

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

Financial Statements
And
Independent Auditors' Report

For the Years
Ended
June 30, 2020 and 2019



Senior Coastsiders, Inc.

For the Years Ended June 30, 2020 and 2019

Table of Contents

Independent Auditors' Report	Page	1
Statements of Financial Position	Pages	2-3
Statements of Activities and Changes in Net Assets	Pages	4-5
Statements of Functional Expenses	Page	6
Statements of Cash Flows	Page	7
Notes to the Financial Statements	Pages	8-22



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, 2020 and 2019, 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, 2020 and 2019, 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
February 3, 2021

Senior Coastsiders, Inc.
Statements of Financial Position
As of June 30, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 228,942	\$ 5,000	\$ 233,942	\$ 111,830	\$ -	\$ 111,830
Investments	736,525	1,295,687	2,032,212	678,598	1,225,487	1,904,085
Accounts receivable	78,722	70,000	148,722	78,561	70,000	148,561
Prepaid expenses	2,022	-	2,022	1,347	-	1,347
Prepaid rent - current portion	12,156	-	12,156	12,156	-	12,156
Total Current Assets	<u>1,058,367</u>	<u>1,370,687</u>	<u>2,429,054</u>	<u>882,492</u>	<u>1,295,487</u>	<u>2,177,979</u>
Property and Equipment, net	1,016,885	-	1,016,885	1,072,323	-	1,072,323
Other Assets:						
Accounts receivable, net of current portion	-	70,000	70,000	-	140,000	140,000
Prepaid rent	1,116,351	-	1,116,351	1,128,507	-	1,128,507
Total Other Assets	<u>1,116,351</u>	<u>70,000</u>	<u>1,186,351</u>	<u>1,128,507</u>	<u>140,000</u>	<u>1,268,507</u>
Total Assets	<u><u>\$ 3,191,603</u></u>	<u><u>\$ 1,440,687</u></u>	<u><u>\$ 4,632,290</u></u>	<u><u>\$ 3,083,322</u></u>	<u><u>\$ 1,435,487</u></u>	<u><u>\$ 4,518,809</u></u>

(Continued)

See notes to financial statements.

Senior Coastsiders, Inc.
 Statements of Financial Position
 As of June 30, 2020 and 2019
 Continued

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
LIABILITIES AND NET ASSETS						
Current Liabilities:						
Accounts payable and accrued vacation expenses	\$ 57,641	\$ -	\$ 57,641	\$ 55,767	\$ -	\$ 55,767
Total Current Liabilities	57,641	-	57,641	55,767	-	55,767
Other Liabilities:						
Paycheck Protection Program Loan	107,700	-	107,700	-	-	-
Total Other Liabilities	107,700	-	107,700	-	-	-
Total Liabilities	165,341	-	165,341	55,767	-	55,767
Net Assets:						
Without donor restrictions	3,026,262	-	3,026,262	3,027,555	-	3,027,555
With donor restrictions	-	1,440,687	1,440,687	-	1,435,487	1,435,487
Total Net Assets	3,026,262	1,440,687	4,466,949	3,027,555	1,435,487	4,463,042
Total Liabilities and Net Assets	<u>\$ 3,191,603</u>	<u>\$ 1,440,687</u>	<u>\$ 4,632,290</u>	<u>\$ 3,083,322</u>	<u>\$ 1,435,487</u>	<u>\$ 4,518,809</u>

See notes to financial statements.

