

**COMMUNITY SENIORSERV, INC.**

**FINANCIAL STATEMENTS**

**YEARS ENDED JUNE 30, 2019 AND 2018**

**WITH INDEPENDENT AUDITORS' REPORT**

**COMMUNITY SENIORSERV, INC.**  
**TABLE OF CONTENTS**  
**JUNE 30, 2019 AND 2018**

	<u>Page</u>
<b>Independent Auditors' Report</b> .....	1
<b>Financial Statements:</b>	
Statements of Financial Position.....	3
Statements of Activities .....	5
Statements of Changes in Net Assets.....	6
Statements of Cash Flows.....	7
Statements of Functional Expenses (Including Corresponding Revenues) .....	8
Notes to Financial Statements.....	12

## **INDEPENDENT AUDITORS' REPORT**

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, 2019 and 2018, 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, 2019 and 2018, 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 9, 2019 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 9, 2019

**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2019 AND 2018**

**ASSETS**

	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash and cash equivalents	\$ 2,291,119	\$ 2,155,649
Accounts, grants, and awards receivable	1,542,455	1,492,399
Inventory	193,971	176,375
Prepaid expenses	82,640	76,809
Board-designated restricted investments	<u>2,174,939</u>	<u>2,086,370</u>
Total Current Assets	6,285,124	5,987,602
Property, Plant, and Equipment:		
Land	500,000	500,000
Building and improvements	2,478,263	2,694,529
Equipment, furniture and fixtures, and vehicles	3,840,908	3,577,183
Construction in progress	<u>16,038</u>	<u>77,225</u>
Total Property, Plant, and Equipment, at Cost	6,835,209	6,848,937
Less: Accumulated depreciation	<u>(4,159,598)</u>	<u>(4,343,208)</u>
Property, Plant, and Equipment, at Net Book Value	2,675,611	2,505,729
Other Assets:		
Deposits	23,334	23,334
Debt service restricted cash	<u>167,248</u>	<u>168,063</u>
Total Other Assets	<u>190,582</u>	<u>191,397</u>
Total Assets	<u><u>\$ 9,151,317</u></u>	<u><u>\$ 8,684,728</u></u>

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

**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF FINANCIAL POSITION (CONTINUED)**  
**JUNE 30, 2019 AND 2018**

**LIABILITIES AND NET ASSETS**

	<u>2019</u>	<u>2018</u>
Current Liabilities:		
Accounts payable	\$ 477,413	\$ 478,570
Accrued liabilities	1,095,732	929,586
Note payable, current portion	<u>132,917</u>	<u>125,833</u>
Total Current Liabilities	1,706,062	1,533,989
Long-Term Liabilities:		
Note payable	<u>356,250</u>	<u>489,167</u>
Total Long-Term Liabilities	<u>356,250</u>	<u>489,167</u>
Total Liabilities	2,062,312	2,023,156
Net Assets:		
Without donor restrictions	6,921,584	6,150,473
With donor restrictions	<u>167,421</u>	<u>511,099</u>
Total Net Assets	<u>7,089,005</u>	<u>6,661,572</u>
Total Liabilities and Net Assets	<u><u>\$ 9,151,317</u></u>	<u><u>\$ 8,684,728</u></u>

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

**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Support and Revenues without Donor Restrictions:		
Community Support:		
Grants and awards	\$ 6,453,623	\$ 5,330,799
Contributions and donations	518,357	569,756
Department of Education meal revenues	160,178	139,252
Direct mail and fundraising revenues	776,596	647,264
Participant fees	142,160	84,817
Total Community Support	8,050,914	6,771,888
Revenues:		
Sales of food products	2,559,046	2,551,544
Insurance/government reimbursements	2,950,648	2,856,596
Investment income, net	88,847	26,430
Other income	177,792	200,852
Total Revenues	5,776,333	5,635,422
Net Assets Released from Restriction	712,376	712,594
Total Support and Revenues	14,539,623	13,119,904
Expenses (See Statements of Functional Expenses)	13,768,512	12,871,491
Increase in Net Assets Without Donor Restrictions	771,111	248,413
With Donor Restrictions:		
Grants and awards	368,698	344,689
Funds released for expenditures	(712,376)	(712,594)
Decrease in Net Assets with Donor Restrictions	(343,678)	(367,905)
Increase (Decrease) in Total Net Assets	\$ 427,433	\$ (119,492)

