

Senior Coastsiders, Inc.
(a nonprofit public benefit corporation)

Financial Statements
And
Independent Auditors' Report

For the Years
Ended
June 30, 2021 and 2020



Senior Coastsiders, Inc.

For the Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Senior Coastsiders, Inc.
Half Moon Bay, CA

We have audited the accompanying financial statements of Senior Coastsiders, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 Senior Coastsiders, Inc. as of June 30, 2021 and 2020, 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.

A handwritten signature in blue ink that reads 'Wheeler'.

San Jose, CA
June 27, 2022

Senior Coastsiders, Inc.
Statements of Financial Position
As of June 30, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 268,549	\$ -	\$ 268,549	\$ 228,942	\$ 5,000	\$ 233,942
Investments	1,233,428	1,365,687	2,599,115	736,525	1,295,687	2,032,212
Accounts receivable	240,659	70,000	310,659	78,722	70,000	148,722
Prepaid expenses	2,029	-	2,029	2,022	-	2,022
Prepaid rent - current portion	12,156	-	12,156	12,156	-	12,156
Total Current Assets	1,756,821	1,435,687	3,192,508	1,058,367	1,370,687	2,429,054
Property and Equipment, net	957,161	-	957,161	1,016,885	-	1,016,885
Other Assets:						
Accounts receivable, net of current portion	-	-	-	-	70,000	70,000
Prepaid rent	1,104,195	-	1,104,195	1,116,351	-	1,116,351
Total Other Assets	1,104,195	-	1,104,195	1,116,351	70,000	1,186,351
Total Assets	\$ 3,818,177	\$ 1,435,687	\$ 5,253,864	\$ 3,191,603	\$ 1,440,687	\$ 4,632,290
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable and accrued vacation expenses	\$ 62,740	\$ -	\$ 62,740	\$ 57,641	\$ -	\$ 57,641
Payroll Protection Program Loan	107,700	-	107,700	107,700	-	107,700
Total Current Liabilities	170,440	-	170,440	165,341	-	165,341
Total Liabilities	170,440	-	170,440	165,341	-	165,341
Net Assets:						
Without donor restrictions	3,647,737	-	3,647,737	3,026,262	-	3,026,262
With donor restrictions	-	1,435,687	1,435,687	-	1,440,687	1,440,687
Total Net Assets	3,647,737	1,435,687	5,083,424	3,026,262	1,440,687	4,466,949
Total Liabilities and Net Assets	\$ 3,818,177	\$ 1,435,687	\$ 5,253,864	\$ 3,191,603	\$ 1,440,687	\$ 4,632,290

See notes to financial statements.

Senior Coastsiders, Inc.
Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support						
Government contracts and grants	\$ 489,958	\$ -	\$ 489,958	\$ 282,144	\$ -	\$ 282,144
Foundation grants	156,077	-	156,077	80,000	5,000	85,000
Contributions	395,360	-	395,360	370,568	200	370,768
In-kind contributions	44,797	-	44,797	53,922	-	53,922
Fundraising	13,762	-	13,762	65,266	-	65,266
Less direct fundraising costs	(10,582)	-	(10,582)	(67,682)	-	(67,682)
Total Support	<u>1,089,372</u>	<u>-</u>	<u>1,089,372</u>	<u>784,218</u>	<u>5,200</u>	<u>789,418</u>
Revenue						
Member dues	-	-	-	107	-	107
Program revenue	106,458	-	106,458	145,382	-	145,382
Total Revenue	<u>106,458</u>	<u>-</u>	<u>106,458</u>	<u>145,489</u>	<u>-</u>	<u>145,489</u>
Total Support and Revenue	<u>1,195,830</u>	<u>-</u>	<u>1,195,830</u>	<u>929,707</u>	<u>5,200</u>	<u>934,907</u>
Adjustments						
Net assets released from restrictions	5,000	(5,000)	-	-	-	-
Expenses						
Program services	916,354	-	916,354	848,698	-	848,698
Management and general	160,732	-	160,732	144,238	-	144,238
Total Expenses	<u>1,077,086</u>	<u>-</u>	<u>1,077,086</u>	<u>992,936</u>	<u>-</u>	<u>992,936</u>
Other Revenue (Expenses):						
Interest income	-	-	-	15,327	-	15,327
Dividend income	18,364	-	18,364	37,705	-	37,705
Unrealized gains (losses)	477,629	-	477,629	4,927	-	4,927
Realized gains	1,220	-	1,220	282	-	282
Interest expense	(3,357)	-	(3,357)	(84)	-	(84)
Other miscellaneous income	3,875	-	3,875	3,779	-	3,779
Total Other Revenue (Expenses):	<u>497,731</u>	<u>-</u>	<u>497,731</u>	<u>61,936</u>	<u>-</u>	<u>61,936</u>
Change in Net Assets	<u>621,475</u>	<u>(5,000)</u>	<u>616,475</u>	<u>(1,293)</u>	<u>5,200</u>	<u>3,907</u>
Net Assets						
Beginning of year	<u>3,026,262</u>	<u>1,440,687</u>	<u>4,466,949</u>	<u>3,027,555</u>	<u>1,435,487</u>	<u>4,463,042</u>
End of year	<u>\$ 3,647,737</u>	<u>\$ 1,435,687</u>	<u>\$ 5,083,424</u>	<u>\$ 3,026,262</u>	<u>\$ 1,440,687</u>	<u>\$ 4,466,949</u>