Senior Coastsiders, Inc.
 Statements of Activities and Change in Net Assets
 For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Support						
Government contracts and grants	\$ 282,144	\$ -	\$ 282,144	\$ 264,000	\$ -	\$ 264,000
Foundation grants	80,000	5,000	85,000	37,500	-	37,500
Contributions	370,568	200	370,768	779,947	100,000	879,947
In-kind contributions	53,922	-	53,922	17,113	-	17,113
Fundraising	65,266	-	65,266	53,430	-	53,430
Less direct fundraising costs	(67,682)	-	(67,682)	(41,934)	-	(41,934)
Total Support	784,218	5,200	789,418	1,110,056	100,000	1,210,056
Revenue						
Thrift store sales	-	-	-	65,126	-	65,126
Less cost of goods sold	-	-	-	(21,492)	-	(21,492)
Member dues	107	-	107	1,245	-	1,245
Program revenue	145,382	-	145,382	158,435	-	158,435
Total Revenue	145,489	-	145,489	203,314	-	203,314
Total Support and Revenue	\$ 929,707	\$ 5,200	\$ 934,907	\$ 1,313,370	\$ 100,000	\$ 1,413,370

(Continued)

See notes to financial statements.

Senior Coastsiders, Inc.
Statements of Activities and Change in Net Assets
For the Years Ended June 30, 2020 and 2019
(Continued)

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Expenses						
Program services	\$ 848,698	\$ -	\$ 848,698	\$ 833,492	\$ -	\$ 833,492
Management and general	144,238	-	144,238	140,545	-	140,545
Total Expenses	<u>992,936</u>	<u>-</u>	<u>992,936</u>	<u>974,037</u>	<u>-</u>	<u>974,037</u>
Other Revenue (Expenses):						
Interest income	15,327	-	15,327	17,974	-	17,974
Dividend income	37,705	-	37,705	28,801	-	28,801
Unrealized gains (losses)	4,927	-	4,927	61,864	-	61,864
Realized gains	282	-	282	5,781	-	5,781
Interest expense	(84)	-	(84)	(171)	-	(171)
Other miscellaneous income	3,779	-	3,779	412	-	412
Total Other Revenue (Expenses):	<u>61,936</u>	<u>-</u>	<u>61,936</u>	<u>114,661</u>	<u>-</u>	<u>114,661</u>
Change in Net Assets	<u>(1,293)</u>	<u>5,200</u>	<u>3,907</u>	<u>453,994</u>	<u>100,000</u>	<u>553,994</u>
Net Assets						
Beginning of year	3,027,555	1,435,487	4,463,042	2,641,645	1,335,487	3,977,132
Distribution to Village of Coastsiders (VOC)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(68,084)</u>	<u>-</u>	<u>(68,084)</u>
End 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>

See notes to financial statements.

Senior Coastsiders, Inc.
Statements of Functional Expenses
For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Compensation	\$ 407,428	\$ 83,449	\$ 490,877	\$ 397,357	\$ 81,386	\$ 478,743
Payroll tax	31,604	6,473	38,077	32,070	6,568	38,638
Other employee benefits	50,845	10,414	61,259	57,698	11,818	69,516
Total compensation and related expenses	489,877	100,336	590,213	487,125	99,772	586,897
Depreciation and amortization	67,218	4,375	71,593	69,291	4,510	73,801
Thrift store expenses	-	-	-	21,419	603	22,022
Food expense	124,605	-	124,605	58,026	-	58,026
Transportation	6,233	-	6,233	8,451	-	8,451
Home rehabilitation	8,203	-	8,203	22,666	-	22,666
Occupancy expense	33,937	3,619	37,556	33,402	3,584	36,986
Professional fees	10,501	26,268	36,769	8,775	22,566	31,341
Office supplies	13,750	2,816	16,566	14,494	2,969	17,463
Postage and delivery	1,602	593	2,195	3,370	673	4,043
Printing and reproduction	672	-	672	2,385	-	2,385
Travel and training	691	60	751	1,862	80	1,942
Insurance	15,198	989	16,187	15,421	1,004	16,425
Communications	6,952	1,424	8,376	5,661	1,160	6,821
Dues and subscriptions	996	204	1,200	450	92	542
Repairs and maintenance	28,966	-	28,966	17,975	-	17,975
Other	12,431	2,246	14,677	12,981	820	13,801
Organizational development	4,702	-	4,702	21,715	1,255	22,970
Utilities	20,090	1,308	21,398	22,378	1,457	23,835
Advertising	2,074	-	2,074	5,645	-	5,645
Total expenses	<u>\$ 848,698</u>	<u>\$ 144,238</u>	<u>\$ 992,936</u>	<u>\$ 833,492</u>	<u>\$ 140,545</u>	<u>\$ 974,037</u>
Percentages	85%	15%	100%	86%	14%	100%

See notes to financial statements.