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

**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net Assets - June 30, 2017	\$ 5,902,060	\$ 879,004	\$ 6,781,064
Increase (Decrease) in Net Assets, Year Ended June 30, 2018	<u>248,413</u>	<u>(367,905)</u>	<u>(119,492)</u>
Net Assets - June 30, 2018	6,150,473	511,099	6,661,572
Increase (Decrease) in Net Assets, Year Ended June 30, 2019	<u>771,111</u>	<u>(343,678)</u>	<u>427,433</u>
Net Assets - June 30, 2019	<u><u>\$ 6,921,584</u></u>	<u><u>\$ 167,421</u></u>	<u><u>\$ 7,089,005</u></u>

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



**COMMUNITY SENIORSERV, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2019 AND 2018**

	2019	2018
Cash Flows from Operating Activities:		
Increase (Decrease) in Total Net Assets	\$ 427,433	\$ (119,492)
Noncash Items Included in Increase (Decrease) in Total Net Assets:		
Depreciation	271,628	264,061
Loss on disposal of equipment	749	9,166
Unrealized (gain) loss on investments	(26,708)	35,511
Changes in:		
Accounts, grants, and awards receivable	(50,056)	(76,756)
Inventory	(17,596)	(33,314)
Prepaid expenses	(5,831)	(3,653)
Accounts payable	(1,157)	(22,164)
Accrued liabilities	166,146	71,467
Net Cash, Cash Equivalents, and Restricted Cash Provided by Operating Activities	764,608	124,826
Cash Flows from Investing Activities:		
Purchase of equipment	(442,259)	(228,222)
Proceeds from sale of equipment	-	10,128
Purchases of investments	(38,373)	(10,000)
Reinvested dividends and interest	(23,488)	(50,973)
Net Cash, Cash Equivalents, and Restricted Cash Used in Investing Activities	(504,120)	(279,067)
Cash Flows from Financing Activities:		
Payments on note payable	(125,833)	(117,917)
Net Cash, Cash Equivalents, and Restricted Cash Used in Financing Activities	(125,833)	(117,917)
Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash	134,655	(272,158)
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	2,323,712	2,595,870
Cash, Cash Equivalents, and Restricted Cash - End of Year	\$ 2,458,367	\$ 2,323,712
Supplemental Disclosure:		
Interest paid	\$ 41,455	\$ 47,017

