

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

INDEPENDENT AUDITOR'S REPORT

AND FINANCIAL STATEMENTS

June 30, 2016 and 2015

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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, 2016 and 2015, 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, 2016 and 2015, 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 27, 2016 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

*Fernanda M. Amaral, CPA*

Fernanda M. Amaral, CPA  
Partner

October 27, 2016

Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Statements of Financial Position  
June 30, 2016 and 2015

	2016	2015
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 510,950	\$ 450,611
Receivables	507,135	351,572
Inventory	295,730	213,899
Prepaid expenses	42,389	51,276
Investments	2,182,561	2,117,821
Deposits	798	798
TOTAL CURRENT ASSETS	3,539,563	3,185,977
PROPERTY AND EQUIPMENT, net	445,092	400,680
TOTAL ASSETS	\$ 3,984,655	\$ 3,586,657
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 25,039	\$ 59,695
Accrued expenses	21,528	88,077
Accrued compensated absences	85,948	74,533
Deferred revenue	143,262	3,030
TOTAL CURRENT LIABILITIES	275,777	225,335
COMMITMENTS	-	-
NET ASSETS:		
Unrestricted:		
Undesignated	3,009,399	2,822,206
Designated by Board for contingencies	50,000	50,000
Total unrestricted net assets	3,059,399	2,872,206
Temporarily restricted:		
Emergency Assistance	2,200	58,800
Challenge Diabetes	258,512	-
Senior Case Management	162,887	168,453
Holiday Sharing	225,880	175,763
General operations	-	86,100
Total temporarily restricted net assets	649,479	489,116
TOTAL NET ASSETS	3,708,878	3,361,322
TOTAL LIABILITIES AND NET ASSETS	\$ 3,984,655	\$ 3,586,657

**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Statement of Activities  
June 30, 2016**

	Unrestricted	Temporarily Restricted	Total
Revenue and gains:			
Contributions	\$ 1,161,723	\$ 646,950	\$ 1,808,673
Contributions-United Way	20,000	-	20,000
Contributions-in-kind	1,524,842	-	1,524,842
Government grants	610,737	-	610,737
Special events, net of expenses of \$24,157	(17,877)	-	(17,877)
Interest and dividends	54,848	-	54,848
Investment gains	25,989	-	25,989
Other income	22,477	-	22,477
Assets released from restrictions:			
Emergency Assistance	56,600	(56,600)	-
Senior Case Management	268,481	(268,481)	-
Holiday Sharing	75,406	(75,406)	-
General Operations	86,100	(86,100)	-
Total revenues and gains	<u>3,889,326</u>	<u>160,363</u>	<u>4,049,689</u>
Expenses:			
Program Services:			
Emergency Assistance	1,918,944	-	1,918,944
Senior Nutrition	459,881	-	459,881
Senior Case Management	445,605	-	445,605
Alpha Omega	239,055	-	239,055
Total Program Services	<u>3,063,485</u>	<u>-</u>	<u>3,063,485</u>
Supporting Services:			
Management and general	427,072	-	427,072
Fundraising	211,576	-	211,576
Total Supporting Services	<u>638,648</u>	<u>-</u>	<u>638,648</u>
Total expenses	<u>3,702,133</u>	<u>-</u>	<u>3,702,133</u>
CHANGE IN NET ASSETS	187,193	160,363	347,556
NET ASSETS, beginning of year	<u>2,872,206</u>	<u>489,116</u>	<u>3,361,322</u>
NET ASSETS, end of year	<u>\$ 3,059,399</u>	<u>\$ 649,479</u>	<u>\$ 3,708,878</u>