Senior Coastsiders, Inc.
Statements of Cash Flows
For the Years Ended June 30, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
Cash flows from operating activities						
Change in net assets	\$ (1,293)	\$ 5,200	\$ 3,907	\$ 453,994	\$ 100,000	\$ 553,994
Adjustments to reconcile operating change in net assets to net cash provided by (used in) operating activities:						
Depreciation and amortization	71,593	-	71,593	73,801	-	73,801
Unrealized (gains) losses on investments	(4,927)	-	(4,927)	(61,864)	-	(61,864)
Realized (gains) losses on investments	(282)	-	(282)	(5,781)	-	(5,781)
Distribution to Village of Coastsiders (VOC)	-	-	-	(68,084)	-	(68,084)
(Increase) decrease in accounts receivable	(161)	70,000	69,839	(32,175)	70,000	37,825
(Increase) decrease in inventory	-	-	-	5,464	-	5,464
(Increase) decrease in prepaid rent	12,156	-	12,156	12,156	-	12,156
(Increase) decrease in prepaid expenses	(675)	-	(675)	(826)	-	(826)
Increase (decrease) in accounts payable and accrued vacation and expenses	1,874	-	1,874	2,542	-	2,542
Total Adjustments	<u>79,578</u>	<u>70,000</u>	<u>149,578</u>	<u>(74,767)</u>	<u>70,000</u>	<u>(4,767)</u>
Net cash provided by (Used in) operating Activities	<u>78,285</u>	<u>75,200</u>	<u>153,485</u>	<u>379,227</u>	<u>170,000</u>	<u>549,227</u>
Sale of investments	-	-	-	150,000	-	150,000
Purchase of investments	(52,719)	(70,200)	(122,919)	(526,270)	(170,000)	(696,270)
Purchase of fixed assets	(16,154)	-	(16,154)	-	-	-
Net cash provided by (used in) investing activities	<u>(68,873)</u>	<u>(70,200)</u>	<u>(139,073)</u>	<u>(376,270)</u>	<u>(170,000)</u>	<u>(546,270)</u>
Cash flows from financing activities						
Cash received from PPP loan	<u>107,700</u>	<u>-</u>	<u>107,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided by (used in) financing activities	<u>107,700</u>	<u>-</u>	<u>107,700</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	117,112	5,000	122,112	2,957	-	2,957
Cash and cash equivalents beginning of year	<u>111,830</u>	<u>-</u>	<u>111,830</u>	<u>108,873</u>	<u>-</u>	<u>108,873</u>
Cash and cash equivalents ending of year	<u>\$ 228,942</u>	<u>\$ 5,000</u>	<u>\$ 233,942</u>	<u>\$ 111,830</u>	<u>\$ -</u>	<u>\$ 111,830</u>
<u>Supplemental financial information</u>						
Cash Paid For Interest	\$ 84	\$ -	\$ 84	\$ 171	\$ -	\$ 171

See notes to financial statements.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019

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.

Inventory

Inventory was made up of items for sale in the thrift store operated by the Organization and consisted of clothing and other household items held for sale. Inventory was estimated to be 33% of one month of sales. Inventories were determined using the first-in, first-out method. The Organization determined that no reserve against inventory was deemed necessary. In December 2018, the thrift store was closed.

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, 2020, and 2019 the Organization had a capitalization policy of \$1,500. Depreciation is computed using the straight-line method over the estimated useful lives.

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, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (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.

Distribution to Village of the Coastside

In March 2019, the Village of the Coastside (VOC) spun off into a separate 501(c)(3) organization. As such, VOC's funds were distributed to VOC in March 2019.

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, 2020 and 2019. 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.

