

Senior Community Services

Financial Statements

December 31, 2023 and 2022

Senior Community Services

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Independent Auditors' Report

To the Board of Directors of
Senior Community Services

Opinion

We have audited the financial statements of Senior Community Services (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are approved and available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Baker Tilly US, LLP

Minneapolis, Minnesota
May 7, 2024

Senior Community Services

Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 572,893	\$ 448,080
Accounts receivable, net	312,903	457,349
Prepaid expenses	34,566	26,365
Cash and cash equivalents, restricted	<u>75,637</u>	<u>81,361</u>
Total current assets	<u>995,999</u>	<u>1,013,155</u>
Long-Term Assets		
Investments	1,138,189	1,015,617
Property and equipment, net	35,266	87,906
Right-of-use asset - operating	<u>25,027</u>	<u>72,712</u>
Total long-term assets	<u>1,198,482</u>	<u>1,176,235</u>
Total assets	<u>\$ 2,194,481</u>	<u>\$ 2,189,390</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 45,033	\$ 29,709
Accrued expenses	76,973	51,110
Lease liability - operating	<u>24,707</u>	<u>48,005</u>
Total current liabilities	<u>146,713</u>	<u>128,824</u>
Long-Term Liabilities		
Lease liability, net of current portion	<u>-</u>	<u>24,707</u>
Total liabilities	<u>146,713</u>	<u>153,531</u>
Net Assets		
Without donor restrictions, undesignated	972,131	954,498
Without donor restrictions, board designated	<u>1,000,000</u>	<u>1,000,000</u>
Total without donor restrictions	1,972,131	1,954,498
With donor restrictions	<u>75,637</u>	<u>81,361</u>
Total net assets	<u>2,047,768</u>	<u>2,035,859</u>
Total liabilities and net assets	<u>\$ 2,194,481</u>	<u>\$ 2,189,390</u>

See notes to financial statements

Senior Community Services

Statement of Activities

Year Ended December 31, 2023 (With Comparative Totals for 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
Revenue and Support				
Government grants	\$ 1,791,556	\$ -	\$ 1,791,556	\$ 1,314,438
Program service fees	289,599		289,599	378,197
Grants and contributions	459,878	9,100	468,978	459,568
In-kind support	391,375	-	391,375	453,615
Net assets released from restrictions	14,824	(14,824)	-	-
Total revenue and support	<u>2,947,232</u>	<u>(5,724)</u>	<u>2,941,508</u>	<u>2,605,818</u>
Expenses				
Program:				
HOME	1,441,744	-	1,441,744	1,111,445
Senior community centers	780,297	-	780,297	774,658
Senior outreach and caregiver services	542,305	-	542,305	593,744
Total program expenses	<u>2,764,346</u>	<u>-</u>	<u>2,764,346</u>	<u>2,479,847</u>
Support services:				
Management and general	101,701	-	101,701	93,641
Fundraising	205,792	-	205,792	165,762
Total support services	<u>307,493</u>	<u>-</u>	<u>307,493</u>	<u>259,403</u>
Total expenses	<u>3,071,839</u>	<u>-</u>	<u>3,071,839</u>	<u>2,739,250</u>
Change in net assets from operations	<u>(124,607)</u>	<u>(5,724)</u>	<u>(130,331)</u>	<u>(133,432)</u>
Nonoperating Activities				
Investment return	142,240	-	142,240	(142,173)
Total other changes	<u>142,240</u>	<u>-</u>	<u>142,240</u>	<u>(142,173)</u>
Change in net assets	17,633	(5,724)	11,909	(275,605)
Net Assets, Beginning	<u>1,954,498</u>	<u>81,361</u>	<u>2,035,859</u>	<u>2,311,464</u>
Net Assets, Ending	<u>\$ 1,972,131</u>	<u>\$ 75,637</u>	<u>\$ 2,047,768</u>	<u>\$ 2,035,859</u>

