

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

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

June 30, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
COMMUNITY SERVICES AGENCY
OF MOUNTAIN VIEW, LOS ALTOS AND LOS ALTOS HILLS, INC.

We have audited the accompanying financial statements of Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

In accordance with Government Auditing Standards, we have also issued our report dated October 23, 2014 on our consideration of Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc.'s internal control over agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and important for assessing the results of our audit.

Young, Craig & Co., LLP



Raymond H. Skitt, CPA
Partner

October 23, 2014

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statements of Financial Position
June 30, 2014 and 2013**

| | 2014 | 2013 |
|---|---------------------|---------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Cash and cash equivalents | \$ 290,528 | \$ 364,976 |
| Receivables | 323,492 | 469,417 |
| Inventory | 205,848 | 75,090 |
| Prepaid expenses | 51,452 | 47,915 |
| Investments | 2,141,900 | 1,822,493 |
| Deposits | 2,298 | 798 |
| TOTAL CURRENT ASSETS | 3,015,518 | 2,780,689 |
| PROPERTY AND EQUIPMENT, net | 391,535 | 398,049 |
| TOTAL ASSETS | \$ 3,407,053 | \$ 3,178,738 |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | \$ 33,838 | \$ 29,852 |
| Accrued expenses | 50,816 | 48,491 |
| Accrued compensated absences | 59,474 | 62,070 |
| Deferred revenue | - | 560 |
| TOTAL CURRENT LIABILITIES | 144,128 | 140,973 |
| COMMITMENTS | - | - |
| NET ASSETS: | | |
| Unrestricted: | | |
| Undesignated | 2,736,026 | 2,519,169 |
| Designated by Board for contingencies | 50,000 | 50,000 |
| Total unrestricted net assets | 2,786,026 | 2,569,169 |
| Temporarily restricted: | | |
| Emergency Assistance | 142,293 | 161,000 |
| Senior Case Management | 166,465 | 163,742 |
| Holiday Sharing | 168,141 | 65,104 |
| Alpha Omega | - | - |
| General operations | - | 78,750 |
| Total temporarily restricted net assets | 476,899 | 468,596 |
| TOTAL NET ASSETS | 3,262,925 | 3,037,765 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 3,407,053 | \$ 3,178,738 |

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statement of Activities
June 30, 2014**

| | Unrestricted | Temporarily Restricted | Total |
|---|---------------------|---------------------------|---------------------|
| Revenue and gains: | | | |
| Contributions | \$ 950,743 | \$ 338,292 | \$ 1,289,035 |
| Contributions-United Way | - | 8,800 | 8,800 |
| Contributions-in-kind | 1,415,675 | - | 1,415,675 |
| Government grants | 444,454 | - | 444,454 |
| Special events, net of expenses of \$31,702 | (3,904) | - | (3,904) |
| Interest and dividends | 52,249 | - | 52,249 |
| Investment gains | 282,611 | - | 282,611 |
| Other income | 1,686 | - | 1,686 |
| Assets released from restrictions: | | | |
| Emergency Assistance | 61,000 | (61,000) | - |
| Senior Case Management | 133,935 | (133,935) | - |
| Holiday Sharing | 65,104 | (65,104) | - |
| Alpha Omega | - | - | - |
| General Operations | 78,750 | (78,750) | - |
| Total revenues and gains | <u>3,482,303</u> | <u>8,303</u> | <u>3,490,606</u> |
| Expenses: | | | |
| Program Services: | | | |
| Emergency Assistance | 1,663,282 | - | 1,663,282 |
| Senior Nutrition | 445,832 | - | 445,832 |
| Senior Case Management | 385,397 | - | 385,397 |
| Alpha Omega | 122,905 | - | 122,905 |
| Total Program Services | <u>2,617,416</u> | <u>-</u> | <u>2,617,416</u> |
| Supporting Services: | | | |
| Management and general | 415,044 | - | 415,044 |
| Fundraising | 232,986 | - | 232,986 |
| Total Supporting Services | <u>648,030</u> | <u>-</u> | <u>648,030</u> |
| Total expenses | <u>3,265,446</u> | <u>-</u> | <u>3,265,446</u> |
| CHANGE IN NET ASSETS | 216,857 | 8,303 | 225,160 |
| NET ASSETS, beginning of year | <u>2,569,169</u> | <u>468,596</u> | <u>3,037,765</u> |
| NET ASSETS, end of year | <u>\$ 2,786,026</u> | <u>\$ 476,899</u> | <u>\$ 3,262,925</u> |