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, 2019**

	Title III Services							Santa Ana VIP Center	Anaheim VIP Center
	Congregate Meals Program	Home-Bound Meals Program	Buena Park Adult Day Care Program	Case Management Program	Transportation Program	In-Home Support Services			
Support and Revenues without Donor Restrictions:									
Community Support:									
Grants and awards	\$ 2,223,734	\$ 3,096,382	\$ 166,400	\$ 284,070	\$ 329,839	\$ 260,511	\$ 8,274	\$ 5,200	
Contributions and donations	313,204	149,223	42,935	7,964	4,986	45	-	-	
Department of Education meal revenues	-	-	16,701	-	-	-	69,664	73,813	
Direct mail and fundraising revenues	-	-	-	-	-	-	650	650	
Participant fees	-	-	-	-	-	-	33,680	108,480	
<b>Total Community Support</b>	<b>2,536,938</b>	<b>3,245,605</b>	<b>226,036</b>	<b>292,034</b>	<b>334,825</b>	<b>260,556</b>	<b>112,268</b>	<b>188,143</b>	
Revenues:									
Sales of food products	-	-	-	-	-	-	-	-	
Insurance/government reimbursements	-	-	42,840	-	-	-	1,462,799	1,338,559	
Investment income, net	-	-	-	-	-	-	-	-	
Other income	-	-	6,936	-	-	-	60,710	50,867	
<b>Total Revenues</b>	<b>-</b>	<b>-</b>	<b>49,776</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,523,509</b>	<b>1,389,426</b>	
Net Assets Released from Restriction	83,243	264,720	6,852	43,634	1,139	16,260	65,857	52,414	
<b>Total Support and Revenues Without Donor Restrictions</b>	<b>2,620,181</b>	<b>3,510,325</b>	<b>282,664</b>	<b>335,668</b>	<b>335,964</b>	<b>276,816</b>	<b>1,701,634</b>	<b>1,629,983</b>	
Expenses:									
Program Expenses:									
Contract expenses	210,865	441,047	1,715	34,556	257,890	178,549	118,399	91,350	
Food and supply costs	611,024	1,072,656	27,170	-	-	-	99,310	107,708	
Insurance	200,152	188,239	25,300	34,150	9,900	9,498	97,938	103,981	
Other program expenses	15,241	21,340	637	3,314	1,316	734	27,421	24,953	
Personnel expense	1,216,432	1,134,748	153,484	200,832	58,561	57,990	598,078	635,212	
Transportation and travel	11,515	17,269	55,386	4,567	598	1,052	472,814	401,679	
Vehicle and fuel	35,331	41,608	-	-	-	-	-	-	
<b>Total Program Expenses</b>	<b>2,300,560</b>	<b>2,916,907</b>	<b>263,692</b>	<b>277,419</b>	<b>328,265</b>	<b>247,823</b>	<b>1,413,960</b>	<b>1,364,883</b>	
Support Expenses:									
Depreciation	44,674	53,633	4,271	5,201	6,303	4,334	12,956	8,858	
Employment expense	14,848	15,455	372	1,369	640	1,178	1,785	814	
Direct mail and fundraising expenses	64	44	29	4	5	3	196	3,333	
Insurance	31,894	38,896	1,850	1,850	-	1,850	9,712	9,712	
Miscellaneous	5,079	6,511	133	333	308	137	9,757	9,551	
Office expense	21,386	34,538	3,415	9,331	127	3,536	14,753	19,246	
Professional fees	18,223	22,103	1,497	1,497	1,990	1,477	493	493	
Rent	-	20,645	-	13,827	-	3,403	58,867	54,847	
Repairs and maintenance	50,672	63,474	-	5,846	-	3,023	26,324	23,952	
Small equipment	7,908	8,938	4,990	689	-	689	-	-	
Technology	41,746	39,721	2,242	4,873	24	2,879	19,827	19,008	
Telephone and utilities	63,711	78,342	3,979	14,894	289	7,086	19,175	17,889	
<b>Total Support Expenses</b>	<b>300,205</b>	<b>382,300</b>	<b>22,778</b>	<b>59,714</b>	<b>9,686</b>	<b>29,595</b>	<b>173,845</b>	<b>167,703</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>2,600,765</b>	<b>3,299,207</b>	<b>286,470</b>	<b>337,133</b>	<b>337,951</b>	<b>277,418</b>	<b>1,587,805</b>	<b>1,532,586</b>	
Increase (Decrease) in Net Assets Without Donor Restrictions	19,416	211,118	(3,806)	(1,465)	(1,987)	(602)	113,829	97,397	
Support with Donor Restrictions:									
Grants and awards	83,243	264,720	6,852	43,634	1,139	16,260	65,857	52,414	
Funds released for expenditures	(83,243)	(264,720)	(6,852)	(43,634)	(1,139)	(16,260)	(65,857)	(52,414)	
<b>Increase (Decrease) in Net Assets With Donor Restrictions</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>\$ 19,416</b>	<b>\$ 211,118</b>	<b>\$ (3,806)</b>	<b>\$ (1,465)</b>	<b>\$ (1,987)</b>	<b>\$ (602)</b>	<b>\$ 113,829</b>	<b>\$ 97,397</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, 2019**

