

**SURREY SERVICES FOR SENIORS, INC.**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

*Years Ended June 30, 2021 and 2020*

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

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**YEARS ENDED JUNE 30, 2021 AND 2020**

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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, 2021 and 2020, 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, 2021 and 2020, 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 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 21 and 22 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.

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

In accordance with *Government Auditing Standards*, we have issued our report dated October 21, 2021 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 solely 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 effectiveness of 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.



Limerick, Pennsylvania  
October 21, 2021

**SURREY SERVICES FOR SENIORS, INC.**

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 290,238	\$ 539,574
Investments	2,340,406	2,057,535
Accounts receivable	122,614	129,357
Other receivables	89,933	65,311
Unconditional promises to give	77,167	174,104
Prepaid expenses	38,451	20,110
TOTAL CURRENT ASSETS	<u>2,958,809</u>	<u>2,985,991</u>
PROPERTY AND EQUIPMENT		
Property and equipment	5,399,964	5,106,883
Accumulated depreciation	<u>(1,319,940)</u>	<u>(1,124,161)</u>
TOTAL PROPERTY AND EQUIPMENT	<u>4,080,024</u>	<u>3,982,722</u>
LONG-TERM ASSETS		
Unconditional promises to give	452,336	88,691
Investments, marketable securities	990,094	-
TOTAL LONG-TERM ASSETS	<u>1,442,430</u>	<u>88,691</u>
TOTAL ASSETS	<u>\$ 8,481,263</u>	<u>\$ 7,057,404</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Line of credit	\$ -	\$ 275,294
Accounts payable	148,309	103,169
Accrued liabilities	154,186	159,963
Deferred revenue	18,080	96,461
TOTAL CURRENT LIABILITIES	<u>320,575</u>	<u>634,887</u>
LONG-TERM DEBT	<u>-</u>	<u>521,900</u>
NET ASSETS		
Without donor restrictions	7,098,570	5,750,217
With donor restrictions	1,062,118	150,400
TOTAL NET ASSETS	<u>8,160,688</u>	<u>5,900,617</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,481,263</u>	<u>\$ 7,057,404</u>

*See accompanying notes.*

**SURREY SERVICES FOR SENIORS, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUE AND GAINS		
Program services	\$ 1,724,622	\$ 2,547,272
Government	595,997	118,873
Business and community organizations	5,056	57,293
Foundation grants	153,891	387,877
Individuals	2,232,712	1,415,545
Member dues	72,035	96,630
Special events	70,799	118,344
Sales to public	20,974	123,842
Investment income	399,490	101,322
Other income	142	50
Net assets released from restrictions	150,400	-
TOTAL REVENUE, GAINS, AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS	<u>5,426,118</u>	<u>4,967,048</u>
EXPENSES		
Program services	2,869,006	4,133,768
Management and general	854,567	853,050
Fund-raising	354,192	364,904
TOTAL EXPENSES	<u>4,077,765</u>	<u>5,351,722</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>1,348,353</u>	<u>(384,674)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Foundations	49,599	25,000
Individuals	957,425	-
Investment income	55,094	-
Net assets released from restrictions	(150,400)	-
INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>911,718</u>	<u>25,000</u>
CHANGE IN NET ASSETS	2,260,071	(359,674)
NET ASSETS AT BEGINNING OF THE YEAR	<u>5,900,617</u>	<u>6,260,291</u>
NET ASSETS AT END OF THE YEAR	<u>\$ 8,160,688</u>	<u>\$ 5,900,617</u>

See accompanying notes.

