

**SANTA CLARITA VALLEY COMMITTEE
ON AGING CORPORATION**

**OMB CIRCULAR A-133 AUDIT REPORTS
June 30, 2014, With Comparative Totals
For the Year Ended June 30, 2013**

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SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
Table of Contents

| | <u>Page</u> |
|--|-------------|
| Independent Auditors' Report | 1 |
| Financial Statements | |
| Consolidated Statements of Financial Position | 4 |
| Consolidated Statements of Activities | 5 |
| Consolidated Statements of Functional Expenses | 6 |
| Consolidated Statements of Cash Flows | 7 |
| Notes to Consolidated Financial Statements | 8 |
| Supplemental Information | |
| Schedule of Expenditures of Federal and Non-Federal Awards | 25 |
| Schedule of Findings and Questioned Costs | 26 |
| Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards | 28 |
| Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133 | 30 |
| Schedule I - Consolidated Schedule of Activities by Program | 33 |



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Santa Clarita Valley Committee on Aging Corporation
Santa Clarita, California

We have audited the accompanying financial statements of Santa Clarita Valley Committee on Aging Corporation (a California nonprofit organization), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 Santa Clarita Valley Committee on Aging Corporation as of June 30, 2014, 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.

Report on Summarized Comparative Information

We have previously audited the Santa Clarita Valley Committee on Aging Corporation's June 30, 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 24, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 17, 2015, on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santa Clarita Valley Committee on Aging Corporation's internal control over financial reporting and compliance.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Supplemental Schedule I is presented for the purpose of additional analysis of the financial statements rather than present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



STERN, KORY, SREDEN & MORGAN
An Accountancy Corporation

Stevenson Ranch, California
March 17, 2015

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014 WITH COMPARATIVE CONSOLIDATED TOTALS FOR JUNE 30, 2013

| | 2014 | 2013 |
|---|--------------------|--------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 458,914 | \$ 388,237 |
| Restricted cash | 97,044 | 100,544 |
| Investments in limited liability partnerships | 5,095 | 5,095 |
| Grants and other receivables | 271,938 | 288,242 |
| Prepaid expenses and other assets | 24,477 | 63,554 |
| Property and equipment, net | 697,195 | 634,542 |
| TOTAL ASSETS | \$1,554,663 | \$1,480,214 |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable | \$ 98,336 | \$ 62,917 |
| Accrued liabilities | 75,159 | 99,964 |
| Capital lease obligation | 114,724 | 40,548 |
| Total Liabilities | 288,219 | 203,429 |
| NET ASSETS | | |
| Unrestricted | 1,169,400 | 1,176,241 |
| Temporarily restricted | 97,044 | 100,544 |
| Total Net Assets | 1,266,444 | 1,276,785 |
| TOTAL LIABILITIES AND NET ASSETS | \$1,554,663 | \$1,480,214 |

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014, WITH COMPARATIVE
CONSOLIDATED TOTALS FOR THE YEAR ENDED JUNE 30, 2013

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> | |
|---|---------------------|-----------------------------------|---------------------|---------------------|
| | | | <u>2014</u> | <u>2013</u> |
| Public Support and Revenue | | | | |
| Public support: | | | | |
| Special events revenue | \$ 147,260 | \$ - | \$ 147,260 | \$ 136,890 |
| Government grants | 1,594,193 | - | 1,594,193 | 1,794,515 |
| Private foundation grants | 34,000 | - | 34,000 | 134,500 |
| Contributed rent and utilities | 390,492 | - | 390,492 | 390,492 |
| Donations | 208,567 | 100 | 208,667 | 216,450 |
| Total public support | <u>2,374,512</u> | <u>100</u> | <u>2,374,612</u> | <u>2,672,847</u> |
| Revenue: | | | | |
| Program income | 558,440 | - | 558,440 | 554,032 |
| Interest income | 330 | - | 330 | 113 |
| Miscellaneous income | 23,798 | - | 23,798 | 8,064 |
| Total revenue | <u>582,568</u> | <u>-</u> | <u>582,568</u> | <u>562,209</u> |
| Total public support and revenue | <u>2,957,080</u> | <u>100</u> | <u>2,957,180</u> | <u>3,235,056</u> |
| Expenses | | | | |
| Operating expenses: | | | | |
| Program services | 2,614,477 | 3,600 | 2,618,077 | 2,726,441 |
| Management and general | 245,399 | - | 245,399 | 167,241 |
| Fundraising | 104,045 | - | 104,045 | 144,913 |
| Total expenses | <u>2,963,921</u> | <u>3,600</u> | <u>2,967,521</u> | <u>3,038,595</u> |
| Increase (decrease) in net assets | (6,841) | (3,500) | (10,341) | 196,461 |
| Net assets at beginning of year | <u>1,176,241</u> | <u>100,544</u> | <u>1,276,785</u> | <u>1,080,324</u> |
| Net assets at end of year | <u>\$ 1,169,400</u> | <u>\$ 97,044</u> | <u>\$ 1,266,444</u> | <u>\$ 1,276,785</u> |