	Advancement	Cook/Chill	The Village	Care Coordination	Social Meals	Other Grants	General	Total
<b>Support and Revenues without Donor Restrictions:</b>								
<b>Community Support:</b>								
Grants and awards	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,220	\$ 11,993	\$ 6,453,623
Contributions and donations	-	-	-	-	-	-	-	518,357
Department of Education meal revenues	-	-	-	-	-	-	-	160,178
Direct mail and fundraising revenues	760,321	-	-	-	-	-	14,975	776,596
Participant fees	-	-	-	-	-	-	-	142,160
<b>Total Community Support</b>	<b>760,321</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>67,220</b>	<b>26,968</b>	<b>8,050,914</b>
<b>Revenues:</b>								
Sales of food products	-	645,934	-	-	1,913,112	-	-	2,559,046
Insurance/government reimbursements	-	-	-	106,450	-	-	-	2,950,648
Investment income, net	-	-	-	-	-	-	88,847	88,847
Other income	-	-	-	48,950	-	10,329	-	177,792
<b>Total Revenues</b>	<b>-</b>	<b>645,934</b>	<b>-</b>	<b>155,400</b>	<b>1,913,112</b>	<b>10,329</b>	<b>88,847</b>	<b>5,776,333</b>
<b>Net Assets Released from Restriction</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>153,087</b>	<b>25,170</b>	<b>712,376</b>
<b>Total Support and Revenues Without Donor Restrictions</b>	<b>760,321</b>	<b>645,934</b>	<b>-</b>	<b>155,400</b>	<b>1,913,112</b>	<b>230,636</b>	<b>140,985</b>	<b>14,539,623</b>
<b>Expenses:</b>								
<b>Program Expenses:</b>								
Contract expenses	26,588	65,634	-	1,983	359,296	-	81,900	1,869,772
Food and supply costs	-	421,128	-	-	886,127	-	-	3,225,123
Insurance	29,843	12,041	-	11,554	40,175	-	-	762,771
Other program expenses	3,242	1,302	-	3,594	1,913	-	12,309	117,316
Personnel expense	177,568	74,488	-	69,831	239,396	-	135,550	4,752,170
Transportation and travel	4,557	144	-	1,564	371	-	-	971,516
Vehicle and fuel	-	202	-	-	52,050	-	357	129,548
<b>Total Program Expenses</b>	<b>241,798</b>	<b>574,939</b>	<b>-</b>	<b>88,526</b>	<b>1,579,328</b>	<b>-</b>	<b>230,116</b>	<b>11,828,216</b>
<b>Support Expenses:</b>								
Depreciation	-	-	-	-	-	-	131,398	271,628
Employment expense	9,536	278	-	551	161	20	29	47,036
Direct mail and fundraising expenses	307,418	-	-	-	-	-	5,909	317,005
Insurance	-	7,587	-	-	23,102	-	7,724	134,177
Miscellaneous	4,961	1,436	-	803	3,405	19,234	74,106	135,754
Office expense	821	7,189	-	229	20,805	-	752	136,128
Professional fees	-	493	-	-	494	-	5,868	54,628
Rent	-	-	-	-	-	-	-	151,589
Repairs and maintenance	-	9,919	-	-	24,994	-	4,347	212,551
Small equipment	-	-	-	-	-	-	-	23,214
Technology	6,659	8,771	-	111	20,286	-	1,495	167,642
Telephone and utilities	1,299	9,421	-	1,731	28,852	-	821	247,489
<b>Total Support Expenses</b>	<b>330,694</b>	<b>45,094</b>	<b>-</b>	<b>3,425</b>	<b>122,099</b>	<b>19,254</b>	<b>232,449</b>	<b>1,898,841</b>
<b>Other Expenses:</b>								
Interest expense	-	-	-	-	-	-	41,455	41,455
<b>Total Other Expenses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,455</b>	<b>41,455</b>
<b>Total Expenses</b>	<b>572,492</b>	<b>620,033</b>	<b>-</b>	<b>91,951</b>	<b>1,701,427</b>	<b>19,254</b>	<b>504,020</b>	<b>13,768,512</b>
<b>Increase (Decrease) in Net Assets Without Donor Restrictions</b>	<b>187,829</b>	<b>25,901</b>	<b>-</b>	<b>63,449</b>	<b>211,685</b>	<b>211,382</b>	<b>(363,035)</b>	<b>771,111</b>
<b>Support with Donor Restrictions</b>								
Grants and awards	-	-	-	-	-	(190,591)	25,170	368,698
Funds released for expenditures	-	-	-	-	-	(153,087)	(25,170)	(712,376)
<b>Increase (Decrease) in Net Assets With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(343,678)</b>	<b>-</b>	<b>(343,678)</b>
<b>Increase (Decrease) in Total Net Assets</b>	<b>\$ 187,829</b>	<b>\$ 25,901</b>	<b>\$ -</b>	<b>\$ 63,449</b>	<b>\$ 211,685</b>	<b>\$ (132,296)</b>	<b>\$ (363,035)</b>	<b>\$ 427,433</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, 2018**