See notes to financial statements.

Senior Coastsiders, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Compensation	\$ 444,423	\$ 91,026	\$ 535,449	\$ 407,428	\$ 83,449	\$ 490,877
Payroll tax	33,093	6,778	39,871	31,604	6,473	38,077
Other employee benefits	34,461	7,058	41,519	50,845	10,414	61,259
Total compensation and related expenses	<u>511,977</u>	<u>104,862</u>	<u>616,839</u>	<u>489,877</u>	<u>100,336</u>	<u>590,213</u>
Depreciation and amortization	65,170	4,242	69,412	67,218	4,375	71,593
Food expense	108,042	-	108,042	124,605	-	124,605
Transportation	-	-	-	6,233	-	6,233
Home rehabilitation	35,381	-	35,381	8,203	-	8,203
Occupancy expense	33,843	3,613	37,456	33,937	3,619	37,556
Professional fees	41,336	2,691	44,027	10,501	26,268	36,769
Office supplies	9,232	1,891	11,123	13,750	2,816	16,566
Postage and delivery	2,429	898	3,327	1,602	593	2,195
Printing and reproduction	12,600	2,581	15,181	672	-	672
Travel and training	478	33	511	691	60	751
Insurance	15,922	1,036	16,958	15,198	989	16,187
Communications	6,076	1,244	7,320	6,952	1,424	8,376
Dues and subscriptions	544	111	655	996	204	1,200
Repairs and maintenance	27,858	-	27,858	28,966	-	28,966
Other	14,771	2,487	17,258	12,431	2,246	14,677
Organizational development	2,104	-	2,104	4,702	-	4,702
Utilities	17,978	1,170	19,148	20,090	1,308	21,398
Marketing	7,963	33,873	41,836	-	-	-
Advertising	2,650	-	2,650	2,074	-	2,074
Total expenses	<u>\$ 916,354</u>	<u>\$ 160,732</u>	<u>\$ 1,077,086</u>	<u>\$ 848,698</u>	<u>\$ 144,238</u>	<u>\$ 992,936</u>
Percentages	85%	15%	100%	85%	15%	100%

See notes to financial statements.