# SURREY SERVICES FOR SENIORS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fund-raising	Total
Payroll	\$ 1,443,951	\$ 507,004	\$ 144,068	\$ 2,095,023
Payroll taxes	101,030	36,434	11,127	148,591
Employee benefits	195,753	152,183	10,744	358,680
TOTAL PAYROLL AND RELATED BENEFITS	1,740,734	695,621	165,939	2,602,294
Activities	15,853	-	500	16,353
Bad debt	5,000	-	21,200	26,200
Client services	256,153	-	-	256,153
Credit card fees	10,425	-	5,135	15,560
Depreciation	157,487	29,432	8,861	195,780
Fundraising	-	-	1,492	1,492
Insurance	46,035	13,400	3,570	63,005
Interest	-	10,324	-	10,324
Miscellaneous	15,822	17,223	1,489	34,534
Payroll service	16,502	4,244	1,175	21,921
Postage	21,911	4,926	2,659	29,496
Printing	28,213	8,781	9,045	46,039
Professional development	4,529	460	200	5,189
Professional fees	136,655	44,167	104,033	284,855
Public relations	36,034	5,273	1,145	42,452
Rent	76,800	-	-	76,800
Repairs and maintenance	105,275	(20,673)	4,034	88,636
Supplies	6,891	6,009	1,593	14,493
Technology	140,400	10,013	20,040	170,453
Telephone	4,393	19,101	134	23,628
Travel	(29)	95	-	66
Utilities	24,357	6,171	1,948	32,476
Vehicle expense	19,566	-	-	19,566
TOTAL PROGRAM AND SUPPORTING EXPENSES	\$ 2,869,006	\$ 854,567	\$ 354,192	\$ 4,077,765
% of total expenses	70.3%	21.0%	8.7%	100.0%

See accompanying notes.

# SURREY SERVICES FOR SENIORS, INC.

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund-raising</u>	<u>Total</u>
Payroll	\$ 2,308,803	\$ 523,424	\$ 163,383	\$ 2,995,610
Payroll taxes	172,006	32,814	12,498	217,318
Employee benefits	189,175	130,388	14,283	333,846
TOTAL PAYROLL AND RELATED BENEFITS	<u>2,669,984</u>	<u>686,626</u>	<u>190,164</u>	<u>3,546,774</u>
Activities	82,266	-	-	82,266
Bad debt	500	-	400	900
Client services	416,842	-	-	416,842
Credit card fees	14,627	-	7,205	21,832
Depreciation	156,290	22,872	11,436	190,598
Fundraising	-	-	57,295	57,295
Insurance	63,684	8,543	5,437	77,664
Interest	-	10,052	-	10,052
Miscellaneous	17,519	2,564	1,281	21,364
Payroll service	25,058	3,667	1,833	30,558
Postage	25,017	5,624	3,036	33,677
Printing	59,347	3,320	13,088	75,755
Professional development	9,405	1,376	689	11,470
Professional fees	133,908	18,260	43,300	195,468
Public relations	57,191	8,369	4,185	69,745
Rent	89,000	-	-	89,000
Repairs and maintenance	75,005	10,976	5,489	91,470
Supplies	19,937	16,969	6,057	42,963
Technology	152,639	22,100	11,406	186,145
Telephone	5,229	20,605	359	26,193
Travel	597	5,133	352	6,082
Utilities	23,660	5,994	1,892	31,546
Vehicle expenses	36,063	-	-	36,063
TOTAL PROGRAM AND SUPPORTING EXPENSES	<u>\$ 4,133,768</u>	<u>\$ 853,050</u>	<u>\$ 364,904</u>	<u>\$ 5,351,722</u>
% of total expenses	77.3%	15.9%	6.8%	100.0%

See accompanying notes.



**SURREY SERVICES FOR SENIORS, INC.**

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,260,071	\$ (359,674)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	195,780	190,598
Loan forgiveness income	(521,900)	-
Donated investments included in support	(358,639)	(21,622)
Net realized and unrealized gain on investments	(439,042)	(48,876)
(Increase) decrease in		
Promises to give	(266,708)	(191,945)
Accounts and other receivables	(17,879)	49,049
Prepaid expenses	(18,341)	4,820
Increase (decrease) in		
Accounts payable	45,140	13,135
Deferred revenue	(78,381)	53,006
Accrued expenses	(5,777)	40,400
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>794,324</u>	<u>(271,109)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments, net of purchases	(475,285)	7,152
Purchase of property and equipment	(293,081)	(82,984)
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(768,366)</u>	<u>(75,832)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings on line of credit, net of payments	(275,294)	275,294
Proceeds from long-term debt	-	521,900
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<u>(275,294)</u>	<u>797,194</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(249,336)	450,253
<b>CASH AT BEGINNING OF YEAR</b>	<u>539,574</u>	<u>89,321</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 290,238</u>	<u>\$ 539,574</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Interest paid	\$ 10,324	\$ 10,052

