Neil in which he proposed \$50k each year in the CIP 5 year forecast for fiscal year 26/27 and 28/29 for emergency repairs. Neil clarified when the next citywide inspection would occur to include Park Vista to ensure the expense is covered by the city. Paul agreed with the clarification of the expense. Elias wanted to clarify that this expense is just incase of emergency to have funds allocated as line-item.
- Julia inquired if there can be clear language in the ask of the funds requested as a line item. Elias stated that he can add a language for the line item.

Receive and file: Motion carried 5-0

6. 2023 Draft Financial Audit. (Neil Cadman)

- Neil stated that the 2023 Draft Financial Audit documents for the El Segundo Senior Citizens Housing Corporation to be signed by board.
- Paul asked to clarify that the document is for 2023. Neil clarified that financial statement of December 31, 2022, audits run the last day of preceding year.
- The board had questioned about the period to cover January 1, 2023, they recall already signed

this audit engagement letter sometime last year. Paul indicated that he would not sign until clarification of the audit is addressed. The board has requested to place the item back on agenda with the timeframe confirmed.

E. UNFINISHED BUSINESS

F. MANAGEMENT REPORT (Neil Cadman)

- Alarm device side of building was the flow device.
- Board inspections have been completed and reported. He stated that maintenance items were noted.
- Tenant management meeting discussed upcoming Anniversary party. He stated that the rummage event was a huge success.
- He mentioned that Councilmember Ryan Baldino is attending today.
- Created tenant advisory party committee to help with selection for food. He confirmed that staff and council have all been invited to the Anniversary Party.
- He believes that the Amazon locker should be installed tomorrow and confirmed that all the electrical work has been completed. He informed the resident that Amazon now has authorization to enter the building and deliver any outside boxes to the door.
- Paul inquired if there is a policy to have caregivers wear masks. Michael stated that the facility and city would follow county guidelines.
- The front door issues have been repaired and addressed.
- During the meeting a resident brought up the alarm that went off on the 4th of July, they inquired who can shut off alarm. Neil stated that this was a one-off situation that caused the inconvenience.
- Rent increase issue was brought up during the meeting on raising the minimum amount of income qualification for Park Vista.

G. BOARD MEMBER REPORT

- Reminder to combine the November and December meeting as a special meeting at the later start time.

ADJOURNMENT: 4:38 pm

NEXT REGULAR MEETING: Wednesday, September 25, 2024

**EL SEGUNDO SENIOR CITIZENS HOUSING
DEVELOPMENT CORPORATION**

350 MAIN STREET, EL SEGUNDO, CA 90245

August 13, 2024

RE: Interest Income from Deposit with the City, per Agreement for Investment of Funds

Dear President:

The deposit and interest for the quarter/month ending is as follows:	Q3-2024	July-24 Original
Beginning balance at June 30, 2024		\$ 1,268,697.62
Accrued: Interest (Posted quarterly)		5,850.96
Add: Deposits		
Less: Withdrawals		
TOTAL IN LAIF/CAMP - G/L# 504-101-0000-0004:	As of 7/31/2024	\$ 1,274,548.58

Accrued Interest (posted quarterly by the 15th day following quarter):						
Interest Earned	July	@	5.430%	Actual	CAMP for 31 days	5,850.96
Interest Earned	August	@		Actual	CAMP for 31 days	-
Interest Earned	September	@		Actual	CAMP for 30 days	-
Accrued Interest	quarter to date					5,850.96

Interest earned is based on the interest earnings rate the City of El Segundo received from the California Asset Management Program and the number of days the funds were held by the City during the given period. Per the understanding reached at the September 1997 meeting of the Board of Directors, interest will be credited to the account and compounded on a quarterly basis. Interest shown for each month is for your information only.

If you have any questions, please do not hesitate to give me a call.

