

**SURREY SERVICES FOR SENIORS, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Years Ended June 30, 2018 and 2017*



*Certified Public Accountants and Business Consultants*

# **SURREY SERVICES FOR SENIORS, INC.**

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**YEARS ENDED JUNE 30, 2018 AND 2017**

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## ***Independent Auditors' Report***

To the Board of Directors  
Surrey Services for Seniors, Inc.  
Devon, Pennsylvania

We have audited the accompanying financial statements of Surrey Services for Seniors, Inc., which comprise the statements of financial position as of June 30, 2018 and 2017, 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.

### ***Auditors' 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

To the Board of Directors  
Surrey Services for Seniors, Inc.  
Devon, Pennsylvania

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Surrey Services for Seniors, Inc. as of June 30, 2018 and 2017, 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 Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have issued our report dated October 8, 2018 on our consideration of the Surrey Services for Seniors, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Surrey Services for Seniors, Inc.'s internal control over financial reporting and compliance.

**Other Matters**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information appearing on pages 20 and 21 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Oaks, Pennsylvania  
October 8, 2018

**SURREY SERVICES FOR SENIORS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 63,512	\$ 113,025
Investments	1,852,344	1,449,740
Accounts receivable	194,788	215,612
Other receivables	81,448	91,674
Unconditional promises to give	38,595	20,121
Prepaid expenses	30,049	100,810
TOTAL CURRENT ASSETS	<u>2,260,736</u>	<u>1,990,982</u>
PROPERTY AND EQUIPMENT		
Property and equipment	5,015,790	4,960,297
Accumulated depreciation	<u>(768,733)</u>	<u>(573,927)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>4,247,057</u>	<u>4,386,370</u>
TOTAL ASSETS	<u>\$ 6,507,793</u>	<u>\$ 6,377,352</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 101,953	\$ 115,491
Accrued liabilities	121,629	110,483
Deferred revenue	<u>23,730</u>	<u>61,044</u>
TOTAL CURRENT LIABILITIES	<u>247,312</u>	<u>287,018</u>
NET ASSETS		
Without donor restrictions	6,260,481	6,070,213
With donor restrictions	<u>-</u>	<u>20,121</u>
TOTAL NET ASSETS	<u>6,260,481</u>	<u>6,090,334</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,507,793</u>	<u>\$ 6,377,352</u>

*See accompanying notes.*

**SURREY SERVICES FOR SENIORS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND GAINS		
Program services	\$ 2,630,132	\$ 2,560,047
Government	178,855	74,190
Business and community organizations	22,830	9,366
Foundations	423,318	282,600
Individuals	1,010,828	895,011
Member dues	83,063	91,637
Special events, net of direct costs of \$144,130 in 2018 and \$124,237 in 2017	266,399	229,495
Sales to public net direct costs of \$64,302 in 2018 and \$84,207 in 2017	55,328	74,439
Investment income	108,056	146,926
Other income	8,748	4,419
TOTAL REVENUE AND GAINS WITHOUT DONOR RESTRICTIONS	<u>4,787,557</u>	<u>4,368,130</u>
NET ASSETS RELEASED FROM RESTRICTIONS		
Expiration of time restrictions	<u>20,121</u>	<u>92,818</u>
TOTAL REVENUE, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>4,807,678</u>	<u>4,460,948</u>
EXPENSES		
Program services	3,562,988	3,444,824
Management and general	559,529	584,131
Fund-raising	301,997	359,859
TOTAL EXPENSES	<u>4,424,514</u>	<u>4,388,814</u>
INCREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS BEFORE DEPRECIATION	<u>383,164</u>	<u>72,134</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Net assets released from restrictions	<u>(20,121)</u>	<u>(92,818)</u>
CHANGE IN NET ASSETS BEFORE DEPRECIATION	<u>363,043</u>	<u>(20,684)</u>
DEPRECIATION	<u>(192,896)</u>	<u>(189,191)</u>
CHANGE IN NET ASSETS	<u>170,147</u>	<u>(209,875)</u>
NET ASSETS AT BEGINNING OF THE YEAR	<u>6,090,334</u>	<u>6,300,209</u>
NET ASSETS AT END OF THE YEAR	<u>\$ 6,260,481</u>	<u>\$ 6,090,334</u>

See accompanying notes.