Fund Income Allocations – With and Without Donor-Restrictions

All gains and losses arising from the sale, collection or other disposition of investments and fixed assets are accounted for in the fund that owned such assets according to restrictions placed on the original gift. Ordinary income derived from investments with donor restrictions is accounted for in the donor-restricted fund, while ordinary income derived from the donor-restricted endowment is 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).

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2020 and 2019. 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. The tax years that remain subject to potential examination for the U.S. federal jurisdiction are June 30, 2017 and forward. The State of California jurisdiction is subject to potential examination for fiscal tax years June 30, 2016 and forward.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

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.

Contributions

In June 2018, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 improves existing guidance on revenue recognition of grants and contracts to reduce diversity in accounting practice. The amendments in the ASU provide clarified guidance on evaluating whether a transaction should be accounted for as a contribution or an exchange transaction, based on whether a resource provider is receiving corresponding value in return for the resources transferred. ASU 2018-08 also includes an improved framework to determine whether a contribution is conditional and to better distinguish a donor-imposed condition from a donor-imposed restriction. The ASU also modifies the simultaneous release option currently in GAAP which allows a not-for-profit organization to recognize a restricted contribution directly in net assets without donor restrictions if the restriction is met in the same period that the revenue is recognized. This election may now be made for all restricted contributions that were initially classified as conditional without having to elect it for all other restricted contributions and investment returns. The guidance in ASU 2018-08 is effective as follows: transactions in which the Organization is the resource recipient in years beginning after December 15, 2018, and interim periods within years beginning after December 15, 2019; transactions in which the Organization is the resource provider in years beginning after December 15, 2019, and interim periods within years beginning after December 15, 2020. Early adoption is permitted. The Organization has adopted ASU 2018-08 for year ended June 30, 2020. The adoption of the new guidance did not have a material impact on the Organization's financial statements.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

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.

One contributor provided approximately 28% and 19% of total support revenue for the years ended June 30, 2020 and 2019, respectively.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2020 and 2019 consists of the following:

	<u>2020</u>	<u>2019</u>
San Mateo County – Community Development Block Grant (CDBG)	4,084	23,513
AAA	24,106	39,028
Other	50,532	16,020
Endowment fund	<u>140,000</u>	<u>210,000</u>
	<u>\$ 218,722</u>	<u>\$ 288,561</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 between one to five years.

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.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

5. INVESTMENTS (continued)

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.

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 \$10,893 and \$10,900 at June 30, 2020 and 2019, 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.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

5. INVESTMENTS (continued)

Spending Policy (continued)

Investments consisted of the following as of June 30, 2020 and 2019:

	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>

	2019			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market and equivalents	\$ 282,424	\$ 282,424	\$ -	\$ -
Fixed income securities	137,063	137,063	-	-
Equities	1,473,698	1,473,698	-	-
Long-term growth pool	5,366	-	-	5,366
Social impact pool	5,534	-	-	5,534
Total	<u>\$ 1,904,085</u>	<u>\$1,893,185</u>	<u>\$ -</u>	<u>\$ 10,900</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.

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>2020</u>	<u>2019</u>
Beginning Balance	\$ 10,900	\$ 10,869
Interest and Dividend Income	51	29
Net Realized Gain	282	23
Net Unrealized Gain	(26)	125
Investment Management and Support Fees	(314)	(146)
Ending Balance	<u>\$ 10,893</u>	<u>\$ 10,900</u>

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

6. PROPERTY AND EQUIPMENT

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

	Useful Life - Years	<u>2020</u>	<u>2019</u>
Office equipment & computers	5-7	\$48,069	\$41,659
Furniture	7	58,349	58,349
Software	3	1,676	1,676
Kitchen Equipment	7	140,323	130,578
Leasehold improvements	30	<u>1,228,874</u>	<u>1,228,874</u>
Total property and equipment		1,477,291	1,461,136
Less accumulated depreciation		<u>(460,406)</u>	<u>(388,813)</u>
Total property and equipment		<u>\$1,016,885</u>	<u>\$1,072,323</u>

Depreciation and amortization expense for the years ended June 30, 2020 and 2019 was \$71,593 and \$73,801 respectively.