Sincerely,
Dino R. Marsocci

Dino R. Marsocci
Treasury & Customer Services Manager

- Cc: Paul Chung, Chief Financial Officer
Eva Gettler, Accounting Supervisor
Michael Allen, Community Development Director
Neil Cadman, Facility Management for Park Vista
Eduardo Schonborn, Planning Manager
Venus Wesson, Sr. Admin Specialist



City of El Segundo
 350 Main St
 El Segundo, CA 90245-3813
 (310) 524-2317

INVOICE

004850

Page 1 of 1

DATE	09/06/2024
ACCOUNT	00945
AMT DUE	80,885.00

HOUSING CORPORATION EL SEGUNDO SENIOR CITIZENS
 THE CADMAN GROUP
 347 RICHMOND STREET
 EL SEGUNDO, CA 90245

AMOUNT PAID _____



MAKE CHECKS PAYABLE TO EL SEGUNDO
 PLEASE DETACH AND RETURN WITH YOUR REMITTANCE

CITY OF EL SEGUNDO

DESCRIPTION	AMOUNT
Earth Movement/Flood Program Insurance 2024/2025	80,885.00
Total Amount Due:	80,885.00
ACCOUNT NO. 00945	PAYABLE UPON RECEIPT 80,885.00

Please Remit to: City of El Segundo
 Attn: Accounts Receivable
 350 Main St
 El Segundo, CA 90245-3813

**EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION
dba PARK VISTA**

FINANCIAL STATEMENTS

AND SUPPLEMENTARY INFORMATION

December 31, 2023 and 2022

DRAFT



EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 10
Supplementary Information	
Schedules of Administrative, Utilities, Maintenance, Taxes, and Insurance Expenses	11



INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
El Segundo Senior Citizen Housing Corporation
dba Park Vista**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **El Segundo Citizen Housing Corporation dba Park Vista**, which comprise the statements of financial position as of **December 31, 2023 and 2022**, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of El Segundo Senior Citizen Housing Corporation dba Park Vista as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of El Segundo Senior Citizen Housing Corporation dba Park Vista and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about El Segundo Senior Citizen Housing Corporation dba Park Vista's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplementary information shown on page 11 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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.

Hoffman, Short, Rubin, DeWinter, Sanderson

**HOFFMAN, SHORT, RUBIN, DEWINTER, SANDERSON
AN ACCOUNTANCY CORPORATION**

**Covina, California
July 16, 2024**

Lead Auditor: Joanne Hoffman, CPA

Employer Identification Number: 81-3709413

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 729,060	\$ 507,932
Restricted cash	1,234,789	1,172,490
Accounts receivable	-	4,000
Prepaid expenses	53,269	41,763
Total Current Assets	<u>2,017,118</u>	<u>1,726,185</u>
PROPERTY AND EQUIPMENT		
Building improvements	1,046,041	1,046,041
Equipment	184,779	167,194
Furnishings	153,863	153,863
Total Property and Equipment	<u>1,384,683</u>	<u>1,367,098</u>
Less: accumulated depreciation	1,049,598	1,013,306
Net Property and Equipment	<u>335,085</u>	<u>353,792</u>
Total Assets	<u>\$ 2,352,203</u>	<u>\$ 2,079,977</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES		
Accounts payable	\$ 11,000	\$ 6,144
Prepaid rent	6,402	8,384
Total Current Liabilities	<u>17,402</u>	<u>14,528</u>
TENANT SECURITY DEPOSITS	<u>74,933</u>	<u>69,222</u>
Total Liabilities	<u>92,335</u>	<u>83,750</u>
NET ASSETS		
Without donor restrictions		
Undesignated	1,025,079	823,737
Designated by the City	1,234,789	1,172,490
Total Net Assets	<u>2,259,868</u>	<u>1,996,227</u>
Total Liabilities and Net Assets	<u>\$ 2,352,203</u>	<u>\$ 2,079,977</u>

The accompanying Notes to Financial Statements
are an integral part of these statements

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

STATEMENTS OF ACTIVITIES

Years Ended December 31, 2023 and 2022

	2023	2022
REVENUES		
Rent	\$ 916,305	\$ 856,799
Parking	19,122	18,731
Interest	62,299	20,219
Other revenue	29,990	5,516
Total Revenue	1,027,716	901,265
EXPENSES		
Administrative	74,426	65,803
Management fees	186,000	183,500
Utilities	135,518	155,595
Operating and maintenance	246,674	218,760
Licenses and permits	120	475
Insurance	85,045	115,023
Depreciation	36,292	39,292
Total Expenses	764,075	778,448
Change in Net Assets Without Donor Restrictions	263,641	122,817
Previous Year Net Assets Without Donor Restrictions	1,996,227	1,873,410
Net Assets Without Donor Restrictions	\$ 2,259,868	\$ 1,996,227

The accompanying Notes to Financial Statements
are an integral part of these statements