# SURREY SERVICES FOR SENIORS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Payroll	\$ 2,149,291	\$ 350,257	\$ 187,049	\$ 2,686,597
Payroll taxes	153,529	26,793	13,684	194,006
Employee benefits	241,762	43,565	22,906	308,233
TOTAL PAYROLL AND RELATED BENEFITS	<u>2,544,582</u>	<u>420,615</u>	<u>223,639</u>	<u>3,188,836</u>
Activities	100,652	-	-	100,652
Bad debt	-	-	3,750	3,750
Client services	322,217	-	-	322,217
Credit card fees	9,145	-	4,504	13,649
Insurance	69,554	10,179	5,089	84,822
Interest	-	281	-	281
Miscellaneous	25,359	3,711	1,855	30,925
Payroll services	25,919	3,793	1,896	31,608
Postage	9,880	11,318	2,635	23,833
Printing	46,290	1,697	24,120	72,107
Professional fees	37,147	20,505	11,638	69,290
Public relations	48,397	7,083	3,541	59,021
Rent	65,130	-	-	65,130
Repairs and maintenance	160,188	23,442	11,721	195,351
Supplies	17,963	16,170	3,023	37,156
Telephone	14,614	24,152	277	39,043
Training and networking	16,553	2,422	1,212	20,187
Travel	2,313	7,310	933	10,556
Utilities	27,044	6,851	2,164	36,059
Vehicle expense	20,041	-	-	20,041
TOTAL PROGRAM AND SUPPORTING EXPENSES	<u>\$ 3,562,988</u>	<u>\$ 559,529</u>	<u>\$ 301,997</u>	<u>\$ 4,424,514</u>
% of total expenses	80.5%	12.6%	6.8%	100.0%

See accompanying notes.

# SURREY SERVICES FOR SENIORS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Payroll	\$ 2,073,991	\$ 297,019	\$ 236,469	\$ 2,607,479
Payroll taxes	150,859	21,179	17,555	189,593
Employee benefits	218,177	37,540	26,273	281,990
TOTAL PAYROLL AND RELATED BENEFITS	<u>2,443,027</u>	<u>355,738</u>	<u>280,297</u>	<u>3,079,062</u>
Activities	86,841	-	-	86,841
Bad debt	460	-	3,561	4,021
Client services	367,186	-	-	367,186
Credit card fees	10,278	-	5,063	15,341
Insurance	66,905	9,791	4,895	81,591
Interest	4,678	684	342	5,704
Miscellaneous	16,765	2,453	1,227	20,445
Payroll service	20,113	2,943	1,472	24,528
Postage	7,203	15,362	6,948	29,513
Printing	34,175	12,296	20,762	67,233
Professional fees	69,172	106,758	13,205	189,135
Public relations	62,176	9,011	4,505	75,692
Rent	61,650	-	-	61,650
Repairs and maintenance	107,956	15,798	7,899	131,653
Supplies	20,717	16,101	3,996	40,814
Telephone	13,753	22,733	2,329	38,815
Travel	11,532	7,175	1,056	19,763
Utilities	28,769	7,288	2,302	38,359
Vehicle expenses	11,468	-	-	11,468
TOTAL PROGRAM AND SUPPORTING EXPENSES	<u>\$ 3,444,824</u>	<u>\$ 584,131</u>	<u>\$ 359,859</u>	<u>\$ 4,388,814</u>
% of total expenses	78.5%	13.3%	8.2%	100.0%

See accompanying notes.