Senior Coastsiders, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Cash flows from operating activities						
Change in net assets	\$ 621,475	\$ (5,000)	\$ 616,475	\$ (1,293)	\$ 5,200	\$ 3,907
Adjustments to reconcile operating change in net assets to net cash provided by operating activities:						
Depreciation and amortization	69,412	-	69,412	71,593	-	71,593
Unrealized (gains) losses on investments	(477,629)	-	(477,629)	(4,927)	-	(4,927)
Realized (gains) losses on investments	(1,220)	-	(1,220)	(282)	-	(282)
(Increase) decrease in accounts receivable	(161,937)	70,000	(91,937)	(161)	70,000	69,839
(Increase) decrease in prepaid rent	12,156	-	12,156	12,156	-	12,156
(Increase) decrease in prepaid expenses	(7)	-	(7)	(675)	-	(675)
Increase (decrease) in accounts payable and accrued vacation and expenses	5,099	-	5,099	1,874	-	1,874
Total Adjustments	<u>(554,126)</u>	<u>70,000</u>	<u>(484,126)</u>	<u>79,578</u>	<u>70,000</u>	<u>149,578</u>
Net cash provided by operating activities	<u>67,349</u>	<u>65,000</u>	<u>132,349</u>	<u>78,285</u>	<u>75,200</u>	<u>153,485</u>
Purchase of investments	(18,054)	(70,000)	(88,054)	(52,719)	(70,200)	(122,919)
Purchase of fixed assets	<u>(9,688)</u>	<u>-</u>	<u>(9,688)</u>	<u>(16,154)</u>	<u>-</u>	<u>(16,154)</u>
Net cash used in investing activities	<u>(27,742)</u>	<u>(70,000)</u>	<u>(97,742)</u>	<u>(68,873)</u>	<u>(70,200)</u>	<u>(139,073)</u>
Cash flows from financing activities						
Cash received from EIDL loan	150,000	-	150,000	-	-	-
Payments of EIDL loan	(150,000)	-	(150,000)	-	-	-
Cash received from PPP loan	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,700</u>	<u>-</u>	<u>107,700</u>
Net cash provided by financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,700</u>	<u>-</u>	<u>107,700</u>
Net increase in cash and cash equivalents	39,607	(5,000)	34,607	117,112	5,000	122,112
Cash and cash equivalents beginning of year	<u>228,942</u>	<u>5,000</u>	<u>233,942</u>	<u>111,830</u>	<u>-</u>	<u>111,830</u>
Cash and cash equivalents ending of year	<u>\$ 268,549</u>	<u>\$ -</u>	<u>\$ 268,549</u>	<u>\$ 228,942</u>	<u>\$ 5,000</u>	<u>\$ 233,942</u>
<u>Supplemental financial information</u>						
Cash Paid For Interest	\$ 3,357	\$ -	\$ 3,357	\$ 84	\$ -	\$ 84

See notes to financial statements.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2021 and 2020

1. ORGANIZATION

Senior Coastsiders, Inc. (the Organization) is a California nonprofit public benefit corporation incorporated in 1977 to create an atmosphere that acknowledges the value of human life and affirms the dignity and self-worth of older adults. The Organization serves as a focal point in the Coastside community of Half Moon Bay, California to respond to older adults' diverse needs and interests, enhance their dignity, support their independence and encourage their community involvement.

Direct programs sponsored by the Organization include:

- Hot meals served weekdays
- Hot meals delivered to the homebound
- Transportation
- Recreation and education
- Home repairs
- Individual counseling
- Self-help support groups

The Organization's mission is to offer opportunities which support successful aging.

2. SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding their financial statements. The financial statements and notes are representations of the Organization's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Presentation

The Organization prepares its financial statements using the accrual method of accounting in accordance with GAAP, which recognizes revenue and support when earned and expenses when incurred. The Organization's fiscal year is from July 1 to June 30.

Classes of Net Assets

In accordance with GAAP, where applicable, the financial statements report amounts separately by the following classes of net assets:

- *Net assets without donor restrictions* consist of net assets that are for use in general operations and are not subject to donor (or certain grantor) restrictions. The governing board has not designated any amounts from net assets without donor restrictions.
- *Net assets with donor restrictions* represent contributions whose use has imposed restrictions. The donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both. If the donor imposed restrictions are met in the same year as the contribution is received, the contribution is recorded as without donor restrictions.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and all highly liquid investments with an initial maturity of three months or less, and exclude endowment funds and money market funds held temporarily in brokerage accounts until suitable investments are identified.