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 263,641	\$ 122,817
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation	36,292	39,292
(Increase) decrease in assets:		
Accounts receivable	4,000	(4,000)
Prepaid expenses	(11,506)	(9,816)
Security deposits, net	5,711	3,386
Increase (decrease) in liabilities:		
Accounts payable	4,856	(4,687)
Prepaid rent	(1,982)	1,064
	301,012	148,056
Net Cash Provided by Operating Activities		
Net Increase in Cash	283,427	148,056
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	1,680,422	1,532,366
Cash, Cash Equivalents, and Restricted Cash at End of Year	\$ 1,963,849	\$ 1,680,422
<i>Cash, Cash Equivalents, and Restricted Cash Comprised of:</i>		
Cash in bank - checking	\$ 729,060	\$ 507,932
Restricted cash	1,234,789	1,172,490
Total	\$ 1,963,849	\$ 1,680,422

The accompanying Notes to Financial Statements
are an integral part of these statements

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

1. ORGANIZATION

El Segundo Senior Citizen Housing Corporation dba Park Vista ("the Corporation") is a California nonprofit public benefit corporation formed by the City of El Segundo ("the City") in 1984 to operate a low income senior apartment complex. The apartment complex was built and funded by the City. In 1987, the complex was ready for occupancy and was turned over to the Corporation for operation and management. The Corporation is governed by a seven-member Board of Directors which is appointed by the City Council. All members of the Board of Directors are unpaid volunteers.

The apartment complex consists of 97 apartment units, known as Park Vista ("the Project"), located at 615 East Holly Avenue in the City of El Segundo. The Corporation is responsible for the operation of Park Vista pursuant to an Operating Agreement dated May 6, 1986, between the City and the Corporation (see Note 4).

The Park Vista apartment complex is owned by the City of El Segundo and is recorded as 'Asset' under the Enterprise Fund of the City. The Corporation's role is to oversee its operation and management of the apartment complex. The facility is managed by an independent property management company (see Note 4).

The accompanying financial statements are those of the Corporation and do not represent the financial statements of El Segundo Senior Citizen Housing Corporation dba Park Vista.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements are prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the Statements of Cash Flows, the Project considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

The Project is subject to the provisions of *Statement of Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* of the Financial Accounting Standards Board (FASB) Accounting Standards Update ASU No. 2016-13. Under the new Standard, the entities are required to measure credit losses of financial assets using the current expected credit loss (CECL) model for estimating an allowance for credit losses. Under the CECL model, the allowance for credit losses is determined by using the accounts receivable aging schedule. The new Standard is effective for the fiscal year after December 15, 2022. The Project implemented the Standard prospectively starting with calendar year 2023.

The Project believes all receivables will be collected; therefore, no allowance for credit losses has been established for the year ended December 31, 2023.

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment and Depreciation

Property and equipment are stated at cost. Assets are depreciated over their estimated useful lives of 5 to 27.5 years using the straight-line method. Major additions, betterments and improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. Depreciation expense as of December 31, 2023 and 2022, was \$36,292 and \$39,292, respectively.

Impairment of Long-Lived Assets

The Project reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. No impairment loss was recognized during the years ended December 31, 2023 and 2022.

Rental Revenue

Rental revenue is recognized as rents become due. Rental payments received in advance are deferred until earned. All leases between Project and tenants of the property are operating leases.

Advertising Costs

Advertising and marketing costs are expensed as incurred. Total advertising and marketing costs for the years ended December 31, 2023 and 2022 totaled \$10,902 and \$-0-, respectively.

Income Taxes

The Project is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code, respectively. Accordingly, no provision for income taxes is included in the financial statements.

The Project's federal and state income tax returns are subject to possible examination by the taxing authorities until the expiration of the related statutes of limitations on those tax returns. In general, the federal income tax returns have a three-year statute of limitations, and the state income tax returns have a four-year statute of limitations.

The Project evaluates all significant tax positions. As of December 31, 2023 and 2022, the Project does not believe that it has taken any positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year. It is the Project's policy to recognize any interest and penalties in the year incurred. There was no interest or penalties incurred in 2023 and 2022.

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Description of Net Assets

The Project is subject to the provisions of *Presentation of Financial Statements for Not-for-Profit Entities* in accordance with *Topic 958*. This guidance includes presentation of two classes of net assets and enhances disclosures for board designated amounts, compositions of net assets with donor restrictions and how the restrictions affect the use of resources, qualitative and quantitative information about the liquidity and availability of financial assets to meet general expenditures within one year of the statement of financial position date, and expenses by both their natural and functional classification, including methods used to allocate costs among program and support functions.