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014, WITH COMPARATIVE
CONSOLIDATED TOTALS FOR THE YEAR ENDED JUNE 30, 2013

| | Program Services | Management and General | Fundraising | Total | |
|---------------------------------------|---------------------|---------------------------|-------------------|---------------------|---------------------|
| | | | | 2014 | 2013 |
| Expenses: | | | | | |
| Salaries | \$ 1,050,212 | \$ 52,501 | \$ 17,188 | \$ 1,119,901 | \$ 1,147,101 |
| Payroll taxes | 79,772 | 11,075 | 1,306 | 92,153 | 118,305 |
| Employee benefits | 177,131 | 28,188 | 1,881 | 207,200 | 166,086 |
| Total personnel costs | 1,307,115 | 91,764 | 20,375 | 1,419,254 | 1,431,492 |
| Other Expenses: | | | | | |
| Food, beverages and food supplies | 357,654 | 1,758 | - | 359,412 | 333,884 |
| Contributed rent and utilities | 390,492 | - | - | 390,492 | 390,492 |
| Vehicle operations | 134,749 | 3,040 | - | 137,789 | 148,185 |
| Instructor fees | - | - | - | - | 44,615 |
| Building supplies | 53,723 | 276 | - | 53,999 | 67,249 |
| Depreciation | 57,031 | 57,114 | 1,847 | 115,992 | 91,709 |
| Utilities | 56,071 | 6,367 | - | 62,438 | 54,897 |
| Outside services | 39,535 | 7,972 | 591 | 48,098 | 53,635 |
| Telephone | 9,455 | 847 | - | 10,302 | 14,399 |
| Insurance | 31,178 | 4,357 | 18,437 | 53,972 | 43,874 |
| Equipment rental | 44,978 | 3,654 | - | 48,632 | 36,595 |
| Office expense | 18,462 | 2,259 | 266 | 20,987 | 26,186 |
| Miscellaneous | 3,409 | 4,793 | - | 8,202 | - |
| Repairs and maintenance | 14,800 | 6,231 | - | 21,031 | 13,207 |
| Professional/legal expense | 56,032 | 21,659 | 2,800 | 80,491 | 131,637 |
| Trips | 23,027 | - | - | 23,027 | 17,393 |
| Promotion | 3,656 | 27,725 | 560 | 31,941 | 32,704 |
| Client services | 1,367 | 3,786 | - | 5,153 | 49,807 |
| Staff training and mileage | 4,830 | 578 | 151 | 5,559 | 7,753 |
| Fundraising event expenses | - | 164 | 58,553 | 58,717 | 41,906 |
| Rent | 2,762 | 208 | - | 2,970 | 3,267 |
| Dues and memberships | 74 | 6 | 440 | 520 | 523 |
| Interest | - | - | - | - | 1,148 |
| Recruitment | 256 | 18 | - | 274 | 178 |
| Taxes and licenses | 3,821 | 823 | 25 | 4,669 | 1,860 |
| Total 2014 functional expenses | \$ 2,614,477 | \$ 245,399 | \$ 104,045 | \$ 2,963,921 | |
| | 88% | 8% | 4% | 100% | |
| Total 2013 functional expenses | \$ 2,726,441 | \$ 167,241 | \$ 144,913 | | \$ 3,038,595 |
| | 90% | 6% | 4% | | 100% |

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014, WITH COMPARATIVE
CONSOLIDATED TOTALS FOR THE YEAR ENDED JUNE 30, 2013

| | <u>2014</u> | <u>2013</u> |
|--|-------------------|-------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ (10,341) | \$ 196,461 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Depreciation and amortization | 115,992 | 91,709 |
| Gain on disposal of property and equipment | (11,939) | - |
| Donated vehicle | (66,337) | - |
| Decrease (increase) in assets - | | |
| Restricted cash | 3,500 | 4,409 |
| Grants and other receivables | 16,304 | (154,150) |
| Prepaid expenses and other assets | 39,077 | (20,119) |
| Increase (decrease) in liabilities - | | |
| Accounts payable | 35,419 | (73,238) |
| Accrued liabilities | (24,805) | (25,759) |
| Net Cash Provided by Operating Activities | <u>96,870</u> | <u>19,313</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of property and equipment | 26,600 | - |
| Investments in limited liability partnerships | - | 33 |
| Purchase of property and equipment | - | (14,604) |
| Net Cash Provided by (Used in) Investing Activities | <u>26,600</u> | <u>(14,571)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net decrease in line of credit | - | (100,000) |
| Repayment of capital lease obligation | (52,793) | (1,260) |
| Net Cash Used in Financing Activities | <u>(52,793)</u> | <u>(101,260)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | 70,677 | (96,518) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 388,237 | 484,755 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>\$ 458,914</u> | <u>\$ 388,237</u> |
| SUPPLEMENTARY INFORMATION | | |
| Interest paid | <u>\$ -</u> | <u>\$ 1,148</u> |
| SUPPLEMENTARY NONCASH INFORMATION | | |
| Acquisition of vehicles through capital lease | <u>\$ 126,968</u> | <u>\$ 41,810</u> |
| Acquisition of donated vehicle | <u>\$ 66,337</u> | <u>\$ -</u> |