Investments

Investments are carried on the books at market value. Donated securities are recorded at the fair market value at the date of gift and liquidated immediately. All unrealized gains and losses are recorded as income for the year as required by GAAP.

Accounts Receivable

Accounts receivable is comprised of amounts billed for services and is expected to be collected within the year.

Prepaid Expenses

Prepaid expenses consist of expenses that are paid in advance of when they are incurred.

Property and Equipment

Land, buildings, equipment, and improvements are recorded at cost if purchased or at fair market value at date of gift, if donated. As of June 30, 2021 and 2020 the Organization had a capitalization policy of \$1,500. Depreciation is computed using the straight-line method over the estimated useful lives.

Revenue Recognition

Non-Cash Contributions and Use of Volunteers

Many people have contributed significant amounts of time to the activities of the Organization. The financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria of GAAP. If these activities could be valued in the accompanying financial statements, their inclusion would significantly increase the percent of expenses attributable to direct program expenditures.

In-kind donations of goods and services that meet the recognition criteria of GAAP are recorded at their fair market value if determinable at the date of gift or service.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Recognition of Contribution Income

The Organization's revenue recognition policy requires that contributions received, including unconditional promises to give, be recognized as revenue at their fair value in the period the contribution or pledge is received. The Organization classifies donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the same year the contribution was received. Contributed support restricted by the donor is reported as an increase in net assets with donor restrictions. When the restriction expires, the amounts are reported as released from restrictions, except for those restrictions fulfilled in the same year the contribution is received. When such restrictions expire, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and reported as net assets released from restriction. All other contributed support is recognized as revenue without donor restriction when received or un-conditionally promised.

Special events revenue

The Center conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event - the exchange component, and a portion represents a contribution to the Center. Unless a verifiable objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Center. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The performance obligation is delivery of the event. The event fee is set by the Center. FASB ASC 606 requires allocation of the transaction price to the performance obligation(s). Accordingly, the Center separately presents in its notes to financial statements, the exchange and contribution components of the gross proceeds from special events. For special event fees received before year-end for an event to occur after year-end, the Center follows the American Institute of Certified Public Accountants ("AICPA") guidance where the inherent contribution is conditioned on the event taking place and is therefore treated as a refundable advance along with the exchange component. Special event fees collected by the Center in advance of its delivery are initially recognized as deferred revenue and recognized as special event revenue after delivery of the event.

Advertising Expenses

Advertising expenses are recorded as they are incurred.

Fair Value of Financial Instruments

The Organization has evaluated the estimated fair value of its financial instruments as of June 30, 2021 and 2020. The amounts reported for cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable and accrued expenses are reported at their approximate fair value due to their short maturities.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Income Allocations – With and Without Donor-Restrictions

All gains and losses arising from the sale, collection or other disposition of non-donor restricted investments, the donor restricted endowment, and fixed assets are accounted for in the without donor restricted fund. Ordinary income derived from non-donor restricted investments or from the donor-restricted endowment are accounted for in the without donor restriction fund.

Functional Allocation of Expenses

Expenses are classified so that the functional use of resources is shown in the financial statements. Functional classification allocates expenses according to the purpose for which the costs are incurred. Examples of functional classifications are program services (expenses directly related to the purpose for which the Organization exists) and supporting activities (those indirectly related to the purposes for which the Organization exists but necessary for its operations, i.e., management and general).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 may differ from those estimates.

Tax Exemption Status

The Organization is exempt from federal and state income taxes under Sections 501(c)(3) of the Internal Revenue Code (IRC) and 23701d of the California Revenue and Taxation Code, respectively. Furthermore, the Organization is not classified as a private foundation. The Organization has no unrelated business income for the years ended June 30, 2021 and 2020. Accordingly, no provision is made for income taxes in these financial statements.

