

**COMMUNITY SENIORSERV, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2018 AND 2017**

**WITH INDEPENDENT AUDITORS' REPORT**

**COMMUNITY SENIORSERV, INC.**  
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**JUNE 30, 2018 AND 2017**

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Community SeniorServ, Inc.  
Anaheim, California

We have audited the accompanying financial statements of Community SeniorServ, Inc. (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, changes in net assets, cash flows, and functional expenses (including corresponding revenues) for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community SeniorServ, Inc. as of June 30, 2018 and 2017, 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*White Nelson Dick Evans LLP*

Irvine, California  
October 18, 2018

**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

**ASSETS**

|   | 2018         | 2017         |
|---|--------------|--------------|
| Current Assets:                                   |              |              |
| Cash and cash equivalents                         | \$ 2,155,649 | \$ 2,427,807 |
| Accounts, grants, and awards receivable           | 1,492,399    | 1,415,643    |
| Inventory   | 176,375      | 143,061      |
| Prepaid expenses                                  | 76,809       | 73,156       |
| Board-designated restricted investments           | 2,086,370    | 2,060,908    |
| Total Current Assets                              | 5,987,602    | 6,120,575    |
| Property, Plant, and Equipment:                   |              |              |
| Land  | 500,000      | 500,000      |
| Building and improvements                         | 2,694,529    | 2,694,529    |
| Equipment, furniture and fixtures, and vehicles   | 3,577,183    | 3,487,342    |
| Construction in progress                          | 77,225       | 18,298       |
| Total Property, Plant, and Equipment, at Cost     | 6,848,937    | 6,700,169    |
| Less: Accumulated depreciation                    | (4,343,208)  | (4,139,307)  |
| Property, Plant, and Equipment, at Net Book Value | 2,505,729    | 2,560,862    |
| Other Assets:                                     |              |              |
| Deposits  | 23,334       | 23,334       |
| Debt service restricted cash                      | 168,063      | 168,063      |
| Total Other Assets                                | 191,397      | 191,397      |
| Total Assets                                      | \$ 8,684,728 | \$ 8,872,834 |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2018 AND 2017**

**LIABILITIES AND NET ASSETS**

|                                  | 2018         | 2017         |
|----------------------------------|--------------|--------------|
| Current Liabilities:             |              |              |
| Accounts payable                 | \$ 478,570   | \$ 500,734   |
| Accrued liabilities              | 929,586      | 858,119      |
| Note payable, current portion    | 125,833      | 117,917      |
| Total Current Liabilities        | 1,533,989    | 1,476,770    |
| Long-Term Liabilities:           |              |              |
| Note payable                     | 489,167      | 615,000      |
| Total Long-Term Liabilities      | 489,167      | 615,000      |
| Total Liabilities                | 2,023,156    | 2,091,770    |
| Net Assets:                      |              |              |
| Unrestricted                     | 6,150,473    | 5,902,060    |
| Temporarily restricted           | 511,099      | 879,004      |
| Permanently restricted           | -            | -            |
| Total Net Assets                 | 6,661,572    | 6,781,064    |
| Total Liabilities and Net Assets | \$ 8,684,728 | \$ 8,872,834 |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

|  | 2018         | 2017         |
|--|--------------|--------------|
| Unrestricted Support and Revenues:               |              |              |
| Community Support:                               |              |              |
| Grants and awards                                | \$ 5,330,799 | \$ 5,619,166 |
| Contributions and donations                      | 569,756      | 634,617      |
| Department of Education meal revenues            | 139,252      | 111,475      |
| Direct mail and fundraising revenues             | 647,264      | 684,141      |
| Participant fees                                 | 84,817       | 52,617       |
| Total Community Support                          | 6,771,888    | 7,102,016    |
| Revenues:  |              |              |
| Sales of food products                           | 2,551,544    | 2,157,722    |
| Insurance/government reimbursements              | 2,856,596    | 2,420,458    |
| Investment income, net                           | 26,430       | 79,611       |
| Other income                                     | 200,852      | 162,864      |
| Total Revenues                                   | 5,635,422    | 4,820,655    |
| Net Assets Released from Restriction             | 712,594      | 445,480      |
| Total Unrestricted Support and Revenues          | 13,119,904   | 12,368,151   |
| Expenses (See Statements of Functional Expenses) | 12,871,491   | 12,118,648   |
| Increase in Unrestricted Net Assets              | 248,413      | 249,503      |
| Temporarily Restricted Support:                  |              |              |
| Grants and awards                                | 344,689      | 358,118      |
| Funds released for expenditures                  | (712,594)    | (445,480)    |
| Decrease in Temporarily Restricted Net Assets    | (367,905)    | (87,362)     |
| Increase (Decrease) in Total Net Assets          | \$ (119,492) | \$ 162,141   |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

|  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
|--|---------------------|-----------------------------------|-----------------------------------|---------------------|
| Net Assets - June 30, 2016                                     | \$ 5,652,557        | \$ 966,366                        | \$ -                              | \$ 6,618,923        |
| Increase (Decrease) in Net Assets,<br>Year Ended June 30, 2017 | <u>249,503</u>      | <u>(87,362)</u>                   | <u>-</u>                          | <u>162,141</u>      |
| Net Assets - June 30, 2017                                     | 5,902,060           | 879,004                           | -                                 | 6,781,064           |
| Increase (Decrease) in Net Assets,<br>Year Ended June 30, 2018 | <u>248,413</u>      | <u>(367,905)</u>                  | <u>-</u>                          | <u>(119,492)</u>    |
| Net Assets - June 30, 2018                                     | <u>\$ 6,150,473</u> | <u>\$ 511,099</u>                 | <u>\$ -</u>                       | <u>\$ 6,661,572</u> |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2018 AND 2017**

|   | 2018         | 2017         |
|---|--------------|--------------|
| Cash Flows from Operating Activities:                           |              |              |
| Increase (Decrease) in Net Assets                               | \$ (119,492) | \$ 162,141   |
| Noncash Items Included in Increase (Decrease) in Net Assets:    |              |              |
| Depreciation  | 264,061      | 240,904      |
| Loss on disposal of equipment                                   | 9,166        | 4            |
| Unrealized loss on investments                                  | 35,511       | 3,880        |
| Changes in:   |              |              |
| Accounts, grants, and awards receivable                         | (76,756)     | (199,107)    |
| Inventory   | (33,314)     | 35,404       |
| Prepaid expenses  | (3,653)      | (35,129)     |
| Accounts payable  | (22,164)     | 46,256       |
| Accrued liabilities   | 71,467       | 14,487       |
| Net Cash and Cash Equivalents Provided by Operating Activities  | 124,826      | 268,840      |
| Cash Flows from Investing Activities:                           |              |              |
| Purchase of equipment   | (228,222)    | (317,114)    |
| Proceeds from sale of equipment                                 | 10,128       | -            |
| Purchases of investments  | (10,000)     | (490)        |
| Reinvested dividends and interest                               | (50,973)     | (83,501)     |
| Net Cash and Cash Equivalents Used in Investing Activities      | (279,067)    | (401,105)    |
| Cash Flows from Financing Activities:                           |              |              |
| Payments on note payable  | (117,917)    | (110,833)    |
| Net Cash and Cash Equivalents Used in Financing Activities      | (117,917)    | (110,833)    |
| Net Decrease in Cash and Cash Equivalents                       | (272,158)    | (243,098)    |
| Cash, Cash Equivalents, and Restricted Cash - Beginning of Year | 2,595,870    | 2,838,968    |
| Cash, Cash Equivalents, and Restricted Cash - End of Year       | \$ 2,323,712 | \$ 2,595,870 |
| Supplemental Disclosure:  |              |              |
| Interest paid   | \$ 47,017    | \$ 45,500    |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**(INCLUDING CORRESPONDING REVENUES)**  
**YEAR ENDED JUNE 30, 2018**

