



**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills

We have audited the accompanying financial statements of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and the related statements of activities, 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 statement 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 Community Services Agency of Mountain View, Los Altos, and Los Altos Hills as of June 30, 2019 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills for the year ended June 30, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on October 25, 2018.

Abbott, Stringham & Lynch

October 25, 2019

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENTS OF FINANCIAL POSITION

Assets

	June 30,	
	2019	2018
Current assets:		
Cash and cash equivalents	\$ 565,492	\$ 535,875
Grants and contributions receivable	642,620	763,715
Inventory	110,261	192,976
Investments	260,000	60,000
Prepaid expenses	48,835	29,441
	1,627,208	1,582,007
Grants and contributions receivable, long term	75,000	-
Long term investments	5,308,559	5,149,357
Property and equipment, net of accumulated depreciation and amortization	450,238	448,962
Deposits	20,370	6,581
	\$ 7,481,375	\$ 7,186,907

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 46,265	\$ 65,313
Accrued expenses	351,355	116,837
Deferred revenue	152,274	155,822
	549,894	337,972
Net assets:		
Without donor restrictions:		
Undesignated	1,097,590	1,397,960
Board designated reserves	3,363,588	2,656,550
	4,461,178	4,054,510
With donor restrictions	2,470,303	2,794,425
	6,931,481	6,848,935
	\$ 7,481,375	\$ 7,186,907

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENTS OF ACTIVITIES

	Year Ended June 30,					
	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support:						
Contributions and bequests	\$ 2,013,188	\$ -	\$ 2,013,188	\$ 1,773,660	\$ 2,461,266	\$ 4,280,926
Government grants	496,833	502,450	999,283	765,100	-	765,100
Contributions from United Way	50,365	-	50,365	46,000	-	46,000
Special events, net of direct benefits to donors of \$11,200 and \$6,262	86,886	-	86,886	(892)	-	(892)
In-kind contributions	1,396,544	51,931	1,448,475	1,586,713	-	1,586,713
Total support	4,043,816	554,381	4,598,197	4,170,581	2,461,266	6,631,847
Revenues:						
Net investment income	359,202	-	359,202	253,013	-	253,013
Miscellaneous income	25,376	-	25,376	24,092	-	24,092
Total revenues:	384,578	-	384,578	277,105	-	277,105
Reclassification of donor funds	(233,422)	-	(233,422)	-	-	-
Net assets released from donor restriction	878,503	(878,503)	-	433,469	(433,469)	-
Total support and revenues	5,073,475	(324,122)	4,749,353	4,881,155	2,027,797	6,908,952
Expenses:						
Program services:						
Emergency Assistance	2,309,062	-	2,309,062	2,250,712	-	2,250,712
Senior Nutrition	553,570	-	553,570	508,515	-	508,515
Senior Case Management	653,923	-	653,923	581,521	-	581,521
Alpha Omega	346,545	-	346,545	255,128	-	255,128
Total program services	3,863,100	-	3,863,100	3,595,876	-	3,595,876
Supporting services:						
Management and general	481,363	-	481,363	536,115	-	536,115
Fundraising	322,344	-	322,344	308,806	-	308,806
Total supporting services	803,707	-	803,707	844,921	-	844,921
Total functional expenses	4,666,807	-	4,666,807	4,440,797	-	4,440,797
Change in net assets	406,668	(324,122)	82,546	440,358	2,027,797	2,468,155
Net assets, beginning of year	4,054,510	2,794,425	6,848,935	3,614,152	766,628	4,380,780
Net assets, end of year	<u>\$ 4,461,178</u>	<u>\$ 2,470,303</u>	<u>\$ 6,931,481</u>	<u>\$ 4,054,510</u>	<u>\$ 2,794,425</u>	<u>\$ 6,848,935</u>

See accompanying independent auditor's report and notes to financial statements.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2019

