

**SANTA CLARITA VALLEY  
COMMITTEE ON AGING  
CORPORATION**

**SINGLE AUDIT AND REPORT OF AUDIT OF  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2017**

**VASIN, HEYN & COMPANY**

*ABOVE THE BRIGHT LINE*

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AN ACCOUNTANCY CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
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# VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Santa Clarita Valley Committee on Aging Corporation  
(A California Non-Profit Corporation)  
Los Angeles, California

### *Report on the Financial Statements*

We have audited the accompanying financial statements of Santa Clarita Valley Committee on Aging Corporation (A California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2017, 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.

## INDEPENDENT AUDITORS' REPORT – Continued

### *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, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal and Local Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 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.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018, on our consideration of Santa Clarita Valley Committee On Aging Corporation's internal control over financial reporting and on 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 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.

Vorstin, Hays + Co.

Calabasas, California  
March 30, 2018

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2017**

	<u>2017</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 1,212,815
Restricted cash	4,169
Grants and other receivables	156,374
Deposits and prepaid expenses	111,419
Inventory	6,091
Investments	8,570,392
Property and equipment, net	<u>519,482</u>
 Total assets	 <u><u>\$ 10,580,742</u></u>
<b>LIABILITIES</b>	
Accounts payable	\$ 75,961
Accrued expenses	23,750
Accrued payroll and related liabilities	61,196
Capital lease obligation	9,364
Deferred revenue	<u>3,087</u>
 Total liabilities	 173,358
<b>COMMITMENTS AND CONTINGENCIES</b>	
<b>NET ASSETS</b>	
Unrestricted	10,385,465
Temporarily restricted	<u>21,919</u>
 Total net assets	 <u><u>10,407,384</u></u>
 Total liabilities and net assets	 <u><u>\$ 10,580,742</u></u>

See accompanying auditors' reports and notes to financial statements.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	2017		
	Unrestricted	Temporarily Restricted	Total
<b>REVENUE AND SUPPORT</b>			
Governmental service contracts	\$ 577,472	\$ -	\$ 577,472
Contributions and grants	5,031,368	5,443,853	10,475,221
In-kind revenue	429,563	-	429,563
Interest income	1,475	-	1,475
Realized gain (loss) on investments	(2,799)	-	(2,799)
Unrealized gain (loss) on investments	1,166	-	1,166
Other income	107	-	107
Fundraising events	197,431	-	197,431
Restrictions released	<u>5,695,264</u>	<u>(5,695,264)</u>	<u>-</u>
 Total support and revenue	 11,931,047	 (251,411)	 11,679,636
<b>EXPENSES</b>			
Program services	2,815,544	-	2,815,544
General and administrative	51,460	-	51,460
Fundraising	<u>117,317</u>	<u>-</u>	<u>117,317</u>
 Total expenses	 <u>2,984,321</u>	 <u>-</u>	 <u>2,984,321</u>
 <b>CHANGE IN NET ASSETS</b>	 8,946,726	 (251,411)	 8,695,315
 <b>NET ASSETS - beginning of year</b>	 <u>1,438,739</u>	 <u>273,330</u>	 <u>1,712,069</u>
 <b>NET ASSETS - end of year</b>	 <u>\$ 10,385,465</u>	 <u>\$ 21,919</u>	 <u>\$ 10,407,384</u>