In accordance with GAAP, an organization must recognize the tax benefit associated with any tax positions taken for tax return purposes when it is more likely than not the position will be sustained. The Organization does not believe there are any material uncertain tax positions and accordingly, will not recognize any liability or benefit for unrecognized tax positions. For the years ended June 2020 and 2019, there was no tax related interest or penalties recorded or included in the financial statements. The Organization is subject to potential examination by taxing authorities for income tax returns filed in the U.S. federal jurisdiction and the State of California.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2021 and 2020

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Changing standards

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). ASU 2016-02 requires entities to recognize right-of-use assets and lease liabilities on the statement of financial position for the rights and obligations created by all leases, including operating leases, with terms of more than 12 months. The new standard also requires additional disclosures on the amount, timing, and uncertainty of cash flows arising from leases. These disclosures include qualitative and quantitative information. The effective date was January 1, 2021, however, in June 2020, FASB issued ASU 2020-05 which pushed out the effective date out by one year. The new standard will be effective for the Organization on January 1, 2022. Early adoption is permitted. The Organization is in the process of evaluating the impact the adoption of this standard will have on its financial statements and related disclosures.

3. CONCENTRATION OF RISK

Financial instruments that potentially subject the Organization to credit risk consist primarily of cash, and receivables. The Organization maintains cash with commercial banks and other major financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance ("FDIC") limits of \$250,000.

The credit risk associated with receivables is mitigated by the fact that the receivables are due from Organization members, local donors and governments.

For the year ended June 30, 2021, approximately 26% of support revenue was provided by two contributors. For the year ended June 30, 2020, approximately 28% of support revenue was provided by one contributor.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
San Mateo County – Community Development Block Grant (CDBG)	\$ 39,749	\$ 4,084
AAA	98,207	24,106
Other	102,703	50,532
Endowment fund	<u>70,000</u>	<u>140,000</u>
	<u>\$ 310,659</u>	<u>\$ 218,722</u>

Management believes that the above receivables are fully collectible; accordingly, no allowance for uncollectible accounts has been provided. Of the receivables related to the endowment fund, \$70,000 is expected to be collected in one year.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2021 and 2020

5. INVESTMENTS

The Organization complies with the Fair Value Measurements and Disclosure Topic of the FASB Accounting Standards Codification, which defines the fair value and establishes a framework for measuring fair value and expands disclosures about fair value measurements. The standard defines the value that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The standard also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.

- Level 2 Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other observable inputs or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3 Unobservable inputs that are supported by little to no market activity and that are significant to the fair value of the assets or liabilities.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. In certain cases where Level 1 or Level 2 are inputs are not available, securities are classified within Level 3 of the hierarchy and include certain real estate investments, hedge funds and other less liquid securities.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for assets with donor restriction that attempt to provide a predictable stream of funding to programs supported by its investment income while seeking to maintain the purchasing power of those assets. Assets with donor restriction include those assets of donor-restricted fund that the Organization must hold in perpetuity.

To accomplish the Organization's objectives, the investments utilize a portfolio of equity securities (common stocks and convertible securities), fixed-income securities, and short-term (cash) investments within certain board approved percentages of each type.

Strategies Employed for Achieving Objectives

To satisfy its long-term-rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2021 and 2020

5. INVESTMENTS (continued)

Spending Policy

The Organization has a policy of appropriating for distribution each year 5% of its net assets without donor restrictions at the end of the preceding year. In establishing this policy, the Organization considered the long-term expected return on its investments. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 2% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide real growth through new gifts and investment return.

The Organization financial statements reflect investments in Silicon Valley Community Foundation (the Foundation) pooled funds which amounted to \$13,892 and \$10,893 at June 30, 2021 and 2020, respectively. The Organization has retained the services of the Foundation to manage, act as agent and invest the Organization's funds held in trust, according to the Foundation's investment policy guidelines for balanced pool funds.