	Program Services				Supporting Services				Total
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 477,389	\$ 165,318	\$ 432,347	\$ 158,407	\$ 1,233,461	\$ 242,608	\$ 178,251	\$ 420,859	\$ 1,654,320
Employee benefits	73,905	44,371	79,787	23,538	221,601	85,285	60,013	145,298	366,899
Payroll taxes	33,565	11,704	30,976	11,405	87,650	24,274	12,764	37,038	124,688
Total salaries and related expenses	584,859	221,393	543,110	193,350	1,542,712	352,167	251,028	603,195	2,145,907
Program assistance	1,489,861	246,384	30,234	97,839	1,864,318	-	-	-	1,864,318
Office operations and support	83,647	31,861	7,243	6,703	129,454	9,947	12,015	21,962	151,416
Professional fees	45,739	4,928	11,011	20,740	82,418	41,550	19,595	61,145	143,563
Occupancy	24,508	13,444	18,082	9,552	65,586	11,975	5,982	17,957	83,543
Depreciation	19,345	9,258	14,639	7,298	50,540	9,803	5,011	14,814	65,354
Insurance	11,402	13,554	6,688	2,888	34,532	22,843	5,861	28,704	63,236
Repair and maintenance	16,054	5,308	8,345	4,182	33,889	5,559	2,841	8,400	42,289
Equipment rental	13,212	2,773	4,385	2,186	22,556	2,936	1,501	4,437	26,993
Auto and travel	7,478	151	5,597	1,208	14,434	176	-	176	14,610
Staff and volunteer recognition	735	19	404	152	1,310	9,951	1,121	11,072	12,382
Miscellaneous	3,056	4,432	1,922	-	9,410	962	-	962	10,372
Bank fees	-	-	-	-	-	1,678	7,821	9,499	9,499
Marketing and advertising	709	-	9	26	744	7,104	301	7,405	8,149
Taxes and licenses	3,842	-	1,647	321	5,810	2,145	-	2,145	7,955
Special events	-	-	-	-	-	202	7,436	7,638	7,638
Training and conferences	4,273	35	604	100	5,012	347	789	1,136	6,148
Dues and subscriptions	342	30	3	-	375	2,018	1,042	3,060	3,435
Total functional expenses	\$ 2,309,062	\$ 553,570	\$ 653,923	\$ 346,545	\$ 3,863,100	\$ 481,363	\$ 322,344	\$ 803,707	\$ 4,666,807
					83%	10%	7%	17%	

See accompanying independent auditor's report and notes to financial statements.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2018

	Program Services				Total Program Services	Supporting Services			Total
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega		Management and General	Fundraising	Total Supporting Services	
Salaries and wages	\$ 399,737	\$ 149,922	\$ 402,249	\$ 132,717	\$ 1,084,625	\$ 284,221	\$ 168,176	\$ 452,397	\$ 1,537,022
Employee benefits	51,440	27,167	47,006	23,942	149,555	87,733	58,998	146,731	296,286
Payroll taxes	32,537	12,063	32,328	10,762	87,690	18,133	13,231	31,364	119,054
Total salaries and related expenses	483,714	189,152	481,583	167,421	1,321,870	390,087	240,405	630,492	1,952,362
Program assistance	1,533,688	241,369	13,213	42,238	1,830,508	-	-	-	1,830,508
Office operations and support	65,078	13,211	5,581	5,031	88,901	5,347	8,567	13,914	102,815
Professional fees	72,452	6,745	16,103	20,096	115,396	61,022	15,939	76,961	192,357
Occupancy	21,019	11,342	16,955	5,313	54,629	9,038	5,031	14,069	68,698
Depreciation	20,044	8,579	15,582	4,743	48,948	8,986	4,642	13,628	62,576
Insurance	17,365	28,448	9,382	2,928	58,123	20,256	4,471	24,727	82,850
Repair and maintenance	13,926	4,566	7,985	2,461	28,938	5,424	2,366	7,790	36,728
Equipment rental	14,081	2,627	4,771	1,452	22,931	2,751	1,422	4,173	27,104
Auto and travel	4,671	45	6,545	2,043	13,304	259	-	259	13,563
Staff and volunteer recognition	1,039	-	215	-	1,254	10,651	1,390	12,041	13,295
Miscellaneous	535	2,365	-	-	2,900	2,307	4	2,311	5,211
Bank fees	113	10	-	34	157	3,671	7,946	11,617	11,774
Marketing and advertising	208	-	208	-	416	10,790	693	11,483	11,899
Taxes and licenses	1,790	11	1,820	726	4,347	1,926	11	1,937	6,284
Special events	-	-	-	-	-	308	14,397	14,705	14,705
Training and conferences	929	45	1,578	642	3,194	334	615	949	4,143
Dues and subscriptions	60	-	-	-	60	2,958	907	3,865	3,925
Total functional expenses	\$ 2,250,712	\$ 508,515	\$ 581,521	\$ 255,128	\$ 3,595,876	\$ 536,115	\$ 308,806	\$ 844,921	\$ 4,440,797
					81%	12%	7%	19%	