See notes to financial statements

Senior Community Services

Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Government grants	\$ 1,314,438	\$ -	\$ 1,314,438
Program service fees	378,197	-	378,197
Grants and contributions	458,568	1,000	459,568
In-kind support	453,615	-	453,615
Net assets released from restrictions	87,152	(87,152)	-
Total revenue and support	<u>2,691,970</u>	<u>(86,152)</u>	<u>2,605,818</u>
Expenses			
Program:			
HOME	1,111,445	-	1,111,445
Senior community centers	774,658	-	774,658
Senior outreach and caregiver services	593,744	-	593,744
Total program expenses	<u>2,479,847</u>	<u>-</u>	<u>2,479,847</u>
Support services:			
Management and general	93,641	-	93,641
Fundraising	165,762	-	165,762
Total support services	<u>259,403</u>	<u>-</u>	<u>259,403</u>
Total expenses	<u>2,739,250</u>	<u>-</u>	<u>2,739,250</u>
Change in net assets from operations	<u>(47,280)</u>	<u>(86,152)</u>	<u>(133,432)</u>
Nonoperating Activities			
Investment return	<u>(142,173)</u>	<u>-</u>	<u>(142,173)</u>
Total other changes	<u>(142,173)</u>	<u>-</u>	<u>(142,173)</u>
Change in net assets	(189,453)	(86,152)	(275,605)
Net Assets, Beginning	<u>2,143,951</u>	<u>167,513</u>	<u>2,311,464</u>
Net Assets, Ending	<u>\$ 1,954,498</u>	<u>\$ 81,361</u>	<u>\$ 2,035,859</u>

See notes to financial statements

Senior Community Services

Statement of Functional Expenses

Year Ended December 31, 2023 (With Comparative Totals for 2022)

	Program Expenses				Support Services			2023 Total	2022 Total
	HOME	Senior Community Centers	Senior Outreach and Caregiver Services	Total Programs	Management and General	Fundraising	Total Support Services		
Salaries and wages	\$ 800,406	\$ 280,015	\$ 346,345	\$ 1,426,766	\$ 44,463	\$ 117,652	\$ 162,115	\$ 1,588,881	\$ 1,441,589
Employee benefits	181,398	63,461	78,493	323,352	10,077	26,664	36,741	360,093	316,472
Total payroll and benefits	981,804	343,476	424,838	1,750,118	54,540	144,316	198,856	1,948,974	1,758,061
Occupancy	35,411	375,369	52,648	463,428	19,540	4,785	24,325	487,753	529,628
Professional fees	78,771	17,869	29,864	126,504	1,719	9,837	11,556	138,060	114,132
Contracted services	46,266	-	-	46,266	-	-	-	46,266	58,942
Mileage and meetings	43,246	1,615	2,968	47,829	6,372	861	7,233	55,062	60,590
Office and program supplies	164,113	11,091	2,179	177,383	57	2,721	2,778	180,161	33,759
Postage	5,562	858	1,221	7,641	85	1,184	1,269	8,910	9,691
Promotion and marketing	8,692	340	36	9,068	1,023	30,626	31,649	40,717	25,238
Insurance	11,424	3,154	3,797	18,375	264	1,510	1,774	20,149	18,937
Equipment rental	12,119	13,936	4,028	30,083	280	1,602	1,882	31,965	35,215
Telephone	7,788	3,771	9,304	20,863	180	1,030	1,210	22,073	20,437
Volunteer recognition	1,195	400	-	1,595	-	-	-	1,595	1,908
Miscellaneous	12,584	759	530	13,873	16,884	2,987	19,871	33,744	3,899
Total expenses before depreciation and amortization	1,408,975	772,638	531,413	2,713,026	100,944	201,459	302,403	3,015,429	2,670,437
Depreciation and amortization	32,769	7,659	10,892	51,320	757	4,333	5,090	56,410	68,813
Total expenses	<u>\$ 1,441,744</u>	<u>\$ 780,297</u>	<u>\$ 542,305</u>	<u>\$ 2,764,346</u>	<u>\$ 101,701</u>	<u>\$ 205,792</u>	<u>\$ 307,493</u>	<u>\$ 3,071,839</u>	<u>\$ 2,739,250</u>
Percentage of total	<u>46.9 %</u>	<u>25.4 %</u>	<u>17.7 %</u>	<u>90.0 %</u>	<u>3.3 %</u>	<u>6.7 %</u>	<u>10.0 %</u>	<u>100.0 %</u>	