|   | Title III Services             |                                |   |                               |                           |                                | Santa Ana<br>VIP<br>Center | Anaheim<br>VIP<br>Center |
|---|--------------------------------|--------------------------------|---|-------------------------------|---------------------------|--------------------------------|----------------------------|--------------------------|
|   | Congregate<br>Meals<br>Program | Home-Bound<br>Meals<br>Program | Buena Park<br>Adult Day<br>Care Program | Case<br>Management<br>Program | Transportation<br>Program | In-Home<br>Support<br>Services |                            |                          |
| <b>Unrestricted Support and Revenues:</b>                       |                                |                                |   |                               |                           |                                |                            |                          |
| <b>Community Support:</b>                                       |                                |                                |   |                               |                           |                                |                            |                          |
| Grants and awards   | \$ 1,883,879                   | \$ 2,650,370                   | \$ 72,627                               | \$ 214,283                    | \$ 248,809                | \$ 196,512                     | \$ -                       | \$ -                     |
| Contributions and donations                                     | 347,852                        | 165,066                        | 43,238                                  | 6,106                         | 6,303                     | 1,191                          | -                          | -                        |
| Department of Education meal revenues                           | -                              | -                              | 15,849                                  | -                             | -                         | -                              | 60,420                     | 62,983                   |
| Direct mail and fundraising revenues                            | -                              | -                              | 3,055                                   | -                             | -                         | -                              | 4,713                      | 2,000                    |
| Participant fees  | -                              | -                              | -                                       | -                             | -                         | -                              | 17,687                     | 67,130                   |
| <b>Total Community Support</b>                                  | <b>2,231,731</b>               | <b>2,815,436</b>               | <b>134,769</b>                          | <b>220,389</b>                | <b>255,112</b>            | <b>197,703</b>                 | <b>82,820</b>              | <b>132,113</b>           |
| <b>Revenues:</b>  |                                |                                |   |                               |                           |                                |                            |                          |
| Sales of food products  | -                              | -                              | -                                       | -                             | -                         | -                              | -                          | -                        |
| Insurance/government reimbursements                             | -                              | -                              | 25,990                                  | -                             | -                         | -                              | 1,397,232                  | 1,330,155                |
| Investment income, net  | -                              | -                              | -                                       | -                             | -                         | -                              | -                          | -                        |
| Other income  | -                              | -                              | 21,030                                  | -                             | -                         | -                              | 61,497                     | 56,384                   |
| <b>Total Revenues</b>   | <b>-</b>                       | <b>-</b>                       | <b>47,020</b>                           | <b>-</b>                      | <b>-</b>                  | <b>-</b>                       | <b>1,458,729</b>           | <b>1,386,539</b>         |
| Net Assets Released from Restriction                            | 94,579                         | 299,545                        | 18,190                                  | 22,907                        | 1,875                     | 8,738                          | 18,396                     | 27,136                   |
| <b>Total Unrestricted Support and Revenues</b>                  | <b>2,326,310</b>               | <b>3,114,981</b>               | <b>199,979</b>                          | <b>243,296</b>                | <b>256,987</b>            | <b>206,441</b>                 | <b>1,559,945</b>           | <b>1,545,788</b>         |
| <b>Expenses:</b>  |                                |                                |   |                               |                           |                                |                            |                          |
| <b>Program Expenses:</b>  |                                |                                |   |                               |                           |                                |                            |                          |
| Contract expenses   | 135,028                        | 371,267                        | 274                                     | 7,509                         | 183,812                   | 125,990                        | 126,650                    | 108,235                  |
| Food and supply costs   | 610,866                        | 1,050,367                      | 27,190                                  | -                             | -                         | -                              | 100,644                    | 96,189                   |
| Insurance   | 189,423                        | 193,015                        | 19,042                                  | 26,681                        | 9,757                     | 8,553                          | 94,332                     | 87,433                   |
| Other program expenses  | 5,613                          | 5,090                          | 148                                     | 567                           | 437                       | 222                            | 24,247                     | 25,952                   |
| Personnel expense   | 1,090,210                      | 1,094,968                      | 109,264                                 | 152,518                       | 54,801                    | 49,166                         | 546,997                    | 507,385                  |
| Transportation and travel                                       | 9,762                          | 13,933                         | 33,039                                  | 4,310                         | 584                       | 896                            | 479,980                    | 438,096                  |
| Vehicle and fuel  | 31,268                         | 43,646                         | -                                       | -                             | -                         | -                              | -                          | -                        |
| <b>Total Program Expenses</b>                                   | <b>2,072,170</b>               | <b>2,772,286</b>               | <b>188,957</b>                          | <b>191,585</b>                | <b>249,391</b>            | <b>184,827</b>                 | <b>1,372,850</b>           | <b>1,263,290</b>         |
| <b>Support Expenses:</b>  |                                |                                |   |                               |                           |                                |                            |                          |
| Depreciation  | 47,054                         | 55,894                         | 3,717                                   | 4,420                         | 5,593                     | 3,887                          | 12,355                     | 1,964                    |
| Employment expense  | 11,060                         | 10,875                         | 751                                     | 1,232                         | 764                       | 605                            | 6,104                      | 5,117                    |
| Direct mail and fundraising expenses                            | -                              | -                              | -                                       | -                             | -                         | -                              | 3,379                      | 550                      |
| Insurance   | 36,898                         | 42,813                         | 2,226                                   | 2,226                         | -                         | 2,226                          | 10,892                     | 10,892                   |
| Miscellaneous   | -                              | 2,411                          | 191                                     | 150                           | 110                       | 82                             | 8,514                      | 8,322                    |
| Office expense  | 18,002                         | 30,358                         | 1,157                                   | 7,536                         | 66                        | 2,777                          | 13,253                     | 17,630                   |
| Professional fees   | 10,825                         | 27,322                         | 1,546                                   | 1,546                         | 2,062                     | 516                            | 2,577                      | 2,577                    |
| Rent  | -                              | 20,504                         | -                                       | 13,362                        | -                         | 3,043                          | 58,803                     | 54,173                   |
| Repairs and maintenance   | 27,495                         | 36,802                         | -                                       | 4,818                         | -                         | 1,907                          | 37,472                     | 15,813                   |
| Technology  | 32,338                         | 28,164                         | 1,623                                   | 3,083                         | -                         | 1,864                          | 12,910                     | 13,437                   |
| Telephone and utilities   | 63,108                         | 80,223                         | 3,486                                   | 14,442                        | 305                       | 6,354                          | 24,820                     | 17,648                   |
| <b>Total Support Expenses</b>                                   | <b>246,780</b>                 | <b>335,366</b>                 | <b>14,697</b>                           | <b>52,815</b>                 | <b>8,900</b>              | <b>23,261</b>                  | <b>191,079</b>             | <b>148,123</b>           |
| <b>Other Expenses:</b>  |                                |                                |   |                               |                           |                                |                            |                          |
| Interest expense  | -                              | -                              | -                                       | -                             | -                         | -                              | -                          | -                        |
| <b>Total Other Expenses</b>                                     | <b>-</b>                       | <b>-</b>                       | <b>-</b>                                | <b>-</b>                      | <b>-</b>                  | <b>-</b>                       | <b>-</b>                   | <b>-</b>                 |
| <b>Total Expenses</b>   | <b>2,318,950</b>               | <b>3,107,652</b>               | <b>203,654</b>                          | <b>244,400</b>                | <b>258,291</b>            | <b>208,088</b>                 | <b>1,563,929</b>           | <b>1,411,413</b>         |
| <b>Increase (Decrease) in Unrestricted Net Assets</b>           |                                |                                |   |                               |                           |                                |                            |                          |
|   | <u>7,360</u>                   | <u>7,329</u>                   | <u>(3,675)</u>                          | <u>(1,104)</u>                | <u>(1,304)</u>            | <u>(1,647)</u>                 | <u>(3,984)</u>             | <u>134,375</u>           |
| <b>Temporarily Restricted Support:</b>                          |                                |                                |   |                               |                           |                                |                            |                          |
| Grants and awards   | 94,579                         | 299,545                        | 18,190                                  | 22,907                        | 1,875                     | 8,738                          | 18,396                     | 27,136                   |
| Funds released for expenditures                                 | (94,579)                       | (299,545)                      | (18,190)                                | (22,907)                      | (1,875)                   | (8,738)                        | (18,396)                   | (27,136)                 |
| <b>Increase (Decrease) in Temporarily Restricted Net Assets</b> | <b>-</b>                       | <b>-</b>                       | <b>-</b>                                | <b>-</b>                      | <b>-</b>                  | <b>-</b>                       | <b>-</b>                   | <b>-</b>                 |
| <b>Increase (Decrease) in Total Net Assets</b>                  | <b>\$ 7,360</b>                | <b>\$ 7,329</b>                | <b>\$ (3,675)</b>                       | <b>\$ (1,104)</b>             | <b>\$ (1,304)</b>         | <b>\$ (1,647)</b>              | <b>\$ (3,984)</b>          | <b>\$ 134,375</b>        |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**(INCLUDING CORRESPONDING REVENUES) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2018**