**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Statement of Activities  
June 30, 2015**

	Unrestricted	Temporarily Restricted	Total
Revenue and gains:			
Contributions	\$ 1,125,734	\$ 409,584	\$ 1,535,318
Contributions-United Way	40,652	8,800	49,452
Contributions-in-kind	1,422,515	-	1,422,515
Government grants	424,691	-	424,691
Special events, net of expenses of \$31,702	(10,447)	-	(10,447)
Interest and dividends	52,212	-	52,212
Investment gains	59,812	-	59,812
Other income	18,738	-	18,738
Assets released from restrictions:			
Emergency Assistance	92,293	(92,293)	-
Senior Case Management	131,811	(131,811)	-
Holiday Sharing	100,063	(100,063)	-
General Operations	82,000	(82,000)	-
Total revenues and gains	<u>3,540,074</u>	<u>12,217</u>	<u>3,552,291</u>
Expenses:			
Program Services:			
Emergency Assistance	1,822,633	-	1,822,633
Senior Nutrition	458,721	-	458,721
Senior Case Management	391,396	-	391,396
Alpha Omega	179,897	-	179,897
Total Program Services	<u>2,852,647</u>	<u>-</u>	<u>2,852,647</u>
Supporting Services:			
Management and general	401,069	-	401,069
Fundraising	200,178	-	200,178
Total Supporting Services	<u>601,247</u>	<u>-</u>	<u>601,247</u>
Total expenses	<u>3,453,894</u>	<u>-</u>	<u>3,453,894</u>
CHANGE IN NET ASSETS	86,180	12,217	98,397
NET ASSETS, beginning of year	<u>2,786,026</u>	<u>476,899</u>	<u>3,262,925</u>
NET ASSETS, end of year	<u>\$ 2,872,206</u>	<u>\$ 489,116</u>	<u>\$ 3,361,322</u>

**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Statement of Functional Expenses  
June 30, 2016**

	PROGRAM SERVICES					SUPPORTING SERVICES			Total Expenses
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega	Total	Management and General	Fundraising	Total	
Salaries and wages	\$ 238,272	\$ 132,676	\$ 297,903	\$ 98,559	\$ 767,410	\$ 233,721	\$ 133,097	\$ 366,818	\$ 1,134,228
Benefits	57,380	39,243	33,515	9,480	139,618	84,639	24,842	109,481	249,099
Payroll taxes	17,355	9,450	20,987	7,096	54,888	28,631	9,557	38,188	93,076
Total salaries and related expenses	313,007	181,369	352,405	115,135	961,916	346,991	167,496	514,487	1,476,403
Specific assistance	1,451,177	66,016	15,966	91,872	1,625,031	200	-	200	1,625,231
Professional fees	87,657	11,044	17,286	8,469	124,456	9,275	9,768	19,043	143,499
Occupancy	23,144	174,717	22,325	9,172	229,358	13,464	8,196	21,660	251,018
Other expenses	4,221	4,487	3,546	1,178	13,432	16,209	6,973	23,182	36,614
Equipment rental and repairs	8,510	3,932	5,323	2,234	19,999	3,163	1,925	5,088	25,087
Telephone	3,622	3,275	4,804	1,427	13,128	2,096	1,636	3,732	16,860
Supplies	3,205	3,257	2,478	1,008	9,948	1,951	1,127	3,078	13,026
Printing and publications	4,491	303	467	339	5,600	3,359	8,134	11,493	17,093
Vehicle expenses	3,684	228	5,061	362	9,335	271	67	338	9,673
Investment management fees	-	-	-	-	-	15,516	-	15,516	15,516
Conferences and training	767	77	2,040	1,734	4,618	4,563	40	4,603	9,221
Payroll processing fees	1,469	1,053	1,417	582	4,521	1,070	520	1,590	6,111
Postage	688	378	593	209	1,868	307	1,302	1,609	3,477
Small equipment expense	1,387	1,202	400	613	3,602	1,695	173	1,868	5,470
Total expenses before depreciation	1,907,029	451,338	434,111	234,334	3,026,812	420,130	207,357	627,487	3,654,299
Depreciation	11,915	8,543	11,494	4,721	36,673	6,942	4,219	11,161	47,834
<b>TOTAL EXPENSES</b>	<b>\$ 1,918,944</b>	<b>\$ 459,881</b>	<b>\$ 445,605</b>	<b>\$ 239,055</b>	<b>\$ 3,063,485</b>	<b>\$ 427,072</b>	<b>\$ 211,576</b>	<b>\$ 638,648</b>	<b>\$ 3,702,133</b>
Percent of total expenses	51.8%	12.4%	12.0%	6.5%	82.7%	11.5%	5.7%	17.3%	100.0%