*See accompanying notes.*

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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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 professional staff supported by the efforts of over 300 (2021) and 1,300 (2020) volunteers. The total volunteer hours exceeded 15,600 and 40,400 for 2021 and 2020, respectively.

In response to the COVID-19 coronavirus in the later part of the fiscal year ending June 30, 2020, the Corporation's regular operating activities were significantly modified to affirmatively enhance and address both the safety and expanded needs within the communities served. Specific actions included implementing careful comprehensive safety protocols for both staff and volunteers, restricting facility access, the conversion of many programs to online platforms, and the transformation of nutrition services to "Grab & Go" meals versus seated dining and limiting volunteer opportunities. As is reflected within these financial statements for the fiscal years ended June 30, 2021 and 2020, several unique financial actions were also implemented by the Corporation to avail itself of enhanced financial resources, such as obtaining the Paycheck Protection Program loan of the CARES Act and also utilization of our credit facility. The financial statements may not be comparable due to the effects from COVID-19 on the Corporation. These financial statements should be read with awareness of these actions.

### **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**

Net asset with donor restrictions is the part of net assets of the Corporation that is subject to donor-imposed restrictions. Some donors-imposed 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 donor-imposed restrictions are perpetual in nature, for example, stipulate 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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

#### **Net Assets with Donor Restrictions (Continued)**

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.

#### **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 \$5,000 and \$2,560 as of June 30, 2021 and 2020, 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 net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

#### **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 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. At June 30, 2021 and 2020, there were no balances exposed to potential credit risk.

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 and one bequest accounted for more than 10% of support during the year ended June 30, 2021 and one donor accounted for more than 10% of support during the year ended June 30, 2020. The total support from the donors in 2021 and 2020 was \$1,535,000 and \$700,000, respectively.

#### **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. Investment income or loss (including realized gains and losses on investment, interest and dividends) is included in investment return without donor restrictions unless the income or loss is restricted by donor or laws. Investment return of donor-restricted funds are added to (deducted from) the appropriate net asset category based on the donor's restrictions.

#### **Endowment Funds**

FASB ASC 958-205, *Presentation of Financial Statements*, provides guidance about an organization's endowment funds (both donor-restricted endowment funds and board-designated endowment funds).

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

#### **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.

#### **Accrued Compensated Absences**

Full-time employees receive annual leave based upon length of employment. Annual leave is paid to employees upon termination of employment, use of the benefit, or when employees voluntarily leave the company, and is accrued in the financial statements. Due to an increased demand on smaller staff because of expanded programs and services related to COVID-19 protocols, management allowed staff to carry over ten days from 2021 as opposed to five days carried over from 2020. Accrued compensated absences as of June 30, 2021 and 2020 are \$51,560 and \$21,838, respectively.

#### **Deferred Revenue**

Deferred Revenue represents amounts received in advance from clients, grantors and donors. The amounts are expected to be recognized as revenue in the subsequent year. Deferred revenue as of June 30, 2021 and 2020 was \$18,080 and \$96,461, respectively.

#### **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, social activities, membership, 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.

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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

#### **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.

#### **Termination Benefits**

The Corporation provided certain termination benefits to former employees during the period subsequent to employment but prior to retirement. Termination benefit expense charged to operations for the year-ended June 30, 2021 was \$93,098. Termination benefit expense charged to operations for the year-ended June 30, 2020 was significant enough in nature to require disclosure in Schedule J of the IRS Form 990. Termination benefits are included in Payroll Expenses on the Statement of Functional Expenses for the year ended June 30, 2021 and 2020.