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statement of Activities
June 30, 2013**

| | Unrestricted | Temporarily Restricted | Total |
|---|---------------------|---------------------------|---------------------|
| Revenue and gains: | | | |
| Contributions | \$ 1,137,752 | \$ 226,289 | \$ 1,364,041 |
| Contributions-United Way | 2,200 | 161,000 | 163,200 |
| Contributions-in-kind | 1,145,822 | - | 1,145,822 |
| Government grants | 341,789 | - | 341,789 |
| Special events, net of expenses of \$57,338 | - | - | - |
| Interest and dividends | 51,677 | - | 51,677 |
| Investment gains | 170,762 | - | 170,762 |
| Other income | 3,531 | - | 3,531 |
| Assets released from restrictions: | | | |
| Emergency Assistance | 141,335 | (141,335) | - |
| Senior Case Management | 121,000 | (121,000) | - |
| Holiday Sharing | 29,045 | (29,045) | - |
| Alpha Omega | 10,000 | (10,000) | - |
| General Operations | - | - | - |
| Total revenues and gains | <u>3,154,913</u> | <u>85,909</u> | <u>3,240,822</u> |
| Expenses: | | | |
| Program Services: | | | |
| Emergency Assistance | 1,632,130 | - | 1,632,130 |
| Senior Nutrition | 438,868 | - | 438,868 |
| Senior Case Management | 404,395 | - | 404,395 |
| Alpha Omega | 151,478 | - | 151,478 |
| Total Program Services | <u>2,626,871</u> | <u>-</u> | <u>2,626,871</u> |
| Supporting Services: | | | |
| Management and general | 366,032 | - | 366,032 |
| Fundraising | 212,722 | - | 212,722 |
| Total Supporting Services | <u>578,754</u> | <u>-</u> | <u>578,754</u> |
| Total expenses | <u>3,205,625</u> | <u>-</u> | <u>3,205,625</u> |
| CHANGE IN NET ASSETS | (50,712) | 85,909 | 35,197 |
| NET ASSETS, beginning of year | <u>2,619,881</u> | <u>382,687</u> | <u>3,002,568</u> |
| NET ASSETS, end of year | <u>\$ 2,569,169</u> | <u>\$ 468,596</u> | <u>\$ 3,037,765</u> |

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statement of Functional Expenses
June 30, 2014**

