





































**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 financial statements. For the year ended June 30, 2016 the SCVCOAC earned a fee of \$87,261.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 3 - INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS (Continued)**

**(a) Bouquet Canyon (Continued)**

The allocation of income for the year ended December 31, 2015, is as follows:

	<u>Ownership %</u>	<u>Allocation of Profit</u>
Managing general partner - The SCVCOAC	0.05%	\$ 1,193
Additional general partner - Bouquet Canyon Partners, LLC	0.05%	1,193
Substitute limited partner - Bouquet Canyon Partners, LLC (12/31/15)	99.90%	24,242,680
Limited ptr - Edison Capital Housing Ptrs (6/14/15)	99.90%	<u>(386,284)</u>
	<u>199.90%</u>	<u>\$ 23,858,782</u>

A summary of the latest audited financial information of Bouquet Canyon at December 31, 2015, which was audited by other auditors, is as follows:

<b>Assets</b>	
Cash	\$ 189,464
Note receivable	1,000,000
Other assets	<u>231,292</u>
Total Assets	<u>\$ 1,420,756</u>
<b>Liabilities</b>	
Other liabilities	<u>\$ 185,507</u>
Total liabilities	<u>185,507</u>
<b>Partners' equity</b>	
Partners' equity - general	(10,738,592)
Partners' equity - limited	<u>11,973,841</u>
Total partners' equity	<u>1,235,249</u>
Total liabilities and partners' equity	<u>\$ 1,420,756</u>
Revenue	\$ 3,089,180
Operating and other expenses	(2,935,575)
Gain on sale of property	24,708,227
Depreciation and amortization	<u>(1,003,050)</u>
Net income	<u>\$ 23,858,782</u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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, 2016 the SCVCOAC earned a fee of \$36,000 for services provided.

The allocation of profit for the year ended December 31, 2015, is as follows:

	<u>Ownership %</u>	<u>Allocation of Profit</u>
Managing general partner - The SCVCOAC	0.001%	\$ 7
Additional general partner - RHC - Canyon, L.P.	0.009%	60
Limited partner - Bank of America N.A.	99.990%	663,204
	<u>100.000%</u>	<u>\$ 663,270</u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2015, which was audited by other auditors, is as follows:

<b>Assets</b>	
Cash	\$ 330,445
Property and equipment, net	10,432,166
Land	1,436,640
Intangible assets, net	361,681
Other assets	<u>1,681,300</u>
Total assets	<u>\$ 14,242,232</u>
<b>Liabilities</b>	
Loan payable	\$ 10,500,000
Other liabilities	<u>137,104</u>
Total liabilities	<u>10,637,104</u>
<b>Partners' equity</b>	
Partners' equity - general	(3,292,464)
Partners' equity - limited	<u>6,896,592</u>
Total partners' equity	<u>3,604,128</u>
Total liabilities and partners' equity	<u>\$ 14,241,232</u>
<b>Revenue</b>	
Revenue	\$ 2,420,000
Operating expenses	(801,665)
Depreciation and amortization	(562,789)
Other expenses	<u>(392,276)</u>
Net income	<u>\$ 663,270</u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016**

**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, 2016, the SCVCOAC earned \$36,000 for services provided.

The allocation of loss for the year ended December 31, 2015, is as follows:

	<u>Ownership %</u>	<u>Allocation of Loss</u>
Managing general partner - The SCVCOAC	0.00495%	\$ (8)
Additional general partner - Castaic Senior Communities, LLC	0.00495%	(8)
Special limited partner - Protech 2003-C, LLC	0.00010%	(1)
Investor limited partner - Amtax Holdings 178, LLC	99.99000%	(165,094)
	<u>100.00000%</u>	<u>\$ (165,111)</u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**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, 2015, which was audited by other auditors, is as follows:

<b>Assets</b>	
Cash	\$ 151,676
Property and equipment, net	7,517,762
Land	1,596,585
Other assets	<u>2,940,799</u>
Total assets	<u><u>\$ 12,206,822</u></u>
<b>Liabilities</b>	
Loan payable	\$ 9,300,000
Other liabilities	<u>160,993</u>
Total liabilities	<u><u>9,460,993</u></u>
<b>Partners' equity</b>	
Partners' equity - general	(147)
Partners' equity - limited	<u>2,745,976</u>
Total partners' equity	<u><u>2,745,829</u></u>
Total liabilities and partners' equity	<u><u>\$ 12,206,822</u></u>
<b>Revenue</b>	
Revenue	\$ 1,808,901
Operating expenses	(847,797)
Depreciation and amortization	(343,002)
Other expenses	<u>(783,213)</u>
Net loss	<u><u>\$ (165,111)</u></u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 4 - INVESTMENT IN SCVCOA SUPPORTERS, LLC**

The SCVCOAC formed a single member limited liability company, SCVCOA Supporters, LLC on December 28, 2015 for the purpose of constructing and managing the new proposed building for the Senior Center. SCVCOA Supporters, LLC qualifies as a 501(c)(2) tax exempt entity. A 501(c)(2) is a single purpose entity which allows a non-profit organization to hold property under a separate entity to provide added protection against any potential litigation and claims from vendors filed against the parent organization. The sole purpose of the entity is to hold title to property for the benefit of SCVCOAC, collect income from the rental of the facility and pay facility operating expenses. Any net profits, less reasonable reserves are to be remitted back to SCVCOAC.

As of June 30, 2016, SCVCOAC received donations in the amount of \$156,137 for the benefit of SCVCOA Supporters, LLC which have been classified as temporary restricted funds and has paid preliminary development expenses on behalf of SCVCOA Supporters, LLC in the amount of \$28,521 which has been recorded as investments in limited partnerships.

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2016:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Vehicles	\$ 544,740	\$ 437,456	\$ 107,284
Office equipment	104,824	92,102	12,722
Modular trailers	55,360	44,942	10,418
Building improvements	554,806	212,463	342,343
	<u>\$ 1,259,730</u>	<u>\$ 786,963</u>	<u>\$ 472,767</u>

Depreciation expense for the year ended June 30, 2016 was \$105,989.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 6 - CAPITAL LEASE OBLIGATION**

The SCVCOAC acquired ten vehicles used for home meal delivery and other transportation services 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 \$123,234 as of June 30, 2016, respectively. Depreciation expense related to vehicles acquired by capital lease for the year ended June 30, 2016 was \$45,059.

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

Year ending June 30,		
2017	\$	33,681
2018		10,196
		<hr/>
Total capital lease obligation	\$	<u>43,877</u>

**NOTE 7 - ACCRUED LIABILITIES**

Accrued liabilities consisted of the following at June 30, 2016:

Accrued employee benefits	\$	26,530
Accrued payroll and payroll taxes		46,684
Deferred revenue		4,520
Other accrued liabilities		25,897
		<hr/>
Total accrued liabilities	\$	<u>103,631</u>



**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 8 - SELF-INSURED UNEMPLOYMENT DEPOSIT**

The SCVCOAC has elected to be self-insured for the purposes of California State Unemployment Insurance. As of June 30, 2016 the fund has an excess reserve balance of \$95,266 which may be used to offset future claims.

Balance at July 1, 2015	\$ 88,558
Contributions to the Plan	12,787
Earnings	(1,897)
Claims paid and Plan expenses	<u>(4,182)</u>
Balance at June 30, 2016	<u>\$ 95,266</u>

**NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent funds to be expended in future periods for their specified purpose. At June 30, 2016 SCVCOAC has the following temporarily restricted net assets:

SCVCOA Supporters, LLC	\$ 156,137
New bus fund	41,227
City of Santa Clarita - HDM funds	65,131
City of Santa Clarita - Technology grant	1,194
City of Santa Clarita - Meals fund	1,440
Kaiser grant	5,000
LM Aero grant	<u>3,201</u>
Balance at June 30, 2016	<u>\$ 273,330</u>

**NOTE 10 - 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.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2016**

**NOTE 10 - CONTINGENCIES (Continued)**

From time to time the Organization is party to legal proceedings arising in the normal course of business. While the results of such proceedings cannot be predicted with certainty, management does not expect the ultimate liabilities, if any, will have a material adverse effect on the financial position or results of operations of the Organization.