	Title III Services							
	Congregate Meals Program	Home-Bound Meals Program	Buena Park Adult Day Care Program	Case Management Program	Transportation Program	In-Home Support Services	Santa Ana VIP Center	
<b>Support and Revenues without Donor Restrictions:</b>								
Community Support:								
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>
Revenues:								
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>
<b>Net Assets Released from Restriction</b>	<b>94,579</b>	<b>299,545</b>	<b>18,190</b>	<b>22,907</b>	<b>1,875</b>	<b>8,738</b>	<b>18,396</b>	<b>27,136</b>
<b>Total Support and Revenues Without Donor Restrictions</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>								
Program Expenses:								
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>
Support Expenses:								
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>
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>2,318,950</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 Net Assets Without Donor Restrictions</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>
<b>Support with Donor Restrictions:</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 Net Assets With Donor Restrictions</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**

	Advancement	Cook/Chill	The Village	Care Coordination	Social Meals	Other Grants	General	Total
Support and Revenues without Donor Restrictions:								
Community Support:								
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
Total Community Support	630,322	-	-	-	-	63,254	8,239	6,771,888
Revenues:								
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
Total Revenues	-	242,739	-	151,099	2,308,805	14,061	26,430	5,635,422
Net Assets Released from Restriction	-	-	-	-	-	184,127	37,101	712,594
Total Support and Revenues Without Donor Restrictions	630,322	242,739	-	151,099	2,308,805	261,442	71,770	13,119,904
Expenses:								
Program Expenses:								
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
Total Program Expenses	223,290	241,066	-	112,434	1,997,792	-	143,005	11,012,943
Support Expenses:								
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
Total Support Expenses	321,503	30,445	-	5,368	103,084	54,181	275,929	1,811,531
Other Expenses:								
Interest expense	-	-	-	-	-	-	47,017	47,017
Total Other Expenses	-	-	-	-	-	-	47,017	47,017
Total Expenses	544,793	271,511	-	117,802	2,100,876	54,181	465,951	12,871,491
Increase (Decrease) in Net Assets Without Donor Restrictions	85,529	(28,772)	-	33,297	207,929	207,261	(394,181)	248,413
Support with Donor Restrictions:								
Grants and awards	-	-	-	-	-	(183,778)	37,101	344,689
Funds released for expenditures	-	-	-	-	-	(184,127)	(37,101)	(712,594)
Increase (Decrease) in Net Assets With Donor Restrictions	-	-	-	-	-	(367,905)	-	(367,905)
Increase (Decrease) in Total Net Assets	\$ 85,529	\$ (28,772)	\$ -	\$ 33,297	\$ 207,929	\$ (160,644)	\$ (394,181)	\$ (119,492)

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

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**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:

- *Net Assets with Donor Restrictions* - Net assets of the Organization that are subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).
- *Net Assets without Donor Restrictions* - Net assets of the Organization that are not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).
- *Board-Designated Net Assets* - Net assets without donor restrictions subject to self-imposed limits by action of the Organization’s Board of Directors. Board-designated net assets may be earmarked for future programs, investment, contingencies, purchase or construction of fixed assets, or other uses.

