

COMMUNITY SENIORSERV, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2011 AND 2010

WITH INDEPENDENT AUDITORS' REPORT

COMMUNITY SENIORSERV, INC.
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Community SeniorServ, Inc.

We have audited the accompanying statement of financial position of Community SeniorServ, Inc., (a nonprofit organization) as of June 30, 2011 and 2010, and the related statements of activities, changes in net assets, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. 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 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community SeniorServ, Inc.'s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community SeniorServ, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2011, on our consideration of Community SeniorServ, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

White Nelson Diehl Evans LLP

Irvine, CA
October 28, 2011

COMMUNITY SENIORSERV, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS

	2011	2010
Current Assets:		
Cash And Cash Equivalents	\$ 863,550	\$ 1,075,301
Accounts, Grants, And Awards Receivable	1,585,712	1,242,028
Inventory	133,103	98,303
Prepaid Expenses	9,304	21,779
Board Designated Restricted Investments	1,817,963	1,621,706
Total Current Assets	4,409,632	4,059,117
Property, Plant, And Equipment:		
Land	500,000	500,000
Building And Improvements	2,660,621	2,660,621
Equipment, Furniture And Fixtures, And Vehicles	2,922,054	2,754,193
Total Property, Plant, And Equipment, At Cost	6,082,675	5,914,814
Less: Accumulated Depreciation	(2,951,670)	(2,694,825)
Property, Plant, And Equipment, At Net Book Value	3,131,005	3,219,989
Other Assets:		
Deposits	23,334	20,500
Debt Service Restricted Cash	168,063	168,063
Total Other Assets	191,397	188,563
Total Assets	\$ 7,732,034	\$ 7,467,669

The accompanying notes are an integral part of these financial statements

COMMUNITY SENIORSERV, INC.
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2011 AND 2010

LIABILITIES AND NET ASSETS

	2011	2010
Current Liabilities:		
Accounts Payable	\$ 403,118	\$ 356,980
Accrued Liabilities	487,548	435,007
Note Payable, Current Portion	77,917	77,917
Total Current Liabilities	968,583	869,904
Long-Term Liabilities:		
Note Payable	1,223,333	1,298,333
Total Long-Term Liabilities	1,223,333	1,298,333
Total Liabilities	2,191,916	2,168,237
Net Assets:		
Unrestricted	4,505,214	4,171,050
Temporarily Restricted	1,034,904	1,128,382
Permanently Restricted	-	-
Total Net Assets	5,540,118	5,299,432
Total Liabilities And Net Assets	\$ 7,732,034	\$ 7,467,669

The accompanying notes are an integral part of these financial statements

COMMUNITY SENIORSERV, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010

	2011	2010
Unrestricted Support And Revenue		
Community Support:		
Grants And Awards	\$ 6,266,755	\$ 6,144,368
Contributions And Donations	962,116	969,041
Department Of Education Meal Revenues	132,307	129,620
Direct Mail Revenues	326,348	344,103
Participant Fees	82,595	173,688
Total Community Support	7,770,121	7,760,820
Revenue:		
Sales Of Food Products	1,608,344	1,586,975
Medi-Cal	2,102,865	2,050,976
Interest And Dividend Income	67,904	7,263
Other Income	36,842	46,850
Total Other Revenues	3,815,955	3,692,064
Net Assets Released From Restriction	788,496	378,678
Total Unrestricted Support And Revenue	12,374,572	11,831,562
Expenses (See Statement Of Functional Expenses)	12,040,408	11,091,465
Increase In Unrestricted Net Assets	334,164	740,097
Temporarily Restricted Support:		
Grants And Awards	503,556	112,633
Grants And Awards Used For Equipment	191,462	222,374
Funds Released For Expenditures	(788,496)	(378,678)
Decrease In Temporarily Restricted Net Assets	(93,478)	(43,671)
Increase In Total Net Assets	\$ 240,686	\$ 696,426