| | PROGRAM SERVICES | | | | | SUPPORTING SERVICES | | | Total Expenses |
|-------------------------------------|----------------------|-------------------|------------------------|-------------------|---------------------|------------------------|-------------------|-------------------|---------------------|
| | Emergency Assistance | Senior Nutrition | Senior Case Management | Alpha Omega | Total | Management and General | Fundraising | Total | |
| Salaries and wages | \$ 239,264 | \$ 126,515 | \$ 259,841 | \$ 74,071 | \$ 699,691 | \$ 248,357 | \$ 142,000 | \$ 390,357 | \$ 1,090,048 |
| Benefits | 49,534 | 36,283 | 29,666 | 5,214 | 120,697 | 69,261 | 35,288 | 104,549 | 225,246 |
| Payroll taxes | 18,076 | 9,600 | 19,417 | 5,559 | 52,652 | 30,367 | 10,666 | 41,033 | 93,685 |
| Total salaries and related expenses | 306,874 | 172,398 | 308,924 | 84,844 | 873,040 | 347,985 | 187,954 | 535,939 | 1,408,979 |
| Specific assistance | 1,281,432 | 77,865 | 11,615 | 13,469 | 1,384,381 | - | - | - | 1,384,381 |
| Professional fees | 12,974 | 8,226 | 11,035 | 4,499 | 36,734 | 6,867 | 6,542 | 13,409 | 50,143 |
| Occupancy | 21,902 | 161,567 | 19,603 | 8,112 | 211,184 | 9,666 | 7,267 | 16,933 | 228,117 |
| Other expenses | 857 | 3,498 | 1,303 | 724 | 6,382 | 16,825 | 6,586 | 23,411 | 29,793 |
| Repairs and maintenance | 9,252 | 3,927 | 5,285 | 2,187 | 20,651 | 2,606 | 1,959 | 4,565 | 25,216 |
| Telephone | 4,240 | 4,156 | 4,998 | 1,570 | 14,964 | 2,141 | 1,531 | 3,672 | 18,636 |
| Supplies | 4,411 | 3,963 | 2,849 | 1,218 | 12,441 | 1,989 | 1,392 | 3,381 | 15,822 |
| Printing and publications | 1,535 | 244 | 500 | 356 | 2,635 | 1,472 | 9,949 | 11,421 | 14,056 |
| Vehicle expenses | 3,644 | 606 | 6,178 | 508 | 10,936 | 826 | 35 | 861 | 11,797 |
| Investment management fees | - | - | - | - | - | 14,623 | - | 14,623 | 14,623 |
| Conferences and training | 1,950 | - | 464 | 288 | 2,702 | 2,584 | 1,836 | 4,420 | 7,122 |
| Payroll processing fees | 1,463 | 973 | 1,309 | 542 | 4,287 | 646 | 485 | 1,131 | 5,418 |
| Postage | 728 | 312 | 558 | 174 | 1,772 | 228 | 2,486 | 2,714 | 4,486 |
| Small equipment expense | 1,625 | 1,183 | 1,471 | 564 | 4,843 | 1,997 | 1,515 | 3,512 | 8,355 |
| Total expenses before depreciation | 1,652,887 | 438,918 | 376,092 | 119,055 | 2,586,952 | 410,455 | 229,537 | 639,992 | 3,226,944 |
| Depreciation | 10,395 | 6,914 | 9,305 | 3,850 | 30,464 | 4,589 | 3,449 | 8,038 | 38,502 |
| TOTAL EXPENSES | \$ 1,663,282 | \$ 445,832 | \$ 385,397 | \$ 122,905 | \$ 2,617,416 | \$ 415,044 | \$ 232,986 | \$ 648,030 | \$ 3,265,446 |
| Percent of total expenses | 50.9% | 13.7% | 11.8% | 3.8% | 80.2% | 12.7% | 7.1% | 19.8% | 100.0% |

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statement of Functional Expenses
June 30, 2013**