**NOTE 11 - 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, 2016 were \$4,207.

**NOTE 12 - SUBSEQUENT EVENTS**

As of December 31, 2016, SCVCOAC entered into a settlement agreement with Bouquet Canyon Seniors, LP, whereby the Organization is to receive \$77,000 for previously unbilled services provided. Effective December 31, 2016, Bouquet Canyon Seniors, LP has been terminated. In addition, the Organization entered into a new Social Service Agreement with Vintage at Bouquet Canyon LP to continue to provide services to the residents of the Project through July 1, 2028.

Management has evaluated subsequent events through March 15, 2017, the date on which the financial statements were available to be issued and concluded there are no additional 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, 2016**

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
<b>U.S. Department of Health and Human Services</b>					
<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-1418-017	\$ 179,288	\$ -	\$ 179,288
Elderly Nutrition Services (Congregate Meals - CI, Home Delivered Meals - CII, Telephone Reassurance, and Utility Tax Services - UUT)	93.045	AAA-ENP2-1216-015	605,607	-	605,607
Family Caregiver Support Program (IIIE)	93.052	FCSP-1317-09	74,856	-	74,856
AAA CI NSIP	93.053	AAA-ENP2-1216-014	28,606	-	28,606
AAA CII NSIP	93.053	AAA-ENP2-1216-014	40,103	-	40,103
<b>Total U.S. Department of Health and Human Services</b>			<b>928,460</b>	<b>-</b>	<b>928,460</b>
<b>U.S. Department of Housing and Urban Development</b>					
City of Santa Clarita - CDBG Senior Access Services	14.218	14-00226	53,898	-	53,898
City of Santa Clarita - CDBG Handyworker Services	14.218	14-00225	275,000	-	275,000
<i>Pass-through from the County of Los Angeles, Community Development Commission:</i>					
Los Angeles County - CDBG Handyworker Services	14.218	107675	75,000	-	75,000
<b>Total U.S. Department of Housing and Urban Development</b>			<b>403,898</b>	<b>-</b>	<b>403,898</b>
<b>Total Federal Awards</b>			<b>1,332,358</b>	<b>-</b>	<b>1,332,358</b>
<b>Non-Federal Awards</b>					
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	-	24,600	24,600
City of Santa Clarita - Home Delivered Meals Project		12-00359	-	100,000	100,000
<b>Total Non-Federal Awards</b>			<b>-</b>	<b>499,600</b>	<b>499,600</b>
<b>Total Federal and Non-Federal Awards</b>			<b>\$ 1,332,358</b>	<b>\$ 499,600</b>	<b>\$ 1,831,958</b>

**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 Title 2 U.S. Code of *Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of Santa Clarita Valley Committee on Aging Corporation, it is not intended to and does not present the financial position, changes in net assets or cash flows of Santa Clarita Valley Committee on Aging Corporation.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, whereby certain types of expenditures are not allowable or are limited as to reimbursement.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**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
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**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, 2016**

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 \$750,000.
5. Santa Clarita Valley Committee on Aging Corporation did not qualify as a low-risk auditee under Uniform Guidance.

**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



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**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), which comprise the statement of financial position as of June 30, 2016, and the related 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 15, 2017.

**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

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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 15, 2017





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## INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2016. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance 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.

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

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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, 2016.

### **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 Uniform Guidance, 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.

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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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



STERN, KORY, SREDEN & MORGAN  
An Accountancy Corporation

Stevenson Ranch, California  
March 15, 2017