The accompanying notes are an integral part of these financial statements

COMMUNITY SENIORSERV, INC.
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2011 AND 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets At June 30, 2009	\$ 3,430,953	\$ 1,172,053	\$ -	\$ 4,603,006
Increase (Decrease) In Net Assets, Year Ended June 30, 2010	<u>740,097</u>	<u>(43,671)</u>	<u>-</u>	<u>696,426</u>
Net Assets At June 30, 2010	4,171,050	1,128,382	-	5,299,432
Increase (Decrease) In Net Assets, Year Ended June 30, 2011	<u>334,164</u>	<u>(93,478)</u>	<u>-</u>	<u>240,686</u>
Net Assets At June 30, 2011	<u>\$ 4,505,214</u>	<u>\$ 1,034,904</u>	<u>\$ -</u>	<u>\$ 5,540,118</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY SENIORSERV, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Increase In Net Assets	\$ 240,686	\$ 696,426
Non-Cash Items Included In Increase In Net Assets:		
Amortization And Depreciation	306,775	220,576
Loss On Disposal Of Equipment	6,580	-
Realized And Unrealized Loss On Investments	59,628	1,986
Changes In:		
Accounts, Grants, And Awards Receivable	(343,684)	89,320
Inventory	(34,800)	(25,408)
Prepaid Expenses	12,475	(3,783)
Deposits	(2,834)	(10,000)
Accounts Payable	46,138	56,474
Accrued Liabilities	52,541	(24,449)
Net Cash And Cash Equivalents Provided By Operating Activities	<u>343,505</u>	<u>1,001,142</u>
Cash Flows From Investing Activities:		
Purchase Of Equipment	(230,871)	(840,754)
Proceeds From Sale Of Equipment	6,500	-
Purchase Of Investments, Net	(255,885)	(1,623,692)
Net Cash And Cash Equivalents Used In Investing Activities	<u>(480,256)</u>	<u>(2,464,446)</u>
Cash Flows From Financing Activities:		
Payments On Note Payable	(75,000)	(72,917)
Net Cash And Cash Equivalents Used In Financing Activities	<u>(75,000)</u>	<u>(72,917)</u>
Net Decrease In Cash And Cash Equivalents	(211,751)	(1,536,221)
Cash And Cash Equivalents At Beginning Of Year	<u>1,075,301</u>	<u>2,611,522</u>
Cash And Cash Equivalents At End Of Year	<u>\$ 863,550</u>	<u>\$ 1,075,301</u>
Supplemental Disclosure Of Cash Flow Information:		
Cash Paid For Interest	<u>\$ 83,240</u>	<u>\$ 86,393</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY SENIORSERV, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(INCLUDING CORRESPONDING REVENUES)
YEAR ENDED JUNE 30, 2011

	Title III Services					
	Congregate Meals Program	Home-Bound Meals Program	Buena Park Day Care Program	Case Management Program	In-Home Support Services	Other Grants
Unrestricted Support And Revenue						
Community Support:						
Grants And Awards	\$ 1,963,880	\$ 2,777,198	\$ 60,684	\$ 241,479	\$ 233,801	\$ 109,058
Contributions And Donations	533,138	391,595	-	6,433	990	7,180
Department Of Education Meal Revenues	-	-	10,055	-	-	-
Direct Mail And Fundraising Revenues	500	4,941	-	19,870	3,500	-
Participant Fees	-	-	40,247	-	-	-
Total Community Support	<u>2,497,518</u>	<u>3,173,734</u>	<u>110,986</u>	<u>267,782</u>	<u>238,291</u>	<u>116,238</u>
Revenue:						
Sales Of Food Products	-	-	-	-	-	-
Medi-Cal	-	-	-	-	-	-
Interest And Dividend Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Other Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Released From Restriction	<u>93,110</u>	<u>35,875</u>	<u>10,000</u>	<u>479</u>	<u>4,608</u>	<u>13,576</u>
Total Unrestricted Support And Revenue	<u>2,590,628</u>	<u>3,209,609</u>	<u>120,986</u>	<u>268,261</u>	<u>242,899</u>	<u>129,814</u>
Expenses						
Program Expenses:						
Contract Expenses	-	-	-	-	184,164	-
Food And Supply Costs	856,370	1,337,840	17,249	-	-	-
Insurance	182,572	204,323	14,695	29,452	5,905	-
Other Program Expenses	11,980	12,666	91	152	-	-
Personnel Expense	1,099,369	1,250,504	92,615	209,329	38,009	-
Transportation And Travel	15,584	21,957	1,684	2,031	1,343	-
Vehicle And Fuel	43,246	64,613	-	-	-	-
Total Program Expenses	<u>2,209,121</u>	<u>2,891,903</u>	<u>126,334</u>	<u>240,964</u>	<u>229,421</u>	<u>-</u>
Support Expenses:						
Depreciation	154,027	-	-	-	-	-
Employment Expense	22,673	12,182	-	672	734	-
Direct Mail And Fundraising Expenses	-	-	-	-	-	-
Insurance	22,921	29,616	508	1,015	1,015	-
Miscellaneous	14,165	11,719	554	-	-	75,422
Office Expense	23,247	32,936	1,722	2,224	2,224	1,816
Professional Fees	22,634	28,371	444	876	876	-
Rent	64,840	84,002	-	4,953	3,924	-
Repairs And Maintenance	27,010	58,901	-	12,906	2,413	-
Small Equipment	-	1,954	2,232	1,950	1,051	-
Technology	27,384	24,782	1,625	1,625	1,625	-
Telephone And Utilities	63,355	77,684	2,916	6,053	5,803	-
Total Support Expenses	<u>442,256</u>	<u>362,147</u>	<u>10,001</u>	<u>32,274</u>	<u>19,665</u>	<u>77,238</u>
Other Expenses:						
Interest Expense	-	-	-	-	-	-
Miscellaneous Expense	-	-	-	-	-	6,181
Total Other Expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,181</u>
Total Expenses	<u>2,651,377</u>	<u>3,254,050</u>	<u>136,335</u>	<u>273,238</u>	<u>249,086</u>	<u>83,419</u>
Increase (Decrease) In Unrestricted Net Assets	<u>(60,749)</u>	<u>(44,441)</u>	<u>(15,349)</u>	<u>(4,977)</u>	<u>(6,187)</u>	<u>46,395</u>
Temporarily Restricted Support:						
Grants And Awards	344,864	649	3,595	148,322	-	-
Grants And Awards Used For Equipment	140,000	30,282	6,555	13,040	1,585	-
Funds Released For Expenditures	<u>(93,110)</u>	<u>(35,875)</u>	<u>(10,000)</u>	<u>(479)</u>	<u>(4,608)</u>	<u>(13,576)</u>
Increase (Decrease) In Temporarily Restricted Net Assets	<u>391,754</u>	<u>(4,944)</u>	<u>150</u>	<u>160,883</u>	<u>(3,023)</u>	<u>(13,576)</u>
Increase (Decrease) In Net Assets	<u>\$ 331,005</u>	<u>\$ (49,385)</u>	<u>\$ (15,199)</u>	<u>\$ 155,906</u>	<u>\$ (9,210)</u>	<u>\$ 32,819</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY SENIORSERV, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
(INCLUDING CORRESPONDING REVENUES)
YEAR ENDED JUNE 30, 2011