**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Statement of Functional Expenses  
June 30, 2015**

	PROGRAM SERVICES					SUPPORTING SERVICES			
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega	Total	Management and General	Fundraising	Total	Total Expenses
Salaries and wages	\$ 251,275	\$ 135,306	\$ 261,406	\$ 94,552	\$ 742,539	\$ 231,969	\$ 113,975	\$ 345,944	\$ 1,088,483
Benefits	45,059	37,577	24,069	8,043	114,748	70,341	28,217	98,558	213,306
Payroll taxes	18,644	10,362	20,151	7,229	56,386	26,794	8,971	35,765	92,151
Total salaries and related expenses	314,978	183,245	305,626	109,824	913,673	329,104	151,163	480,267	1,393,940
Specific assistance	1,412,837	76,648	18,113	41,757	1,549,355	-	-	-	1,549,355
Professional fees	38,163	7,673	14,686	8,744	69,266	7,151	12,899	20,050	89,316
Occupancy	20,614	166,511	19,488	8,021	214,634	11,695	7,173	18,868	233,502
Other expenses	2,391	3,266	2,970	1,246	9,873	18,393	8,798	27,191	37,064
Equipment rental and repairs	6,958	3,376	4,421	1,820	16,575	2,661	1,627	4,288	20,863
Telephone	4,128	4,049	4,578	1,364	14,119	2,034	1,220	3,254	17,373
Supplies	3,762	3,912	2,850	1,195	11,719	2,216	1,498	3,714	15,433
Printing and publications	2,004	53	132	172	2,361	580	7,270	7,850	10,211
Vehicle expenses	3,513	270	4,958	360	9,101	532	144	676	9,777
Investment management fees	-	-	-	-	-	15,663	-	15,663	15,663
Conferences and training	136	-	426	347	909	2,752	695	3,447	4,356
Payroll processing fees	1,390	977	1,315	541	4,223	790	484	1,274	5,497
Postage	413	296	568	169	1,446	285	3,018	3,303	4,749
Small equipment expense	954	1,146	1,442	294	3,836	1,322	574	1,896	5,732
Total expenses before depreciation	1,812,241	451,422	381,573	175,854	2,821,090	395,178	196,563	591,741	3,412,831
Depreciation	10,392	7,299	9,823	4,043	31,557	5,891	3,615	9,506	41,064
<b>TOTAL EXPENSES</b>	<b>\$ 1,822,633</b>	<b>\$ 458,721</b>	<b>\$ 391,396</b>	<b>\$ 179,897</b>	<b>\$ 2,852,647</b>	<b>\$ 401,069</b>	<b>\$ 200,178</b>	<b>\$ 601,247</b>	<b>\$ 3,453,894</b>
Percent of total expenses	52.8%	13.3%	11.3%	5.2%	82.6%	11.6%	5.8%	17.4%	100.0%

**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Statements of Cash Flows  
June 30, 2016 and 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets:	\$ 347,556	\$ 98,397
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	47,834	41,064
Net unrealized and realized gain on investments	(10,474)	(44,148)
(Increase) decrease in assets:		
Receivables	(155,563)	(28,080)
Inventory	(81,831)	(8,051)
Prepaid expenses	8,887	176
Deposits	-	1,500
Increase (decrease) in liabilities:		
Accounts payable	(34,656)	25,857
Accrued expenses	(66,549)	37,261
Accrued compensated absences	11,415	15,059
Deferred revenue	140,232	3,030
NET CASH PROVIDED IN OPERATING ACTIVITIES	206,851	142,065
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(92,245)	(50,211)
Proceeds from sale of investments	-	156,114
Purchases of investments	(54,267)	(87,885)
NET CASH PROVIDED (USED) IN INVESTING ACTIVITIES	(146,512)	18,018
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET INCREASE IN CASH AND EQUIVALENTS	60,339	160,083
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	450,611	290,528
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 510,950	\$ 450,611

SUPPLEMENTAL INFORMATION

No income tax or interest was paid during the years ended June 30, 2016 and 2015

**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Notes to Financial Statements  
June 30, 2016 and 2015**

**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, 2016 and 2015**

**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) Fair value measurements – The estimated fair values of CSA's short-term financial instruments, including cash, receivables, prepaid expenses, accounts payable and accrued expenses arising in the ordinary course of business, approximate their individual carrying amounts due to the relatively short period of time between their originating and expected realization.

(g) 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.

(h) 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.

(i) Inventory - Inventory consists primarily of: 1) donated food to be used for food and nutrition program, which is recorded 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.

(j) 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 \$5,000 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.

(k) 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.

(l) Fundraising and Joint Costs - Fundraising activities are performed primarily by CSA employees and volunteers. Fundraising 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.

**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Notes to Financial Statements  
June 30, 2016 and 2015**

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

(m) 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.

(n) 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. Restricted contributions whose restrictions are met in the same reporting period are shown as unrestricted support.

(o) Receivables -Receivables for amounts due from contributions, grants and program fees are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. .

(p) Deferred revenue -The balance in this account consists of amounts collected from a government gran in advance for rental assistance.

(q) Fair Value of Investments - 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.

**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Notes to Financial Statements  
June 30, 2016 and 2015**

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

(r) 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 2012 through 2014 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes, and 2011 through 2014 tax years remain subject to examination by state tax authority.