| | PROGRAM SERVICES | | | | | SUPPORTING SERVICES | | | Total Expenses |
|-------------------------------------|----------------------|-------------------|------------------------|-------------------|---------------------|------------------------|-------------------|-------------------|---------------------|
| | Emergency Assistance | Senior Nutrition | Senior Case Management | Alpha Omega | Total | Management and General | Fundraising | Total | |
| Salaries and wages | \$ 262,081 | \$ 126,453 | \$ 268,258 | \$ 84,864 | \$ 741,656 | \$ 194,093 | \$ 140,100 | \$ 334,193 | \$ 1,075,849 |
| Benefits | 48,713 | 36,337 | 39,593 | 9,340 | 133,983 | 67,625 | 24,664 | 92,289 | 226,272 |
| Payroll taxes | 17,997 | 8,770 | 19,205 | 5,988 | 51,960 | 30,365 | 9,721 | 40,086 | 92,046 |
| Total salaries and related expenses | 328,791 | 171,560 | 327,056 | 100,192 | 927,599 | 292,083 | 174,485 | 466,568 | 1,394,167 |
| Specific assistance | 1,216,647 | 76,259 | 11,604 | 26,740 | 1,331,250 | - | - | - | 1,331,250 |
| Professional fees | 15,306 | 9,652 | 13,472 | 5,406 | 43,836 | 9,695 | 7,080 | 16,775 | 60,611 |
| Occupancy | 22,788 | 158,750 | 16,786 | 7,121 | 205,445 | 13,251 | 6,358 | 19,609 | 225,054 |
| Other expenses | 1,429 | 2,859 | 2,101 | 643 | 7,032 | 14,831 | 6,022 | 20,853 | 27,885 |
| Repairs and maintenance | 7,005 | 3,358 | 4,798 | 2,035 | 17,196 | 3,862 | 1,817 | 5,679 | 22,875 |
| Telephone | 5,020 | 3,722 | 6,086 | 1,569 | 16,397 | 2,867 | 1,952 | 4,819 | 21,216 |
| Supplies | 3,758 | 3,150 | 2,456 | 1,033 | 10,397 | 2,592 | 975 | 3,567 | 13,964 |
| Printing and publications | 2,680 | 871 | 2,142 | 588 | 6,281 | 1,168 | 6,114 | 7,282 | 13,563 |
| Vehicle expenses | 3,925 | 296 | 5,053 | 826 | 10,100 | 585 | 147 | 732 | 10,832 |
| Investment management fees | - | - | - | - | - | 12,840 | - | 12,840 | 12,840 |
| Conferences and training | 477 | 139 | 1,303 | 140 | 2,059 | 2,444 | 264 | 2,708 | 4,767 |
| Payroll processing fees | 1,476 | 761 | 1,087 | 461 | 3,785 | 858 | 412 | 1,270 | 5,055 |
| Postage | 1,017 | 423 | 689 | 256 | 2,385 | 759 | 2,809 | 3,568 | 5,953 |
| Small equipment expense | 10,072 | 1,015 | 1,115 | 800 | 13,002 | 1,371 | 1,012 | 2,383 | 15,385 |
| Total expenses before depreciation | 1,620,391 | 432,815 | 395,748 | 147,810 | 2,596,764 | 359,206 | 209,447 | 568,653 | 3,165,417 |
| Depreciation | 11,739 | 6,053 | 8,647 | 3,668 | 30,107 | 6,826 | 3,275 | 10,101 | 40,208 |
| TOTAL EXPENSES | \$ 1,632,130 | \$ 438,868 | \$ 404,395 | \$ 151,478 | \$ 2,626,871 | \$ 366,032 | \$ 212,722 | \$ 578,754 | \$ 3,205,625 |
| Percent of total expenses | 50.9% | 13.7% | 12.6% | 4.7% | 81.9% | 11.4% | 6.6% | 18.1% | 100.0% |

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Statements of Cash Flows
June 30, 2014 and 2013**

| | 2014 | 2013 |
|--|------------|------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets: | \$ 225,160 | \$ 35,197 |
| Adjustments to reconcile change in net assets to net cash used in operating activities: | | |
| Depreciation | 38,502 | 40,208 |
| Net unrealized and realized gain on investments | (267,488) | (157,923) |
| (Increase) decrease in assets: | | |
| Receivables | 145,925 | (192,310) |
| Inventory | (130,758) | 31,320 |
| Prepaid expenses | (3,537) | 1,928 |
| Increase (decrease) in liabilities: | | |
| Accounts payable | 3,986 | 3,669 |
| Accrued expenses | 2,325 | 397 |
| Accrued compensated absences | (2,596) | 2,797 |
| Deferred revenue | (560) | 206 |
| NET CASH USED IN OPERATING ACTIVITIES | 9,459 | (234,511) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property and equipment | (31,988) | (10,578) |
| Proceeds from sale of investments | 34,435 | 34,435 |
| Purchases of investments | (86,354) | (84,899) |
| NET CASH USED IN INVESTING ACTIVITIES | (83,907) | (61,042) |
| CASH FLOWS FROM FINANCING ACTIVITIES | - | - |
| NET DECREASE IN CASH AND EQUIVALENTS | (74,448) | (295,553) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 364,976 | 660,529 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | \$ 290,528 | \$ 364,976 |