Investments consisted of the following as of June 30, 2021 and 2020:

	2021			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market and equivalents	\$ 282,033	\$ 282,033	\$ -	\$ -
Fixed income securities	190,295	190,295	-	-
Equities	2,112,895	2,112,895	-	-
Long-term growth pool	6,974	-	-	6,974
Social impact pool	6,918	-	-	6,918
Total	<u>\$ 2,599,115</u>	<u>\$2,585,223</u>	<u>\$ -</u>	<u>\$ 13,892</u>
	2020			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market and equivalents	\$ 273,157	\$ 273,156	\$ -	\$ -
Fixed income securities	148,123	148,123	-	-
Equities	1,600,039	1,600,039	-	-
Long-term growth pool	5,481	-	-	5,481
Social impact pool	5,412	-	-	5,412
Total	<u>\$ 2,032,212</u>	<u>\$2,021,318</u>	<u>\$ -</u>	<u>\$ 10,893</u>

The Organization holds level 3 investments with the Foundation pooled funds, which is considered beneficial interest of an agency fund; valued on a recurring basis, the balance should be reported at fair value. The organization has an interest in a portion of one or more of the Foundation's investment portfolios, but does not have a direct claim to a portion of each individual stock, bond or other investments within the underlying investment portfolio. The investment portfolio is comprised of many different investments with varying levels of observable inputs; valuation of the entire portfolio itself cannot directly be corroborated with observable market data.

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5. INVESTMENTS (continued)

The table below summarizes changes in investments measured at fair value for which the Organization has used Level 3 inputs to determine fair value. The table reflects gains and losses for the full year for all financial assets classified as Level 3.

	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 10,893	\$ 10,900
Interest and Dividend Income	59	51
Net Realized Gain	1,220	282
Net Unrealized Gain	2,030	(26)
Investment Management and Support Fees	(310)	(314)
Ending Balance	<u>\$ 13,892</u>	<u>\$ 10,893</u>

6. PROPERTY AND EQUIPMENT

The Organization owned the following property and equipment as of June 30, 2020 and 2019:

	Useful Life - Years	<u>2021</u>	<u>2020</u>
Office equipment & computers	5-7	\$57,756	\$48,069
Furniture	7	58,349	58,349
Software	3	1,677	1,677
Kitchen Equipment	7	140,323	140,323
Leasehold improvements	30	1,228,874	1,228,874
Total property and equipment		<u>1,486,979</u>	<u>1,477,291</u>
Less accumulated depreciation		<u>(529,818)</u>	<u>(460,406)</u>
Total property and equipment		<u>\$957,161</u>	<u>\$1,016,885</u>

Depreciation and amortization expense for the years ended June 30, 2021 and 2020 was \$69,412 and \$71,593 respectively.

7. PREPAID RENT

Prepaid rent consisted of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Initial term of lease agreement payment	\$ 666,629	\$ 666,629
Land transaction with San Mateo County	536,813	536,813
Amortization of prepaid rent	<u>(87,091)</u>	<u>(74,935)</u>
Total prepaid rent	<u>\$1,116,351</u>	<u>\$1,128,507</u>

Prepaid rent expense for both years ended June 30, 2021 and 2020 was \$12,156.

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7. PREPAID RENT (continued)

Future amortization of prepaid rent for the years ended June 30:

2022	\$ 12,156
2023	12,156
2024	12,156
2025	12,156
2026	12,156
Thereafter	<u>1,055,571</u>
Total prepaid rent	<u>\$1,116,351</u>

8. PAYROLL PROTECTION PROGRAM AND ECONOMIC INJURY DISASTER LOANS

In May 2020, the Organization received a \$107,700 loan through Paycheck Protection Program (PPP), provided by the Small Business Administration. This loan helps small business pay for payroll and other expenses during COVID-19.

The PPP loans and accrued interest are forgivable after the covered period has ended as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the full time equivalent or salary was reduced without restoring by a specified period. The unforgiven portion of the PPP loan has an interest rate of 1% with a maturity of two years. The loan is classified as short-term as forgiveness was received in September 2021. The SBA determined that the Organization used proceeds for purposes consistent with the PPP requirements.

In July 2020, the Organization received a \$150,000 loan through Economic Injury Disaster Loan (EIDL). In June 2021, the Organization decided to pay off the full EIDL loan with interest.

In April 2020, the Organization received a \$10,000 Economic Injury Disaster Loan (EIDL) Advance. The EIDL Advance does not have to be repaid.