|  | <u>Advancement</u> | <u>Cook/Chill</u>  | <u>The Village</u> | <u>Care<br/>Coordination</u> | <u>Social Meals</u> | <u>Other<br/>Grants</u> | <u>General</u>      | <u>Total</u>        |
|--|--------------------|--------------------|--------------------|------------------------------|---------------------|-------------------------|---------------------|---------------------|
| <b>Unrestricted Support and Revenues:</b>                |                    |                    |                    |                              |                     |                         |                     |                     |
| <b>Community Support:</b>                                |                    |                    |                    |                              |                     |                         |                     |                     |
| Grants and awards  | \$ -               | \$ -               | \$ -               | \$ -                         | \$ -                | \$ 62,404               | \$ 1,915            | \$ 5,330,799        |
| Contributions and donations                              | -                  | -                  | -                  | -                            | -                   | -                       | -                   | 569,756             |
| Department of Education meal revenues                    | -                  | -                  | -                  | -                            | -                   | -                       | -                   | 139,252             |
| Direct mail and fundraising revenues                     | 630,322            | -                  | -                  | -                            | -                   | 850                     | 6,324               | 647,264             |
| Participant fees   | -                  | -                  | -                  | -                            | -                   | -                       | -                   | 84,817              |
| <b>Total Community Support</b>                           | <b>630,322</b>     | <b>-</b>           | <b>-</b>           | <b>-</b>                     | <b>-</b>            | <b>63,254</b>           | <b>8,239</b>        | <b>6,771,888</b>    |
| <b>Revenues:</b>   |                    |                    |                    |                              |                     |                         |                     |                     |
| Sales of food products                                   | -                  | 242,739            | -                  | -                            | 2,308,805           | -                       | -                   | 2,551,544           |
| Insurance/government reimbursements                      | -                  | -                  | -                  | 103,219                      | -                   | -                       | -                   | 2,856,596           |
| Investment income, net                                   | -                  | -                  | -                  | -                            | -                   | -                       | 26,430              | 26,430              |
| Other income   | -                  | -                  | -                  | 47,880                       | -                   | 14,061                  | -                   | 200,852             |
| <b>Total Revenues</b>                                    | <b>-</b>           | <b>242,739</b>     | <b>-</b>           | <b>151,099</b>               | <b>2,308,805</b>    | <b>14,061</b>           | <b>26,430</b>       | <b>5,635,422</b>    |
| Net Assets Released from Restriction                     | -                  | -                  | -                  | -                            | -                   | 184,127                 | 37,101              | 712,594             |
| <b>Total Unrestricted Support and Revenues</b>           | <b>630,322</b>     | <b>242,739</b>     | <b>-</b>           | <b>151,099</b>               | <b>2,308,805</b>    | <b>261,442</b>          | <b>71,770</b>       | <b>13,119,904</b>   |
| <b>Expenses:</b>   |                    |                    |                    |                              |                     |                         |                     |                     |
| <b>Program Expenses:</b>                                 |                    |                    |                    |                              |                     |                         |                     |                     |
| Contract expenses  | 5,127              | 9,624              | -                  | 10,704                       | 450,390             | -                       | -                   | 1,534,610           |
| Food and supply costs                                    | -                  | 142,531            | -                  | -                            | 1,178,227           | -                       | -                   | 3,206,014           |
| Insurance  | 31,220             | 12,702             | -                  | 14,463                       | 46,512              | -                       | -                   | 733,133             |
| Other program expenses                                   | 5,389              | 252                | -                  | 3,096                        | 2,423               | -                       | 14,855              | 88,291              |
| Personnel expense  | 176,302            | 72,992             | -                  | 83,151                       | 268,887             | -                       | 125,950             | 4,332,591           |
| Transportation and travel                                | 5,252              | 144                | -                  | 1,020                        | 438                 | -                       | -                   | 987,454             |
| Vehicle and fuel   | -                  | 2,821              | -                  | -                            | 50,915              | -                       | 2,200               | 130,850             |
| <b>Total Program Expenses</b>                            | <b>223,290</b>     | <b>241,066</b>     | <b>-</b>           | <b>112,434</b>               | <b>1,997,792</b>    | <b>-</b>                | <b>143,005</b>      | <b>11,012,943</b>   |
| <b>Support Expenses:</b>                                 |                    |                    |                    |                              |                     |                         |                     |                     |
| Depreciation   | -                  | -                  | -                  | -                            | -                   | -                       | 129,177             | 264,061             |
| Employment expense                                       | 1,106              | 610                | -                  | 603                          | 4,355               | -                       | 4,274               | 47,456              |
| Direct mail and fundraising expenses                     | 306,904            | -                  | -                  | -                            | -                   | -                       | 7,027               | 317,860             |
| Insurance  | -                  | 6,909              | -                  | -                            | 28,406              | -                       | 8,676               | 152,164             |
| Miscellaneous  | 2,409              | 1,194              | -                  | 999                          | 724                 | 54,181                  | 59,992              | 139,279             |
| Office expense   | 279                | 3,102              | -                  | 1,757                        | 9,293               | -                       | (562)               | 104,648             |
| Professional fees  | -                  | 516                | -                  | -                            | 2,167               | -                       | 66,119              | 117,773             |
| Rent   | -                  | -                  | -                  | -                            | -                   | -                       | -                   | 149,885             |
| Repairs and maintenance                                  | -                  | 4,396              | -                  | -                            | 14,071              | -                       | -                   | 142,774             |
| Technology   | 9,514              | 4,927              | -                  | 586                          | 15,927              | -                       | 70                  | 124,443             |
| Telephone and utilities                                  | 1,291              | 8,791              | -                  | 1,423                        | 28,141              | -                       | 1,156               | 251,188             |
| <b>Total Support Expenses</b>                            | <b>321,503</b>     | <b>30,445</b>      | <b>-</b>           | <b>5,368</b>                 | <b>103,084</b>      | <b>54,181</b>           | <b>275,929</b>      | <b>1,811,531</b>    |
| <b>Other Expenses:</b>                                   |                    |                    |                    |                              |                     |                         |                     |                     |
| Interest expense   | -                  | -                  | -                  | -                            | -                   | -                       | 47,017              | 47,017              |
| <b>Total Other Expenses</b>                              | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>                     | <b>-</b>            | <b>-</b>                | <b>47,017</b>       | <b>47,017</b>       |
| <b>Total Expenses</b>                                    | <b>544,793</b>     | <b>271,511</b>     | <b>-</b>           | <b>117,802</b>               | <b>2,100,876</b>    | <b>54,181</b>           | <b>465,951</b>      | <b>12,871,491</b>   |
| Increase (Decrease) in Unrestricted Net Assets           | 85,529             | (28,772)           | -                  | 33,297                       | 207,929             | 207,261                 | (394,181)           | 248,413             |
| <b>Temporarily Restricted Support:</b>                   |                    |                    |                    |                              |                     |                         |                     |                     |
| Grants and awards  | -                  | -                  | -                  | -                            | -                   | (183,778)               | 37,101              | 344,689             |
| Funds released for expenditures                          | -                  | -                  | -                  | -                            | -                   | (184,127)               | (37,101)            | (712,594)           |
| Increase (Decrease) in Temporarily Restricted Net Assets | -                  | -                  | -                  | -                            | -                   | (367,905)               | -                   | (367,905)           |
| <b>Increase (Decrease) in Total Net Assets</b>           | <b>\$ 85,529</b>   | <b>\$ (28,772)</b> | <b>\$ -</b>        | <b>\$ 33,297</b>             | <b>\$ 207,929</b>   | <b>\$ (160,644)</b>     | <b>\$ (394,181)</b> | <b>\$ (119,492)</b> |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**(INCLUDING CORRESPONDING REVENUES)**  
**YEAR ENDED JUNE 30, 2017**