	Santa Ana VIP	Anaheim VIP	Fund Development	Cook/Chill	Social Meals	General	Total
Unrestricted Support And Revenue							
Community Support:							
Grants And Awards	\$ 425,426	\$ 429,968	\$ -	\$ -	\$ -	\$ 25,261	\$ 6,266,755
Contributions And Donations	-	-	21,623	-	-	1,157	962,116
Department Of Education Meal Revenues	63,002	59,250	-	-	-	-	132,307
Direct Mail And Fundraising Revenues	-	-	170,373	-	-	127,164	326,348
Participant Fees	9,155	33,193	-	-	-	-	82,595
Total Community Support	497,583	522,411	191,996	-	-	153,582	7,770,121
Revenue:							
Sales Of Food Products	-	-	-	92,085	1,516,259	-	1,608,344
Medi-Cal	1,131,078	971,787	-	-	-	-	2,102,865
Interest And Dividend Income	-	-	-	-	-	67,904	67,904
Other Income	-	(55)	-	967	-	35,930	36,842
Total Other Revenues	1,131,078	971,732	-	93,052	1,516,259	103,834	3,815,955
Net Assets Released From Restriction	-	-	-	-	-	630,848	788,496
Total Unrestricted Support And Revenue	1,628,661	1,494,143	191,996	93,052	1,516,259	888,264	12,374,572
Expenses							
Program Expenses:							
Contract Expenses	45,059	84,590	-	1,083	11,948	6,500	333,344
Food And Supply Costs	123,193	105,532	-	8,892	907,424	-	3,356,500
Insurance	101,075	111,281	21,996	18,812	73,113	30,672	793,896
Other Program Expenses	-	-	-	-	-	5,961	30,850
Personnel Expense	587,210	604,148	115,837	79,420	427,025	147,388	4,650,854
Transportation And Travel	489,534	449,693	482	1,107	31,712	570	1,015,697
Vehicle And Fuel	-	-	-	1,817	10,296	275	120,247
Total Program Expenses	1,346,071	1,355,244	138,315	111,131	1,461,518	191,366	10,301,388
Support Expenses:							
Depreciation	-	-	-	-	-	152,748	306,775
Employment Expense	968	844	13,589	115	1,717	14,010	67,504
Direct Mail And Fundraising Expenses	-	-	159,168	-	-	63,694	222,862
Insurance	5,585	5,585	25,558	2,428	13,760	7,993	115,984
Miscellaneous	8,896	5,091	-	-	5,680	40,719	162,246
Office Expense	17,492	27,269	296	5,206	6,225	725	121,382
Professional Fees	4,856	4,856	2,058	444	7,486	-	72,901
Rent	54,443	52,800	-	6,720	21,985	(180,000)	113,667
Repairs And Maintenance	12,431	-	-	3,861	26,818	-	144,340
Small Equipment	-	-	-	-	-	-	7,187
Technology	9,707	9,516	3,870	-	-	-	80,134
Telephone And Utilities	15,625	10,997	-	6,925	23,583	4,869	217,810
Total Support Expenses	130,003	116,958	204,539	25,699	107,254	104,758	1,632,792
Other Expenses:							
Interest Expense	-	-	-	-	-	83,240	83,240
Miscellaneous Expense	6,908	4,218	-	-	5,681	-	22,988
Total Other Expenses	6,908	4,218	-	-	5,681	83,240	106,228
Total Expenses	1,482,982	1,476,420	342,854	136,830	1,574,453	379,364	12,040,408
Increase (Decrease) In							
Unrestricted Net Assets	145,679	17,723	(150,858)	(43,778)	(58,194)	508,900	334,164
Temporarily Restricted Support:							
Grants And Awards	-	-	-	-	-	6,126	503,556
Grants And Awards Used For Equipment	-	-	-	-	-	-	191,462
Funds Released For Expenditures	-	-	-	-	-	(630,848)	(788,496)
Increase (Decrease) In Temporarily Restricted Net Assets	-	-	-	-	-	(624,722)	(93,478)
Increase (Decrease) In Net Assets	\$ 145,679	\$ 17,723	\$ (150,858)	\$ (43,778)	\$ (58,194)	\$ (115,822)	\$ 240,686