See accompanying independent auditor's report and notes to financial statements.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

STATEMENTS OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents

	Year Ended June 30,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 82,546	\$ 2,468,155
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	65,354	62,576
Net unrealized and realized gain on investments	(308,820)	(221,399)
In-kind donations of property and equipment	(46,080)	(38,650)
Changes in assets and liabilities:		
Grants and contributions receivable	46,095	199,407
Inventory	82,715	(25,371)
Prepaid expenses	(19,394)	31,127
Deposits	(13,790)	(4,783)
Accounts payable	(19,048)	23,843
Accrued expenses	234,518	13,169
Deferred revenue	(3,548)	69,530
	100,548	2,577,604
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(20,549)	(67,038)
Reinvestment of interest and dividends, net of fees	(58,764)	(31,614)
Proceeds from sales of investments	1,017,805	-
Purchases of investments	(1,009,423)	(2,500,000)
	(70,931)	(2,598,652)
Net cash used in investing activities		
Net increase (decrease) in cash and cash equivalents	29,617	(21,048)
Cash and cash equivalents, beginning of year	535,875	556,923
Cash and cash equivalents, end of year	\$ 565,492	\$ 535,875
Noncash investing and financing activities:		
In-kind donations of property and equipment	\$ 46,080	\$ 38,650

COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS

Notes to Financial Statements

June 30, 2019 and 2018

Note 1 - Nature of operations

Community Services Agency of Mountain View, Los Altos, and Los Altos Hills (the "Organization") is a California nonprofit public benefit corporation, which has provided a variety of vital services to the residents of Mountain View, Los Altos, and Los Altos Hills since 1957. The Organization solicits donations from a network of sources, including local businesses and grocers, foundations, churches, individuals, and government agencies. The Organization provides the following four major programs:

1. *Emergency Assistance* – The Organization's Emergency Assistance program offers food, access to medical care, and financial support to families and individuals in crisis in order to provide immediate needs. The Organization provides this assistance with its own Food and Nutrition Center, through in-kind donations of school supplies, gift cards, and holiday toys, and with the help of partnering medical care providers in the local community.
2. *Senior Nutrition* – The Organization provides subsidized hot lunches to individuals over age 60 at a local senior center, and provides education and classes promoting nutrition and a healthy lifestyle.
3. *Senior Case Management* – The Organization's caseworkers are trained in geriatric care to assist low-income seniors with access to medical and mental health care, counseling, in-home needs assessments, and community resource referrals.
4. *Alpha Omega* – The Organization partners with other county service providers to reach and assist homeless individuals and families, with the goal of helping to meet immediate needs and to assist in transition to permanent housing.

Note 2 - Summary of significant accounting policies

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial statement presentation

Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without donor restrictions - net assets that are not subject to donor-imposed restrictions. Includes the operating fund (undesignated) and board designated reserves. These funds record the net assets over which the Board of Directors has discretionary control and which are used to carry out operations of the Organization in accordance with its bylaws.

With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. Resources of this fund originate from gifts, grants, and bequests.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

Notes to Financial Statements

June 30, 2019 and 2018

Note 2 - Summary of 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 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. Significant estimates used in preparing these financial statements include the allowance for doubtful accounts, useful lives of property and equipment, value of donated property and equipment and inventory, and functional expense allocations. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and investments with financial institutions with an original maturity of three months or less at the time of purchase.