**SURREY SERVICES FOR SENIORS, INC.**

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 170,147	\$ (209,875)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	192,896	189,191
Donated investments included in support	(40,564)	(5,421)
Net realized and unrealized gain on investments	(71,442)	(112,196)
(Increase) decrease in		
Promises to give	(18,474)	76,894
Accounts and other receivables	31,050	26,902
Prepaid expenses	70,761	11,463
Increase (decrease) in		
Accounts payable	(13,538)	(101,494)
Deferred revenue	(37,314)	25,464
Accrued expenses	11,146	(2,999)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>294,668</u>	<u>(102,071)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments, net of purchases	(290,598)	121,040
Purchase of property and equipment	(53,583)	(6,178)
<b>NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES</b>	<u>(344,181)</u>	<u>114,862</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(49,513)	12,791
<b>CASH AT BEGINNING OF YEAR</b>	<u>113,025</u>	<u>100,234</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 63,512</u>	<u>\$ 113,025</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 281	\$ 5,704

*See accompanying notes.*

# **SURREY SERVICES FOR SENIORS, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018 AND 2017**

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### **NOTE A - NATURE OF ACTIVITIES**

Surrey Services for Seniors, Inc. (the Corporation) is a publicly supported, non-profit corporation which provides transportation, social activities, home care, nutrition programs, and volunteer opportunities to older adults, primarily in Chester and Delaware Counties, Pennsylvania.

These services help older adults live with independence and dignity to continue as active members of the community. They are provided by a small professional staff supported by the efforts of over 1,400 volunteers. The total volunteer hours exceeded 60,000 and 65,000 for 2018 and 2017, respectively.

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

#### **Basis of Accounting**

The Corporation prepares its financial statements on the accrual method of accounting.

#### **Financial Statement Presentation**

Under Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958-10-65-1), the Corporation is required to report information regarding its financial position and activities according to two mutually exclusive classes according to the existence or absence of donor-imposed restrictions. See Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

#### **Net Assets with Donor Restrictions**

The part of net assets of the Corporation that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants). Some donors impose restrictions are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donors impose restrictions are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is received and recognized.

#### **Net Assets without Donor Restrictions**

The part of net assets of the Corporation that is not subject to donor-imposed restrictions.

#### **Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

# **SURREY SERVICES FOR SENIORS, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018 AND 2017**

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### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Accounts Receivable**

Accounts receivable are reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with an offsetting entry to a valuation allowance for trade accounts receivable. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

The allowance for doubtful accounts is based on prior years' experience and management analysis of possible bad debts. The allowance is \$2,590 and \$4,488 as of June 30, 2018 and 2017, respectively.

#### **Promises to Give**

Contributions are recognized when the donor makes a promise to give to the Corporation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

#### **Concentration of Risk**

Financial instruments that potentially subject the Corporation to concentration of credit risk consist principally of cash and accounts receivable. The Corporation's cash funds are located in various financial institutions. The Corporation at times during operations has cash deposits that exceed \$250,000 in one account in individual financial institutions. The federal deposit insurance Corporation (FDIC) insures the first \$250,000 of any depositor's total depository accounts for each member institution. The Corporation places its cash with credit worthy financial institutions and has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

Substantially all the Corporation's accounts receivable are from customers located in Chester and Delaware Counties, Pennsylvania. The Corporation does require a security deposit for larger Homecare clients, but for the majority of its clients, they do not require collateral or other security to support credit sales, and provides an allowance for bad debts based on historical experience and specifically identified risks.

One donor accounted for more than 10% of support during the years ended June 30, 2018 and 2017. The total support from the donor in 2018 and 2017 was \$600,000 in each year.

# **SURREY SERVICES FOR SENIORS, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018 AND 2017**

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### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Investments**

The Corporation carries investments in marketable securities with readily determinable fair market values and all investments in debt securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

#### **Property and Equipment**

The Corporation records property and equipment at cost and primarily uses the straight-line depreciation method over estimated useful lives of 3 to 40 years. Maintenance, repairs and expenditures for renewals and betterments not determined to extend the useful lives or increase materially the productivity of the asset are expensed as incurred. Otherwise renewals and betterments are capitalized. When items of property and equipment are sold or retired, the cost and related allowances for depreciation are eliminated from the accounts. The gain or loss on such disposition is credited or charged to income.

Donations of property and equipment are recorded as support at their estimated value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method, over their estimated useful lives.

#### **Accrued Compensated Absences**

Full-time employees receive annual leave based upon length of employment. Annual leave is paid to employees upon termination of employment and is accrued in the financial statements. Accrued compensated absences as of June 30, 2018 and 2017 are \$31,757 and \$23,185, respectively.