See notes to financial statements

Senior Community Services

Statement of Functional Expenses

Year Ended December 31, 2022

	Program Expenses				Support Services			2022 Total
	HOME	Senior Community Centers	Senior Outreach and Caregiver Services	Total Programs	Management and General	Fundraising	Total Support Services	
Salaries and wages	\$ 674,354	\$ 226,135	\$ 390,738	\$ 1,291,227	\$ 42,906	\$ 107,456	\$ 150,362	\$ 1,441,589
Employee benefits	148,041	49,643	85,779	283,463	9,419	23,590	33,009	316,472
Total payroll and benefits	822,395	275,778	476,517	1,574,690	52,325	131,046	183,371	1,758,061
Occupancy	32,361	432,241	48,371	512,973	12,282	4,373	16,655	529,628
Professional fees	63,769	14,024	27,557	105,350	1,429	7,353	8,782	114,132
Contracted services	58,942	-	-	58,942	-	-	-	58,942
Mileage and meetings	32,650	1,324	2,108	36,082	22,722	1,786	24,508	60,590
Office and program supplies	18,635	11,407	2,066	32,108	54	1,597	1,651	33,759
Postage	5,565	1,046	1,933	8,544	110	1,037	1,147	9,691
Promotion and marketing	11,492	-	939	12,431	3,001	9,806	12,807	25,238
Insurance	9,894	2,959	4,475	17,328	262	1,347	1,609	18,937
Equipment rental	10,274	18,680	4,561	33,515	267	1,433	1,700	35,215
Telephone	7,064	3,687	8,536	19,287	187	963	1,150	20,437
Volunteer recognition	1,508	400	-	1,908	-	-	-	1,908
Miscellaneous	16	3,857	-	3,873	26	-	26	3,899
Total expenses before depreciation and amortization	1,074,565	765,403	577,063	2,417,031	92,665	160,741	253,406	2,670,437
Depreciation and amortization	36,880	9,255	16,681	62,816	976	5,021	5,997	68,813
Total expenses	\$ 1,111,445	\$ 774,658	\$ 593,744	\$ 2,479,847	\$ 93,641	\$ 165,762	\$ 259,403	\$ 2,739,250
Percentage of total	40.6 %	28.3 %	21.7 %	90.5 %	3.4 %	6.1 %	9.5 %	100.0 %

See notes to financial statements

Senior Community Services

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 11,909	\$ (275,605)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	56,410	68,813
Non-cash lease expense	(320)	-
Reinvested income	-	(25,933)
Realized and unrealized (gain)/loss on investments	(122,572)	173,588
(Increase) decrease in current assets:		
Accounts receivable	144,446	(277,608)
Prepaid expenses	(8,201)	(10,659)
Increase (decrease) in current liabilities:		
Accounts payable	15,324	(9,445)
Accrued expenses	25,863	(6,529)
Net cash flows from operating activities	<u>122,859</u>	<u>(363,378)</u>
Cash Flows From Investing Activities		
Purchases of property and equipment	(3,770)	(2,244)
Investment redemption	-	100,000
Net cash flows from investing activities	<u>(3,770)</u>	<u>97,756</u>
Change in cash and cash equivalents	119,089	(265,622)
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>529,441</u>	<u>795,063</u>
Cash, Cash Equivalents and Restricted Cash, Ending	<u>\$ 648,530</u>	<u>\$ 529,441</u>
Supplemental Cash Flow Disclosure		
Acquisition of right of use asset in exchange for lease liability	<u>\$ -</u>	<u>\$ 72,712</u>