**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, 2019 AND 2018**

**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 amount shown in the statement of cash flows:

	2019	2018
Cash and equivalents	\$ 2,291,119	\$ 2,155,649
Restricted cash included in other long-term assets	167,248	168,063
<b>Total Cash, Cash Equivalents, and Restricted Cash</b>		
Shown in the Statement of Cash Flows	\$ 2,548,367	\$ 2,323,712

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 providing the various programs and supporting services have been summarized on a functional basis in the consolidated statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Labor expenses including salaries, payroll taxes, workers compensation, employee benefits, travel and staff training are allocated based on the percentage of time that each employee spends working on projects specific to the program or supporting function; nonlabor direct expenses are allocated based on each program's direct expenses. Occupancy, insurance and depreciation expenses are allocated based on the programs serviced by the related resources.

**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.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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

**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, 2019 and 2018.

**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 FASB 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):

	2019		
	Number of Volunteers	Number of Hours	Value
Areas of Service:			
Congregate Meals	3,027	49,188	\$ 566,528
Home-Bound Meals	3,582	27,397	315,408
Buena Park Adult Day Care	44	1,904	21,987
Transportation	309	4,184	48,195
Santa Ana VIP Center	1	8	96
Anaheim VIP Center	32	489	5,732
Other - Kitchen/Office	964	5,864	67,702
<b>Total</b>	<b>7,959</b>	<b>89,034</b>	<b>\$ 1,025,648</b>

	2018		
	Number of Volunteers	Number of 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	1,082	5,249	56,458
<b>Total</b>	<b>8,002</b>	<b>89,855</b>	<b>\$ 966,956</b>



**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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

There were no contributed professional services during the years ended June 30, 2019 and 2018.

**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, 2019, cost and estimated fair value of investments are \$2,201,647 and \$2,174,939, respectively. At June 30, 2018, cost and estimated fair value of investments are \$2,135,231 and \$2,086,370, respectively. Net unrealized gains (losses) for the year ended June 30, 2019 totaled \$26,708 and the net unrealized loss for the year ended June 20, 2018 totaled \$35,511. 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 years ended June 30, 2019 and 2018, the Organization incurred management fees associated with its investments of \$1,446 and \$6,973, respectively.

**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, 2019 and 2018, was approximately \$272,000 and \$264,000, respectively.

**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, 2019 AND 2018**

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

**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, 2019 and 2018, totaled approximately \$259,000 and \$214,000, respectively (see Note 4).

**Income Taxes**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "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, 2019 and 2018. 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, 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, 2019 and 2018, 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 \$12,390, which is included in property, plant, and equipment at both June 30, 2019 and 2018. The capitalized amount is fully amortized and included in property, plant, and equipment in the accompanying statements of financial position.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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

**Use of Estimates**

The preparation of financial statements in accordance with US GAAP 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 - Not Yet Adopted**

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.

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 assists 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.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

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

**Recent Accounting Pronouncements - Adopted**

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for asset classification, governing board designations, investment return, underwater endowment funds, expenses, liquidity, and presentation of operating cash flows. ASU 2016-14 reduces the required number of classes of net assets from three to two: *net assets with donor restrictions* and *net assets without donor restrictions*. ASU 2016-14 also requires not-for-profit entities to provide enhanced disclosures about the amounts and purposes of governing board designations and appropriations. ASU 2016-14 requires not-for-profit organizations to report investment return net of external and direct internal investment expenses. The requirement to disclose those netted expenses is eliminated.