SEE ACCOMPANYING NOTES AND INDEPENDENT AUDITORS' REPORT

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - NATURE OF ORGANIZATION

Santa Clarita Valley Committee on Aging Corporation (SCVCOAC) is a nonprofit Section 501(c)(3) charitable organization established under California law in 1976 and is dedicated to providing a full range of services for the elderly, functionally impaired and the Santa Clarita community at large. The SCVCOAC enhances independence, dignity, and quality of life through community resource management and coordination, advocacy and a full spectrum of direct services.

The Santa Clarita Valley Senior Center (the Center) located at 22900 Market Street, Santa Clarita, California is the principal place of business for the SCVCOAC. The Center's name refers to both the building at this address and the comprehensive list of services and programs that emanate from the Center. The SCVCOAC and the Center currently serve more than 10,000 individuals annually through varied programming that includes Congregate and Home Delivered Meals, Intergenerational Recreation and Life-Long Learning, Adult Day Care, Housing Rehabilitation and Home Modifications, Transportation, Integrated Care Management, Mental Health Referrals and Counseling Services, Caregiving Services, Visually Impaired Assisted Services, Consumer Education, Advocacy and Benefits Counseling and Affordable Housing. The Center also maintains vital community collaborations that provide programs such as Legal Assistance, Senior Training and Employment and Health and Wellness programs.

Despite the economically challenging years for our funding and charitable giving, the SCVCOAC increased services to seniors and functionally impaired adults. Every person who sought assistance and met qualifications for one or more of the 21 program and service categories offered at the Center received services. Cost savings due to low overhead and consolidation of several staff positions made the increase in services possible. The next fiscal year brings the challenge of expanding need, especially in the Congregate and Home Delivered Meal programs, and decreased funding to senior programs in general. The ability to continue to serve seniors in the Santa Clarita Valley will depend on the SCVCOAC's ability to identify and access new revenue sources.

The SCVCOAC and the Center's tradition of service and comprehensive one-stop programming has earned the SCVCOAC the distinction of being a Los Angeles County Focal Point on Aging. Centralized services promote cost efficiencies in service delivery and easy access to services for seniors who lack transportation or may be frail or functionally impaired.

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - NATURE OF ORGANIZATION (Continued)

In April 2008, Santa Clarita Valley Senior Center Foundation, Inc. (the Foundation), a nonprofit corporation organized under the laws of the State of California, was formed. The Foundation was formed to raise money and accept charitable donations in compliance with all applicable local, state and federal laws which apply to nonprofit supporting organizations as defined by Section 509(a)(3) for the Internal Revenue Code. The Foundation is operated exclusively to support the SCVCOAC. As of June 30, 2013, the Foundation is no longer in operation.

The SCVCOAC also operates as the fiscal sponsor for the Santa Clarita Valley Disaster Coalition (the Coalition). The SCVCOAC retains funds for the Coalition to deliver a multitude of services and support to primarily victims of local disasters that include fire, flood and earthquake. On occasion, the Coalition lends support to victims of disasters in other locales in the United States. Donations made to the Coalition are for restricted use for disaster-related purposes and funds are dispensed to disaster victims at the sole discretion of the Coalition.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principle of Consolidation

For the year ended June 30, 2013, the financial statements of SCVCOAC and Santa Clarita Valley Senior Center Foundation, Inc. (the Foundation) were prepared on a consolidated basis. All significant intercompany accounts and transactions were eliminated in consolidation. As of June 30, 2013, the Foundation is no longer in operation. For the year ended June 30, 2014, the financial statements of SCVCOAC were prepared as a single entity.

Basis of Accounting

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America whereby revenue is recognized when earned and expenses are recognized when incurred.

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The Organization distinguishes between contributions and other revenue sources that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributed services meeting certain criteria at fair values. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The statements of activities and functional expenses include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization financial statements for the year ended June 30, 2013, from which the summarized information was derived.

Cash, Cash Equivalents and Restricted Cash

For the purposes of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates its fair value at June 30, 2014.

The Organization maintains its cash and cash equivalents balances at various banks located in Southern California. At times, balances in these accounts may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments in Limited Liability Partnerships

The SCVCOAC holds general interests in three limited partnerships, which are each accounted for using the equity method of accounting. The equity method is used to account for an investment of less than a 20% ownership when an entity has the ability to significantly influence the financial and operating policies of the entity in which it has invested. Under the equity method, an investment is initially recorded at cost. Thereafter, the carrying amount of the investment is (a) increased for the SCVCOAC's proportionate share of the entity's earnings or (b) decreased for the SCVCOAC's proportionate share of the entity's losses or for dividends received from the entity.