See notes to financial statements

Senior Community Services

Notes to Financial Statements
December 31, 2023 and 2022

1. Summary Significant Accounting Policies

Nature of Activities

Senior Community Services (SCS or the Organization), founded in 1950, is a nonprofit organization focused on empowering people as they age. In 2024, we empowered over 33,000 older adults and caregivers through the following programs:

Household & Outside Maintenance (HOME)

The HOME (Household & Outside Maintenance) program offers stable, equitable housing support for seniors (aged 60+) so they can remain in the homes and communities they love. This is accomplished through indoor & outdoor chores, housecleaning, minor repairs, safety assessments, and technology services. We serve ALL income levels. Services are provided on a sliding fee scale, meaning seniors pay what they can based on their income, and no one is ever turned away for inability to pay. These services are provided by trusted and dedicated staff and volunteers. Background checks are conducted on all field staff. We try to pair each resident with the same workers and volunteers over time to facilitate engaging community relationships. *(Hennepin, Wright and Sherburne Counties)*

In a testament to its adaptability and responsiveness to community needs, the program expanded its services in 2020 to include TECH Services, recognizing the increasing importance of digital literacy in modern life. *(Hennepin, Wright, Sherburne, Carver, and Scott Counties)*

The HOME Program elevates the quality of life for seniors by ensuring their homes are safe, well-maintained, and equipped with technological tools that foster connectivity and accessibility to essential services like healthcare. Many seniors living alone face isolation, but through the HOME Program, they receive regular assistance, fostering social connections, and reducing feelings of loneliness.

Senior Community Centers

SCS takes pride in its commitment to enhancing the lives of older adults by managing daily operations and programming at senior centers across various cities. Through partnerships with senior centers and municipalities, SCS ensures that older adults have access to a diverse range of activities and services tailored to their needs and interests. *(Carver and Wright Counties)*

The online platform mnseniorcenters.org serves as a valuable hub of information, offering a centralized resource for individuals to explore and connect with senior centers in their area. Moreover, it goes beyond geographical boundaries, providing free online access to a wealth of educational and recreational resources for seniors worldwide. By leveraging technology to expand reach and accessibility, SCS continues to promote social engagement, lifelong learning, and well-being among older adults everywhere. *(Worldwide)*

Senior Outreach & Caregiver Services

Senior Outreach is dedicated to ensuring that seniors can age comfortably and securely in their own homes, maintaining their independence and dignity. Our comprehensive services extend beyond basic assistance, encompassing support to connect clients with a myriad of resources tailored to their specific needs. Whether it's identifying suitable housing options or planning for future requirements, our licensed social workers help to navigate the complexities of aging with our clients. Additionally, we serve as a crucial safety net for those whose individual healthcare coverage falls short, seamlessly continuing case management and care coordination to ensure the most vulnerable members of our community receive the support they need to thrive. Through our compassionate and holistic approach, Senior Outreach is committed to enhancing the quality of life for seniors, empowering them to live fulfilling lives with peace of mind. *(Suburban Hennepin County)*

Senior Community Services

Notes to Financial Statements
December 31, 2023 and 2022

Caregiver Services stands as a beacon of support for families during their most challenging moments. Our dedicated staff understands the immense demands placed on caregivers and families, and we strive to meet them at their point of greatest need. Offering a range of compassionate services, including supportive counseling, caregiver coaching, and coordination, we aim to assist caregivers in maintaining a healthy balance in their lives while ensuring the well-being of their loved ones. Whether it's through individualized consultations, family meeting facilitation, or caregiver support groups, we provide a nurturing environment where caregivers can find solace, guidance, and practical resources. Additionally, our commitment extends to offering educational presentations and resource assistance, empowering caregivers with the knowledge and tools they need to navigate their caregiving journey with confidence and resilience. *(Hennepin, Wright, Sherburne, Carver, and Scott Counties)*