#### **Deferred Revenue**

Deferred Revenue represents amounts received in advance from clients and grantors. The amounts are expected to be recognized as revenue in the subsequent year.

# **SURREY SERVICES FOR SENIORS, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018 AND 2017**

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### **NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Contributions**

Contributions received are recorded with donor restrictions or without donor restrictions, depending on the existence or nature of any donor-imposed restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in donor restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

#### **Revenue Recognition**

The Corporation's program revenues are derived from services including homecare, community, member, nutrition, and transportation. The program service revenue is recognized when the services are rendered.

#### **Fair Value of Financial Instruments**

The fair value of financial instruments has been determined through quoted market values.

#### **Advertising**

The Corporation follows the policy of charging the cost of advertising to expense as incurred.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Actual results could differ from those estimates.

#### **Income Taxes**

The Corporation is a charitable organization with an exempt status under Section 501(c)(3) of the Internal Revenue Code, and is classified as an organization that is not a private foundation as defined in Section 509(a)(1) of the Internal Revenue Code.

Generally accepted accounting principles requires entities to evaluate, measure, recognize, and disclose any uncertain tax positions taken on their income tax returns. Management has evaluated the impact of this standard on its financial statements and believes that there are no uncertain tax positions and the effects of this standard did not impact the Corporation's financial position, statement of activities or changes in net assets.

The Corporation recognizes accrued interest and penalties associated with uncertain tax positions, if any, as part of the income tax provision. The Corporation does not have tax related interest and penalties for the years after the date the Corporation files the returns.

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Reclassifications

Certain items on the 2017 statement of financial position and statement of activities have been reclassified to conform to the 2018 presentation of the financial statements.

#### Date of Management's Review

Management has evaluated subsequent events through October 8, 2018, the date the financial statements were available to be issued.

#### New Pronouncement

In August 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14 "Not-for-Profit Entities (Topic 958), Presentation of Financial Statements of Not-for-Profit Entities". In summary, the new rule simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization is required to implement the new standard in its annual financial statement for the calendar (fiscal) year ended June 30, 2019. The Organization has early implemented the new standard.

### NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Receivable in less than one year	\$ 38,595	\$ 20,121
Receivable in one to five years	<u>-</u>	<u>-</u>
Net unconditional promises to give at June 30, 2018 and 2017	<u>\$ 38,595</u>	<u>\$ 20,121</u>

**SURREY SERVICES FOR SENIORS, INC.**

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

**NOTE D - PROPERTY AND EQUIPMENT**

A summary of property and equipment is as follows:

	<u>2018</u>	<u>2017</u>	<u>Estimated Useful Life Years</u>
Land	\$ 1,222,164	\$ 1,222,164	
Building	2,031,520	2,031,520	40
Building improvements	960,398	930,688	15
Vans	49,560	49,560	5
Equipment and furniture	<u>752,148</u>	<u>726,365</u>	3 to 5
	5,015,790	4,960,297	
Accumulated depreciation	<u>(768,733)</u>	<u>(573,927)</u>	
Net book value of property and equipment	<u>\$ 4,247,057</u>	<u>\$ 4,386,370</u>	

**NOTE E - INVESTMENTS**

Investments at fair value consist of the following as of June 30, 2018:

	<u>2018</u>		
	<u>Cost</u>	<u>Unrealized Holdings Gain (Loss)</u>	<u>Fair Value</u>
Exchange Traded Funds			
Short Term Bond	\$ 446,857	\$ (11,560)	\$ 435,297
Total Bond Market	451,218	(18,248)	432,970
Total International	170,626	13,064	183,690
Total Stock Market	<u>684,853</u>	<u>115,534</u>	<u>800,387</u>
	<u>\$ 1,753,554</u>	<u>\$ 98,790</u>	<u>\$ 1,852,344</u>

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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### NOTE E - INVESTMENTS (Continued)

Investments at fair value consist of the following as of June 30, 2017:

	2017		
	Cost	Unrealized Holdings Gain (Loss)	Fair Value
Exchange Traded Funds			
Short Term Bond	\$ 182,912	\$ (1,344)	\$ 181,568
Total Bond Market	183,444	(2,229)	181,215
Total International	206,595	11,342	217,937
Total Stock Market	782,143	86,877	869,020
	<u>\$ 1,355,094</u>	<u>\$ 94,646</u>	<u>\$ 1,449,740</u>

Investment income consists of the following:

	2018	2017
Interest and dividends	\$ 36,614	\$ 34,730
Realized gains	89,831	87,114
Unrealized gains (losses)	<u>(18,389)</u>	<u>25,082</u>
	<u>\$ 108,056</u>	<u>\$ 146,926</u>

### NOTE F - FAIR VALUE MEASUREMENTS

Accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels.

*Level 1* inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Corporation has the ability to access. *Level 2* inputs are other than quoted prices that are observable for the asset or liability, either directly or indirectly through market corroboration, for substantially the full term of the financial instrument. *Level 3* inputs are unobservable inputs based on the Corporation's assumptions used to measure assets and liabilities at fair value. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.



# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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### NOTE F - FAIR VALUE MEASUREMENTS (Continued)

Assets of the Corporation for which fair values are determined on a recurring basis are summarized as follows:

	Investment Assets at Fair Value as of			
	June 30, 2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange Traded Funds	\$ <u>1,852,344</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,852,344</u>

	Investment Assets at Fair Value as of			
	June 30, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Exchange Traded Funds	\$ <u>1,449,740</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,449,740</u>

### NOTE G - UNEMPLOYMENT TRUST

The Corporation participates in a Trust created by and for nonprofit organizations that provides an alternative to paying state unemployment taxes. Federal law entities 501 (c)(3) organizations to opt out of their state's unemployment system and agree to directly reimburse the state for their own unemployment claims. The Trust establishes an account that is used to cover current claims in process, and future claims. The account also pays administrative expenses of the Trust and participates in the investment results of the Trust's assets. The balance in the account is \$20,598 and \$93,857 as of June 30, 2018 and 2017, respectively and is included in prepaid expenses.

### NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions represent assets whose use by the Corporation is subject to grantor- or donor-imposed restrictions that can be fulfilled through the actions of the Corporation or by the passage of time. Net assets with donor restrictions at June 30, 2018 and 2017, consist of grants and donations received but not yet spent for their intended purpose as follows:

	<u>2018</u>	<u>2017</u>
Periods after June 30, 2018 and 2017	\$ <u>-</u>	\$ <u>20,121</u>

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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### NOTE H - NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net Assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Copilot database	\$ -	\$ 10,000
Training and development	-	1,000
	<u>-</u>	<u>11,000</u>
Expiration of time restrictions	<u>20,121</u>	<u>81,818</u>
Total restrictions released	<u>\$ 20,121</u>	<u>\$ 92,818</u>

### NOTE I - DONATED MATERIALS AND SERVICES

Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their values in the period received.

The following schedule summarizes recorded donations of goods and services:

	<u>2018</u>	<u>2017</u>
Professional services	\$ 9,740	\$ 25,120
Advertising	<u>3,749</u>	<u>250</u>
Total	<u>\$ 13,489</u>	<u>\$ 25,370</u>

### NOTE J - 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. Program service costs include expenses to provide transportation, home care, social activities, nutritional programs and volunteer activities. Fund-raising expenses are costs related to development, grant writing and other fund-raising efforts. Management and general expenses are costs directly related to the overall operation of the Corporation, which are not associated with program or fund-raising services. Certain management and general expenses, such as payroll, employee benefits and payroll taxes, are allocated to program and fund-raising based on the employees' use of their time.

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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### NOTE K - RETIREMENT PLAN

The Corporation has a 401(k)-retirement plan covering substantially all qualified employees. The Plan is being funded currently. Contributions by the Corporation represent an employer match of 50% of the first six percent of employee deferral. Contributions for the year ended June 30, 2018 and 2017 was \$33,437 and \$28,560, respectively.

### NOTE L - OPERATING LEASE COMMITMENT

The Corporation has various non-cancelable operating leases for shop, office facilities and two senior centers. The lease terms are month to month or year to year. The leases do not have non-cancellable terms in excess of one year.