Grants and contributions receivable

Grants receivable consist of accounts billed to local governmental agencies for services provided under the grant reimbursement agreements as well as grant contributions received but not yet funded at year end.

Contributions are recognized as receivables when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contribution. The discount was determined by management to be insignificant and therefore was not recorded at June 30, 2019.

The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Management has determined that no allowance for doubtful accounts is necessary as of June 30, 2019 and 2018.

Fair value measurements

The Organization has adopted fair value accounting guidance for all applicable assets and liabilities to define fair value, establish a framework for measuring fair value, and enhance fair value measurement disclosure.

Inventory

Inventory consists of food, toys, school supplies and gift cards, the majority of which is donated to the Organization. The inventory is stated at the cost of the items purchased or at an estimated fair value at the time of donation.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
LOS ALTOS, AND LOS ALTOS HILLS**

Notes to Financial Statements

June 30, 2019 and 2018

Note 2 - Summary of significant accounting policies (continued)

Property, equipment, depreciation and amortization

The Organization capitalizes property and equipment acquisitions over \$5,000. Purchased property and equipment are stated at cost less accumulated depreciation. Donated property and equipment are recorded at their estimated fair value at the time of the donation. Depreciation is computed using the straight-line method over the estimated useful life of each asset ranging from three to thirty years. Leasehold improvements are amortized over the shorter of the lease term or their respective estimated useful lives.

Impairment of long-lived assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell. No asset impairment was recognized during the years ended June 30, 2019 and 2018.

Investments

Investments in marketable securities with readily determinable fair value are reported at their fair value. Realized and unrealized gain and losses are reflected as an increase or decrease in net assets without donor restrictions unless their use has been restricted by the donor.

In-kind support and services

Donated property and equipment and other tangible goods are recorded at their estimated fair market value as of the date of the donation. Contributed professional services are recognized if the services received a) create or enhance long-lived assets or b) require specialized skills, are provided by individual possessing those skills, and would typically need to be purchased if not provided by donation, and are recorded at the estimated fair market value at the time the services are rendered. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses, or in the case of long-term assets, over the period benefited. The Organization may also receive donated volunteer services that do not require specific expertise, but are nonetheless central to the Organization's operations. These contributed volunteer services are not reflected in the financial statements.

Grant revenue

Grant revenue is recognized in the period in which the service is provided, generally in proportion to the expenses incurred.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
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Notes to Financial Statements

June 30, 2019 and 2018

Note 2 - Summary of significant accounting policies (continued)

Deferred revenue

Deferred revenue consists of amounts collected from a government grant in advance for rental assistance.

Tax-exempt status

The Organization has been granted tax-exempt status by the Internal Revenue Service (Section 501(c)(3)) and the California Franchise Tax Board (Section 23701d). Accordingly, no provision for income taxes or related credits is included in these financial statements.

The Organization has adopted the accounting standard related to uncertainties in income taxes. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination; therefore, no liability for unrecognized income tax benefits has been recorded as of June 30, 2019 and 2018. The Organization is subject to examination by a major tax jurisdiction back to 2014.

Functional allocation of expenses

The costs of providing various program services and general and administrative expenses have been summarized on a functional basis in the statements of activities. Directly identifiable expenses are charged to the related program or supporting services benefited. Accordingly, certain costs have been allocated among program services and supporting services benefited based on management's estimates. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Organization.

Advertising

Costs associated with advertising are expensed when incurred. Advertising expenses were \$8,149 and \$11,899 for the years ended June 30, 2019 and 2018, respectively.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
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Notes to Financial Statements

June 30, 2019 and 2018

Note 2 - Summary of significant accounting policies (continued)

New accounting pronouncements not yet adopted

In 2014, the FASB issued accounting guidance for reporting revenue from exchange transactions that is significantly different than previous guidance. The new guidance is effective for the Organization's year beginning July 2019. The five-step revenue-recognition process in the new guidance necessitates more judgment and estimation than under previous pronouncements, including identifying performance obligations in the contract, estimating the amount of variable consideration to include in the transaction price and allocating the transaction price to each separate performance obligation. In addition, new financial statement presentation related to contract assets and liabilities will be required, as well as additional financial statement disclosures related to the revenue recognition cycle. This new revenue recognition guidance may be applied using either a full retrospective or a modified retrospective approach upon adoption. The Organization is continuing to evaluate the impact of adopting the new standard on its results of operations and financial position, as well as the method it will use for adoption.