At the forefront of caregiving innovation stands CareNextion.org and its accompanying app, a groundbreaking initiative developed and powered by SCS. CareNextion is revolutionizing the landscape of family and caregiver support for older loved ones, offering a comprehensive platform that strengthens informal support networks. Through centralized coordination of care, task assignment, journaling, and seamless communication with care team members, CareNextion streamlines the caregiving process, alleviating the burden often placed on individual caregivers. Whether it's a spouse struggling to provide care single-handedly or adult children coordinating services from afar, CareNextion enables users to create and manage a care team comprising relatives, trusted neighbors, and friends. By organizing caregiving tasks and facilitating communication within the care team, CareNextion eliminates the need for constant phone calls and emails, ensuring that responsibilities are distributed efficiently. Caregivers can easily create, edit, and assign tasks, while also engaging in collaborative journal entries to address larger issues and benefit from the collective insights of the care team. With CareNextion, caregiving becomes not only more manageable but also more collaborative and supportive, ultimately enhancing the well-being of both caregivers and their loved ones. *(Worldwide)*

Financial Statement Presentation

Net assets, revenues, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed stipulations that will be met by action of the Organization and/or passage of time.

Board Designated Net Assets

The Organization's Board of Directors has the ability to designate identified amounts of net assets without donor restrictions to be used by management for specific future projects or activities. These designations can be modified or removed by the Board of Directors at any time. At December 31, 2023 and 2022, the Organization has board-designated net assets of \$1,000,000 for operations.

Senior Community Services

Notes to Financial Statements

December 31, 2023 and 2022

Revenue Recognition

Government grants are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements of financial position. The Organization was awarded cost-reimbursable grants with \$136,399 and \$718,161 that have not been recognized at December 31, 2023 and 2022 because qualifying expenditures have not yet been incurred.

Program service fees are recognized as revenue in the statements of activities as services are provided to customers.

Unconditional contributions and grants, including promises to give (e.g. pledges), are recognized as revenues in the period received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. There were no conditional promises to give at December 31, 2023 and 2022. Contributions and grants with no purpose or time restrictions defined by the donor are recognized as revenues of the class of net assets without donor restrictions upon the receipt of the contribution or grant. Contributions and grants received with donor-imposed restrictions that are met in the same year as received are reported as revenues of the class of net assets without donor restrictions.

Nonoperating activities represent activities not directly associated with the Organization's mission. Investment returns are included in nonoperating activities.

Donated Materials, Services and Facilities

The Organization received donated services from a variety of unpaid volunteers assisting the Organization in providing management and programmatic services. However, no amounts for such volunteer efforts have been recognized in the accompanying statements of activities because the criteria for recognition under current accounting standards have not been satisfied. Contributions of materials, services and facilities that meet the criteria for recognition are recorded as support at their estimated fair value and are summarized in Note 8.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers money market funds and investments with original maturities of three months or less to be cash equivalents. The Organization maintains its cash in savings and demand accounts and money market funds, which at times, exceed federally insured limits.

The following table provides a reconciliation of cash and cash equivalents on the cash flow statement to the amounts reported within the statements of financial position:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 572,893	\$ 448,080
Cash and cash equivalents, restricted	<u>75,637</u>	<u>81,361</u>
Total	<u>\$ 648,530</u>	<u>\$ 529,441</u>

The restricted cash includes donor restricted funds.

Senior Community Services

Notes to Financial Statements
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Accounts Receivable

Accounts receivables are stated at their net realizable value. The majority of accounts receivable are from governmental agencies. Services are billed monthly, quarterly and annually.

The Organization recognizes an allowance for credit losses for receivables to present the net amount expected to be collected as of the date of the statement of financial position. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the balance sheet date. Accounts past due are individually analyzed for collectability. When all collection efforts have been exhausted and it is determined that such receivables are uncollectible, the account is written off. The allowance for credit losses is \$6,000 and \$5,000 at December 31, 2023 and 2022, respectively.