The accompanying notes are an integral part of these financial statements

COMMUNITY SENIORSERV, INC.
STATEMENT OF FUNCTIONAL EXPENSES
(INCLUDING CORRESPONDING REVENUES)
YEAR ENDED JUNE 30, 2010

	Title III Services					
	Congregate Meals Program	Home-Bound Meals Program	Buena Park Day Care Program	Case Management Program	In-Home Support Services	Other Grants
Unrestricted Support And Revenue						
Community Support:						
Grants And Awards	\$ 1,952,585	\$ 2,803,699	\$ 57,470	\$ 224,925	\$ 206,920	\$ 42,200
Contributions And Donations	521,739	411,692	-	1,943	-	-
Department Of Education Meal Revenues	-	-	11,396	-	-	-
Direct Mail And Fundraising Revenues	400	-	5,314	19,800	12,692	-
Participant Fees	-	-	58,422	-	-	-
Total Community Support	<u>2,474,724</u>	<u>3,215,391</u>	<u>132,602</u>	<u>246,668</u>	<u>219,612</u>	<u>42,200</u>
Revenue:						
Sales Of Food Products	-	-	-	-	-	-
Medi-Cal	-	-	-	-	-	-
Interest And Dividend Income	-	-	-	-	-	-
Other Income	-	-	-	-	-	-
Total Other Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets Released From Restriction	<u>159,860</u>	<u>21,525</u>	<u>1,467</u>	<u>5,481</u>	<u>5,027</u>	<u>-</u>
Total Unrestricted Support And Revenue	<u>2,634,584</u>	<u>3,236,916</u>	<u>134,069</u>	<u>252,149</u>	<u>224,639</u>	<u>42,200</u>
Expenses						
Program Expenses:						
Contract Expenses	243	22	-	-	163,081	-
Food And Supply Costs	792,285	1,183,310	22,099	365	-	-
Insurance	145,411	199,954	15,030	23,322	7,090	-
Other Program Expenses	5,378	4,971	-	-	-	-
Personnel Expense	969,835	1,295,278	99,815	193,891	45,147	-
Transportation And Travel	15,370	24,621	-	4,128	1,941	-
Vehicle And Fuel	51,208	58,274	-	-	-	-
Total Program Expenses	<u>1,979,730</u>	<u>2,766,430</u>	<u>136,944</u>	<u>221,706</u>	<u>217,259</u>	<u>-</u>
Support Expenses:						
Depreciation	83,841	-	-	-	-	-
Employment Expense	12,278	11,880	137	-	-	-
Direct Mail Expense	-	-	-	-	-	-
Insurance	26,757	41,488	836	1,229	1,188	-
Miscellaneous	18,358	15,023	1,458	7	6	28,466
Office Expense	38,227	38,352	1,616	2,401	2,307	615
Professional Fees	35,767	23,387	190	2,125	1,512	12,000
Rent	60,578	89,814	-	7,992	2,909	-
Repairs And Maintenance	49,260	56,015	-	974	926	-
Small Equipment	-	-	-	-	-	-
Technology	22,830	27,814	1,029	1,412	1,364	-
Telephone And Utilities	69,641	90,510	2,820	7,120	6,110	-
Total Support Expenses	<u>417,537</u>	<u>394,283</u>	<u>8,086</u>	<u>23,260</u>	<u>16,322</u>	<u>41,081</u>
Other Expenses:						
Interest Expense	-	-	-	-	-	-
Investment Loss	-	-	-	-	-	-
Miscellaneous Expense	-	-	2,255	-	-	-
Total Other Expenses	<u>-</u>	<u>-</u>	<u>2,255</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>2,397,267</u>	<u>3,160,713</u>	<u>147,285</u>	<u>244,966</u>	<u>233,581</u>	<u>41,081</u>
Increase (Decrease) In Unrestricted Net Assets	<u>237,317</u>	<u>76,203</u>	<u>(13,216)</u>	<u>7,183</u>	<u>(8,942)</u>	<u>1,119</u>
Temporarily Restricted Support:						
Grants And Awards	95,687	-	-	-	-	-
Grants And Awards Used For Equipment	45,737	19,043	1,298	4,849	4,447	-
Funds Released For Expenditures	<u>(159,860)</u>	<u>(21,525)</u>	<u>(1,467)</u>	<u>(5,481)</u>	<u>(5,027)</u>	<u>-</u>
Increase (Decrease) In Temporarily Restricted Net Assets	<u>(18,436)</u>	<u>(2,482)</u>	<u>(169)</u>	<u>(632)</u>	<u>(580)</u>	<u>-</u>
Increase (Decrease) In Net Assets	<u>\$ 218,881</u>	<u>\$ 73,721</u>	<u>\$ (13,385)</u>	<u>\$ 6,551</u>	<u>\$ (9,522)</u>	<u>\$ 1,119</u>