In June 2018, the FASB issued clarifying guidance for accounting for contributions received and contributions made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The new guidance is effective for the Organization's year beginning July 2019. The Organization is currently evaluating the impact of adopting this standard on its financial statements.

In 2016, the FASB issued new accounting guidance for reporting leases, which requires an entity that is a lessee to classify leases as either finance or operating and to recognize a lease liability and a right-of-use asset for all leases that have a term of greater than 12 months. Leases of 12 months or less will be accounted for similar to existing guidance for operating leases. The new standard will be effective for annual reporting periods beginning with July 2020 with early adoption permitted, and must be applied using a modified retrospective approach. The Organization is currently evaluating the impact of adopting this standard on its financial statements and does not expect to adopt the new guidance earlier than required.

Subsequent events

In preparing its financial statements, the Organization has evaluated subsequent events through October 25, 2019, which is the date the financial statements were available to be issued.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
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Notes to Financial Statements

June 30, 2019 and 2018

Note 3 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of June 30, 2019, reduced by amounts not available for general expenditure within one year from this date. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year as of June 30, 2019 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 565,492
Investments	5,568,559
Grants and contributions receivable	<u>717,620</u>
Financial assets, at June 30, 2019	<u>6,851,671</u>
Less:	
Accounts payable and accrued expenses	(397,620)
Grants and contributions receivable, long term	(75,000)
Donor restricted bequest held in long term investments	<u>(1,939,538)</u>
	<u>(2,412,158)</u>
Add:	
Accumulated earnings from donor restricted bequest	<u>60,000</u>
Total financial assets available within one year	4,499,513
Liquidity resources:	
Amounts unavailable to management without Board approval	<u>(3,363,588)</u>
Total financial assets and liquidity resources available within one year	<u><u>\$ 1,135,925</u></u>

During the fiscal year ended June 30, 2018, the Organization received a \$2,000,000 bequest to support the senior case management program. Management has elected to invest the original gift amount with the strategy of long-term growth using the funds to support the senior case management over 20 years.

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
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Notes to Financial Statements

June 30, 2019 and 2018

Note 4 - Investments

The Organization holds three separate investment accounts at a brokerage firm. The investments are recorded at fair value and are invested in mutual funds, exchange traded funds, and certificates of deposit. The underlying investments include domestic and foreign securities primarily focusing on financial services, technology, industrial, and real estate sectors.

The table below summarizes restrictions and designations of investments:

	June 30,			
	2019		2018	
	Short term	Long term	Short term	Long term
Investments - undesignated	\$ 200,000	\$ 65,433	\$ -	\$ 555,322
Investments - donor restricted	60,000	1,879,538	60,000	1,937,485
Investments - Board designated	-	3,363,588	-	2,656,550
	\$ 260,000	\$ 5,308,559	\$ 60,000	\$ 5,149,357

Net investment income during the year ended June 30, 2019 and 2018 consisted of the following:

	June 30,	
	2019	2018
Interest and dividends	\$ 74,066	\$ 49,154
Net realized and unrealized gains	308,820	221,399
Investment management fees	(23,684)	(17,540)
	\$ 359,202	\$ 253,013

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW,
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Notes to Financial Statements

June 30, 2019 and 2018

Note 5 - Fair value measurements

The Organization adopted fair value accounting for all applicable assets and liabilities. This guidance clarifies that fair value is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or a liability. The fair value hierarchy requires the Organization to use observable inputs and minimize the use of unobservable inputs when measuring fair value. As a basis for considering such assumptions, the standards establish a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value:

- Level 1: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2: Other inputs that are directly or indirectly observable in the marketplace. Included in this category are certificates of deposit that are valued at amortized cost, which approximates fair value.
- Level 3: Unobservable inputs which are supported by little or no market activity.