Investments

The Organization defines investments as financial instruments with a maturity greater than three months. Investments are valued using fair value measurement methods described in Note 3.

Property and Equipment

Property and equipment purchases are recorded at cost. Contributed items are recorded at fair market value at date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as donor restricted support. In the absence of such stipulation, contributions of property and equipment are recorded as support without donor-restrictions. Depreciation of property and equipment is computed using the straight-line method based on estimated useful lives of the assets as follows:

Furniture and equipment	3-7 years
Websites	3 years
Database	5 years
Leasehold improvements	5 years

Normal repair and maintenance expenses are charged to operations as incurred. The Organization capitalizes property and equipment additions of \$500 or more.

Functional Allocation of Expenses

The costs of programs and supporting services have been summarized on a functional basis. Salaries and related expenses are allocated to program and supporting services based on the time spent on the specific activity. The remaining expenses are specifically allocated whenever practical. Indirect costs are allocated based on square footage or full-time equivalents.

Impairment of Long-Lived Assets

The Organization reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Senior Community Services

Notes to Financial Statements
December 31, 2023 and 2022

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax-Exempt Status

The Organization has received notification that it qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of State law and, accordingly, is not subject to federal or state income taxes. However, unrelated business income may be subject to taxation.

Accounting standards require the Organization to evaluate positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by applicable tax authorities. Management has analyzed tax positions taken by the Organization, and has concluded that as of December 31, 2023 and 2022, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization's tax returns are subject to review and examination by federal and state authorities. The Organization is not currently under examination by any taxing jurisdiction.

New Accounting Pronouncements Adopted in the Current Year

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Financial Instruments – Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. Since its original issuance in 2016, the FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. The methodology replaces the multiple existing impairment methods in current GAAP, which generally require that a loss be incurred before it is recognized. On January 1, 2023, the Organization adopted the standard prospectively and the implementation did not have a material impact on the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through May 7, 2024, which is the date that the financial statements were approved and available to be issued.

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Notes to Financial Statements
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2. Liquidity and Availability

The following table reflects the Organization's financial assets as of December 31, 2023 and 2022, reduced by amounts not available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Other financial assets that are excluded from this measure of liquidity include donor restricted and board-designated net assets. The Organization has \$1,000,000 of board-designated net assets for operations as of December 31, 2023 and 2022. These designations can be modified or removed by the Board of Directors at any time.

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 648,530	\$ 529,441
Accounts receivable, net	312,903	457,349
Investments	<u>1,138,189</u>	<u>1,015,617</u>
Financial assets at December 31	<u>2,099,622</u>	<u>2,002,407</u>
Less those unavailable for general expenditure within one year:		
Net assets without donor restrictions, board designated	(1,000,000)	(1,000,000)
Net assets with donor restrictions	<u>(75,637)</u>	<u>(81,361)</u>
Financial assets not available for expenditures within one year	<u>(1,075,637)</u>	<u>(1,081,361)</u>
Financial assets available to meet cash needs for general purposes within one year	<u>\$ 1,023,985</u>	<u>\$ 921,046</u>

The Organization's practice is to structure its financial assets to be available as its general expenses, liabilities and obligations come due.

3. Fair Value Measurements and Investments

Fair Value Hierarchy

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the assets or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which are based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the report date.

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Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, or market-corroborated inputs. The Organization has no Level 2 investments.

Level 3 – Inputs are unobservable for the asset or liability. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability (including assumptions about risk), using the best information available in the circumstances, which may include using the reporting entity's own data. The Organization has no Level 3 investments.

Valuation Techniques and Inputs

Level 1 assets include investments in mutual funds for which quoted prices are readily available.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

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 estimate of fair value at the reporting date.

There have been no changes in the techniques and inputs used as of December 31, 2023 and 2022.