The accompanying notes are an integral part of these financial statements

COMMUNITY SENIORSERV, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
(INCLUDING CORRESPONDING REVENUES)
YEAR ENDED JUNE 30, 2010

	Santa Ana VIP	Anaheim VIP	Fund Development	Cook/Chill	Social Meals	General	Total
Unrestricted Support And Revenue							
Community Support:							
Grants And Awards	\$ 393,856	\$ 427,142	\$ 10,000	\$ -	\$ -	\$ 25,571	\$ 6,144,368
Contributions And Donations	-	-	15,176	-	-	18,491	969,041
Department Of Education Meal Revenues	57,885	60,339	-	-	-	-	129,620
Direct Mail And Fundraising Revenues	-	-	224,442	-	-	81,455	344,103
Participant Fees	36,604	78,662	-	-	-	-	173,688
Total Community Support	488,345	566,143	249,618	-	-	125,517	7,760,820
Revenue:							
Sales Of Food Products	-	-	-	89,106	1,497,869	-	1,586,975
Medi-Cal	1,045,226	1,005,750	-	-	-	-	2,050,976
Interest And Dividend Income	-	-	-	-	-	7,263	7,263
Other Income	100	80	-	-	-	46,670	46,850
Total Other Revenues	1,045,326	1,005,830	-	89,106	1,497,869	53,933	3,692,064
Net Assets Released From Restriction	-	-	-	-	-	185,318	378,678
Total Unrestricted Support And Revenue	1,533,671	1,571,973	249,618	89,106	1,497,869	364,768	11,831,562
Expenses							
Program Expenses:							
Contract Expenses	72,247	99,376	366	-	-	-	335,335
Food And Supply Costs	102,778	104,669	-	803	857,829	-	3,064,138
Insurance	89,319	98,270	17,004	24,188	35,738	-	655,326
Other Program Expenses	-	-	-	-	-	-	10,349
Personnel Expense	597,789	631,893	114,878	165,612	234,694	-	4,348,832
Transportation And Travel	453,692	453,369	178	2,550	13,027	-	968,876
Vehicle And Fuel	-	-	-	2,106	11,109	-	122,697
Total Program Expenses	1,315,825	1,387,577	132,426	195,259	1,152,397	-	9,505,553
Support Expenses:							
Depreciation	-	-	-	-	-	136,731	220,572
Employment Expense	3,116	320	-	-	-	69,220	96,951
Direct Mail Expense	-	-	145,972	-	-	39,184	185,156
Insurance	7,148	7,918	10,594	1,396	5,949	9,442	113,945
Miscellaneous	10,017	8,330	-	170	10,434	8,832	101,101
Office Expense	19,684	30,763	358	1,639	339	-	136,301
Professional Fees	6,210	6,210	2,328	2,328	2,328	-	94,385
Rent	53,062	46,725	-	7,136	15,710	(180,000)	103,926
Repairs And Maintenance	11,922	-	-	2,402	16,184	-	137,683
Small Equipment	-	-	-	-	-	-	-
Technology	9,036	9,249	-	-	-	-	72,734
Telephone And Utilities	15,663	11,268	-	3,670	16,528	-	223,330
Total Support Expenses	135,858	120,783	159,252	18,741	67,472	83,409	1,486,084
Other Expenses:							
Interest Expense	-	-	-	-	-	86,393	86,393
Miscellaneous Expense	5,805	4,314	-	292	769	-	13,435
Total Other Expenses	5,805	4,314	-	292	769	86,393	99,828
Total Expenses	1,457,488	1,512,674	291,678	214,292	1,220,638	169,802	11,091,465
Increase (Decrease) In Unrestricted Net Assets	76,183	59,299	(42,060)	(125,186)	277,231	194,966	740,097
Temporarily Restricted Support:							
Grants And Awards	-	-	-	-	-	16,946	112,633
Grants And Awards Used For Equipment	-	-	-	-	-	147,000	222,374
Funds Released For Expenditures	-	-	-	-	-	(185,318)	(378,678)
Increase (Decrease) In Temporarily Restricted Net Assets	-	-	-	-	-	(21,372)	(43,671)
Increase (Decrease) In Net Assets	\$ 76,183	\$ 59,299	\$ (42,060)	\$ (125,186)	\$ 277,231	\$ 173,594	\$ 696,426

The accompanying notes are an integral part of these financial statements

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE A: Nature Of Operations And Summary Of Significant Accounting Policies

- (1) Nature Of Operations - Community SeniorServ, Inc. (the “Organization”) prepares and delivers nutritious Meals on Wheels (home delivered meals) to homebound older adults in 20 cities in central and north Orange County. The Organization also provides a Senior Lunch Program (congregate meals) at 27 senior centers. The Organization operates two freestanding adult day health care centers in Anaheim and in Santa Ana and one adult day care center in Buena Park. Additionally, the Organization plans and coordinates case management services for its Meals on Wheels participants and provides in-home supportive services consisting of homemaking, personal care, and chores for these participants as needed. The Organization manufactures bulk food and unitized meals for its social enterprise business. The Organization’s goal is to maintain and enhance the independence, well being, and dignity of older adults.