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Other Receivables

Receivables are recorded when billed or accrued and represent claims against third parties that will be settled in cash. The carrying value of receivables, net of the allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical collection trends, type of customer, the age of outstanding receivables and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collectability of those balances and the allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due. As of June 30, 2014, the majority of receivables are due from governmental agencies; the SCVCOAC evaluated the collectability of the grants receivable and determined no allowance for doubtful accounts was necessary.

Bequests Receivable

The SCVCOAC has been named a beneficiary in a number of bequests in the past. Bequests are not recognized as support until all of the following conditions are met: the demise of testator, the amount of the bequest is known, the SCVCOAC is certain that, based on the estate's net assets, the amount bequeathed is realizable and the probate court has declared the will valid.

Certain of its gifts have not been recorded in the accompanying consolidated financial statements because donors' wills have not yet been declared valid by the probate court and/or the value of the amounts to be received is not yet determinable. The SCVCOAC will record and report all such gifts as the value is determined.

Property and Equipment

Property and equipment are recorded at cost if purchased or at fair value at the date of donation if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. Maintenance and repair costs are charged to expense as incurred. Property and equipment are capitalized if the cost of an asset is greater than or equal to \$5,000 and the useful life is greater than one year. The estimated useful lives are as follows:

| | |
|-----------------------|--|
| Vehicles | 5 - 10 years |
| Modular trailers | 30 years |
| Building improvements | 30 years or lease term, whichever is shorter |
| Office equipment | 5 years |

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Lived Assets

The SCVCOAC reviews the carrying values of its long-lived assets for possible impairment whenever events or changes in circumstances indicate that the book value of the assets may not be recoverable. An impairment loss is recognized when the sum of the undiscounted future cash flows is less than the carrying amount of the asset in which case a write-down is recorded to reduce the related asset to its estimated fair value. No impairment losses were recognized during the year ended June 30, 2014.

Net Assets

To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- **Unrestricted.** These generally result from revenues generated by receiving unrestricted contributions, providing services and receiving income from investments less expenses incurred in providing program related services, raising contributions and performing administrative functions.
- **Temporarily Restricted.** The Organization reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from program or capital restrictions. The Organization has temporarily restricted net assets of \$97,044 at June 30, 2014.

Restricted contributions received and spent in the same year are treated by the Organization as unrestricted for reporting purposes.

- **Permanently Restricted.** These stipulate that resources are to be maintained permanently but permit the Organization to expend all of the income or other economic benefits derived from the donated assets. The Organization has no permanently restricted net assets at June 30, 2014.

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

In the absence of donor restrictions, contributions, grants and bequests are considered to be available for unrestricted use. Contributions are recognized in the period when the contribution is received or unconditional promise to give is made. Donated assets are recorded as contributions at their fair market value. Program service fees are recognized in the period the program takes place. Payments received in advance of program or classes are deferred at year-end. Assets received with donor-imposed conditions are reported as a liability until the conditions have been substantially met or explicitly waived by the donor.

Contributed Goods and Services

Contributions of donated non-cash assets are recorded at fair value in the period received. Contributions of donated services are recognized if the services received either create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization receives donated rent from the County of Los Angeles Department of Parks and Recreation and Bouquet Canyon Seniors, L.P. (Bouquet Canyon) as well as donated rent and utilities from the Building Association of The Old West. Management estimates the fair value of the donated rent and utilities to be \$390,492 for the year ended June 30, 2014.

Concentration of Credit Risk

Financial instruments which potentially subject the SCVCOAC to credit risk are primarily grants and other receivables. The primary grants and other receivables balance outstanding at June 30, 2014, consists of government contract receivables due from county, state and federal granting agencies. Concentration of credit risks with respect to these receivables is limited, as the majority of the SCVCOAC's receivables consist of earned fees from contract programs granted by governmental agencies.

The SCVCOAC conducts ongoing credit evaluations, but does not obtain collateral or other forms of security. The SCVCOAC believes its credit policies do not result in significant adverse risk and, historically, it has not experienced significant credit-related losses.

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments

For certain of the Organization's financial instruments, including cash, accounts payable and other current assets and liabilities, the carrying amounts approximate fair value due to their short maturities.

Should the Organization's assets and liabilities require a re-evaluation due to conditions such as an estimated impairment, Organization management will estimate the fair value of these assets and liabilities using significant observable inputs such as future cash flows and the value of similar assets and liabilities in active markets.

Income Taxes

The Organization is exempt from federal income and California franchise taxes under Sections 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Revenue and Taxation Code. The Organization is not considered a private foundation. There was no unrelated business income for the year ended June 30, 2014. Accordingly, no provision for federal or state franchise taxes has been included in these financial statements.