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9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were established when a \$500,000 grant was received from the Labuda Family Foundation in October 1999, with the provision that 50% of the grant be placed in an endowment fund. The remaining amount was used for general operating expenses.

For the 2021 fiscal year, the Organization did not receive any donor restricted funds. For the 2020 fiscal year, the Organization received \$200 endowment fund and \$5,000 foundation grant with donor restriction.

	2021	2020
Perpetual endowment funds	\$ 1,435,687	\$ 1,435,687
Friendly Visitor	-	5,000
Total	\$ 1,435,687	\$ 1,440,687

10. LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The Organization considers investment income without donor restrictions, appropriated earnings from donor-restricted and contributions without donor restrictions to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses, program expenses, and fundraising expenses to be paid in the subsequent year.

The Organization manages its cash available to meet general expenditures following three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets, and
- Maintaining sufficient reserves to provide reasonable assurance that mission fulfillment will continue to be met, ensuring the sustainability of the Organization.

The following table reflects the Organization’s financial assets as of June 30, 2021 and 2020 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include board-designated special projects fund that is intended to fund special board initiatives not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. Amounts not available to meet general expenditures within one year also include net assets with donor restrictions.

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Notes to the Financial Statements
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10. LIQUIDITY AND AVAILABILITY (continued)

	June 30, 2021	June 30, 2020
Financial assets at year end		
Cash and cash equivalents	\$ 268,549	\$ 233,942
Investments	1,233,428	736,525
Receivables	240,659	78,722
Total Financial assets	1,742,636	1,049,189
Less amounts not available to be used within one year:		
Net assets with donor restrictions greater than one year	-	5,000
Financial assets available to meet general expenditures over the next twelve months	\$ 1,742,636	\$ 1,044,189

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2021 and 2020

11. GOVERNMENT GRANTS

<u>2021</u>	Assistant Listing Number	Revenue Recognized	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through San Mateo County			
Special Programs for Aging:			
Title III B - Info and Assistance	93.044	\$ 31,882	\$ 31,882
Title III B - Transportation	93.044	5,912	5,912
Title III C1 - Congregate Nutrition	93.045	71,337	71,337
Title III C2 - Home Delivered Meals	93.045	<u>77,883</u>	<u>77,883</u>
Total U.S. Department of Health and Human Services		<u>187,014</u>	<u>187,014</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through San Mateo County			
Community Development Block Grant	14.218	<u>73,992</u>	<u>73,992</u>
Total U.S. Department of Housing and Urban Development		<u>73,992</u>	<u>73,992</u>
<u>Government COVID-19 Emergency Funding</u>			
Families First Coronavirus Response Act		116,953	116,953
Coronavirus Aid, Relief, and Economic Security Act		41,000	41,000
San Mateo County Office of Community Affairs			
Community Education and Outreach Grant		33,600	33,600
City of Half Moon Bay COVID-19 Related			
Community Recovery Services		<u>29,999</u>	<u>29,999</u>
Total Government COVID-19 Emergency Funding		<u>221,552</u>	<u>221,552</u>
<u>San Mateo County</u>			
Office of Sustainability Community Climate			
Action Plan Outreach and Engagement		4,400	4,400
Office of Sustainability Local Hazard Mitigation			
Community Outreach and Engagement		<u>3,000</u>	<u>3,000</u>
Total San Mateo County		<u>7,400</u>	<u>7,400</u>
Total Government Awards		<u>\$ 489,958</u>	<u>\$ 489,958</u>

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2021 and 2020

11. GOVERNMENT GRANTS (continued)

Included in Foundation grants is emergency funding for COVID-19. Below is a breakout of these funds.