- (2) Basis Of Presentation – The Organization’s resources are classified for accounting and reporting purposes into three net asset categories according to the existence or absence of donor-imposed restrictions. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes. Accordingly, the net assets of the Organization are classified and reported as follows:
 - *Unrestricted net assets* – Net assets that are not subject to donor-imposed stipulations.

 - *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

 - *Permanently restricted net assets* – Net assets subject to donor-imposed stipulations that may be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

- (3) Cash And Cash Equivalents - For purposes of reporting cash flows, cash and cash equivalents include petty cash funds, bank checking accounts used for operating purposes, site deposits and investments with maturities of three months or less from the original purchase dates.

- (4) Functional Allocation Of Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

**NOTE A: Nature Of Operations And Summary Of Significant Accounting Policies –
(Continued)**

- (5) Support And Revenue - The majority of the Organization’s grants and contracts support are federal pass-through funds from the County of Orange and the state of California. Support received from these grants is recognized on an accrual basis, based on funding provided through the term of the individual contracts, as specified by the grantor. Other support is derived from client fees, and contributions from community individuals, and businesses.
- (6) Accounts, Grants, And Awards Receivable - The Organization’s accounts, grants, and awards receivables are primarily reimbursements and fees from governmental agencies. They are based on services performed by the Organization as written under contractual agreements. Management believes the receivables are collectible, and thus does not use the allowance method to record doubtful amounts. The use of the allowance method does not differ materially from the direct write-off method.
- (7) Contributed Services - A substantial number of volunteers have donated significant amounts of time in the operation of the Organization’s various programs. These donated services do not meet the criteria of FASB ASC 958-605, “*Accounting for Contributions Received and Contributions Made*” and, accordingly, have not been reflected in the accompanying financial statements. The value of such volunteer time was estimated using the minimum wage rates as follows (unaudited):

	2011		
	Number Of Volunteers	Number Of Hours	Value
Areas Of Service:			
Congregate Meals	3,587	66,351	\$ 530,808
Home-Bound Meals	2,091	14,876	119,010
Buena Park Adult Day Care	95	3,267	26,132
Santa Ana VIP Center	38	680	5,440
Anaheim VIP Center	113	1,486	11,886
Other – Kitchen/Office	358	5,753	46,020
Totals	6,282	92,413	\$ 739,296

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE A: Nature Of Operations And Summary Of Significant Accounting Policies – (Continued)

(7) Contributed Services – (Continued)

	2010		Value
	Number Of Volunteers	Number Of Hours	
Areas Of Service:			
Congregate Meals	3,755	76,907	\$ 615,259
Home-Bound Meals	2,477	16,642	133,139
Buena Park Adult Day Care	126	5,330	42,636
Santa Ana VIP Center	50	476	3,806
Anaheim VIP Center	163	2,445	19,562
Other – Kitchen/Office	300	3,990	31,918
Totals	<u>6,871</u>	<u>105,790</u>	<u>\$ 846,320</u>

There were no contributed professional services during the years ended June 30, 2011 and 2010.

- (8) Investments – The Organization records equity securities with readily determinable fair values, and all investments in debt securities, in accordance with FASB ASC 958-320 and subsections (formerly SFAS No 124, *Accounting for Certain Investments Held by Not-for-Profit Foundations* [“SFAS 124”]). This standard requires these types of investments to be reported at fair value, with gains and losses included in the statement of activities.

The Organization’s investments are stated at fair value at June 30, 2011 and 2010, quoted market prices are used when applicable. Shares of mutual funds are valued at the net asset value of shares held by the Organization at year end.

Purchases and sales of investments are recorded on a trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend rate. Capital gains and/or losses are reported the day after the trade date.

Net realized and unrealized activities appreciation (depreciation) is recorded in the accompanying statement of activities.

Brokerage fees are added to the acquisition costs of assets purchased and subtracted from the proceeds of assets sold.

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

**NOTE A: Nature Of Operations And Summary Of Significant Accounting Policies –
(Continued)**

- (9) Property, Plant And Equipment – All capital assets with a value of \$1,000 or more are capitalized into property, plant and equipment. Property, plant and equipment are stated at cost if purchased or estimated fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 5 years for intellectual property 3 to 15 years for equipment, furniture and fixtures, and vehicles and over 20 to 50 years for the building and improvements. Depreciation expense for the fiscal years ended June 30, 2011 and 2010 was approximately \$306,800 and \$220,600, respectively.
- (10) Unpaid Compensated Absences – The Organization accrues a liability for all employee vacation time and compensated time off and related benefits which have been earned but not paid. The amount of this liability for the years ended June 30, 2011 and 2010, totaled approximately \$171,000 and \$74,000, respectively.