Accounting for Uncertainty in Income Taxes

The Organization adopted the guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded. There was no effect related to the adoption of this new guidance. The 2010 through 2013 tax years remain subject to examination by the Internal Revenue Service. In addition, the 2009 through 2013 tax years remain subject to examination by the State of California.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. During the year, such costs are accumulated into separate groupings as either direct or indirect. Indirect or shared costs are allocated among program and support services by a method that best measures the relative degree of benefit. The SCVCOAC uses direct salaries to allocate indirect costs.

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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

NOTE 3 - INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS

(a) Bouquet Canyon

The SCVCOAC entered into a limited partnership, Bouquet Canyon Seniors, L.P. (Bouquet Canyon), in July 1998. This limited partnership was formed under the laws of the State of California to acquire land, develop, own and operate a 264 unit, multi-family, affordable senior housing complex known as Bouquet Canyon Seniors in the City of Santa Clarita, California. The SCVCOAC was a special limited partner through the land acquisition and development phase of the project and was converted to managing general partner upon completion of the project. As managing general partner, the SCVCOAC does not have an obligation to contribute funds to the limited partnership or to fund any operating deficits. All debt of the project is non-recourse to the SCVCOAC, and the SCVCOAC is fully indemnified by the other general partner (jointly and severally) from all costs, expenses, damages and liabilities incurred by the limited partnership.

The SCVCOAC has entered into a 30-year, non-cancelable Social Services Agreement with the limited partnership to offer certain social, meal and transportation services to the residents of the Bouquet Canyon Senior complex. Fees under this agreement are reported as program income in the Organization's consolidated financial statements. For the year ended June 30, 2014 the SCVCOAC earned a fee of \$88,554.

The allocation of loss for the year ended December 31, 2013, is as follows:

| | <u>Ownership %</u> | <u>Allocation of Loss</u> |
|---|--------------------|---------------------------|
| Managing general partner - The SCVCOAC | 0.05% | \$ (37) |
| Additional general partner - Bouquet Canyon Partners, LLC | 0.05% | (37) |
| Limited partner - Edison Capital Housing Partners X, LP | 99.90% | (74,481) |
| | <u>100.00%</u> | <u>\$ (74,555)</u> |

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS (Continued)

(a) Bouquet Canyon (Continued)

A summary of the latest audited financial information of Bouquet Canyon at December 31, 2013, which was audited by other auditors, is as follows:

| | |
|---|-----------------------------|
| Assets | |
| Cash | \$ 225,010 |
| Investment in rental property, net | 12,312,238 |
| Other assets | <u>869,325</u> |
| Total Assets | <u><u>\$ 13,406,573</u></u> |
| Liabilities | |
| Mortgage and notes payable | \$ 10,699,328 |
| Other liabilities | <u>272,292</u> |
| Total liabilities | <u>10,971,620</u> |
| Partners' equity | |
| Partners' equity - general | 8,660 |
| Partners' equity - limited | <u>2,426,293</u> |
| Total partners' equity | <u>2,434,953</u> |
| Total liabilities and partners' equity | <u><u>\$ 13,406,573</u></u> |
| Revenue | |
| Operating and other expenses | \$ 3,047,151 |
| Depreciation and amortization | <u>(2,530,788)</u> |
| | <u>(590,918)</u> |
| Net loss | <u><u>\$ (74,555)</u></u> |

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 - INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS (Continued)

(b) Canyon Country Communities, L.P.

The SCVCOAC entered into a limited partnership, Canyon Country Communities, L.P. (Canyon Country Communities), on July 1, 2002. The SCVCOAC is the managing general partner of this limited partnership, which was formed under the laws of the State of California to acquire land, develop, own and operate a 200 unit, multi-family, low income senior housing complex in the Canyon Country area of the City of Santa Clarita, California (the project). The SCVCOAC, as managing general partner, has certain financial protections in this limited partnership, similar to Bouquet Canyon. Specifically, the SCVCOAC does not have an obligation to contribute funds to the limited partnership or to fund the construction or any subsequent operating deficits of the project. All debt of the limited partnership is non-recourse to the SCVCOAC, and the SCVCOAC is fully indemnified by the other general partner (jointly and severally) from any and all costs, expenses, damages and liabilities incurred by the limited partnership.

The SCVCOAC is compensated for its services as managing general partner for social services, home modification, and transportation services as needed to the residents of the Canyon Country Seniors complex. For the year ended June 30, 2014 the SCVCOAC earned a fee of \$36,000 for services provided.