|  | Title III Services             |                                |   |                               |                           |                                | Santa Ana<br>VIP<br>Center | Anaheim<br>VIP<br>Center |
|--|--------------------------------|--------------------------------|---|-------------------------------|---------------------------|--------------------------------|----------------------------|--------------------------|
|  | Congregate<br>Meals<br>Program | Home-Bound<br>Meals<br>Program | Buena Park<br>Adult Day<br>Care Program | Case<br>Management<br>Program | Transportation<br>Program | In-Home<br>Support<br>Services |                            |                          |
| <b>Unrestricted Support and Revenues:</b>                |                                |                                |   |                               |                           |                                |                            |                          |
| Community Support:                                       |                                |                                |   |                               |                           |                                |                            |                          |
| Grants and awards  | \$ 1,961,058                   | \$ 2,870,358                   | \$ 73,984                               | \$ 215,566                    | \$ 250,297                | \$ 207,688                     | \$ -                       | \$ -                     |
| Contributions and donations                              | 379,360                        | 201,680                        | 41,896                                  | 4,826                         | 6,342                     | 513                            | -                          | -                        |
| Department of Education meal revenues                    | -                              | -                              | 14,089                                  | -                             | -                         | -                              | 49,967                     | 47,419                   |
| Direct mail and fundraising revenues                     | 750                            | 1,750                          | 16,950                                  | 500                           | 5                         | -                              | 450                        | 450                      |
| Participant fees   | -                              | -                              | -                                       | -                             | -                         | -                              | 4,523                      | 48,094                   |
| <b>Total Community Support</b>                           | <b>2,341,168</b>               | <b>3,073,788</b>               | <b>146,919</b>                          | <b>220,892</b>                | <b>256,644</b>            | <b>208,201</b>                 | <b>54,940</b>              | <b>95,963</b>            |
| Revenues:  |                                |                                |   |                               |                           |                                |                            |                          |
| Sales of food products                                   | -                              | -                              | -                                       | -                             | -                         | -                              | -                          | -                        |
| Insurance/government reimbursements                      | -                              | -                              | 12,019                                  | -                             | -                         | -                              | 1,174,583                  | 1,161,411                |
| Investment income, net                                   | -                              | -                              | -                                       | -                             | -                         | -                              | -                          | -                        |
| Other income   | -                              | -                              | 1,928                                   | -                             | -                         | -                              | 50,566                     | 101,849                  |
| <b>Total Revenues</b>                                    | <b>-</b>                       | <b>-</b>                       | <b>13,947</b>                           | <b>-</b>                      | <b>-</b>                  | <b>-</b>                       | <b>1,225,149</b>           | <b>1,263,260</b>         |
| Net Assets Released from Restriction                     | 82,473                         | 94,350                         | 10,000                                  | 56,353                        | -                         | 1,387                          | 5,155                      | 6,394                    |
| <b>Total Unrestricted Support and Revenues</b>           | <b>2,423,641</b>               | <b>3,168,138</b>               | <b>170,866</b>                          | <b>277,245</b>                | <b>256,644</b>            | <b>209,588</b>                 | <b>1,285,244</b>           | <b>1,365,617</b>         |
| <b>Expenses:</b>   |                                |                                |   |                               |                           |                                |                            |                          |
| Program Expenses:  |                                |                                |   |                               |                           |                                |                            |                          |
| Contract expenses  | 172,729                        | 273,394                        | 2,224                                   | 20,119                        | 194,391                   | 127,857                        | 147,190                    | 104,578                  |
| Food and supply costs                                    | 727,639                        | 1,186,333                      | 24,398                                  | -                             | -                         | -                              | 78,665                     | 77,021                   |
| Insurance  | 150,844                        | 159,966                        | 15,321                                  | 24,945                        | 7,140                     | 7,131                          | 66,626                     | 68,685                   |
| Other program expenses                                   | 3,088                          | 2,359                          | 78                                      | 379                           | 102                       | 131                            | 18,078                     | 22,560                   |
| Personnel expense  | 1,018,458                      | 1,059,320                      | 100,416                                 | 165,734                       | 46,575                    | 49,014                         | 457,573                    | 466,245                  |
| Transportation and travel                                | 8,590                          | 14,849                         | 15,521                                  | 5,004                         | 542                       | 1,051                          | 389,001                    | 415,252                  |
| Vehicle and fuel   | 30,940                         | 49,288                         | -                                       | -                             | -                         | -                              | -                          | -                        |
| <b>Total Program Expenses</b>                            | <b>2,112,288</b>               | <b>2,745,509</b>               | <b>157,958</b>                          | <b>216,181</b>                | <b>248,750</b>            | <b>185,184</b>                 | <b>1,157,133</b>           | <b>1,154,341</b>         |
| Support Expenses:  |                                |                                |   |                               |                           |                                |                            |                          |
| Depreciation   | 44,533                         | 51,577                         | 2,991                                   | 4,604                         | 5,105                     | 3,535                          | -                          | -                        |
| Employment expense                                       | 14,953                         | 11,560                         | 1,107                                   | 1,529                         | 713                       | 688                            | 10,345                     | 5,619                    |
| Direct mail and fundraising expenses                     | -                              | -                              | -                                       | -                             | -                         | -                              | 78                         | -                        |
| Insurance  | 33,485                         | 38,723                         | 2,034                                   | 2,034                         | -                         | 2,034                          | 11,189                     | 11,189                   |
| Miscellaneous  | 1,987                          | 2,888                          | 213                                     | 189                           | 144                       | 115                            | 13,390                     | 11,819                   |
| Office expense   | 17,277                         | 31,264                         | 1,037                                   | 9,423                         | 27                        | 3,023                          | 14,909                     | 11,956                   |
| Professional fees  | 11,602                         | 29,283                         | 1,658                                   | 1,658                         | 2,210                     | 553                            | 2,762                      | 2,762                    |
| Rent   | -                              | 19,882                         | -                                       | 13,557                        | -                         | 2,711                          | 55,264                     | 53,551                   |
| Repairs and maintenance                                  | 23,726                         | 32,813                         | -                                       | 5,469                         | -                         | 1,901                          | 17,012                     | 13,688                   |
| Technology   | 35,916                         | 33,277                         | 2,026                                   | 4,714                         | 59                        | 2,336                          | 13,929                     | 13,403                   |
| Telephone and utilities                                  | 62,072                         | 79,701                         | 2,890                                   | 16,270                        | 257                       | 7,055                          | 23,057                     | 15,816                   |
| <b>Total Support Expenses</b>                            | <b>245,551</b>                 | <b>330,968</b>                 | <b>13,956</b>                           | <b>59,447</b>                 | <b>8,515</b>              | <b>23,951</b>                  | <b>161,935</b>             | <b>139,803</b>           |
| Other Expenses:  |                                |                                |   |                               |                           |                                |                            |                          |
| Interest expense   | -                              | -                              | -                                       | -                             | -                         | -                              | -                          | -                        |
| <b>Total Other Expenses</b>                              | <b>-</b>                       | <b>-</b>                       | <b>-</b>                                | <b>-</b>                      | <b>-</b>                  | <b>-</b>                       | <b>-</b>                   | <b>-</b>                 |
| <b>Total Expenses</b>                                    | <b>2,357,839</b>               | <b>3,076,477</b>               | <b>171,914</b>                          | <b>275,628</b>                | <b>257,265</b>            | <b>209,135</b>                 | <b>1,319,068</b>           | <b>1,294,144</b>         |
| Increase (Decrease) in Unrestricted Net Assets           | 65,802                         | 91,661                         | (1,048)                                 | 1,617                         | (621)                     | 453                            | (33,824)                   | 71,473                   |
| Temporarily Restricted Support:                          |                                |                                |   |                               |                           |                                |                            |                          |
| Grants and awards  | 82,473                         | 94,350                         | 10,000                                  | 56,353                        | -                         | 1,387                          | 5,155                      | 6,394                    |
| Funds released for expenditures                          | (82,473)                       | (94,350)                       | (10,000)                                | (56,353)                      | -                         | (1,387)                        | (5,155)                    | (6,394)                  |
| Increase (Decrease) in Temporarily Restricted Net Assets | -                              | -                              | -                                       | -                             | -                         | -                              | -                          | -                        |
| <b>Increase (Decrease) in Total Net Assets</b>           | <b>\$ 65,802</b>               | <b>\$ 91,661</b>               | <b>\$ (1,048)</b>                       | <b>\$ 1,617</b>               | <b>\$ (621)</b>           | <b>\$ 453</b>                  | <b>\$ (33,824)</b>         | <b>\$ 71,473</b>         |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**(INCLUDING CORRESPONDING REVENUES) (CONTINUED)**  
**YEAR ENDED JUNE 30, 2017**