Employees of the Organization are entitled to be paid sick leave depending upon classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for such future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when actually incurred.

- (11) Income Taxes – The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code Section and corresponding state code as a charitable organization whereby only unrelated business income, as identified by Section 509(a)(1) of the code, is subject to income tax. The Organization had no unrelated business income during the years ended June 30, 2011 and 2010. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

The Organization adopted the provisions of FASB ASC 740-10-25 (formerly FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" ("FIN 48")). In accordance with ASC 740-10, an organization must recognize the tax benefit associated with tax taken for tax return purposes when it is more likely than not the position will be sustained. The implementation of ASC 740-10 had no impact on the Organization's financial statements. The Organization does not believe there are any material uncertain tax positions and, accordingly, it has not recognized any liability for unrecognized tax benefits or any related interest or penalties. The Organization's 2008 to 2010 tax returns are open to review for federal income tax purposes and 2007 to 2010 tax returns are open to review for state income tax purposes.

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE A: Nature Of Business And Summary Of Significant Accounting Policies -
(Continued)

- (12) Long-Lived Assets And Asset Impairment - The Organization accounts for long-lived assets in accordance with the FASB ASC 360-10, "*Property, Plant, and Equipment*." FASB ASC 360-10 requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted future cash flows are not sufficient to recover the assets' carrying amount. At June 30, 2011 and 2010, no impairment losses have been recorded.
- (13) Accounting Policy for Contributed Property and Equipment – Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions or property and equipment are recorded as unrestricted support.
- (14) Use Of Estimates - The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and gains, and expenses and losses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.
- (15) Direct Mail And Fundraising Costs – Direct mail and fundraising costs are charged to operations when incurred.

NOTE B: Concentrations, Risks And Uncertainties – The Organization obtains a substantial portion of its support from two sources, the County of Orange Agency On Aging and Medi-Cal. During the years ending June 30, 2011 and 2010, support received from these sources aggregated approximately \$7,186,000 and \$7,088,000, respectively. At June 30, 2011 and 2010, amounts due from these sources in accounts, grants, and awards receivable, were approximately \$1,225,000 and \$771,000, respectively.

The Organization purchased approximately 95 and 80 percent of its raw materials from four and three suppliers during the years ending June 30, 2011 and 2010, respectively. At June 30, 2011 and 2010, amounts due to the suppliers reflected in accounts payable aggregated approximately \$24,000 and \$0, respectively.

Credit is extended for some customers and is based on financial condition, and generally, collateral is not required.

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE B: Concentrations, Risks And Uncertainties – (Continued)

The Organization maintains cash and cash equivalent balances at a financial institution. At June 30, 2011 and 2010, accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts and unlimited insurance for non-interest bearing accounts. At June 30, 2011 and 2010, the balance in excess of the federally insured limit was approximately \$1,335,000 and \$1,129,000, respectively.

The Organization also maintained cash equivalent balances at institutions which are insured by the Securities Investor Protection Corporation (SIPC). At June 30, 2011 and 2010, the balance in excess of the SIPC insured limit was approximately \$863,000 and \$366,000, respectively.

NOTE C: Inventory – Inventories are valued at cost using a weighted-average on a first-in first-out basis. Inventory consists of the following at June 30, 2011 and 2010:

	2011	2010
Food	\$ 99,687	\$ 63,637
Supplies	33,416	34,666
Total Inventory	\$ 133,103	\$ 98,303

NOTE D: Accrued Liabilities – Accrued liabilities at June 30, 2011 and 2010, consist of the following:

	2011	2010
Accrued Salaries, Wages, And Bonuses	\$ 237,110	\$ 277,437
Other Accrued Expenses	250,438	157,570
Total Accrued Liabilities	\$ 487,548	\$ 435,007

NOTE E: Commitments And Contingencies

- (1) Grant Contingencies – Periodic audits may be performed by granting agencies and certain costs may be questioned as not being reimbursable expenditures under the terms of various grant contracts. Management does not believe there are any material contingent liabilities associated with these contracts.