In June 2018, the Corporation entered into a five-year lease for one of their senior centers with the option to renew the lease for five one-year extensions.

The following is a schedule of future annual minimum lease payments required under noncancelable lease terms in excess of one year as of June 30, 2018.

<u>Year Ending June 30,</u>	<u>Annual Lease Payments</u>
2019	\$ 42,070
2020	42,911
2021	43,770
2022	44,645
2023	<u>41,674</u>
<b>TOTAL FUTURE LEASE PAYMENTS</b>	<b>\$ <u>215,070</u></b>

Rent expense is \$65,130 and \$61,650 for the years ended June 30, 2018 and 2017, respectively.

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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### NOTE M - RESULTS OF SPECIAL EVENTS

The following table presents the results of the Corporation's fundraising projects and events.

	2018		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>
Spring Gala	\$ 176,103	\$ 34,404	\$ 141,699
MLAS	<u>234,426</u>	<u>109,726</u>	<u>124,700</u>
	<u>\$ 410,529</u>	<u>\$ 144,130</u>	<u>\$ 266,399</u>
	2017		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>
Spring Gala	\$ 139,164	\$ 37,469	\$ 101,695
MLAS	<u>214,568</u>	<u>86,768</u>	<u>127,800</u>
	<u>\$ 353,732</u>	<u>\$ 124,237</u>	<u>\$ 229,495</u>

### NOTE N - LINE OF CREDIT

The Corporation has a business line of credit with a bank. The maximum amount available as of June 30, 2018 and 2017 is \$500,000 with interest at the bank's prime rate on any outstanding balance. The maximum balance outstanding during the fiscal years ended June 30, 2018 and 2017, respectively, was \$60,000 and \$370,000. The line of credit is due on demand with currently no expiration date.

### NOTE O - PROVIDER AGREEMENTS

The Corporation has a Provider Agreement with the County of Delaware, Office of Services for the Aging (COSA) to provide services for two senior centers in Havertown and Media, Pennsylvania. The services include senior center management, congregate meals, home delivered meals and volunteer services. Under the terms of the agreement, the Corporation is required to provide COSA program schedules as supplemental information detailing the COSA program activity for the fiscal year. The supplemental schedules are included on pages 20 and 21 as additional information.

The Corporation has recognized \$348,544 and \$328,836 of program service revenue for the years ended June 30, 2018 and 2017, respectively. There is \$102,154 and \$73,598 due from COSA included in accounts and other receivables as of June 30, 2018 and 2017, respectively.

The Corporation also has an agreement with the COSA under the CHORE program to provide home modifications to seniors in Delaware County, Pennsylvania. The home modifications include repair and maintenance services as well as handicap accessible installations. The Corporation recognized \$71,896 and \$72,550 of home modification program revenue for the years ended June 30, 2018 and 2017, respectively.

# **SURREY SERVICES FOR SENIORS, INC.**

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2018 AND 2017**

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### **NOTE O - PROVIDER AGREEMENTS (Continued)**

As of June 30, 2018, and 2017, there is \$16,791 and \$31,201 due from COSA for the home modification program included in accounts receivable. The program revenues and expenses are reported with the CHORE Connection column in the supplemental schedules.

The Corporation has a contract with the Chester County Department of Aging Services ("CCDAS") to provide support for congregate meals, senior community center services, volunteer services and information and referral programs in Chester County, Pennsylvania. The purpose of the senior community center program is to facilitate the social, emotional, and physical well-being of older Pennsylvanians as part of a comprehensive and coordinated system of services and the establishment and support of community based services and activities. The Corporation received contracts for \$104,330 and \$14,330 for the years ended June 30, 2018 and 2017, respectively.

### **NOTE P - LIQUIDITY**

In addition to the Corporation's cash balances, the liquidity management program includes a \$500,000 line of credit maintained should any short-term seasonal cash requirements arise during the year. In addition to these items, at June 30, 2018 and 2017, respectively, the Corporation's invested assets of approximately \$1,852,000 and \$1,449,000 were also immediately available to the Company for liquidity by corporate action. These liquidity capacities, assuming no revenue or gains occur, exceed 6.5 and 5.5 months of total expenses of \$4,424,515 and \$4,388,814 for the fiscal years ending June 30, 2018 and 2017, respectively.