|   | <u>Advancement</u> | <u>Cook/Chill</u>  | <u>The Village</u> | <u>Care<br/>Coordination</u> | <u>Social Meals</u> | <u>Other<br/>Grants</u> | <u>General</u>      | <u>Total</u>      |
|---|--------------------|--------------------|--------------------|------------------------------|---------------------|-------------------------|---------------------|-------------------|
| <b>Unrestricted Support and Revenues:</b>                       |                    |                    |                    |                              |                     |                         |                     |                   |
| <b>Community Support:</b>                                       |                    |                    |                    |                              |                     |                         |                     |                   |
| Grants and awards   | \$ -               | \$ -               | \$ -               | \$ -                         | \$ -                | \$ 39,524               | \$ 691              | \$ 5,619,166      |
| Contributions and donations                                     | -                  | -                  | -                  | -                            | -                   | -                       | -                   | 634,617           |
| Department of Education meal revenues                           | -                  | -                  | -                  | -                            | -                   | -                       | -                   | 111,475           |
| Direct mail and fundraising revenues                            | 658,207            | -                  | -                  | -                            | -                   | 1,500                   | 3,579               | 684,141           |
| Participant fees  | -                  | -                  | -                  | -                            | -                   | -                       | -                   | 52,617            |
| <b>Total Community Support</b>                                  | <b>658,207</b>     | <b>-</b>           | <b>-</b>           | <b>-</b>                     | <b>-</b>            | <b>41,024</b>           | <b>4,270</b>        | <b>7,102,016</b>  |
| <b>Revenues:</b>  |                    |                    |                    |                              |                     |                         |                     |                   |
| Sales of food products  | -                  | 293,494            | -                  | -                            | 1,864,228           | -                       | -                   | 2,157,722         |
| Insurance/government reimbursements                             | -                  | -                  | -                  | 72,445                       | -                   | -                       | -                   | 2,420,458         |
| Investment income, net  | -                  | -                  | -                  | -                            | -                   | -                       | 79,611              | 79,611            |
| Other income  | -                  | -                  | -                  | -                            | -                   | 8,521                   | -                   | 162,864           |
| <b>Total Revenues</b>   | <b>-</b>           | <b>293,494</b>     | <b>-</b>           | <b>72,445</b>                | <b>1,864,228</b>    | <b>8,521</b>            | <b>79,611</b>       | <b>4,820,655</b>  |
| Net Assets Released from Restriction                            | -                  | -                  | -                  | 13,440                       | -                   | 135,487                 | 40,441              | 445,480           |
| <b>Total Unrestricted Support and Revenues</b>                  | <b>658,207</b>     | <b>293,494</b>     | <b>-</b>           | <b>85,885</b>                | <b>1,864,228</b>    | <b>185,032</b>          | <b>124,322</b>      | <b>12,368,151</b> |
| <b>Expenses:</b>  |                    |                    |                    |                              |                     |                         |                     |                   |
| <b>Program Expenses:</b>  |                    |                    |                    |                              |                     |                         |                     |                   |
| Contract expenses   | 56,772             | 7,674              | -                  | 29,653                       | 340,733             | -                       | -                   | 1,477,314         |
| Food and supply costs   | -                  | 189,113            | -                  | -                            | 896,570             | -                       | -                   | 3,179,739         |
| Insurance   | 31,582             | 9,790              | -                  | 5,894                        | 40,637              | -                       | -                   | 588,561           |
| Other program expenses  | 2,942              | 172                | -                  | 1,108                        | 1,649               | -                       | 18,918              | 71,564            |
| Personnel expense   | 205,316            | 65,824             | -                  | 42,077                       | 271,571             | -                       | 113,663             | 4,061,786         |
| Transportation and travel                                       | 4,500              | 174                | -                  | 795                          | 633                 | -                       | -                   | 855,912           |
| Vehicle and fuel  | -                  | 2,931              | -                  | -                            | 48,073              | -                       | 2,296               | 133,528           |
| <b>Total Program Expenses</b>                                   | <b>301,112</b>     | <b>275,678</b>     | <b>-</b>           | <b>79,527</b>                | <b>1,599,866</b>    | <b>-</b>                | <b>134,877</b>      | <b>10,368,404</b> |
| <b>Support Expenses:</b>  |                    |                    |                    |                              |                     |                         |                     |                   |
| Depreciation  | -                  | -                  | -                  | -                            | -                   | -                       | 128,559             | 240,904           |
| Employment expense  | 1,340              | 588                | -                  | 478                          | 5,088               | -                       | -                   | 54,008            |
| Direct mail and fundraising expenses                            | 289,680            | -                  | -                  | -                            | -                   | -                       | 8,362               | 298,120           |
| Insurance   | -                  | 6,986              | -                  | -                            | 22,650              | -                       | 9,044               | 139,368           |
| Miscellaneous   | 3,296              | 1,268              | -                  | 1,196                        | 919                 | 51,954                  | 50,771              | 140,149           |
| Office expense  | 7                  | 2,596              | -                  | 1,311                        | 9,939               | -                       | 1,071               | 103,840           |
| Professional fees   | -                  | 552                | -                  | -                            | 2,210               | -                       | 30,570              | 85,820            |
| Rent  | -                  | -                  | -                  | -                            | -                   | -                       | -                   | 144,965           |
| Repairs and maintenance   | -                  | 3,431              | -                  | -                            | 12,812              | -                       | -                   | 110,852           |
| Technology  | 6,172              | 5,399              | -                  | 1,249                        | 17,986              | -                       | 113                 | 136,579           |
| Telephone and utilities   | 1,328              | 8,132              | -                  | 1,270                        | 31,653              | -                       | 638                 | 250,139           |
| <b>Total Support Expenses</b>                                   | <b>301,823</b>     | <b>28,952</b>      | <b>-</b>           | <b>5,504</b>                 | <b>103,257</b>      | <b>51,954</b>           | <b>229,128</b>      | <b>1,704,744</b>  |
| <b>Other Expenses:</b>  |                    |                    |                    |                              |                     |                         |                     |                   |
| Interest expense  | -                  | -                  | -                  | -                            | -                   | -                       | 45,500              | 45,500            |
| <b>Total Other Expenses</b>                                     | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>                     | <b>-</b>            | <b>-</b>                | <b>45,500</b>       | <b>45,500</b>     |
| <b>Total Expenses</b>   | <b>602,935</b>     | <b>304,630</b>     | <b>-</b>           | <b>85,031</b>                | <b>1,703,123</b>    | <b>51,954</b>           | <b>409,505</b>      | <b>12,118,648</b> |
| Increase (Decrease) in Unrestricted Net Assets                  | 55,272             | (11,136)           | -                  | 854                          | 161,105             | 133,078                 | (285,183)           | 249,503           |
| <b>Temporarily Restricted Support:</b>                          |                    |                    |                    |                              |                     |                         |                     |                   |
| Grants and awards   | -                  | -                  | -                  | 13,440                       | -                   | 48,125                  | 40,441              | 358,118           |
| Funds released for expenditures                                 | -                  | -                  | -                  | (13,440)                     | -                   | (135,487)               | (40,441)            | (445,480)         |
| <b>Increase (Decrease) in Temporarily Restricted Net Assets</b> | <b>-</b>           | <b>-</b>           | <b>-</b>           | <b>-</b>                     | <b>-</b>            | <b>(87,362)</b>         | <b>-</b>            | <b>(87,362)</b>   |
| <b>Increase (Decrease) in Total Net Assets</b>                  | <b>\$ 55,272</b>   | <b>\$ (11,136)</b> | <b>\$ -</b>        | <b>\$ 854</b>                | <b>\$ 161,105</b>   | <b>\$ 45,716</b>        | <b>\$ (285,183)</b> | <b>\$ 162,141</b> |