The allocation of profit for the year ended December 31, 2013, is as follows:

| | <u>Ownership %</u> | <u>Allocation of Profit</u> |
|--|--------------------|-----------------------------|
| Managing general partner - The SCVCOAC | 0.001% | \$ 5 |
| Additional general partner - RHC - Canyon, L.P. | 0.009% | 43 |
| Limited partner - Canyon Country LLC c/o Column Capital LLC | <u>99.990%</u> | <u>477,471</u> |
| | <u>100.000%</u> | <u>\$ 477,519</u> |

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS (Continued)

(b) Canyon Country Communities, L.P. (Continued)

A summary of the latest audited financial information of Canyon Country Communities at December 31, 2013, which was audited by other auditors, is as follows:

| | |
|--|---------------------------------|
| Assets | |
| Cash | \$ 292,044 |
| Property and equipment, net | 11,410,457 |
| Land | 1,436,640 |
| Intangible assets, net | 445,759 |
| Other assets | <u>1,063,439</u> |
| Total assets | <u><u>\$ 14,648,339</u></u> |
| Liabilities | |
| Loan payable | \$ 10,500,000 |
| Other liabilities | <u>121,725</u> |
| Total liabilities | <u><u>10,621,725</u></u> |
| Partners' equity | |
| Partners' equity - general | (2,274,487) |
| Partners' equity - limited | <u>6,301,101</u> |
| Total partners' equity | <u><u>4,026,614</u></u> |
| Total liabilities and partners' equity | <u><u>\$ 14,648,339</u></u> |
| Revenue | |
| Revenue | \$ 2,221,762 |
| Operating expenses | (805,623) |
| Depreciation and amortization | (556,196) |
| Other expenses | <u>(382,424)</u> |
| Net income | <u><u>\$ 477,519</u></u> |

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

NOTE 3 - INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS (Continued)

(c) Castaic Senior Communities, L.P.

The SCVCOAC entered into a limited partnership, Castaic Senior Communities, L.P. (Castaic Senior Communities), on July 10, 2003. The SCVCOAC is the managing general partner of this limited partnership, which was formed under the laws of the State of California to acquire land, develop, own and operate a single 150 unit, multi-family, low income senior housing complex in the Castaic area in north Los Angeles County (the project). This represents the SCVCOAC's third senior housing project.

The SCVCOAC, as managing general partner, has certain financial protections in this limited partnership, similar to Canyon Country Communities. Specifically, the SCVCOAC does not have an obligation to contribute funds to the limited partnership to fund the construction or any subsequent operating deficits of the project. All debt of the project is non-recourse to the SCVCOAC, and any liability will not be enforceable against any other assets of the SCVCOAC or any of its officers, directors, employees or representatives. Furthermore, the SCVCOAC is fully indemnified by the co-general partner and its principals (jointly and severally) from any and all costs, expenses, damages and liabilities incurred by the limited partnership.

The SCVCOAC is compensated for its services as managing general partner for social services, home modification, and transportation services as needed to the residents of the Castaic Senior Communities complex. For the year ended June 30, 2014, the SCVCOAC earned \$36,000 for services provided.

The allocation of loss for the year ended December 31, 2013, is as follows:

| | <u>Ownership %</u> | <u>Allocation of Loss</u> |
|--|--------------------|---------------------------|
| Managing general partner - The SCVCOAC | 0.00495% | \$ 10 |
| Additional general partner - Castaic Senior Communities, LLC | 0.00495% | 10 |
| Special limited partner - Protech 2003-C, LLC | 0.00010% | - |
| Investor limited partner - Amtax Holdings 178, LLC | 99.99000% | 194,797 |
| | <u>100.00000%</u> | <u>\$ 194,817</u> |

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS (Continued)

(c) Castaic Senior Communities, L.P. (Continued)

A summary of the latest audited financial information of Castaic Senior Communities at December 31, 2013, which was audited by other auditors, is as follows:

| | |
|---|-----------------------------|
| Assets | |
| Cash | \$ 326,802 |
| Property and equipment, net | 8,138,310 |
| Land | 1,596,585 |
| Other assets | <u>2,511,761</u> |
| Total assets | <u><u>\$ 12,573,458</u></u> |
| Liabilities | |
| Loan payable | \$ 9,583,177 |
| Other liabilities | <u>141,779</u> |
| Total liabilities | <u>9,724,956</u> |
| Partners' equity | |
| Partners' equity - general | (147) |
| Partners' equity - limited | <u>2,848,649</u> |
| Total partners' equity | <u>2,848,502</u> |
| Total liabilities and partners' equity | <u><u>\$ 12,573,458</u></u> |
| Revenue | |
| Revenue | \$ 1,678,286 |
| Operating expenses | (791,856) |
| Depreciation and amortization | (351,251) |
| Other expenses | <u>(340,362)</u> |
| Net income | <u><u>\$ 194,817</u></u> |

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2014:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Net Book Value</u> |
|-----------------------|---------------------|-------------------------------------|---------------------------|
| Vehicles | \$ 544,740 | \$ 324,272 | \$ 220,468 |
| Office equipment | 163,057 | 111,782 | 51,275 |
| Modular trailers | 55,360 | 41,249 | 14,111 |
| Building improvements | 554,806 | 143,465 | 411,341 |
| | <u>\$ 1,317,963</u> | <u>\$ 620,768</u> | <u>\$ 697,195</u> |

Depreciation expense for the year ended June 30, 2014 was \$115,992.