# **SUPPLEMENTARY INFORMATION**

# SURREY SERVICES FOR SENIORS, INC.

## SCHEDULES OF REVENUE AND EXPENSES FOR THE HAVERTOWN, MEDIA AND CHORE PROGRAMS YEAR ENDED JUNE 30, 2018

	<u>Havertown</u>	<u>Media</u>	<u>Chore Connection</u>	<u>Total</u>
<b>Support and revenue</b>				
COSA contract	\$ 164,067	\$ 164,599	\$ 19,878	\$ 348,544
Home modification program revenue	-	-	71,896	71,896
Senior Center programs	21,673	5,327	-	27,000
Surrey fund-raising	445	4,288	20,928	25,661
Grants	3,500	23,000	25,000	51,500
Membership	8,250	3,045	8,750	20,045
Senior Center meal contributions	11,710	16,498	-	28,208
Senior Center transportation	5,680	1,811	-	7,491
<b>Total revenue</b>	<b>\$ <u>215,325</u></b>	<b>\$ <u>218,568</u></b>	<b>\$ <u>146,452</u></b>	<b>\$ <u>580,345</u></b>
<b>Employee expenses</b>				
Staff wages	\$ 94,945	\$ 85,905	\$ 56,944	\$ 237,794
Employee FICA	7,264	6,572	3,686	17,522
PA unemployment tax	949	859	569	2,377
Workers compensation	963	950	750	2,663
Health insurance	17,256	16,488	4,560	38,304
<b>Total employee expenses</b>	<b><u>121,377</u></b>	<b><u>110,774</u></b>	<b><u>66,509</u></b>	<b><u>298,660</u></b>
<b>Administrative expenses</b>				
Rent	15,930	42,000	2,400	60,330
Telephone	3,161	2,347	52	5,560
Postage	684	218	100	1,002
Janitor services	9,552	5,520	-	15,072
Janitorial supplies	1,000	500	115	1,615
Office supplies	2,000	1,489	350	3,839
Payroll processing fees	600	600	600	1,800
Maintenance and repairs	5,687	12,774	-	18,461
Depreciation	3,875	-	-	3,875
Training	-	207	-	207
<b>Total administrative expenses</b>	<b><u>42,489</u></b>	<b><u>65,655</u></b>	<b><u>3,617</u></b>	<b><u>111,761</u></b>
<b>Program expenses</b>				
Program supplies	1,715	350	66,880	68,945
Community transit	4,817	18,059	100	22,976
Senior Center social and recreation	22,291	1,162	-	23,453
Senior Center nutrition	4,367	2,876	-	7,243
<b>Total program expense</b>	<b><u>33,190</u></b>	<b><u>22,447</u></b>	<b><u>66,980</u></b>	<b><u>122,617</u></b>
<b>Management</b>				
Marketing	50	50	-	100
Staff/volunteer travel	447	882	360	1,689
Volunteer drivers	2,000	3,000	766	5,766
Insurance general and liability	765	855	63	1,683
Accounting service allocation	2,000	2,000	2,400	6,400
Surrey management	12,000	12,250	5,750	30,000
Consultants	1,000	650	-	1,650
<b>Total management</b>	<b><u>18,262</u></b>	<b><u>19,687</u></b>	<b><u>9,339</u></b>	<b><u>47,288</u></b>
<b>Total expenses</b>	<b>\$ <u>215,318</u></b>	<b>\$ <u>218,563</u></b>	<b>\$ <u>146,445</u></b>	<b>\$ <u>580,326</u></b>
Net surplus	<b>\$ <u>7</u></b>	<b>\$ <u>5</u></b>	<b>\$ <u>7</u></b>	<b>\$ <u>19</u></b>