7. PREPAID RENT

Prepaid rent consisted of the following as of June 30:

	<u>2020</u>	<u>2019</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>(74,935)</u>	<u>(62,779)</u>
Total prepaid rent	<u>\$1,128,507</u>	<u>\$1,140,663</u>

Prepaid rent expense for both years ended June 30, 2020 and 2019 was \$12,156.

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

2021	\$ 12,156
2022	12,156
2023	12,156
2024	12,156
2025	12,156
Thereafter	<u>1,067,727</u>
Total prepaid rent	<u>\$1,128,507</u>

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

8. PAYCHECK PROTECTION PROGRAM LOAN

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 Organization intends to use the proceeds for purposes consistent with the PPP. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, it is uncertain on how much of the loan will be forgiven.

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.

In the 2018 fiscal year, the Organization started a fundraiser, 40 More Campaign, with the intent to increase the endowment fund. The total amount raised as of June 30, 2020 and 2019 was \$0 and \$100,000, respectively. For the 2020 fiscal year, the Organization received \$200 endowment fund and \$5,000 foundation grant with donor restriction.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

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, 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.

		June 30, 2020
Financial assets at year-end:		
Cash and cash equivalents	\$	233,942
Investments		736,525
Accounts receivable		78,722
Total Financial assets		1,049,189
Less amounts not available to be used within one year:		
Net assets with donor restrictions greater than one year		-
Financial assets available to meet general expenditures over the next twelve months	\$	1,049,189

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

11. GOVERNMENT GRANTS

<u>2020</u>	Federal Assistant 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>\$ 2,300</u>	<u>\$ 2,300</u>
Total U.S. Department of Agriculture		<u>\$ 2,300</u>	<u>\$ 2,300</u>

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

11. GOVERNMENT GRANTS (continued)

<u>2019</u>	<u>CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
<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	33,983	33,983
Title III C1 - Congregate Nutrition	93.045	56,777	56,777
Title III C2 - Home Delivered Meals	93.045	<u>81,358</u>	<u>81,358</u>
Total U.S. Department of Health and Human Services		<u>204,000</u>	<u>204,000</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Passed through San Mateo County			
Community Development Block Grant	14.218	<u>60,000</u>	<u>60,000</u>
Total U.S. Department of Housing and Urban Development		<u>60,000</u>	<u>60,000</u>
Total Expenditures of Federal Awards		<u>264,000</u>	<u>264,000</u>
Total Government Awards		<u>\$ 264,000</u>	<u>\$ 264,000</u>
 <u>U.S. Department of Agriculture</u>			
Passed through San Mateo County			
Farmer’s Market Nutrition Program Coupons	10.576	<u>1,500</u>	<u>1,500</u>
Total U.S. Department of Agriculture		<u>1,500</u>	<u>1,500</u>

12. IN-KIND CONTRIBUTIONS

For the year ended June 30, 2019, the Organization received clothing and household items for sale at the thrift store. The value of these in-kind contributions is estimated to be 33% of sales. Thrift store was closed in December 2018. For the year ended June 30, 2020, the Organization received food contributions from Second Harvest for in-kind and recorded at their fair market value. 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, 2020 and 2019 were \$53,922 and \$17,113, 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 \$2,300 and \$1,500 for 2020 and 2019.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

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 \$15,488 matching contribution for year ended June 30, 2020.

Senior Coastsiders, Inc.
Notes to the Financial Statements
June 30, 2020 and 2019

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, 2020 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.

On July 21, 2020, the Organization received a \$150,000 loan through the Economic Injury Disaster Loan (EIDL). The loan is payable over 30 years starting 12 months from the date of the note. Interest will accrue at the rate of 2.75% per annum and will accrue only on funds actually advanced from the date(s) of each advance.

No other events have occurred that required recognition or disclosure for the year ended June 30, 2020.