SUPPLEMENTAL INFORMATION

No income tax or interest was paid during
the years ended June 30, 2014 and 2013

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE A - NATURE OF OPERATIONS

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

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

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Accounting* - The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles. Those principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure to contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from such estimates.

(b) *Basis of Presentation* - CSA reports information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

1. *Unrestricted Net Assets*: Net assets that are currently available at the discretion of the board of directors for use in CSA's operations. Under this category, CSA maintains an operating fund plus any net assets designated by the Board for specific purposes.
2. *Temporarily Restricted Net Assets*: Net assets that are subject to donor-imposed restrictions, generally with regard to time or purpose of the use of the funds. CSA's temporarily restricted net assets are described in the statements of financial position.
3. *Permanently Restricted Net Assets*: Net assets that are subject to permanent donor-imposed restrictions, with the earnings from the original donation generally available for use by the organization. CSA currently has no permanently restricted net assets.

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(c) Net Asset Presentation - Contributions received are recoded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. If a restriction expires in the same accounting period as the contribution is received, the revenue is shown as unrestricted. Unconditional promises to give are recognized as revenue at the time the promise is made by the donor; conditional promises to give are disclosed but not recognized as revenue until the conditions are met.

(d) Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

(e) Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates. Significant estimates include the valuation of the CSA's investments, in-kind contributions and the determination of functional expense allocations.

(f) Investments - CSA records all investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Absent donor stipulations on earnings from restricted net assets, investment income is allocated to unrestricted net assets. Unrealized gains or losses are included in the change of net assets.

(g) Inventory - Inventory consists primarily of: 1) donated food to be used for food and nutrition program, which is recoded at estimated fair value; 2) food product purchased for use in CSA's food and nutrition program and valued at the lower cost or market; and 3) donated toys which have been valued based on a cost study at local stores conducted by CSA staff.

(h) Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Acquisitions of property and equipment in excess of \$1,000 are capitalized and depreciated using the straight-line method over their useful lives from 3 to 30 years. Property and equipment are carried at cost, or, if donated, at approximate fair value at the date of donation. Expenditures representing general maintenance and repairs are expensed in the year incurred.

(i) Cash and Cash Equivalents - CSA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(j) Fundraising and Joint Costs - Fundraising activities are performed primarily by CSA employees and volunteers. Fundraisings events that are major and/or ongoing are reported at gross proceeds and related expenses. When certain requirements are met, joint costs incurred in fundraising activities are allocated between program and support services in the statements of functional expenses.

(k) Allocation of Functional Expenses - The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management's estimate of indirect salary expense allocation is based on individual employees' estimated time spent by program and supporting services.

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

(l) Contributions - Contributions are recognized when the donor makes a pledge to give, such as an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of temporarily restricted net assets to unrestricted net assets.

(m) Income Taxes - Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. is exempt from income taxes under Section 501(c) (3) and Section 23701 (d) of the Internal Revenue Code and California Revenue and Taxation Code, respectively. Accordingly, no provision for federal income tax or California franchise tax has been made. CSA has been classified as a publicly support charitable organization, which is not a private foundation under IRS code Section 509(a).