#### **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.

#### **Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

#### **Date of Management's Review**

Management has evaluated subsequent events through October 21, 2021, the date the financial statements were available to be issued.

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

#### New Accounting Policy

In 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2016-2, *Leases (Topic 842)*. This update’s objective is to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The new standard is effective for private companies for annual financial reporting periods beginning after December 15, 2021.

### NOTE C - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at June 30, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 77,167	\$ 174,104
Receivable in one to five years	<u>452,336</u>	<u>88,691</u>
Net unconditional promises to give at June 30, 2021 and 2020	<u>\$ 529,503</u>	<u>\$ 262,795</u>

### NOTE D - PROPERTY AND EQUIPMENT

A summary of property and equipment is as follows:

	<u>2021</u>	<u>2020</u>	<u>Estimated Useful Life Years</u>
Land	\$ 1,222,164	\$ 1,222,164	
Building	2,031,520	2,031,520	40
Building improvements	1,254,309	977,246	15
Vehicles	73,479	73,479	5
Equipment and furniture	<u>818,492</u>	<u>802,474</u>	3 to 5
	5,399,964	5,106,883	
Accumulated depreciation	<u>(1,319,940)</u>	<u>(1,124,161)</u>	
Net book value of property and equipment	<u>\$ 4,080,024</u>	<u>\$ 3,982,722</u>	

**SURREY SERVICES FOR SENIORS, INC.**

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

**NOTE E - INVESTMENTS**

Investments at fair value consist of the following as of June 30, 2021:

	2021		
	Cost	Unrealized Holding Gain (Loss)	Fair Value
Investments, current assets			
Exchange Traded Funds			
US equities	\$ 675,938	\$ 195,295	\$ 871,233
US Intermediate-term bond	587,110	7,877	594,987
Short-term treasury bond	78,841	1,346	80,187
International equities	369,055	62,212	431,267
Emerging markets equities	161,773	38,993	200,766
US Equities	151,482	10,484	161,966
	<u>2,024,199</u>	<u>316,207</u>	<u>2,340,406</u>
Investments, long-term assets			
Exchange Traded Funds			
US equities	403,985	40,548	444,533
US Intermediate-term bond	268,342	(1,400)	266,942
Short-term treasury bond	29,669	466	30,135
International equities	138,226	7,901	146,127
Emerging markets equities	95,436	4,223	99,659
Cash	2,698	-	2,698
	<u>938,356</u>	<u>51,738</u>	<u>990,094</u>
	<u>\$ 2,962,555</u>	<u>\$ 367,945</u>	<u>\$ 3,330,500</u>



# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

### NOTE E - INVESTMENTS (Continued)

Investments at fair value consist of the following as of June 30, 2020:

	2020		
	Cost	Unrealized Holding Gain (Loss)	Fair Value
Exchange Traded Funds			
US equities	\$ 591,720	\$ (15,451)	\$ 576,269
US Intermediate-term bond	395,305	28,910	424,215
Short-term treasury bond	414,970	9,583	424,553
International equities	230,538	(14,553)	215,985
Emerging markets equities	223,384	(17,773)	205,611
Long-term treasury bond	117,452	28,446	145,898
International bond	64,807	197	65,004
	<u>\$ 2,038,176</u>	<u>\$ 19,359</u>	<u>\$ 2,057,535</u>

#### Endowment Funds

The endowment funds are listed as long-term investments on the balance sheet as of June 30, 2021. Effective March 26, 2021, the Corporation has adopted a spending policy in which they may withdrawal a portion of, or all, the portfolio's income each year for the purpose of supporting the Corporation according to the restrictions set by the donor. The Corporation has also adopted an investment policy that targets asset allocations of 70% equity investments and 30% fixed income investments, with a maximum equity allocation of 80% and minimum of 20%. In establishing the policy, the Corporation considered a long-term expected investment return on its endowment.