See accompanying auditors' reports and notes to financial statements.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	Program Services	General and Administrative	Fund- Raising	2017 Total Expenses
<b>Salaries and related expenses</b>				
Salaries and wages	\$ 1,068,245	\$ -	\$ 32,310	\$ 1,100,555
Payroll taxes	107,750	-	2,703	110,453
Employee benefits	222,530	-	1,955	224,485
	<u>1,398,525</u>	<u>-</u>	<u>36,968</u>	<u>1,435,493</u>
<b>Other expenses</b>				
Advertising and promotion	4,199	-	33,197	37,396
Audit expense	26,503	-	246	26,749
Bank charges and payroll fees	3,483	3,125	239	6,847
Client services	504	-	-	504
Computer expenses	-	5,943	-	5,943
Dues, memberships and subscriptions	854	-	169	1,023
Expendable/non-expendable equipment	17,991	-	2	17,993
Equipment rental	18,250	-	171	18,421
Food and food service supplies	269,583	1,606	-	271,189
In-kind expense and matching	419,658	515	9,390	429,563
Insurance	80,626	-	18,468	99,094
Medical exam expense	2,799	-	5	2,804
Mileage and training expense	15,722	-	260	15,982
Miscellaneous expense	10	3,365	1,529	4,904
Outside services	34,227	-	150	34,377
Postage and delivery	1,219	9,146	92	10,457
Printing and copying	2,086	27,200	2,269	31,555
Professional - legal expense	54,019	-	11,431	65,450
Rent	4,189	-	-	4,189
Recruitment expense	760	-	2	762
Repairs and maintenance	51,539	-	73	51,612
Supplies - Program	135,251	-	315	135,566
Supplies - Food service	37,333	-	-	37,333
Taxes, licenses and fees	8,415	-	49	8,464
Telephone	9,151	-	63	9,214
Travel and meal reimbursement	120	560	1,593	2,273
Trip expense	26,054	-	-	26,054
Utilities	48,776	-	464	49,240
Vehicle operations	32,990	-	3	32,993
Volunteer expense	2,073	-	2	2,075
	<u>2,706,909</u>	<u>51,460</u>	<u>117,150</u>	<u>2,875,519</u>
Depreciation	<u>108,635</u>	<u>-</u>	<u>167</u>	<u>108,802</u>
<b>Total expenses</b>	<b><u>\$2,815,544</u></b>	<b><u>\$ 51,460</u></b>	<b><u>\$ 117,317</u></b>	<b><u>\$2,984,321</u></b>

See accompanying auditors' reports and notes to financial statements.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 8,695,315
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities	
Depreciation	108,802
Donated land	(2,900,000)
Realized (gain) loss on investments	(2,799)
Unrealized (gain) loss on investments	1,166
(Increase) decrease in:	
Restricted cash	152,103
Grants and other receivables	5,187
Deposits and prepaid expenses	57,184
Inventory	547
Increase (decrease) in:	
Accounts payable	6,631
Accrued expenses	2,751
Accrued payroll and related liabilities	(16,916)
Deferred revenue	(1,433)
Total adjustments	<u>(2,586,777)</u>
 Net Cash Provided (Used) by Operating Activities	 6,108,538
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Payments related to the acquisition of property and equipment	(155,517)
Purchase of investments	<u>(5,635,316)</u>
 Net Cash Provided (Used) by Investing Activities	 (5,790,833)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Repayment of capital lease obligation	<u>(34,513)</u>
 Net Cash Provided (Used) by Financing Activities	 <u>(34,513)</u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 283,192
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>929,623</u>
 <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	 <u>\$ 1,212,815</u>
<b>Non-Cash Supplemental Disclosure:</b>	
<b>In-kind contributions:</b>	
Land	<u>\$ 2,900,000</u>
Other	<u>\$ 429,563</u>

See accompanying auditors' reports and notes to financial statements.



**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**1. 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.

The SCVCOAC continued to increase service to seniors and functionally impaired adults. Every person who sought assistance and met qualifications for one or more of the 19 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**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

SCVCOAC prepares its financial statements in accordance with generally accepted accounting principles (GAAP) promulgated in the United States of America. The significant accounting and reporting policies used by SCVCOAC are described below to enhance the usefulness and understandability of the financial statements.

The financial statements of SCVCOAC exclude the accounts of its wholly-owned subsidiary, SCVCOA Supporters, LLC and are intended only for the purposes of submission to the County of Los Angeles, the City of Santa Clarita, to meet government contracting requirements, requesting Grantors, banking institutions and those deemed necessary by the Board of Directors of SCVCOAC.

*Financial Statement Presentation*

The financial statements are presented based on Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. ASC Topic 958, Sections 210 and 225 requires classification of SCVCOAC's net assets, revenues as well as expenses based on the existence or absence of donor-imposed restrictions. The statement requires presentation of the amounts for each of the three classes of net assets – permanently restricted, temporarily restricted, and unrestricted – in the statement of financial position and the amounts of change in each of those classes of net assets in the statement of activities.