In addition to the current required disclosure of the aggregate amount by which endowment funds are underwater, ASU 2016-14 requires not-for-profit entities to disclose the aggregate fair value of such funds, as well as the aggregate original gift amounts to be maintained. ASU 2016-14 also requires a not-for-profit organization to disclose its interpretation of the ability to spend from underwater endowment funds, including its policy, and any actions taken during the period, concerning appropriation from underwater endowment funds. All underwater endowment funds will be classified as part of net assets with donor restrictions rather than as a charge to unrestricted net assets as per the current rules. In the absence of explicit donor restrictions, ASU 2016-14 requires not-for-profit entities to use the placed-in-service approach to account for capital gifts. The current option to use the over-time approach has been eliminated. ASU 2016-14 requires expenses to be reported by nature in addition to function and include an analysis of expenses by both nature and function. The methods used by not-for-profit entities to allocate costs among program and support functions will also need to be disclosed. ASU 2016-14 requires not-for-profit entities to provide both qualitative and quantitative information on management of liquid available resources and the ability to cover short-term cash needs within one year of the balance sheet date. Finally, current standards allow not-for-profit entities to decide whether to present operating cash flows using either the direct method or the indirect method. ASU 2016-14 eliminates the requirement to present or disclose the indirect method of reconciliation if the entity decides to use the direct method.

**COMMUNITY SENIORSERV, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019 AND 2018**

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

**Recent Accounting Pronouncements - Adopted (Continued)**

A summary of the net asset reclassification driven by the adoption of ASU 2016-14 as of June 30, 2018 is as follows:

As originally stated:

Net assets, beginning of year:	
Unrestricted	\$ 5,902,060
Temporarily restricted	879,004
Permanently restricted	<u>-</u>
Total Net Assets, Beginning of Year	<u>\$ 6,781,064</u>
Net assets, end of year:	
Unrestricted	\$ 6,150,473
Temporarily restricted	511,099
Permanently restricted	<u>-</u>
Total Net Assets, End of Year	<u>\$ 6,661,572</u>

As restated:

Net assets, beginning of year:	
Without donor restrictions	\$ 5,902,060
With donor restrictions	<u>879,004</u>
Total Net Assets, Beginning of Year	<u>\$ 6,781,064</u>
Net assets, end of year:	
Without donor restrictions	6,150,473
With donor restrictions	<u>511,099</u>
Total Net Assets, End of Year	<u>\$ 6,661,572</u>

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 2: Liquidity**

The Organization’s financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows as of June 30, 2019 and 2018:

	2019	2018
Cash and equivalents	\$ 2,291,119	\$ 2,155,649
Accounts receivable	1,542,455	1,492,399
 Total Financial Assets Available to Meet General Expenditures within One Year	 \$ 3,833,574	 \$ 3,648,048

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments and money market funds. Our board-designated fund of \$2,174,939 is subject to an annual review by the board. Although we do not intend to spend from this board-designated fund (other than amounts appropriated for general expenditure as part of our board’s annual budget approval and appropriation), these amounts could be made available if necessary.

**Note 3: Concentrations, Risks, and Uncertainties**

During the years ended June 30, 2019 and 2018, the Organization obtained a substantial portion of its support from two and three sources, respectively. Support received from these sources aggregated approximately \$5,470,000 and \$5,698,000 for 2019 and 2018, respectively. At June 30, 2019 and 2018, amounts due from these sources, which are included in accounts, grants, and awards receivable, were approximately \$651,000 and \$711,000, respectively.

During the years ended June 30, 2019 and 2018, the Organization purchased approximately 27 percent of its raw materials from two suppliers. At June 30, 2019 and 2018, amounts due to these suppliers, which are reflected in accounts payable, aggregated approximately \$83,000 and \$114,000, 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, 2019 and 2018, the accounts are insured by the Federal Deposit Insurance Corporation for up to \$250,000. At June 30, 2019 and 2018, the Organization’s balance in excess of the federally insured limit was approximately \$2,482,000 and \$2,234,000, respectively.