Changes in endowment funds as of June 30, 2021 is as follows:

Balance, beginning of year	\$ -
Contributions to endowment	935,000
Unrealized gains	51,738
Interest and dividends, net of management fees	<u>3,356</u>
Balance, end of year	<u>\$ 990,094</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.

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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

*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.

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, 2021			
	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 3,168,534	\$ -	\$ -	\$ 3,168,534
US Equities	161,966	-	-	161,966
	<u>\$ 3,330,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,330,500</u>

	Investment Assets at Fair Value as of			
	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Exchange traded funds	\$ 2,057,535	\$ -	\$ -	\$ 2,057,535

### 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 allows 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 \$10,433 and \$2,949 as of June 30, 2021 and 2020, respectively and is included in prepaid expenses.

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### 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, 2021 and 2020, consist of grants and donations received but not yet spent for their intended purpose as follows:

	<u>2021</u>	<u>2020</u>
Kitchen renovation	\$ -	\$ 150,400
Other	72,024	-
Endowment	<u>990,094</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 1,062,118</u>	<u>\$ 150,400</u>

Net assets released from donor restrictions for the years ended June 30, 2021 and 2020 were as follows:

	<u>2021</u>	<u>2020</u>
Kitchen renovation	<u>\$ 150,400</u>	<u>\$ -</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>2021</u>	<u>2020</u>
Professional services	\$ 8,123	\$ 5,400
Advertising	<u>3,200</u>	<u>3,260</u>
Total	<u>\$ 11,323</u>	<u>\$ 8,660</u>

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### 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. Various indirect expenses are allocated based upon a percentage of direct functional expense of program, management and general, and fundraising. All other expenses are allocated based upon actual cost tracking by functional expense use. Due to COVID-19 activity and other changes during the year, these allocations may not be fully comparable to the prior year allocations.

### 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, 2021 and 2020 was \$68,431 and \$87,703, respectively.

### NOTE L - OPERATING LEASE COMMITMENT

The Corporation has various operating leases for office equipment and two centers. The lease terms are month to month or year to year. The Corporation has one equipment operating lease through June 2025. In June 2018, the Corporation entered into a five-year lease for one of their 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, 2021.

<u>Year Ending June 30,</u>	<u>Minimum Lease Required Payments</u>
2022	\$ 48,900
2023	45,400
2024	6,900
2025	6,900
2026	<u>6,900</u>
<b>TOTAL FUTURE LEASE PAYMENTS</b>	<b>\$ <u>115,000</u></b>

Rent expense is \$76,800 and \$89,000 for the years ended June 30, 2021 and 2020, respectively.

# SURREY SERVICES FOR SENIORS, INC.

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

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### NOTE M - RESULTS OF SPECIAL EVENTS

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

	2021		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>
Gala	\$ <u>70,799</u>	\$ <u>6,388</u>	\$ <u>64,411</u>
	2020		
	<u>Revenues</u>	<u>Expenses</u>	<u>Net Results</u>
Fashion Show	\$ 18,618	\$ 13,212	\$ 5,406
Golf fundraiser	97,790	44,083	53,707
Other events	<u>1,936</u>	<u>-</u>	<u>1,936</u>
	\$ <u>118,344</u>	\$ <u>57,295</u>	\$ <u>61,049</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, 2021 and 2020 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, 2021 and 2020, respectively, was \$480,000 and \$499,757. The line of credit is due on demand with currently no expiration date. There was no outstanding balance as of June 30, 2021. The outstanding balance on the line of credit as of June 30, 2020 was \$275,294.

### NOTE O - LONG-TERM DEBT

On April 28, 2020, the Corporation entered into a \$521,900 term loan under the Payroll Protection Program covered by the CARES Act. The loan was eligible for forgiveness pursuant to the Paycheck Protection Program, which minimally requires at least 60% of the loan proceeds are used to cover payroll costs over the 24-week period after the loan is made and the number of employees and compensation levels are generally maintained.