*Net Assets*

The financial statements report net assets and changes in net assets in three classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- *Unrestricted net assets.* Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of SCVCOAC, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.
- *Temporarily restricted net assets.* Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. SCVCOAC's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as temporarily restricted until the specified asset is placed in service by SCVCOAC, unless the donor provides more specific directions about the period of its use. SCVCOAC has temporarily restricted net assets of \$21,919 at June 30, 2017.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

- *Permanently restricted net assets.* Permanently restricted net assets are resources whose use by SCVCOAC is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time. The portion of SCVCOAC's donor-restricted endowment funds that must be maintained in perpetuity are classified in this net asset class, as is SCVCOAC's beneficial interest in a perpetual charitable trust held by a bank trustee. SCVCOAC did not have any permanently restricted net assets at June 30, 2017.

All revenues and net gains are reported as increases in unrestricted net assets in the statement of activities unless the use of the related resources is subject to temporary or permanent donor restrictions. All expenses and net losses other than losses on endowment investments are reported as decreases in unrestricted net assets.

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

*Concentration and Risk*

SCVCOAC 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. SCVCOAC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

*Cash and Cash Equivalents*

Cash and cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

*Restricted Cash*

Restricted cash represents cash that is under legal restrictions or is otherwise unavailable for general use by SCVCOAC, solely for the purpose of SCVCOA Supporters LLC.

*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, 2017, 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.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*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 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.

*Deposits and Prepaid Expenses*

Prepaid deposits, insurance, contracts and other costs are expensed ratably over their respective terms of agreement.

*Inventory*

Inventory, consists of kitchen and food supplies, are stated at the lower of cost or market using the first-in, first-out method.

*Investments*

Investments in marketable securities with readily redeemable fair values and all investments in debt securities are carried at their fair market values in the statement of financial position.

Investment purchases and sales are accounted for on a trade-date basis. Realized gains and losses are calculated based upon the underlying cost of the securities traded. Gains or losses (including investments bought, sold, and held during the year), and interest and dividend income are reflected in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily restricted by donor stipulations or by law.

*Investments in Limited Liability Partnerships*

The SCVCOAC holds general interests in two limited partnerships, which are each accounted for using the equity method of accounting. 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. SCVCOAC's reported equity interest cannot go below zero as they provide no guarantees of the obligations or financial support for the entities.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*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:

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

Property and equipment are reviewed for impairment when a significant change in the asset’s use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

*Vacation Policy*

Vacation benefits are accrued on a biweekly basis. Full-time and part-time “A”employees accrue vacation time based upon years of service to SCVCOAC as follows:

<u>Part-Time “A” Employees</u>	
<u>Years Employed</u>	<u>Maximum Accrual Per Year</u>
0 - 1 years	3.75 days per year
2-4 years	7.5 days per year
5 + years	11.25 days per year

<u>Regular Full-Time Employees</u>	
<u>Years Employed</u>	<u>Maximum Accrual Per Year</u>
0 - 1 years	5 days per year (40 Hours)
2-4 years	10 days per year (80 Hours)
5 + years	15 days per year (120 Hours)

Unused vacation leave will be paid at the time of termination. Total accrued vacation at June 30, 2017, was \$35,913.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Deferred Revenue*

Deferred revenue consists of advance payments received for special events.

*Accounting for Contributions*

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

*Contributed Goods and Services*

Contributions of goods received that are measurable are recorded as revenue and expense in equal amounts at their estimated fair value when received. Contributions of services are recognized if the services received meet any of these criteria: (1) if they create or enhance nonfinancial assets and (2) if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No amounts have been included in the accompanying financial statements for donated services. In-kind revenues in the financial statements consist of supplies and equipment cost recorded and valued at \$11,963 for the year ended June 30, 2017.

SCVCOAC receives donated rent from the County of Los Angeles Department of Parks and Recreation and Bouquet Canyon Seniors, L.P. (Bouquet Canyon). Management estimates the fair value of the donated rent and utilities to be \$417,600 for the year ended June 30, 2017.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**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.

*Government Revenue*

Government revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grants. Government revenue from federal agencies is subject to independent audit under the Uniform Guidance and review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, SCVCOAC's management believes that costs ultimately disallowed, if any, would not materially affect the financial position of SCVCOAC.