The Organization also maintains cash equivalent balances at institutions that are insured by the Securities Investor Protection Corporation (“SIPC”). At June 30, 2019 and 2018, the Organization’s balance in excess of the SIPC-insured limit was approximately \$1,559,000 and \$1,468,000, respectively.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 4: Inventory**

Inventory consists of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Food	\$ 109,047	\$ 105,884
Supplies	<u>84,924</u>	<u>70,491</u>
Total Inventory	<u>\$ 193,971</u>	<u>\$ 176,375</u>

**Note 5: Accrued Liabilities**

Accrued liabilities at June 30, 2019 and 2018, consist of the following:

	<u>2019</u>	<u>2018</u>
Accrued salaries, wages, and bonuses	\$ 433,163	\$ 374,951
Deferred income	118,987	123,002
Other accrued expenses	<u>543,582</u>	<u>431,633</u>
Total Accrued Liabilities	<u>\$ 1,095,732</u>	<u>\$ 929,586</u>

**Note 6: 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, 2019 and 2018, 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, 2019 and 2018, was approximately \$163,000. Future minimum rental payments for each of the next four years ending June 30 are as follows:

2020	\$ 166,297
2021	134,807
2022	131,227
2023	<u>6,697</u>
Total	<u>\$ 439,028</u>

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 7: Note Payable**

Note payable as of June 30, 2019 and 2018, consists of the following:

	2019	2018
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.	\$ 489,167	\$ 615,000
Less: Current portion	(132,917)	(125,833)
Total Long-Term Debt	\$ 356,250	\$ 489,167

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

2020	\$ 132,917
2021	140,833
2022	150,833
2023	64,584
Total Long-Term Debt	\$ 489,167

**Note 8: 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, 2019 and 2018, the Organization made matching contributions of approximately \$87,000 and \$32,000, respectively.



**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 9: Net Assets Released from Restrictions**

Net assets released from restrictions consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Capital assets -released	\$ 25,170	\$ 22,645
Satisfaction of time restriction	585,813	625,496
Satisfaction of purpose restriction	<u>101,393</u>	<u>64,453</u>
Total Net Assets Released from Restrictions	<u>\$ 712,376</u>	<u>\$ 712,594</u>

**Note 10: Net Assets**

Net assets consist of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Net Assets without Donor Restrictions:		
Investment in property and equipment	\$ 2,675,611	\$ 2,505,729
Available for programs	<u>4,245,973</u>	<u>3,644,744</u>
Total net assets without donor restrictions	<u>6,921,584</u>	<u>6,150,473</u>
Net Assets with Donor Restrictions:		
Various capital assets, net	\$ 39,355	\$ 64,527
Restrictions for time	36,333	446,573
Restrictions for purpose	<u>91,733</u>	<u>-</u>
Total net assets with restrictions	<u>167,421</u>	<u>511,099</u>
Total Net Assets	<u>\$ 7,089,005</u>	<u>\$ 6,661,572</u>

**Note 11: Allocation of Joint Costs**

For the years ended June 30, 2019 and 2018, the Organization conducted activities that included appeals for contributions and incurred joint costs of \$317,005 and \$317,860, respectively. For the years ended June 30, 2019 and 2018, these activities included costs from direct mail and outreach campaigns totaling \$132,289 and \$173,243, respectively, and special event costs totaling \$184,716 and \$144,617, respectively.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 12: 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.

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.

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 12: Fair Value Measurements (Continued)**

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, 2019 and 2018.

*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.

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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash, money market, and bank deposits	\$ 44,589	\$ -	\$ -
Common stocks	77,293	-	-
Exchange-traded products	1,351,907	-	-
Mutual funds	<u>701,150</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,174,939</u>	<u>\$ -</u>	<u>\$ -</u>

**COMMUNITY SENIORSERV, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019 AND 2018**

**Note 12: 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>

**Note 13: Board Designated Funds**

Board designated funds are as follows as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Cash and mutual funds	\$ <u>2,174,939</u>	\$ <u>2,086,370</u>
Total board designated funds	<u>\$ 2,174,939</u>	<u>\$ 2,086,370</u>

**Note 14: Reclassifications**

Certain reclassifications have been made to the 2018 financial statements in order to conform with the current-year presentation.

**Note 15: Subsequent Events**

Events occurring after June 30, 2019, have been evaluated for possible adjustment to the financial statements or disclosure as of October 9, 2019, which is the date the financial statements were available to be issued.