# SURREY SERVICES FOR SENIORS, INC.

## SCHEDULES OF REVENUE AND EXPENSES FOR THE HAVERTOWN, MEDIA AND CHORE PROGRAMS YEAR ENDED JUNE 30, 2017

	<u>Havertown</u>	<u>Media</u>	<u>Chore Connection</u>	<u>Total</u>
<b>Support and revenue</b>				
COSA contract	\$ 154,255	\$ 154,701	\$ 19,880	\$ 328,836
Home modification program revenue	-	-	72,550	72,550
Senior Center programs	22,205	10,905	-	33,110
Surrey fund-raising	4,000	2,229	27,710	33,939
Grants	2,665	9,165	26,850	38,680
Membership	9,692	4,305	8,970	22,967
Senior Center meal contributions	10,380	20,307	-	30,687
Senior Center transportation	170	1,951	-	2,121
	<u>203,367</u>	<u>203,563</u>	<u>155,960</u>	<u>562,890</u>
<b>Total revenue</b>	<b>\$ 203,367</b>	<b>\$ 203,563</b>	<b>\$ 155,960</b>	<b>\$ 562,890</b>
<b>Employee expenses</b>				
Staff wages	\$ 93,297	\$ 87,190	\$ 57,324	\$ 237,811
Employee FICA	7,137	6,670	4,385	18,192
PA unemployment tax	906	871	573	2,350
Workers compensation	817	828	670	2,315
Health insurance	21,301	15,041	7,277	43,619
	<u>123,458</u>	<u>110,600</u>	<u>70,229</u>	<u>304,287</u>
<b>Total employee expenses</b>	<b>123,458</b>	<b>110,600</b>	<b>70,229</b>	<b>304,287</b>
<b>Administrative expenses</b>				
Rent	13,460	38,590	2,400	54,450
Telephone	3,705	2,390	45	6,140
Postage	431	49	92	572
Janitor services	9,552	5,520	-	15,072
Janitorial supplies	1,000	500	125	1,625
Office supplies	125	108	420	653
Payroll processing fees	525	562	525	1,612
Maintenance and repairs	5,070	4,538	-	9,608
Depreciation	3,914	-	-	3,914
Training	-	275	-	275
	<u>37,782</u>	<u>52,532</u>	<u>3,607</u>	<u>93,921</u>
<b>Total administrative expenses</b>	<b>37,782</b>	<b>52,532</b>	<b>3,607</b>	<b>93,921</b>
<b>Program expenses</b>				
Program supplies	1,282	300	67,663	69,245
Community transit	2,199	18,348	100	20,647
Senior Center social and recreation	18,391	985	-	19,376
Senior Center nutrition	2,448	1,609	-	4,057
	<u>24,320</u>	<u>21,242</u>	<u>67,763</u>	<u>113,325</u>
<b>Total program expense</b>	<b>24,320</b>	<b>21,242</b>	<b>67,763</b>	<b>113,325</b>
<b>Management</b>				
Marketing	50	75	-	125
Staff/volunteer travel	326	1,107	176	1,609
Volunteer drivers	2,200	3,100	866	6,166
Insurance general and liability	935	1,045	77	2,057
Accounting service allocation	2,000	2,000	2,400	6,400
Surrey management	11,000	11,250	5,750	28,000
Consultants	1,200	800	5,000	7,000
	<u>17,711</u>	<u>19,377</u>	<u>14,269</u>	<u>51,357</u>
<b>Total management</b>	<b>17,711</b>	<b>19,377</b>	<b>14,269</b>	<b>51,357</b>
<b>Total expenses</b>	<b>\$ 203,271</b>	<b>\$ 203,751</b>	<b>\$ 155,868</b>	<b>\$ 562,890</b>
Net surplus (deficit)	<u>\$ 96</u>	<u>\$ (188)</u>	<u>\$ 92</u>	<u>\$ -</u>



***Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards***

To the Board of Directors  
Surrey Services for Seniors, Inc.  
Devon, Pennsylvania

We have audited, 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, the basic financial statements of the Surrey Services for Seniors, Inc., which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated October 8, 2018.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Surrey Services for Seniors, 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 Surrey Services for Seniors, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Surrey Services for Seniors, Inc.'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.

To the Board of Directors  
Surrey Services for Seniors, Inc.  
Devon, Pennsylvania

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Surrey Services for Seniors, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Oaks, Pennsylvania  
October 8, 2018