The accompanying notes are an integral part of these financial statements.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

**Nature of Operations**

Community SeniorServ, Inc. (the “Organization”) prepares and delivers nutritious Meals on Wheels (home delivered meals) to homebound older adults in 20 cities in central and north Orange County. The Organization also provides a Senior Lunch Program (congregate meals) at 24 senior centers. The Organization operates two freestanding adult day health-care centers in Anaheim and Santa Ana and one adult day care center in Buena Park. Additionally, the Organization plans and coordinates case management services for its Meals on Wheels participants and provides in-home supportive services consisting of homemaking, personal care, and chores for these participants as needed. The Organization manufactures bulk food and unitized meals for its social enterprise business. The Organization’s goal is to maintain and enhance the independence, well-being, and dignity of older adults.

**Basis of Presentation**

The Organization’s resources are classified for accounting and reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. Accordingly, the net assets of the Organization are classified and reported as follows:

- *Unrestricted Net Assets* - Net assets that are not subject to donor-imposed stipulations.
- *Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that can be fulfilled by the actions of the Organization pursuant to those stipulations or that expire by the passage of time.
- *Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

**Cash, Cash Equivalents, and Restricted Cash**

For purposes of reporting cash flows, cash, cash equivalents, and restricted cash include petty cash funds, bank checking accounts used for operating purposes, site deposits, and investments with maturities of three months or less from the original purchase dates.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Cash, Cash Equivalents, and Restricted Cash (Continued)**

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

|  |                     |
|--|---------------------|
| Cash and cash equivalents  | \$ 2,155,649        |
| Restricted cash included in other long-term assets                                     | <u>168,063</u>      |
| Total cash, cash equivalents, and restricted cash shown in the statement of cash flows | <u>\$ 2,323,712</u> |

Restricted cash included in other long-term assets on the statement of financial position represents amounts pledged as collateral for long-term financing agreements as contractually required by a lender. The restriction will lapse when the related long-term debt is paid off.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of functional expenses (including corresponding revenues). The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Support and Revenue**

The majority of the Organization's grants and contracts support are federal pass-through funds from the County of Orange and the State of California. Support received from these grants is recognized on an accrual basis, which is based on funding provided through the term of the individual contracts as specified by the grantor. Other support is derived from client fees, contributions from community individuals, and businesses.

Revenue from the sales of food products is recognized when (i) there is persuasive evidence that an arrangement exists, (ii) delivery of the products has occurred, (iii) the selling price is fixed or determinable, and (iv) collectability is reasonably assured.