The following are the major categories of assets measured at fair value on a recurring basis:

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market fund	\$ 375,327	\$ -	\$ -	\$ 375,327
Stock funds	2,213,659	-	-	2,213,659
Bond funds	1,958,121	-	-	1,958,121
Total mutual funds	4,547,107	-	-	4,547,107
Equity exchange traded funds	104,039	-	-	104,039
Certificates of deposit	-	917,413	-	917,413
Total investments at fair value	<u>\$ 4,651,261</u>	<u>\$ 917,413</u>	<u>\$ -</u>	<u>\$ 5,568,559</u>
	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market fund	\$ 1,075,328	\$ -	\$ -	\$ 1,075,328
Stock funds	1,949,403	-	-	1,949,403
Bond funds	1,473,066	-	-	1,473,066
Total mutual funds	4,497,797	-	-	4,497,797
Equity exchange traded funds	53,204	-	-	53,204
Certificates of deposit	-	658,356	-	658,356
Total investments at fair value	<u>\$ 4,551,001</u>	<u>\$ 658,356</u>	<u>\$ -</u>	<u>\$ 5,209,357</u>

The carrying amounts of the Organization's other assets and liabilities on its statements of financial position approximates fair value because of their short maturities.

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Notes to Financial Statements

June 30, 2019 and 2018

Note 6 - Property and equipment

Property and equipment consisted of the following:

	June 30,	
	2019	2018
Land	\$ 80,000	\$ 80,000
Buildings	1,285,665	1,277,165
Furniture and equipment	80,880	80,880
Vehicles	114,520	114,520
Computer equipment	143,512	97,432
Construction in progress	12,050	-
	1,716,627	1,649,997
Less accumulated depreciation and amortization	(1,266,389)	(1,201,035)
	\$ 450,238	\$ 448,962

Depreciation and amortization expense for the years ended June 30, 2019 and 2018 was \$65,354 and \$62,576, respectively.

Note 7 - Accrued expenses

Accrued expenses consisted of the following:

	June 30,	
	2019	2018
Accrued vacation	\$ 84,152	\$ 83,607
Accrued payroll and related taxes	40,468	30,125
Unused grant funds	224,568	-
Other accrued expenses	2,167	3,105
	\$ 351,355	\$ 116,837

Note 8 - Board designated net assets

The Board designated reserves consisted of the following:

	June 30,	
	2019	2018
Operating reserve	\$ 2,257,902	\$ 1,768,183
Capital reserve	433,196	367,842
Investments designated for programs	672,490	520,525
	\$ 3,363,588	\$ 2,656,550

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Note 9 - Net assets with donor restrictions

Net assets with donor restrictions consist of the following:

	June 30,	
	2019	2018
Contributions designated for specific programs:		
Senior case management	\$ 1,939,538	\$ 2,043,478
Emergency assistance	-	111,341
Holiday sharing	20,230	48,605
Food and nutrition program	8,085	44,532
	1,967,853	2,247,956
Contributions with timing restrictions	150,000	150,000
Contributions designated for specific programs and with timing restrictions:		
Senior case management	195,000	200,000
Emergency assistance	157,450	196,469
	352,450	396,469
	\$ 2,470,303	\$ 2,794,425

Net assets released from donor restrictions by incurring expenses satisfying donor restricted purposes or by the passage of time are as follows:

	Year Ended June 30,	
	2019	2018
Passage of time	\$ 150,000	\$ 433,469
Purpose restrictions fulfilled	728,503	-
	\$ 878,503	\$ 433,469

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Note 10 - In-kind contributions

In-kind contributions are recorded in the financial statements at the estimated fair market value. The in-kind contributions consisted of the following:

	Year Ended June 30,	
	2019	2018
Donated food, toys, school supplies and gift cards	\$ 1,244,895	\$ 1,390,563
Contributed rent	157,500	157,500
Donated property and equipment	46,080	38,650
	\$ 1,448,475	\$ 1,586,713