*Income Taxes*

SCVCOAC is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and California income taxes under section 23701(d) of the California Revenue and Taxation Code. SCVCOAC is also exempt from federal unemployment tax. The IRS classified SCVCOAC as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

SCVCOAC has adopted Financial Accounting Standards Board Accounting Standards Codification (ASC) Section 740-10, which clarifies the accounting for uncertainty in income taxes. ASC Section 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Section 740-10 requires that an organization recognize in the financial statements the impact of the tax position if that position will more likely than not be sustained on audit, based on the technical merits of the position. As of and for the year ended June 30, 2017, SCVCOAC had no material unrecognized tax benefits, tax penalties or interest.

SCVCOAC's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30; 2016, 2015 and 2014, are subject to examination by the IRS, generally for 3 years after they were filed.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Expense Recognition and Allocation*

The cost of providing SCVCOAC's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of SCVCOAC.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. SCVCOAC generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and management and general expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

*Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, SCVCOAC's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. SCVCOAC's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.



**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

*Fair Value Measurements*

SCVCOAC reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal or most advantageous market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used to measure fair value are as follows:

- *Level 1* - Quoted prices for identical assets or liabilities in active markets to which SCVCOAC has access at the measurement date.
- *Level 2* - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets in markets that are not active;
  - observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
  - inputs derived principally from, or corroborated by, observable market data by correlation or by other means.
- *Level 3* - Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

The carrying amounts of cash and cash equivalents and accounts receivable approximate fair value because of the terms and relatively short maturity of these financial instruments. The mutual funds and equity investments are value at quoted market prices, which represent the net asset value of shares held by SCVCOAC at year end.

The carrying amounts of liabilities, approximate fair value because of the relatively short maturity of these financial instruments

When available, SCVCOAC measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**3. INVESTMENTS**

SCVCOAC measures fair value in accordance with FASB ASC 820-10. FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels; Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs, other than the quoted prices in active markets, are observable either directly or indirectly, and Level 3 unobservable inputs in which there is little or no market data, which requires Santa Clarita Valley Committee On Aging Corporation to develop its own assumptions. Santa Clarita Valley Committee On Aging Corporation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Santa Clarita Valley Committee On Aging Corporation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All assets reported at fair value at June 30, 2017, are Level 1 inputs.

Investments consist of the following at June 30, 2017:

	<u>Total</u>	<u>Level 1</u>
Mutual funds:		
Fixed income	\$ 47,388	\$ 47,388
Equities	<u>17,896</u>	<u>17,896</u>
Total investments	<u>\$ 65,284</u>	<u>\$ 65,284</u>

At June 30, 2017, SCVCOAC did not have any investments measured using Level 2 or Level 3 inputs.

The composition of the investment return reported in the statement of activities at June 30, 2017 is as follows:

Interest and dividend income	\$ 790
Realized gain (loss) on investments	(2,799)
Unrealized gain (loss) on investments	<u>1,166</u>
Total investment return	<u>\$ (843)</u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
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**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**4. INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS**

*(a) 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. 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, 2017 the SCVCOAC earned a fee of \$36,000 for services provided.

The allocation of profit for the year ended December 31, 2016, 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%	42
Limited partner- Bank of America N.A.	99.990%	471,839
	<u>100.000%</u>	<u>\$ 471,886</u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**4. INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS – Continued**

*(a) Canyon Country Communities, L.P. (Continued)*

A summary of the latest audited financial information of Canyon Country Communities at December 31, 2016, which was audited by other auditors, is as follows:

Assets	
Cash	\$ 237,640
Restricted Cash	2,011,868
Property and equipment, net	10,007,281
Land	1,436,640
Other assets	<u>64,288</u>
Total assets	<u>\$ 13,757,717</u>
Liabilities	
Loan payable	\$ 10,244,646
Other liabilities	<u>127,158</u>
Total liabilities	<u>10,371,804</u>
Partners' equity	
Partners' equity – general	(3,775,487)
Partners' equity – limited	<u>7,161,400</u>
Total partners' equity	<u>3,385,913</u>
Total liabilities and partners' equity	<u>\$ 13,757,717</u>
Revenue	\$ 2,385,272
Operating expenses	(914,651)
Depreciation and amortization	(491,381)
Other expenses	<u>(507,354)</u>
Net income	<u>\$ 471,886</u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**4. INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS – Continued**

*(b) 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, 2017, the SCVCOAC earned \$36,000 for services provided.