The Corporation has elected to account for the loan under the debt model (FASB ASC 470). Under FASB ASC 470, *Debt*, the Corporation recognized a gain on extinguishment when they were legally released as primary obligor. During the fiscal year-end June 30, 2021, the loan was fully forgiven and recognized as Government revenue on the statement of activities.

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

### **NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2021 AND 2020**

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#### **NOTE P - 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 centers in Havertown and Media, Pennsylvania. The services include 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 22 and 23 as additional information.

The Corporation has recognized \$342,376 and \$340,061 of program service revenue for the years ended June 30, 2021 and 2020, respectively. There is \$62,257 and \$59,946 due from COSA included in other receivables as of June 30, 2021 and 2020, 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 \$11,261 and \$42,577 of home modification program revenue for the years ended June 30, 2021 and 2020, respectively.

As of June 30, 2021 and 2020, there are no amounts due from COSA for the home modification program. 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 \$14,330 for the both years ended June 30, 2021 and 2020.

#### **NOTE Q - LIQUIDITY**

In addition to the Corporation's cash balances, the liquidity management program includes a \$500,000 line of credit, of which \$500,000 was available at June 30, 2021. In addition to these items, at June 30, 2021 and 2020, respectively, the Corporation's invested assets of approximately \$2,340,000 and \$2,057,000 were also immediately available to the Company for liquidity by corporate action.

#### **NOTE R - RISKS AND UNCERTAINTIES**

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to have an effect on the daily operations of the Corporation. Financial impact could occur though such potential impact is unknown at this time.

## **SUPPLEMENTARY INFORMATION**

# SURREY SERVICES FOR SENIORS, INC.

## SCHEDULES OF REVENUE AND EXPENSES FOR THE HAVERTOWN, MEDIA AND CHORE PROGRAMS YEAR ENDED JUNE 30, 2021

	Havertown	Media	Chore Connection	Total
<b>Support and revenue</b>				
COSA contract	\$ 170,586	\$ 161,200	\$ 20,466	\$ 352,252
Home modification program revenue	-	-	11,261	11,261
Senior Center programs	3,147	3,372	-	6,519
Surrey fund-raising	1,100	1,550	-	2,650
Senior Center meal contributions	421	7,358	-	7,779
<b>Total revenue</b>	<b>\$ 175,254</b>	<b>\$ 173,480</b>	<b>\$ 31,727</b>	<b>\$ 380,461</b>
<b>Employee expenses</b>				
Staff wages	\$ 48,530	\$ 96,362	\$ 16,764	\$ 161,656
Employee FICA	3,547	6,837	1,204	11,588
Workers compensation	544	874	185	1,603
Health insurance	11,389	17,221	2,259	30,869
<b>Total employee expenses</b>	<b>64,010</b>	<b>121,294</b>	<b>20,412</b>	<b>205,716</b>
<b>Administrative expenses</b>				
Rent	24,000	42,000	-	66,000
Postage	422	824	-	1,246
Janitor services	9,372	5,520	-	14,892
Supplies	225	257	-	482
Maintenance and repairs	753	5,139	-	5,892
Depreciation	8,351	7,768	-	16,119
Training and technology	11,058	12,542	-	23,600
<b>Total administrative expenses</b>	<b>54,181</b>	<b>74,050</b>	<b>-</b>	<b>128,231</b>
<b>Program expenses</b>				
Option Home Mod Program Exp	-	-	10,475	10,475
Community transit	2,643	-	-	2,643
Senior Center social and recreation	3,416	3,428	-	6,844
Senior Center nutrition	2,400	1,530	-	3,930
<b>Total program expense</b>	<b>8,459</b>	<b>4,958</b>	<b>10,475</b>	<b>23,892</b>
<b>Management</b>				
Marketing	1,772	2,902	-	4,674
Volunteer drivers	895	-	-	895
Insurance general and liability	792	1,548	-	2,340
Professional services	2,010	2,258	-	4,268
Surrey management	7,372	13,093	840	21,305
<b>Total management</b>	<b>12,841</b>	<b>19,801</b>	<b>840</b>	<b>33,482</b>
<b>Total expenses</b>	<b>\$ 139,491</b>	<b>\$ 220,103</b>	<b>\$ 31,727</b>	<b>\$ 391,321</b>
<b>Capitalized equipment</b>	<b>6,612</b>	<b>2,800</b>	<b>-</b>	<b>9,412</b>
<b>Total expenses including capital expenditures</b>	<b>\$ 146,103</b>	<b>222,903</b>	<b>31,727</b>	<b>400,733</b>
Net surplus (deficit)	\$ 29,151	\$ (49,423)	\$ -	\$ (20,272)