CSA has adopted the provisions of Accounting for Uncertainty in Income Taxes. Management believes that it does not have any uncertain tax positions that impact its financial position, results of operation or change in net assets. CSA, which is subject to taxation in the United States and California jurisdictions, has incurred no interest or penalties related to its tax positions. CSA's 2010 through 2012 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes, and 2009 through 2012 tax years remain subject to examination by state tax authority.

(n) Fair Value Measurement - CSA has adopted Financial Accounting Standards for Fair Value Measurements for financial statements. Fair value is defined as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date." The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the assets or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the asset or liability; and
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other observable inputs.

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. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

CSA's investments and the corresponding levels of input are described in Note D.

(o) Subsequent Events - CSA's management has evaluated subsequent events and transactions through October 23, 2014, the date at which the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE C - RECEIVABLES

CSA considers all receivables to be collectible; therefore no allowance for uncollectible receivables has been recorded. Receivables consist of the following amounts on June 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|---------------------------|-------------------|-------------------|
| Grants receivable | \$ 321,271 | \$ 467,600 |
| Other program receivables | <u>2,221</u> | <u>1,817</u> |
| | <u>\$ 323,492</u> | <u>\$ 469,417</u> |

NOTE D - INVESTMENTS

Fair market values of investments on June 30, 2014 and 2013 are as follows:

| | <u>2014</u> | <u>2013</u> |
|--------------------|---------------------|---------------------|
| Money Market funds | \$ 8,124 | \$ 23,708 |
| Mutual funds | <u>2,133,776</u> | <u>1,798,785</u> |
| | <u>\$ 2,141,900</u> | <u>\$ 1,822,493</u> |

Mutual funds consist primarily of common stocks publically traded in the United States. Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations.

All of CSA's investments are measured at Level 1, as described in Note B(n). Investment returns are as follows for the years ended June 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|-----------------------------------|-------------------|-------------------|
| Interest and dividends | \$ 51,919 | \$ 50,465 |
| Net realized and unrealized gains | 282,111 | 170,762 |
| Investment management fees | <u>(14,623)</u> | <u>(12,840)</u> |
| | <u>\$ 319,407</u> | <u>\$ 208,387</u> |

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE E - PROPERTY AND EQUIPMENT

Property, equipment and accumulated depreciation are compromised of the following on June 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|-------------------------------|-------------------|-------------------|
| Building and improvements | \$ 1,083,920 | \$ 1,083,920 |
| Furniture and equipment | 206,339 | 215,442 |
| Vehicles | <u>51,712</u> | <u>43,223</u> |
| | 1,341,971 | 1,342,585 |
| Less accumulated depreciation | <u>1,030,436</u> | <u>1,024,536</u> |
| | 311,535 | 318,049 |
| Land | <u>80,000</u> | <u>80,000</u> |
| | <u>\$ 391,535</u> | <u>\$ 398,049</u> |

NOTE F - DONATED SERVICES, MATERIALS AND FACILITIES

In-kind contributions include donated food, toys and holiday gift items, and contributed rent at a local community senior center. The estimated fair market value of these in-kind contributions are included in the statements of activities contribution in-kind and functional expenses as specific assistance and occupancy, respectively. In-kind contributions by program for the years ended June 30, 2014 and 2013 are as follows:

| | <u>2014</u> | <u>2013</u> |
|---|---------------------|---------------------|
| Donated food, toys and holiday gift items | \$ 1,268,675 | \$ 998,822 |
| Contributed rent | <u>147,000</u> | <u>147,000</u> |
| | <u>\$ 1,415,675</u> | <u>\$ 1,145,822</u> |

CSA also received approximately 12,854 and 12,162 hours of donated services from unpaid volunteers assisting in various program, administrative and fundraising activities for the years ended June 30, 2014 and 2013, respectively. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort have not been met. Volunteer hours by program or function are described below for the years ended June 30, 2014 and 2013:

| | <u>2014</u> | <u>2013</u> |
|------------------------|---------------|---------------|
| Emergency Assistance | 7,145 | 6,659 |
| Senior Nutrition | 3,033 | 3,084 |
| Senior Case Management | 892 | 649 |
| Alpha Omega | - | - |
| Management and General | <u>1,784</u> | <u>1,770</u> |
| | <u>12,854</u> | <u>12,162</u> |