The following table presents information about the Organization's assets measured at fair value on a recurring basis as of December 31, 2023 and 2022 based upon the three-level hierarchy:

	<u>2023</u>	<u>2022</u>
	<u>Level 1</u>	<u>Level 1</u>
Assets:		
Investments:		
Mutual funds, equities	\$ 426,950	\$ 345,691
Mutual funds, fixed income	<u>711,239</u>	<u>669,926</u>
Total	<u>\$ 1,138,189</u>	<u>\$ 1,015,617</u>

Investments, in general, are subject to various risks, including credit, interest and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the financial statements.

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Notes to Financial Statements
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4. Property and Equipment, Net

Property and equipment at December 31 consisted of the following:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 78,275	\$ 81,505
Websites	169,896	169,896
Database	84,334	84,334
Leasehold improvements	5,542	5,542
	<u>338,047</u>	<u>341,277</u>
Accumulated depreciation	<u>(302,781)</u>	<u>(253,371)</u>
Net book value	<u>\$ 35,266</u>	<u>\$ 87,906</u>

5. Major Sources of Revenue and Concentration of Risk

The Organization had receivables from three governmental agencies representing 57 percent of total receivables for the years ended December 31, 2023 and 2022.

The Organization also received 35 percent of its revenue from two governmental agencies for the year ended December 31, 2023 and 25 percent of its revenue from two governmental agencies for the year ended December 31, 2022. If a significant reduction in the level of support were to occur, it is reasonably possible that it might have a significant effect on the Organization's programs and activities.

6. Net Assets

With Donor Restrictions Net Assets

With donor restrictions net assets are available for the following purposes or periods:

	<u>2023</u>	<u>2022</u>
Programs	<u>\$ 75,637</u>	<u>\$ 81,361</u>

Net Assets Released From Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2023</u>	<u>2022</u>
Programs	<u>\$ 14,824</u>	<u>\$ 87,152</u>

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Notes to Financial Statements

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7. Retirement Plan

Defined Contribution Plan

The Organization has a qualified defined contribution 401(k) plan covering substantially all employees after attainment of specified periods of service and minimum age requirements. The plan includes an Organization match of employee contributions up to 6 percent of a participant's salary. Retirement plan expense under this plan was \$52,475 and \$53,012 in 2023 and 2022, respectively.

8. In-Kind Support

The Organization records in-kind support at fair market value at date of donation. In-kind contributions expensed in program activities include the following for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Occupancy	\$ 378,369	\$ 435,241
Equipment rental and telephone	12,056	13,403
Insurance	484	476
Miscellaneous	466	4,495
	<u>\$ 391,375</u>	<u>\$ 453,615</u>

The Organization also receives contributed services that are not included in the financial statements because they do not meet the criteria for recognition as explained in Note 1. However, volunteer hours, donated in various capacities, totaled 33,200 and 33,700 for the years ended December 31, 2023 and 2022, respectively. The hours are calculated by the Organization and are not audited.

Office and programming space are provided at no charge to the Organization at four different locations. Each provider calculates their cost of providing the space. Those amounts are totaled and recorded as in-kind support in the statements of activities.

9. Lease Commitments

On July 10, 2013, the Organization entered into a 64 month lease for their current office space. On May 26, 2016, the Organization signed a 35 month extension to the lease through October 31, 2021. On September 24, 2021, the Organization signed a 32 month extension to the lease through June 30, 2024. This lease is accounted for as an operating lease.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

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The right-of-use assets and lease liabilities were calculated using a discount rate of 0.60 percent. As of December 31, 2023, the remaining lease term was 6 months.

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after December 31, 2023:

	<u>Operating Lease</u>
Year ending December 31: 2024	\$ 25,027
Total lease payments	25,027
Less present value discount	<u>(320)</u>
Total lease liabilities	24,707
Less current portion	<u>(24,707)</u>
Long-term lease liabilities	<u><u>\$ -</u></u>

Rent expense on the office space operating lease was \$107,861 and \$98,048 for the years ended December 31, 2023 and 2022, respectively.

Management continues to negotiate an extension of the lease with the landlord. As of the date of the report, no extension has been agreed to or executed.