# SURREY SERVICES FOR SENIORS, INC.

## SCHEDULES OF REVENUE AND EXPENSES FOR THE HAVERTOWN, MEDIA AND CHORE PROGRAMS YEAR ENDED JUNE 30, 2020

	Havertown	Media	Chore Connection	Total
<b>Support and revenue</b>				
COSA contract	\$ 168,643	\$ 150,945	\$ 20,474	\$ 340,062
Home modification program revenue	-	-	47,577	47,577
Senior Center programs	12,644	4,239	-	16,883
Surrey fund-raising	5,919	10,838	12,087	28,844
Grants	10,000	46,000	30,000	86,000
Membership	-	-	-	-
Senior Center meal contributions	6,231	10,624	-	16,855
Senior Center transportation	241	1,290	-	1,531
<b>Total revenue</b>	<b>\$ 203,678</b>	<b>\$ 223,936</b>	<b>\$ 110,138</b>	<b>\$ 537,752</b>
<b>Employee expenses</b>				
Staff wages	\$ 80,779	\$ 92,854	\$ 54,962	\$ 228,595
Employee FICA	6,071	6,739	4,205	17,015
PA unemployment tax	701	743	552	1,996
Workers compensation	1,001	1,001	595	2,597
Health insurance	11,762	19,559	4,410	35,731
<b>Total employee expenses</b>	<b>100,314</b>	<b>120,896</b>	<b>64,724</b>	<b>285,934</b>
<b>Administrative expenses</b>				
Rent	24,000	42,000	2,400	68,400
Telephone	500	750	100	1,350
Postage	318	250	75	643
Janitor services	8,831	5,520	-	14,351
Janitorial supplies	3,504	1,250	175	4,929
Office supplies	2,500	2,216	250	4,966
Payroll processing fees	700	700	700	2,100
Maintenance and repairs	4,340	5,894	-	10,234
Depreciation	3,250	3,250	-	6,500
Training	7,824	4,553	200	12,577
<b>Total administrative expenses</b>	<b>55,767</b>	<b>66,383</b>	<b>3,900</b>	<b>126,050</b>
<b>Program expenses</b>				
Option Home Mod Program Exp	-	-	32,289	32,289
Program supplies	5,525	915	-	6,440
Community transit	3,585	8,420	-	12,005
Senior Center social and recreation	15,051	2,994	-	18,045
Senior Center nutrition	5,844	4,854	-	10,698
<b>Total program expense</b>	<b>30,005</b>	<b>17,183</b>	<b>32,289</b>	<b>79,477</b>
<b>Management</b>				
Marketing	100	100	-	200
Staff/volunteer travel	472	874	375	1,721
Volunteer drivers	1,000	2,500	600	4,100
Insurance general and liability	1,020	1,000	100	2,120
Accounting service allocation	2,000	2,000	2,400	6,400
Surrey management	12,000	12,000	5,750	29,750
Consultants	1,000	1,000	-	2,000
<b>Total management</b>	<b>17,592</b>	<b>19,474</b>	<b>9,225</b>	<b>46,291</b>
<b>Total expenses</b>	<b>\$ 203,678</b>	<b>\$ 223,936</b>	<b>\$ 110,138</b>	<b>\$ 537,752</b>
Net surplus	\$ -	\$ -	\$ -	\$ -

***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, 2021, 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 21, 2021.

***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.



Limerick, Pennsylvania  
October 21, 2021