The Organization also received 12,222 and 14,111 hours of donated services from unpaid volunteers assisting in various program, administrative and fundraising activities for the years ended June 30, 2019 and 2018, respectively. No amounts have been recognized in the accompanying statements of activities because of the criteria for recognition of such volunteer efforts have not been met. Volunteer hours by program or function are described below:

	Year Ended June 30,	
	2019	2018
Emergency assistance	8,687	8,030
Senior nutrition	1,960	1,956
Senior case management	811	1,563
Management and general	764	2,562
	12,222	14,111

Note 11 - Operating leases

The Organization has various leases for office equipment expiring through August 2020. The payments for the leases range from \$181 to \$915 per month. The total lease expense for each of the years ended June 30, 2019 and 2018 amounted to \$19,262. The future minimum lease commitments for the years ended June 30, 2020 and 2021 are \$16,467 and \$1,830, respectively.

Note 12 - Retirement plans

The Organization maintains two defined contribution plans with one plan allowing employer contributions only and the other allowing employee contributions only. Both Plans operate under Internal Revenue Code Section 403(b). All eligible employees can defer a percentage of their gross salary into the employee contribution only plan, not to exceed the annual IRS limit. The employer participatory plan requires the Organization to contribute 7% of participants' compensation per year. Participants fully vest upon the earlier of three years of employment, attainment of age 55, permanent disability or death. During the years ended June 30, 2019 and 2018, the Organization made contributions of \$66,553 and \$48,541, respectively.

COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS

Notes to Financial Statements

June 30, 2019 and 2018

Note 13 - Concentrations and contingencies

Concentrations

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash and grants and contributions receivable.

The Organization maintains its cash accounts with credit-worthy financial institutions. The Organization maintains its cash in bank deposit accounts which, at times, may exceed the level insured by the Federal Deposit Insurance Corporation. As of June 30, 2019, the Organization has not experienced any losses on such accounts. Management believes it is not exposed to any significant risk on cash accounts.

During the year ended June 30, 2019, the Organization generated approximately 17% of its total contribution revenue from one donor and approximately 32% of its total grant revenue from one granting agency. Receivables from the donor and the granting agency amounted to approximately 44% and 9%, respectively, of total grants and contributions receivable at June 30, 2019.

During the year ended June 30, 2018, the Organization generated approximately 59% of its total contribution revenue from two donors and approximately 41% of its total grant revenue from one granting agency. The receivable balances were not significant at June 30 2018. The grant revenue concentrations for the years ended June 30, 2019 and 2018, were from the same granting agency.

Contingencies

Conditions and restrictions contained within various contracts, grants, and donations awarded to the Organization are subject to the funding agencies' criteria and regulations and donors restrictions under which expenditures may be charged against, and are subject to audit under such regulations, criteria, and restrictions. Occasionally, funders may determine that certain costs incurred against the grants may not comply with the established criteria that govern them, or the Organization may not be able to spend all the funds for the intended purpose in the specified period. In such cases, the Organization could be held responsible for repayments to the funding source for the costs, or be subject to the reductions of future funding in the amount of the costs.

The Organization is self-insured for State unemployment insurance. Management believes that the current unemployment insurance reserve is sufficient and the future claims will not exceed the existing reserve amount.

Note 14 - Risks and uncertainties

The Organization depends on contributions and grants for a portion of its revenue. The ability of certain of the Organization's contributors and grantors to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions. While the Board of Directors believes the Organization has the resources to continue current and future programs, its ability to do so, and the extent to which it does continue, may be dependent on the above factors.

The Organization holds investments in various investment vehicles outlined above. These securities are exposed to various risks such as interest rate and market risks. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonably possible that changes in the risk factors will occur in the near term that could materially affect the value of the investments reported in the accompanying financial statements.

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Notes to Financial Statements

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Note 15 - Reclassifications

Certain reclassifications have been made to the June 30, 2018 financial statements to conform to the June 30, 2019 financial statement presentation.