NOTE 5 - CAPITAL LEASE OBLIGATION

The SCVCOAC acquired ten vehicles used for home delivery and other transportation services as of June 30, 2014 under agreements classified as capital leases. The combined monthly payments are \$2,952 at 0% interest rate. These leases are secured by the individual vehicles. The capitalized cost and accumulated depreciation of vehicles acquired under capital lease were \$180,235 and \$33,116 as of June 30, 2014, respectively. Depreciation expense related to vehicles acquired by capital lease for the year ended June 30, 2014 was \$32,007.

Future minimum payments under capital lease obligations are due as follows:

| | |
|--------------------------------|-------------------|
| Year ending June 30, | |
| 2015 | \$ 35,423 |
| 2016 | 35,423 |
| 2017 | 33,681 |
| 2018 | 10,197 |
| Total capital lease obligation | <u>\$ 114,724</u> |

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - ACCRUED LIABILITIES

Accrued liabilities consisted of the following at June 30, 2014:

| | |
|-----------------------------------|------------------|
| Accrued employee benefits | \$ 30,585 |
| Accrued payroll and payroll taxes | 23,545 |
| Deferred revenue | 3,379 |
| Other accrued liabilities | <u>17,650</u> |
| Total accrued liabilities | <u>\$ 75,159</u> |

NOTE 7 - ACCRUED UNEMPLOYMENT LIABILITY

The SCVCOAC has elected to be self-insured for the purposes of California State Unemployment Insurance. As of June 30, 2014 the fund has an excess reserve balance of \$53,218 which may be used to offset future claims.

| | |
|-------------------------------|------------------|
| Balance at July 1, 2013 | \$ (11,690) |
| Contributions to the Plan | 89,339 |
| Earnings | 2,727 |
| Claims paid and Plan expenses | <u>(27,158)</u> |
| Balance at June 30, 2014 | <u>\$ 53,218</u> |

NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2014 of \$97,044 are being held on behalf of the Disaster Coalition program.

SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 9 - CONTINGENCIES

The SCVCOAC's grants and contracts are subject to inspection and audit by the appropriate governmental funding agencies. The purpose is to determine whether program funds were used in accordance with their respective guidelines and regulations. The potential exists for disallowance of previously funded program costs. The ultimate liability, if any, which may result from these governmental audits cannot be reasonably estimated.

NOTE 10 - RETIREMENT PLAN

The SCVCOAC maintains a tax-deferred savings plan under Section 401(k) of the Internal Revenue Code, which covers substantially all of its employees. Employer contributions to the plan for the year ended June 30, 2014 were \$2,828.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 17, 2015, the date on which the financial statements were available to be issued and concluded there are no subsequent events to report.

SUPPLEMENTAL INFORMATION

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

| Federal/Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Agency or Pass-Through Number | Federal Expenditures | Non-Federal Expenditures | Program Expenditures from Governmental Revenue |
|--|---------------------------|-------------------------------------|-------------------------|-----------------------------|--|
| U.S. Department of Health and Human Services | | | | | |
| <i>Pass-through from the County of Los Angeles, Department of Community and Senior Services - Nutritional and Supportive Services for Elderly Persons:</i> | | | | | |
| Title IIIB - Supportive Service Program | 93.044 | SSP-1014-21 | \$ 171,399 | \$ - | \$ 171,399 |
| Elderly Nutrition Services (Congregate Meals - CI, Home Delivered Meals - CII, Telephone Reassurance, and Utility Tax Services - UUT) | 93.045 | AAA-ENP2-1216-014 | 649,576 | - | 649,576 |
| Family Caregiver Support Program (IIIE) | 93.052 | FCSP-1317-09 | 61,851 | - | 61,851 |
| AAA CI NSIP | 93.053 | AAA-ENP2-1216-014 | 25,763 | - | 25,763 |
| AAA CII NSIP | 93.053 | AAA-ENP2-1216-014 | 41,007 | - | 41,007 |
| Total U.S. Department of Health and Human Services | | | 949,596 | - | 949,596 |
| U.S. Department of Housing and Urban Development | | | | | |
| City of Santa Clarita - CDBG Senior Access Services | 14.218 | 13-00300 | 32,604 | - | 32,604 |
| City of Santa Clarita - CDBG Handyworker Services | 14.218 | 13-00299 | 149,508 | - | 149,508 |
| <i>Pass-through from the County of Los Angeles, Community Development Commission:</i> | | | | | |
| Los Angeles County - CDBG Handyworker Services | 14.218 | 106746 | 58,245 | - | 58,245 |
| Total U.S. Department of Housing and Urban Development | | | 240,357 | - | 240,357 |
| Total Federal Awards | | | 1,189,953 | - | 1,189,953 |
| Non-Federal Awards | | | | | |
| City of Santa Clarita - Recreational and Wellness Program | | 13-00295 | - | 225,000 | 225,000 |
| City of Santa Clarita - Reduced Fare Program | | 13-00204 | - | 150,000 | 150,000 |
| City of Santa Clarita - City's Public Information Center | | 05-00432-B | - | 21,500 | 21,500 |
| City of Santa Clarita - Home Delivered Meals Project | | 12-00359 | - | 29,240 | 29,240 |
| The Henry Mayo Newhall Foundation | | | - | 25,000 | 25,000 |
| Lockheed Aero Club | | | - | 5,000 | 5,000 |
| Kaiser Permanente - Improve Svc Access and Education | | | - | 4,000 | 4,000 |
| Total Non-Federal Awards | | | - | 459,740 | 459,740 |
| Total Federal and Non-Federal Awards | | | \$ 1,189,953 | \$ 459,740 | \$ 1,649,693 |