Net assets are classified based on existence or absence of donor-imposed restrictions as follows:

- *Without Donor Restrictions - Undesignated* are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in the corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Designated by the City* are funds held by the City in accordance with the Agreement for Investment of Funds, entered into on May 20, 1998, by and between the City and the Corporation. The Corporation has access to the funds within 14 days of providing notice to the City of its desire to withdraw some or all of the funds. Under this Agreement, the City is holding these funds in its investment pool and as of December 31, 2023 and 2022, the balances are \$1,234,789 and \$1,172,490, respectively.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with U.S. generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure or contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were utilized in preparing the financial statements.

Fair Value Measurement

In accordance with U.S. generally accepted accounting principles, valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs are internally derived, reflecting what the reporting entity believes to be market assumptions. U.S. generally accepted accounting principles classifies these inputs into the following hierarchy:

- Level One Inputs - Quoted prices in active market for identical assets and liabilities as of the reporting date.

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value Measurement (continued)

- Level Two Inputs - Observable inputs other than Level One prices, such as quoted prices for identical instruments, quoted prices in market 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 and liabilities.
- Level Three Inputs - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities.

These standards do not have any financial impact on the Project's financial statements.

3. RESTRICTED CASH

Investment with City

Investment with City are funds held by the City in accordance with the Agreement for Investment of Funds, entered into on May 20, 1998, by and between the City and the Corporation. The Corporation has access to the funds within 14 days of providing notice to the City of its desire to withdraw some or all of the funds. Under this Agreement, the City is holding these funds in its investment pool.

As of December 31, 2023 and 2022 restricted cash consists of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Investment with City	\$ 1,172,490	\$ 62,299	\$ -	\$ 1,234,789
Total	\$ 1,172,490	\$ 62,299	\$ -	\$ 1,234,789

4. FACILITY OPERATIONS – OPERATING AND MANAGEMENT AGREEMENTS / RELATED PARTY TRANSACTIONS

Operating Agreement - On May 6, 1986, the City entered into an Operating Agreement with the Corporation to operate and manage the Park Vista facility for the City. This Agreement provides that the Corporation's relationship with the City is one of an independent contractor and that the City, through its City Council, at all times has ultimate control and authority over the Park Vista facility. Under the Operating Agreement, the Corporation (through its Board of Directors) is charged with preparing an annual Plan of Operation which covers matters necessary and appropriate to the efficient and effective management of the Park Vista facility. The Plan of Operation includes such items as eligibility standards, rental contracts, rental rates, methods and standards for general maintenance and upkeep of the facility, insurance coverage, ongoing management of the facility through the retention of a professional real estate management firm and a recommended annual budget.

The Operating Agreement provides that the Corporation is responsible for hiring, supervising and discharging of employees, contractors and other persons necessary to properly maintain and operate the Park Vista facility. The Corporation also must maintain the Park Vista facility in good order and condition according to standards consistent with the Plan of Operation. The Operating Agreement further requires that any check drawn in an amount equal to or greater than \$5,000 shall require the signature of the City Treasurer. Finally, the Agreement provides that it may be terminated by either the City or by the Corporation at any time upon giving at least thirty days prior written notice of such termination.

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2023 and 2022

4. FACILITY OPERATIONS – OPERATING AND MANAGEMENT AGREEMENTS / RELATED PARTY TRANSACTIONS (continued)

Property Management Agreement - The Corporation entered into a Management Agreement with Cadman Group, a property management firm. The Agreement provides that Cadman Group will manage, maintain, operate, lease and rent the Park Vista units for the Corporation. The term of service also provides that Cadman Group will: hire, discharge and supervise all labor required for the operation and maintenance of the property as employees of Cadman Group; make repairs and alterations, decorations of the premises, purchases of supplies, and payments of all bills of the Park Vista facility; assume responsibility for periodic cleaning and maintenance of the facility as provided in the Agreement. The Property Management Agreement provides compensation at \$15,250 per month, which includes rent payments and payroll related expenses. Effective November 1, 2022, the compensation increased to \$15,500 per month. Total management fees for the years ended December 31, 2023 and 2022 was \$186,000 and \$181,500, respectively. During 2022, it was discovered the management fees were erroneously miscalculated, resulting in overpayment of \$4,000 paid to the Cadman Group, which was subsequently repaid in 2023.

5. LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Project's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets available to meet cash needs for general expenditures within one year as December 31, 2023 and 2022:

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 729,060	\$ 507,932
Investment with City	1,234,789	1,172,490
Total Financial Assets	\$ 1,963,849	\$ 1,680,422
Less those unavailable for general expenditure within one year, due to:		
Investment with City not available within the next 12 months	(1,234,789)	(1,172,490)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 729,060	\$ 507,932

6. SUBSEQUENT EVENTS

The Project has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2023 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through July 16, 2024, the date these financial statements were available to be issued. No such material events or transactions were noted to have occurred.

EL SEGUNDO SENIOR CITIZEN HOUSING CORPORATION
SCHEDULES OF ADMINISTRATIVE, UTILITIES, MAINTENANCE,
TAXES AND INSURANCE EXPENSES

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
ADMINISTRATIVE EXPENSES		
Advertising	\$ 10,902	\$ -
Office expenses	4,401	2,658
Manager rent-free unit	27,000	27,000
Auditing	5,875	5,875
Legal	890	-
Telephone	25,146	30,036
Miscellaneous administrative	212	234
Total Administrative	<u>\$ 74,426</u>	<u>\$ 65,803</u>
MANAGEMENT FEES		
	<u>\$ 186,000</u>	<u>\$ 183,500</u>
UTILITIES		
Electricity	\$ 26,277	\$ 23,658
Water	43,960	44,492
Gas	19,567	18,738
Cable TV	45,714	68,707
Total Utilities	<u>\$ 135,518</u>	<u>\$ 155,595</u>
MAINTENANCE EXPENSES		
Janitorial contract	\$ 23,852	\$ 17,985
Exterminating contract	3,270	5,559
Ground contract	20,343	14,962
Repairs material	27,253	16,101
Repairs contract	102,733	98,370
Elevator maintenance	14,380	6,308
Decorating contract	6,896	17,786
Decorating supplies	31,189	28,964
Fire protection expense	16,758	12,725
Total Maintenance	<u>\$ 246,674</u>	<u>\$ 218,760</u>
LICENSES AND PERMITS		
Miscellaneous	<u>\$ 120</u>	<u>\$ 475</u>
INSURANCE EXPENSE		
Property insurance	\$ 19,158	\$ 36,669
Earthquake insurance	65,887	78,354
Total Insurance	<u>\$ 85,045</u>	<u>\$ 115,023</u>

See Independent Auditors' Report

EL SEGUNGO SENIOR CITIZEN CORPORATION
dba PARK VISTA

July 16, 2024

Hoffman, Short, Rubin, DeWinter, Sanderson
An Accountancy Corporation
1037 Park View Drive
Covina, CA 91724

This representation letter is provided in connection with your audit of the financial statements of **EI Segundo Senior Citizen Corporation dba Park Vista**, which comprise the statements of financial position as of **December 31, 2023 and 2022**, and the related statements of activities, and cash flows for the years then ended, and the disclosures (collectively, "the financial statements"), for the purpose of expressing an opinion as to whether the financial statements presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm to the best of our knowledge and belief, as of **July 16, 2024** the following representations made to you during your audits:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated February 1, 2024, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
2. The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
4. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
5. The methods, significant assumptions and data used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement, or disclosure that is reasonable in accordance with U.S. GAAP.
6. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
7. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

8. The effects of the uncorrected misstatements (if any) are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.
9. The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
10. Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
11. Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly disclosed in accordance with U.S. GAAP.

Information Provided

12. We have provided you with:
 - a. Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records (including information from outside of the general and subsidiary ledgers), documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d. Minutes of meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
13. All material transactions have been recorded in the accounting records and are reflected in the financial statements.
14. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
15. We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
17. We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
18. We have disclosed to you all known actual or possible litigations, claims, and assessments whose effects should be considered when preparing the financial statements.
19. We have disclosed to you the names of all the Organization's related parties and all the related-party relationships and transactions, including any side agreements.
20. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.

21. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
22. El Segundo Senior Citizen Corporation dba Park Vista is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you (if any). All required filings with tax authorities are up-to-date.
23. We acknowledge our responsibility for presenting the supplementary information in accordance with U.S. GAAP, and we believe the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the supplementary information have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Signature: _____

Title: _____