**Accounts, Grants, and Awards Receivable**

The Organization's accounts, grants, and awards receivable is primarily reimbursements and fees from governmental agencies. It is based on services performed by the Organization as written under contractual agreements. Management believes that the receivable is collectible and thus did not record an allowance for doubtful amounts for the years ended June 30, 2018 and 2017.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Contributed Services**

A substantial number of volunteers have donated significant amounts of time in the operation of the Organization's various programs. These donated services do not meet the criteria of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-605, *Accounting for Contributions Received and Contributions Made*, and accordingly have not been reflected in the accompanying financial statements. The value of such volunteer time was estimated using the minimum wage rates as follows (unaudited):

|                           | 2018                    |                      |                          |
|---------------------------|-------------------------|----------------------|--------------------------|
|                           | Number of<br>Volunteers | Number of<br>Hours   | Value                    |
| Areas of Service:         |                         |                      |                          |
| Congregate Meals          | 3,220                   | 50,246               | \$ 540,884               |
| Home-Bound Meals          | 3,329                   | 27,052               | 290,814                  |
| Buena Park Adult Day Care | 25                      | 2,460                | 26,532                   |
| Transportation            | 243                     | 3,725                | 40,087                   |
| Santa Ana VIP Center      | 25                      | 238                  | 2,573                    |
| Anaheim VIP Center        | 78                      | 885                  | 9,608                    |
| Other - Kitchen/Office    | <u>1,082</u>            | <u>5,249</u>         | <u>56,458</u>            |
| <b>Total</b>              | <u><u>8,002</u></u>     | <u><u>89,855</u></u> | <u><u>\$ 966,956</u></u> |
|                           |                         |                      |                          |
|                           | 2017                    |                      |                          |
|                           | Number of<br>Volunteers | Number of<br>Hours   | Value                    |
| Areas of Service:         |                         |                      |                          |
| Congregate Meals          | 3,024                   | 51,704               | \$ 529,660               |
| Home-Bound Meals          | 2,895                   | 24,437               | 251,144                  |
| Buena Park Adult Day Care | 53                      | 2,682                | 27,392                   |
| Transportation            | 259                     | 3,571                | 36,611                   |
| Santa Ana VIP Center      | 17                      | 570                  | 5,726                    |
| Anaheim VIP Center        | 98                      | 688                  | 7,087                    |
| Other - Kitchen/Office    | <u>941</u>              | <u>5,138</u>         | <u>52,732</u>            |
| <b>Total</b>              | <u><u>7,287</u></u>     | <u><u>88,790</u></u> | <u><u>\$ 910,352</u></u> |

There were no contributed professional services during the years ended June 30, 2018 and 2017.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Investments**

The Organization records equity securities with readily determinable fair values and all investments in debt securities in accordance with FASB ASC 958-320, *Not-for-Profit Entities (Topic 958)*. This standard requires these types of investments to be reported at fair value, with gains and losses included in the statements of activities.

The Organization's investments are reported at their fair value in the statements of financial position. At June 30, 2018, the cost and estimated fair value of the investments are \$2,135,231 and \$2,086,370, respectively. At June 30, 2017, the cost and estimated fair value of the investments are \$2,073,312 and \$2,060,908, respectively. Net unrealized losses for the years ended June 30, 2018 and 2017, totaled \$48,861 and \$12,404, respectively. Net investment income is reported in the statements of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, less external and direct internal investment expense. During the year ended June 30, 2018, the Organization incurred \$6,973 of management fees associated with its investments.

**Inventory**

Inventory consists of finished goods and is valued at cost using a weighted average on a first-in, first-out basis.

**Property, Plant, and Equipment**

All capital assets with a value of \$1,000 or more are capitalized into property, plant, and equipment. Property, plant, and equipment are stated at cost if purchased or estimated fair value if donated. Maintenance and repairs are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years for intellectual property; 3 to 15 years for equipment, furniture and fixtures, and vehicles; and over 20 to 50 years for building and improvements. Depreciation expense for the years ended June 30, 2018 and 2017, was approximately \$264,000 and \$241,000, respectively.

**Unpaid Compensated Absences**

The Organization accrues a liability for all employee vacation time and related benefits that have been earned but not paid. The amount of this liability at June 30, 2018 and 2017, totaled approximately \$214,000 and \$191,000, respectively (see Note 4).

Employees of the Organization are entitled to be paid sick leave depending upon classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for such future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences related to sick leave when actually incurred.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (“Code”) and corresponding state code as a charitable organization whereby only unrelated business income, as identified by Section 509(a)(1) of the Code, is subject to income tax. The Organization had no unrelated business income during the years ended June 30, 2018 and 2017. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*). In accordance with ASC 740-10-25, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not that the position will be sustained. The implementation of ASC 740-10-25 had no impact on the Organization’s financial statements. The Organization does not believe that there are any material uncertain tax positions, and accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties.

**Long-Lived Assets and Asset Impairment**

The Organization accounts for long-lived assets in accordance with the FASB ASC 360-10, *Property, Plant, and Equipment*. FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets’ carrying amount. At June 30, 2018 and 2017, no impairment losses have been recorded.

**Website Development**

In accordance with FASB ASC 350-10, *Accounting for Web Site Development Costs*, the Organization has capitalized \$12,426, which is included in property, plant, and equipment at both June 30, 2018 and 2017. The capitalized amount is fully amortized and included in property, plant, and equipment in the accompanying statements of financial position.

**Accounting Policy for Contributed Property and Equipment**

Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and gains, and expenses and losses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Direct Mail and Fundraising Costs**

Direct mail and fundraising costs are charged to operations when incurred.

**Recent Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous standards. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of asset not to recognize lease assets and lease liabilities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and early application is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2016-02 on the presentation of its financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. ASU 2016-13 requires credit losses on most financial assets measured at amortized cost and certain other instruments, including trade receivables, to be measured using an expected credit loss model. The ASU also replaces the current accounting model for purchased credit-impaired loans and debt securities. Further, the ASU made certain targeted amendments to the existing impairment model for available-for-sale debt securities. For nonpublic entities, including not-for-profit entities the amendments are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. The Organization is currently evaluating the impact of the provisions of ASU 2016-13 on the presentation of its financial statements.

On August 18, 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which finalizes proposed ASU 2015-230 and simplifies and improves the manner in which a not-for-profit entity classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, financial performance, and cash flows. ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted prospectively as of the beginning of an interim or annual reporting period. The Organization is currently evaluating the impact of the provisions of ASU 2016-14 on the presentation of its financial statements.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies (Continued)**

**Recent Accounting Pronouncements (Continued)**

In June 2018, the FASB issued ASU 2018-08, *Not for Profit Entities - Revenue Recognition (Topic 958-605)*. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. This update should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. ASU 2018-08 is effective for fiscal years beginning after December 15, 2019, and early adoption is permitted. The Organization is currently evaluating the impact of the provisions of ASU 2018-08 on the presentation of its financial statements.

**Note 2: Concentrations, Risks, and Uncertainties**

During the years ended June 30, 2018 and 2017, the Organization obtained a substantial portion of its support from three and two sources, respectively. Support received from these sources aggregated approximately \$5,698,000 and \$5,256,000 for 2018 and 2017, respectively. At June 30, 2018 and 2017, amounts due from these sources, which are included in accounts, grants, and awards receivable, were approximately \$711,000 and \$862,000, respectively.

During the years ended June 30, 2018 and 2017, the Organization purchased approximately 27 percent and 26 percent of its raw materials from two suppliers, respectively. At June 30, 2018 and 2017, amounts due to these suppliers, which are reflected in accounts payable, aggregated approximately \$114,000 and \$100,000, respectively.

Credit is extended for some customers and is based on financial condition, and generally, collateral is not required.

The Organization maintains cash and cash equivalent balances at one financial institution. At June 30, 2018 and 2017, the accounts are Federal Deposit Insurance Corporation insured for up to \$250,000. At June 30, 2018 and 2017, the Organization's balance in excess of the federally insured limit was approximately \$2,234,000 and \$2,360,000, respectively.