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND NON-FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and non-federal awards includes the grant activity of Santa Clarita Valley Committee on Aging Corporation and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

A. Summary of Auditors' Results

I. Financial Statements

1. The Independent Auditors' Report on the financial statements of Santa Clarita Valley Committee on Aging Corporation expressed an unqualified opinion.
2. Internal Control Over Financial Reporting:
 - a. No reportable conditions were disclosed in the audit of the financial statements.
 - b. No instances of non-compliance were discovered in the audit of the financial statements.

II. Federal Awards

1. Internal Controls Over Major Programs:
 - a. No reportable conditions were disclosed in the audit of federal awards.
2. The Auditors' Report on compliance for the major federal awards programs for Santa Clarita Valley Committee on Aging Corporation expressed an unqualified opinion.
3. The programs tested as major programs are identified as follows:

| CFDA Number | Name of Federal Program |
|-------------|-------------------------|
|-------------|-------------------------|

U.S. Department of Health and Human Services

Pass-through from the County of Los Angeles, Department of Community and Senior Services - Nutritional and Supportive Services for Elderly Persons:

| | |
|--------|--|
| 93.044 | Title IIIB - Supportive Service Program |
| 93.045 | Elderly Nutrition Services (Congregate Meals - CI, Home Delivered Meals - CII, Telephone Reassurance, and Utility Tax Services - UUT) |

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014**

| | |
|--------|---|
| 93.052 | Family Caregiver Support Program (IIIE) |
| 93.053 | AAA CI NSIP |
| 93.053 | AAA CII NSIP |

4. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
5. Santa Clarita Valley Committee on Aging Corporation did not qualify as a low-risk auditee under OMB Circular A-133, Section 530.

B. Findings and Questioned Costs

| | Questioned Cost |
|--|--------------------|
| I. <u>Financial Statements Audit</u> | |
| Reportable Conditions - None | None |
| II. <u>Major Federal Award Program Audit</u> | |
| Reportable Conditions - None | |

C. Status of Prior Year Findings

| |
|--|
| I. <u>Financial Statements Audit</u> |
| Reportable Conditions - None |
| II. <u>Major Federal Award Program Audit</u> |
| Reportable Conditions - None |



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Santa Clarita Valley Committee on Aging Corporation
Santa Clarita, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Santa Clarita Valley Committee on Aging Corporation (a nonprofit organization) and subsidiary, which comprise the consolidated statement of financial position as of June 30, 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Clarita Valley Committee on Aging Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Santa Clarita Valley Committee on Aging Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Directors
Santa Clarita Valley Committee on Aging Corporation

Page 2 of 2

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Clarita Valley Committee on Aging Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



STERN, KORY, SREDEN & MORGAN
An Accountancy Corporation

Stevenson Ranch, California
March 17, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors
Santa Clarita Valley Committee on Aging Corporation
Santa Clarita, California

Report on Compliance for Each Major Federal Program

We have audited Santa Clarita Valley Committee on Aging Corporation's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Santa Clarita Valley Committee on Aging Corporation's major federal programs for the year ended June 30, 2014. Santa Clarita Valley Committee on Aging Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Santa Clarita Valley Committee on Aging Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Santa Clarita Valley Committee on Aging Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Santa Clarita Valley Committee on Aging Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, Santa Clarita Valley Committee on Aging Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Santa Clarita Valley Committee on Aging Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Santa Clarita Valley Committee on Aging Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Santa Clarita Valley Committee on Aging Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
Santa Clarita Valley Committee on Aging Corporation

Page 3 of 3

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Stern, Kory, Sreden & Morgan". The signature is written in a cursive, flowing style.

STERN, KORY, SREDEN & MORGAN
An Accountancy Corporation

Stevenson Ranch, California
March 17, 2015