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE E: Commitments And Contingencies – (Continued)

(2) Note Payable –

	<u>2011</u>	<u>2010</u>
Note payable to California Health Facilities Financing authority, payable in monthly principal and interest payments of approximately \$13,800, bearing interest at a rate of 6.5 percent annually. The note matures in December 2022, and is secured by real property.	\$ 1,301,250	\$ 1,376,250
Less: Current Portion	(77,917)	(77,917)
Long-Term Debt	<u>\$ 1,223,333</u>	<u>\$ 1,298,333</u>

The following is the maturity of long-term debt for each of the next five years ending June 30, 2011:

2012	\$ 77,917
2013	85,833
2014	92,917
2015	97,917
2016 And Thereafter	946,666
Total Long-Term Debt	<u>\$ 1,301,250</u>

(3) Operating Leases - The Organization is obligated under the terms of operating leases for the rental of certain facilities and various office equipment. Total rental payments for the fiscal years ending June 30, 2011 and 2010, were approximately \$151,000 and \$155,000, respectively. These amounts are included in the statement of functional expenses. Future minimum rental payments for each of the next five years ending June 30, are as follows:

2012	\$ 50,194
2013	17,603
2014	10,268
2015 And Thereafter	-
	<u>\$ 78,065</u>

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE F: **Deferred Compensation Plan** – The Organization has established a deferred compensation plan under the Internal Revenue Code Section 403(b), where the Organization employees may elect to defer portions of their compensation in return for investment, disability and death benefits. The Organization may make contributions to the plan at the discretion of the board of directors. Plan assets are exclusively invested in tax-sheltered annuities in each individual’s name with selected insurance companies. Distributions are made upon the occurrence of the participants’ termination, retirement, death or total disability and in a manner in accordance with the election made by the participant. All employees are eligible for the plan participation and the employee contribution is discretionary up to the maximum amount allowable by Internal Revenue Code. Assets of the plan are not reflected in the accompanying financial statements. For the years ended June 30, 2011 and 2010, the Organization made a matching contribution in the amount of \$14,570 and \$5,500, respectively.

NOTE G: **Temporarily Restricted Net Assets** - Temporarily restricted net assets consist of cash and various capital assets net of accumulated depreciation. The restricted cash is for future expenditures in relation to various programs and the debt service restricted cash is restricted until the note payable matures. The restricted various capital assets consist of capital assets that were purchased with pass-through federal funds and are net of accumulated depreciation. The capital assets are considered temporarily restricted due to the fact that the assets cannot be disposed of without approval from the program administrator. Temporarily restricted net assets as of June 30, 2011 and 2010, consist of the following:

	2011	2010
Debt Service Restricted Cash	\$ 168,063	\$ 168,063
Various Capital Assets, Net	692,936	580,811
Cash Restricted For Time Or Use	173,905	379,508
Total Temporarily Restricted Net Assets	\$ 1,034,904	\$ 1,128,382

NOTE H: **Allocation Of Joint Costs** – For the years ending June 30, 2011 and 2010, the organization conducted activities that included appeals for contributions and incurred joint costs of \$222,862 and \$185,156, respectively. For the years ending June 30, 2011 and 2010, these activities included costs from direct mail campaigns totaling \$130,029 and \$145,972, respectively, and special event costs totaling \$92,833 and \$39,184, respectively.

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE I: **Fair Value Measurements** - On July 1, 2009, the Company adopted FASB ASC 820, “*Fair Value Measurements and Disclosures.*” FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value and requires enhanced disclosures about fair value measurement.

FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date. The three levels are defined as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date.

The following table sets forth by Level, within the fair value hierarchy, the Organization’s assets, measured on a recurring basis, at fair value as of June 30, 2011:

	<u>Quoted Prices in Active Markets</u>	<u>Based On Other Observable Inputs</u>	<u>Unobservable Inputs</u>
Certificates Of			
Deposit	\$ 455,094	\$ -	\$ -
Sweep Account	307,037	-	-
Mutual Funds	<u>1,055,832</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,817,963</u>	<u>\$ -</u>	<u>\$ -</u>

COMMUNITY SENIORSERV, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 AND 2010

NOTE I: Fair Value Measurements – (Continued)

The following table sets forth by Level, within the fair value hierarchy, the Organization’s assets, measured on a recurring basis, at fair value as of June 30, 2010:

	Based On		
	<u>Quoted Prices in Active Markets</u>	<u>Other Observable Inputs</u>	<u>Unobservable Inputs</u>
Certificates Of			
Deposit	\$ 755,827	\$ -	\$ -
Mutual Funds	<u>865,879</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,621,706</u>	<u>\$ -</u>	<u>\$ -</u>

Generally, for all trading securities and, to the extent possible, for available-for-sale securities and derivatives, fair value is determined by reference to quoted market prices and other relevant information generated by market transactions. For certain available-for-sale securities and derivatives, fair value is estimated as the present value of expected future cash inflows.

NOTE J: Reclassifications – Certain reclassifications have been made to the 2010 financial statements in order to conform with the current year presentation.

NOTE K: Subsequent Event – The Organization primarily relies on funding from governmental Medi-Cal. Recent state legislation has discontinued the payment of these funds for adult day services after December 1, 2011. New federal funding sources for adult day services are in the legislative process but are not assured. The Organization has restructured its business model to accommodate these potential changes.

Events occurring after June 30, 2011 have been evaluated for possible adjustment to the financial statements or disclosure as of October 28, 2011, which is the date the financial statements were available to be issued.