<u>2021</u>	Assistant Listing Number	Revenue Recognized	Expenditures
<u>COVID-19 Emergency Funding</u>			
Silicon Valley Community Foundation COVID Grant		\$ 25,000	\$ 25,000
Meals on Wheels COVID Grant		32,400	32,400
Meals on Wheels Go Further Capacity Building Grant		15,000	15,000
State Fund COVID Grant		<u>10,000</u>	<u>10,000</u>
Total COVID-19 Emergency Funding		<u>\$ 82,400</u>	<u>\$ 82,400</u>

Senior Coastsiders, Inc.
Notes to the Financial Statements
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11. GOVERNMENT GRANTS (continued)

<u>2020</u>	Assistant Listing Number	Revenue Recognized	Expenditures
<u>U.S. Department of Health and Human Services</u>			
Passed through San Mateo County			
Special Programs for Aging:			
Title III B - Info and Assistance	93.044	\$ 31,882	\$ 31,882
Title III B - Transportation	93.044	16,797	16,797
Title III C1 - Congregate Nutrition	93.045	51,497	51,497
Title III C2 - Home Delivered Meals	93.045	<u>77,983</u>	<u>77,983</u>
Total U.S. Department of Health and Human Services		<u>178,159</u>	<u>178,159</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Passed through San Mateo County			
Community Development Block Grant	14.218	<u>25,758</u>	<u>25,758</u>
Total U.S. Department of Housing and Urban Development		25,758	25,758
 <u>U.S. Small Business Administration</u>			
Economic Injury Disaster Grant		<u>10,000</u>	<u>10,000</u>
Total U.S. Small Business Administration		10,000	10,000
 <u>California State</u>			
Title III C1 - Congregate Nutrition		21,262	21,262
Title III C2 - Home Delivery Meals		<u>4,700</u>	<u>4,700</u>
Total California State		25,962	25,962
 <u>San Mateo County</u>			
Title III B - Transportation		<u>20,078</u>	<u>20,078</u>
Total San Mateo County		20,078	20,078
 <u>The City of Half Moon Bay</u>			
Climate Action and Adaptation		12,187	12,187
Community Services Financial Assistance		<u>10,000</u>	<u>10,000</u>
Total City of Half Moon Bay		22,187	22,187
Total Government Awards		<u>\$ 282,144</u>	<u>\$ 282,144</u>
 <u>U.S. Department of Agriculture</u>			
Passed through San Mateo County			
Farmer's Market Nutrition Program Coupons	10.576	<u>\$ -</u>	<u>\$ 2,300</u>
Total U.S. Department of Agriculture		<u>\$ 2,300</u>	<u>\$ 2,300</u>

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12. IN-KIND CONTRIBUTIONS

For the year ended June 30, 2021 and 2020, the Organization received food contributions from Second Harvest for in-kind and recorded at their fair market value. For the year ended June 30, 2020, the Organization also received non-cash Farmer's Market coupon to help support the Nutrition Program. The amount of in-kind contributions received during the years ended June 30, 2021 and 2020 were \$44,797 and \$53,922, respectively.

Non-cash Farmer's Market coupons received from the U.S. Department of Agriculture were passed through San Mateo County in the amount of \$0 and \$2,300 for 2021 and 2020, respectively.

13. COMMITMENTS AND CONTINGENCIES

Grant awards require the fulfillment of certain conditions as set forth in the instruments of the grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote, since, by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

In recent days, the COVID-19 outbreak in the United States has resulted in economic uncertainties. The Organization's income is made up of contributions and grants, as such, other financial impact could occur, though such potential impact is unknown at this time.

14. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Organization allocates all expenses based on a time allocation of the employees per month and this is done for all expense other than grant expense. Grant expense is directly allocated to grant making. Facility related expenses are allocated based on estimated use of square footage.

15. RETIREMENT PLAN

The Organization had established a SIMPLE IRA plan on September 3, 2019 for all employees. The Organization is required to make matching contribution up to 3% of employee's salary. The Organization made \$39,729 and \$15,488 matching contribution for years ended June 30, 2021 and 2020, respectively.

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16. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of financial position date but before financial statements are issued. The Organization recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Organization's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before financial statements are available to be issued.

Management evaluates events occurring subsequent to June 30, 2021 in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the independent auditors' report which is the date the financial statements were available to be issued.

In September 2021, the Organization's PPP loan was fully forgiven.

No other events have occurred that required recognition or disclosure for the year ended June 30, 2021.