The allocation of loss for the year ended December 31, 2016, is as follows:

	<u>Ownership %</u>	<u>Allocation of Profit</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%	2
Investor limited partner – Amtax Holdings 178, LLC	<u>99.99000%</u>	<u>206,788</u>
	<u>100.00000%</u>	<u>\$ 206,810</u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION  
(A California Non-Profit Corporation)  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**4. INVESTMENTS IN LIMITED LIABILITY PARTNERSHIPS – Continued**

*(b) Castaic Senior Communities, L.P. (Continued)*

A summary of the latest audited financial information of Castaic Senior Communities at December 31, 2016, which was audited by other auditors, is as follows:

Assets	
Cash	\$ 351,883
Restricted cash	2,816,659
Property and equipment, net	7,207,488
Land	1,596,585
Other assets	<u>185,911</u>
Total assets	<u>\$ 12,158,526</u>
Liabilities	
Loan payable	\$ 9,128,624
Other liabilities	<u>119,672</u>
Total liabilities	<u>9,248,296</u>
Partners' equity	
Partners' equity – general	(126)
Partners' equity – limited	<u>2,910,356</u>
Total partners' equity	<u>2,910,230</u>
Total liabilities and partners' equity	<u>\$ 12,158,526</u>
Revenue	
	\$ 1,851,172
Operating expenses	(866,259)
Depreciation and amortization	(326,517)
Other expenses	<u>(451,586)</u>
Net income	<u>\$ 206,810</u>

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**5. INVESTMENT IN SCVCOAC SUPPORTERS, LLC**

The SCVCOAC formed a single member limited liability company, SCVCOAC Supporters, LLC on December 28, 2015 for the purpose of constructing and managing the new proposed building for the Senior Center. SCVCOAC 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, 2017, SCVCOAC received donations in the amount of \$8,505,108 for the benefit of SCVCOAC Supporters, LLC for the preliminary development expenses which has been recorded as investments in limited partnerships and transferred to SCVCOA Supporters LLC.

**6. PROPERTY AND EQUIPMENT, NET**

Property and equipment consisted of the following at June 30, 2017:

	Cost	Accumulated Depreciation	Net Book Value
Building improvements	\$ 554,806	\$ (246,962)	\$ 307,844
Modular trailers	55,360	(46,789)	8,571
Office equipment	142,703	(111,137)	31,566
Vehicles	662,377	(490,876)	171,501
Property and Equipment, Net	<u>\$ 1,415,246</u>	<u>\$ (895,764)</u>	<u>\$ 519,482</u>

Depreciation expense for the year ended June 30, 2017 was \$108,802.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**7. ACCRUED PAYROLL AND RELATED LIABILITIES**

Accrued payroll and related liabilities at June 30, 2017 consist of the following:

Accrued vacation	\$	35,913
Accrued payroll and payroll taxes		<u>25,283</u>
Total accrued liabilities	<u>\$</u>	<u>61,196</u>

**8. CAPITAL LEASE OBLIGATION**

The SCVCOAC previously 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, 2017, respectively. Depreciation expense related to vehicles acquired by capital lease for the year ended June 30, 2017 was \$45,059.

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

<u>Year Ending June 30,</u>	<u>Amount</u>
2018	<u>\$ 9,364</u>
Total capital lease obligation	<u>\$ 9,364</u>

**9. SELF-INSURED UNEMPLOYMENT DEPOSIT**

The SCVCOAC has elected to be self-insured for the purposes of California State Unemployment Insurance. As of June 30, 2017 the fund has an excess reserve balance of \$67,985 which may be used to offset future claims.