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE G - GOVERNMENT GRANTS

The schedule below describes the government grants that CSA expended for each program for the years ended June 30, 2014 and 2013. Federal grants include programs for which federal funds are passed through to CSA from another agency. State and local government grants are funded by state or local government general funds, with no federal funds passed through.

| Federal Grants | 2014 | 2013 |
|--|------------|------------|
| U.S. Department of Health and Human Services | | |
| <i>Older Americans Act:</i> | | |
| Council on Aging Silicon Valley | \$ 18,000 | \$ 20,000 |
| U.S. Department of Homeland Security | | |
| <i>Federal Emergency Management Agency (FEMA):</i> | | |
| Emergency Food and Shelter Program | 34,616 | 33,811 |
| U.S. Department of Housing and Urban Development | | |
| <i>Community Development Block Grant (CDBG):</i> | | |
| City of Mountain View: | | |
| <i>Alpha Omega Program</i> | 5,843 | 5,411 |
| <i>Emergency Assistance Program</i> | 26,393 | 27,115 |
| <i>Senior Services Program</i> | 20,841 | 19,674 |
| Total Federal Grants | 105,693 | 106,011 |
| State and Local Government Grants | | |
| County of Santa Clara | | |
| <i>Integrated Senior Case Management</i> | 35,063 | 19,167 |
| <i>Emergency Assistance Program</i> | 82,288 | 22,367 |
| <i>Senior Nutrition Services</i> | 181,271 | 155,684 |
| City of Mountain View | | |
| <i>Senior Meals</i> | 34,039 | 33,060 |
| Town of Los Altos | 6,100 | 5,500 |
| Total State and Local Government Grants | 338,761 | 235,778 |
| Total Government Grants | \$ 444,454 | \$ 341,789 |

**Community Services Agency
of Mountain View, Los Altos, and Los Altos Hills, Inc.
Notes to Financial Statements
June 30, 2014 and 2013**

NOTE H - RETIREMENT PLAN

CSA maintains a defined contribution, non-participatory retirement plan for the benefit of its eligible employees, administered by a third party fiduciary. Participants fully vest upon the earlier of three years of employment, attainment of age 55, permanent disability or death. The retirement plan operates on a calendar year basis, whereas CSA operated on a June fiscal year. CSA made the required 7% employer contribution of \$38,040 and \$42,725 for the years ended June 30, 2014 and 2013, respectively.

NOTE I - COMMITMENTS

CSA leases office equipment under various operating lease agreements. At June 30, 2014, future minimum rental payments required under the terms of these agreements are as follows for the years ending June 30:

| | <u>June 30</u> |
|------|------------------|
| 2015 | \$ 13,902 |
| 2016 | 8,052 |
| | <u>\$ 21,954</u> |

NOTE J - CONCENTRATION OF CREDIT RISK FOR CASH DEPOSITS AT BANKS

CSA's bank accounts at certain financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts and for an unlimited amount for non-interest bearing account. The cash accounts at a brokerage firm are insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the securities are insured by the SIPC up to \$500,000. At June 30, 2014, CSA had approximately \$0 in excess of FDIC limits. CSA places its cash and cash equivalents in quality financial institutions and believes no significant credit risk exists with respect to these accounts.

**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**

October 23, 2014

To the Board of Directors
**COMMUNITY SERVICES AGENCY
OF MOUNTAIN VIEW, LOS ALTOS AND LOS ALTOS HILLS, INC.**

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 Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2014.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc.'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 Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc.'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.

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 Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc.'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

Young, Craig & Co., LLP



Raymond H. Skitt, CPA
Partner