(s) Subsequent Events - CSA's management has evaluated subsequent events and transactions through October 27, 2016, the date at which the financial statements were available to be issued, for potential recognition or disclosure in the financial statements.

**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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Grants receivable	\$ 500,924	\$ 348,456
Other program receivables	<u>6,211</u>	<u>3,116</u>
	<u>\$ 507,135</u>	<u>\$ 351,572</u>

**NOTE D - INVESTMENTS**

Fair market values of investments on June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Money Market funds	\$ 17,038	\$ 16,794
Mutual funds	<u>2,165,523</u>	<u>2,101,027</u>
	<u>\$ 2,182,561</u>	<u>\$ 2,117,821</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.

**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Notes to Financial Statements  
June 30, 2016 and 2015**

**NOTE D – INVESTMENTS, continued**

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, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Interest and dividends	\$ 54,267	\$ 51,771
Net realized and unrealized gains	25,990	59,812
Investment management fees	<u>(15,516)</u>	<u>(15,663)</u>
	<u>\$ 64,741</u>	<u>\$ 95,920</u>

**NOTE E - PROPERTY AND EQUIPMENT**

Property, equipment and accumulated depreciation are compromised of the following on June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Building and improvements	\$ 1,221,489	\$ 1,083,920
Furniture and equipment	178,312	208,013
Vehicles	<u>51,712</u>	<u>51,712</u>
	1,451,513	1,343,645
Less accumulated depreciation	<u>1,086,421</u>	<u>1,068,288</u>
	365,092	275,357
Construction in progress	-	45,323
Land	<u>80,000</u>	<u>80,000</u>
	<u>\$ 445,092</u>	<u>\$ 400,680</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, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Donated food, toys and holiday gift items	\$ 1,366,712	\$ 1,270,484
Contributed rent	<u>158,130</u>	<u>152,031</u>
	<u>\$ 1,524,842</u>	<u>\$ 1,422,515</u>

**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Notes to Financial Statements  
June 30, 2016 and 2015**

**NOTE F - DONATED SERVICES, MATERIALS AND FACILITIES, continued**

CSA also received approximately 12,561 and 12,122 hours of donated services from unpaid volunteers assisting in various program, administrative and fundraising activities for the years ended June 30, 2016 and 2015, 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, 2016 and 2015:

	2016	2015
Emergency Assistance	7,427	7,219
Senior Nutrition	2,436	2,551
Senior Case Management	930	704
Alpha Omega	-	21
Management and General	1,768	1,627
	<u>12,561</u>	<u>12,122</u>

**NOTE G - 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 \$46,185 and \$39,005 for the years ended June 30, 2016 and 2015, respectively.

**NOTE H - 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. 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, 2016, CSA had approximately \$227,000 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.



**Community Services Agency  
of Mountain View, Los Altos, and Los Altos Hills, Inc.  
Notes to Financial Statements  
June 30, 2016 and 2015**

**NOTE I - GOVERNMENT GRANTS**

The schedule below describes the government grants that CSA expended for each program for the years ended June 30, 2016 and 2015. 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	2016	2015
U.S. Department of Health and Human Services		
<i>Older Americans Act:</i>		
Council on Aging Silicon Valley	\$ 18,000	\$ 18,000
U.S. Department of Homeland Security		
<i>Federal Emergency Management Agency (FEMA):</i>		
Emergency Food and Shelter Program	35,625	-
U.S. Department of Housing and Urban Development		
<i>Community Development Block Grant (CDBG):</i>		
City of Mountain View:		
<i>Alpha Omega Program</i>	11,326	5,919
<i>Emergency Assistance Program</i>	27,956	26,754
<i>Senior Services Program</i>	22,066	21,115
Total Federal Grants	114,973	71,788
State and Local Government Grants		
County of Santa Clara		
<i>Integrated Senior Case Management</i>	44,419	45,902
<i>Emergency Assistance Program</i>	166,153	66,106
<i>Senior Nutrition Services</i>	242,813	205,483
City of Mountain View		
<i>Senior Meals</i>	34,045	33,962
<i>Emergency Assistance Program</i>	8,334	-
Town of Los Altos Hills	-	1,450
Total State and Local Government Grants	495,764	352,903
Total Government Grants	\$ 610,737	\$ 424,691

**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 27, 2016

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, 2016 and 2015, 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 27, 2016.

**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

*Fernanda M. Amaral, CPA*

Fernanda M. Amaral, CPA  
Partner