The Organization also maintained cash equivalent balances at institutions that are insured by the Securities Investor Protection Corporation ("SIPC"). At June 30, 2018 and 2017, the Organization's balance in excess of the SIPC-insured limit was approximately \$1,468,000 and \$1,453,000, respectively.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 3: Inventory**

Inventory consists of the following at June 30, 2018 and 2017:

|                 | <u>2018</u>       | <u>2017</u>       |
|-----------------|-------------------|-------------------|
| Food            | \$ 105,884        | \$ 82,544         |
| Supplies        | <u>70,491</u>     | <u>60,517</u>     |
| Total Inventory | <u>\$ 176,375</u> | <u>\$ 143,061</u> |

**Note 4: Accrued Liabilities**

Accrued liabilities at June 30, 2018 and 2017, consist of the following:

|                                      | <u>2018</u>       | <u>2017</u>       |
|--------------------------------------|-------------------|-------------------|
| Accrued salaries, wages, and bonuses | \$ 374,951        | \$ 351,226        |
| Deferred income                      | 123,002           | 80,446            |
| Other accrued expenses               | <u>431,633</u>    | <u>426,447</u>    |
| Total Accrued Liabilities            | <u>\$ 929,586</u> | <u>\$ 858,119</u> |

**Note 5: Commitments and Contingencies**

**Grant Contingencies**

Periodic audits may be performed by granting agencies, and certain costs may be questioned as not being reimbursable expenditures under the terms of various grant contracts. At June 30, 2018 and 2017, there were no material contingent liabilities associated with these contracts.

**Operating Leases**

The Organization is obligated under the terms of operating leases for the rental of certain facilities and various office equipment. Total rental expense for both years ended June 30, 2018 and 2017, was approximately \$163,000. Future minimum rental payments for each of the next four years ending June 30 are as follows:

|       |                   |
|-------|-------------------|
| 2019  | \$ 158,751        |
| 2020  | 50,434            |
| 2021  | 15,460            |
| 2022  | 13,743            |
| 2023  | <u>4,297</u>      |
| Total | <u>\$ 242,685</u> |

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 6: Note Payable**

Note payable as of June 30, 2018 and 2017, consists of the following:

|   | 2018       | 2017       |
|---|------------|------------|
| Note payable to California Health Facilities Financing Authority, payable in monthly principal and interest payments of approximately \$14,000, bearing interest at a rate of 6.5% annually. The note matures in December 2022 and is secured by real property. | \$ 615,000 | \$ 732,917 |
| Less: Current portion   | (125,833)  | (117,917)  |
| Total Long-Term Debt  | \$ 489,167 | \$ 615,000 |

The following are the maturities of long-term debt for each of the next five years ending June 30:

|                      |            |
|----------------------|------------|
| 2019                 | \$ 125,833 |
| 2020                 | 132,917    |
| 2021                 | 140,833    |
| 2022                 | 150,833    |
| 2023                 | 64,584     |
| Total Long-Term Debt | \$ 615,000 |

**Note 7: Employee Benefit Plan**

The Organization has established a retirement savings plan under Code Section 403(b), whereby the Organization's employees may elect to defer portions of their compensation. In accordance with the terms of the plan, individuals may contribute compensation earnings pretax to the plan, up to the annual maximum as prescribed by law. The Organization may make discretionary contributions to the plan at the discretion of the Board of Directors. Plan assets are exclusively invested in tax-sheltered annuities in each individual's name with selected insurance companies. Distributions are made upon the occurrence of the participants' termination, retirement, death, or total disability and in a manner in accordance with the election made by the participant. Assets of the plan are not reflected in the accompanying financial statements. For the years ended June 30, 2018 and 2017, the Organization made matching contributions of approximately \$32,000 and \$38,000, respectively.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 8: Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of cash and various capital assets net of accumulated depreciation. The restricted cash is for future expenditures in relation to various programs, and the debt service restricted cash is restricted until the note payable matures. The restricted various capital assets consist of capital assets that were purchased with pass-through federal funds and are net of accumulated depreciation. The capital assets are considered temporarily restricted due to the fact that the assets cannot be disposed of without approval from the program administrator. Temporarily restricted net assets as of June 30, 2018 and 2017, consist of the following:

|   | 2018       | 2017       |
|---|------------|------------|
| Debt service restricted cash            | \$ 168,063 | \$ 168,063 |
| Variou s capital assets, net            | 245,225    | 282,326    |
| Cash restricted for time or use         | 97,811     | 428,615    |
| Total Temporarily Restricted Net Assets | \$ 511,099 | \$ 879,004 |

**Note 9: Allocation of Joint Costs**

For the years ended June 30, 2018 and 2017, the Organization conducted activities that included appeals for contributions and incurred joint costs of \$317,860 and \$298,120, respectively. For the years ended June 30, 2018 and 2017, these activities included costs from direct mail and outreach campaigns totaling \$173,243 and \$166,544, respectively, and special event costs totaling \$144,618 and \$131,576, respectively.

**Note 10: Fair Value Measurements**

FASB ASC 820-10 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 10: Fair Value Measurements (Continued)**

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017.

*Common Stocks, Corporate Bonds, and US Government Securities:* Valued at the closing price and reported on the active market on which the individual securities are traded.

*Mutual Funds:* Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

*Exchange-Traded Products:* An exchange-traded product tracks an index fund and trades like a common stock on a stock exchange, and it is valued throughout the trading day using the Intraday Indicative Value. This value is calculated by the exchange and is published throughout the trading day.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

**Note 10: Fair Value Measurements (Continued)**

The following table sets forth by level, within the fair value hierarchy, the Organization's assets, measured on a recurring basis, at fair value as of June 30, 2018:

|                                       | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> |
|---------------------------------------|---------------------|----------------|----------------|
| Cash, money market, and bank deposits | \$ 19,525           | \$ -           | \$ -           |
| Common stocks                         | 113,706             | -              | -              |
| Exchange-traded products              | 1,285,361           | -              | -              |
| Mutual funds                          | <u>667,778</u>      | <u>-</u>       | <u>-</u>       |
| Total                                 | <u>\$ 2,086,370</u> | <u>\$ -</u>    | <u>\$ -</u>    |

The following table sets forth by level, within the fair value hierarchy, the Organization's assets, measured on a recurring basis, at fair value as of June 30, 2017:

|                                       | <u>Level 1</u>      | <u>Level 2</u> | <u>Level 3</u> |
|---------------------------------------|---------------------|----------------|----------------|
| Cash, money market, and bank deposits | \$ 9,981            | \$ -           | \$ -           |
| Common stocks                         | 71,008              | -              | -              |
| Exchange-traded products              | 1,289,917           | -              | -              |
| Mutual funds                          | <u>690,002</u>      | <u>-</u>       | <u>-</u>       |
| Total                                 | <u>\$ 2,060,908</u> | <u>\$ -</u>    | <u>\$ -</u>    |

**Note 11: Related-Party Transactions**

During the year ended June 30, 2018, there were no related-party transactions. During the year ended June 30, 2017, the Organization paid one of its board members for consulting services totaling approximately \$15,000. At June 30, 2017, the amount due to the related party totaled \$500, and during the year ended June 30, 2018, this amount was paid.

**Note 12: Reclassifications**

Certain reclassifications have been made to the 2017 financial statements in order to conform with the current year presentation.

**Note 13: Subsequent Events**

Events occurring after June 30, 2018, have been evaluated for possible adjustment to the financial statements or disclosure as of October 18, 2018, which is the date the financial statements were available to be issued.