Balance at July 1, 2016	\$	95,266
Contributions to the Plan		5,264
Earnings		-
Claims paid and Plan expenses		<u>(32,546)</u>
Balance at June 30, 2017	<u>\$</u>	<u>67,985</u>



**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**10. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets represent funds to be expended in future periods for their specified purpose. At June 30, 2017 SCVCOAC has the following temporarily restricted net assets:

	Balance at <u>6/30/16</u>	<u>Income</u>	<u>Expenditures</u>	Balance at <u>6/30/17</u>
City of Santa Clarita - HDM funds	\$ 65,131	\$ -	\$ (65,131)	\$ -
City of Santa Clarita- Technology grant	1,194	-	(1,194)	-
City of Santa Clarita - Meals fund	1,440	-	(1,440)	-
Kaiser grant	5,000	-	(5,000)	-
LM Aero grant	3,201	-	(3,201)	-
New bus fund	41,227	-	(41,227)	-
SCVCOAC Supporters, LLC	156,137	5,426,103	(5,578,071)	4,169
CW Fund a Need	<u>-</u>	<u>17,750</u>	<u>-</u>	<u>17,750</u>
Total Temporarily Restricted Net Assets	<u>\$ 273,330</u>	<u>\$ 5,443,853</u>	<u>\$ (5,695,264)</u>	<u>\$ 21,919</u>

**11. CONTINGENCIES**

*Contracts*

SCVCOAC's grants and contracts are subject to inspection and audit by the appropriate governmental funding agency. 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 often cannot be reasonably estimated.

**12. 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, 2017 were \$3,437.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**13. CONCENTRATION RISK**

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance. However, SCVCOAC performs ongoing evaluations of the commercial bank to limit its concentration of credit risk and has not suffered any losses. Corporation and Securities Investor Protection Corporation limits. SCVCOAC deposits its cash with high quality financial institutions, and management believes SCVCOAC is not exposed to significant credit risk on those amounts.

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, 2017, 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.

**14. SUBSEQUENT EVENTS**

SCVCOAC has evaluated events subsequent to June 30, 2017, to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through March 30, 2018, the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. Based upon this evaluation, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

**GOVERNMENT AUDIT SECTION**



# VASIN, HEYN & COMPANY

ABOVE THE BRIGHT LINE



AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

## **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 of  
Santa Clarita Valley Committee on Aging Corporation  
(A California Non-Profit Corporation)  
Los Angeles, 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 California Non-Profit Corporation), which comprise the statement of financial position as of June 30, 2017, 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 30, 2018.

### ***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 Santa Clarita Valley Committee On Aging Corporation'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.

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.

Vorlein, Hryn + Co.

Calabasas, California  
March 30, 2018



**VASIN, HEYN & COMPANY**

ABOVE THE BRIGHT LINE

AN ACCOUNTANCY CORPORATION

CERTIFIED PUBLIC ACCOUNTANTS | AUDITORS AND ADVISERS

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

To the Board of Directors of  
Santa Clarita Valley Committee on Aging Corporation  
(A California Non-Profit Corporation)  
Los Angeles, California

***Report on Compliance for Each Major Federal Program***

We have audited Santa Clarita Valley Committee On Aging Corporation's (A California Non-Profit Corporation) 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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the 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.

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 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, 2017.

### ***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 required by the 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.

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.

*Vosin, Hryn + Co.*

Calabasas, California  
March 30, 2018

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**  
**(FEIN 95-1693616)**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Pass- Through Grantor Number	(D)irect (P)assed	Federal Expenditures	Non-Federal Expenditures	Program Expenditures From Governmental Revenue	Payments to Subrecipients
<b>U.S. Department of Health and Human Services</b>							
<b>Aging Cluster:</b>							
Passed Through the County of Los Angeles, Department of Community and Senior Services - Nutritional and Supportive Services for Elderly Persons:							
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	SSP-1418-017	P	\$ 158,828	\$ -	\$ 158,828	\$ -
Passed Through the County of Los Angeles, Department of Community and Senior Services - Nutritional and Supportive Services for Elderly Persons:							
Elderly Nutrition Services							
(Congregate Meals - CI, Home Delivered Meals -CII, Telephone Reassurance, UUT)							
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	Subaward ENP161704	P	585,465	-	585,465	-
Passed Through the County of Los Angeles, Department of Community and Senior Services - Nutritional and Supportive Services for Elderly Persons:							
AAA CI NSIP							
AAA CII NSIP							
Nutrition Services Incentive Program	93.053	Subaward ENP161704	P	25,955	-	25,955	-
Total Aging Cluster:	93.053	Subaward ENP161704	P	<u>37,253</u>	<u>-</u>	<u>37,253</u>	<u>-</u>
				<u>63,208</u>	<u>-</u>	<u>63,208</u>	<u>-</u>
				<u>807,501</u>	<u>-</u>	<u>807,501</u>	<u>-</u>
Passed Through the County of Los Angeles, Department of Community and Senior Services - Nutritional and Supportive Services for Elderly Persons:							
Family Caregiver Support Program (IIIE)							
National Family Caregiver Support, Title III, Part E	93.052	FCSP-1317-09	P	82,479	-	82,479	-
<b>Total U.S. Department of Health and Human Services</b>				<b>\$ 889,980</b>	<b>\$ -</b>	<b>\$ 889,980</b>	<b>\$ -</b>
<b>U.S. Department of Housing and Urban Development</b>							
Passed Through the City of Santa Clarita							
City of Santa Clarita - CDBG Senior Access Services							
City of Santa Clarita - CDBG Handyworker Services							
Passed Through the County of Los Angeles, Community Development Commission:							
Los Angeles County - CDBG Handyworker Services							
Community Development Block Grants/Entitlement Grants	14.218	108563	P	70,579	-	70,579	-
<b>Total U.S. Department of Housing and Urban Development</b>				<b>344,265</b>	<b>-</b>	<b>344,265</b>	<b>-</b>
<b>TOTAL FEDERAL EXPENDITURES</b>				<b>\$ 1,234,245</b>	<b>\$ -</b>	<b>\$ 1,234,245</b>	<b>-</b>
<b>LOCAL FUNDING:</b>							
City of Santa Clarita - Recreational and Wellness Program							
City of Santa Clarita - Reduced Fare Program							
City of Santa Clarita - City's Public Information Center							
City of Santa Clarita - Home Delivered Meals Project							
Agreement Dated 1/1/16							
Agreement Dated 1/1/16							
CON-6							
Agreement Dated 1/1/16							
<b>TOTAL LOCAL EXPENDITURES</b>				<b>\$ -</b>	<b>\$ 502,578</b>	<b>\$ 502,578</b>	<b>-</b>
<b>TOTAL FEDERAL AND LOCAL EXPENDITURES</b>				<b>\$ 1,234,245</b>	<b>\$ 502,578</b>	<b>\$ 1,736,823</b>	<b>\$ -</b>



**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND LOCAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal and Local Awards (the "Schedule") includes the federal grant activity of Santa Clarita Valley Committee On Aging Corporation under programs of the federal government for the year ended June 30, 2017. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Because the schedule presents only a selected portion of the 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.

**2. 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**3. DE MINIMIS INDIRECT COST RATE**

Santa Clarita Valley Committee On Aging Corporation did not elect to use the 10% de minimis indirect cost rate for the year ended June 30, 2017.

**4. LOAN AND LOAN GUARANTEE**

Santa Clarita Valley Committee On Aging Corporation did not have any balances of loan and loan guarantee programs outstanding at June 30, 2017 for loans described in 2 CFR section 200.50(b).

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified.

Internal control over financial reporting:

• Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

• Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   None Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes   X   No

*Federal Awards*

Internal control over major programs:

• Material weakness(es) identified? \_\_\_\_\_ Yes   X   No

• Significant deficiency(ies) identified? \_\_\_\_\_ Yes   X   None Reported

Type of auditors' report issued on compliance for major programs Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)? \_\_\_\_\_ Yes   X   No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes \_\_\_\_\_ No

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

**SANTA CLARITA VALLEY COMMITTEE ON AGING CORPORATION**  
**(A California Non-Profit Corporation)**  
**CURRENT AND PRIOR YEARS FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**CURRENT YEAR FINDINGS:**

**2017 Findings:**

There were no 2017 findings noted.

**2017 Questioned Costs:**

There were no 2017 questioned costs noted.

**PRIOR YEARS FINDINGS AND QUESTIONED COSTS:**

**2016 Findings:**

There were no 2016 findings noted.

**2016 Questioned Costs:**

There were no 2016 questioned costs noted.

**2015 Findings:**

There were no 2015 findings noted.

**2015 Questioned Costs:**

There were no 2015 questioned costs noted.