ACCOUNTING + CONSULTING

AGE WELL SENIOR SERVICES, INC.

Financial Statements
For Year Ended June 30, 2018
(with Summarized Comparative Information for the Year Ended June 30, 2017)

(With Independent Auditor's Report Thereon)

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ACCOUNTING + CONSULTING

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Age Well Senior Services, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Age Well Senior Services, Inc. (the "Organization"), 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

<u>Other Matters</u>

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 the 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 Schedule of Expenditures of Federal Awards 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 also issued our report dated October 30, 2018 on our consideration of the Organization'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 25, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KSJG, LLP

October 30, 2018

KSJG, LLP
100 Spectrum Center Drive, Suite 1000, Irvine, California 92618

AGE WELL SENIOR SERVICES, INC.

Statements of Financial Position
June 30, 2018
(with Summarized Comparative Information as of June 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Current assets:					
Cash and cash equivalents	$ 304,914	$ --	$ --	$ 304,914	$ 284,285
Investments (Note 2)	329,596	--	--	329,596	--
Property held for sale (Note 2)	141,148	--	--	141,148	--
Accounts receivable	611,749	--	--	611,749	782,981
Contributions receivable (Notes 2 and 3)	--	180,353	--	180,353	168,379
Prepaid expenses	11,017	--	--	11,017	12,226
Inventory	1,000	--	--	1,000	1,000
Total current assets	1,399,424	180,353	--	1,579,777	1,248,871
Property and equipment, net (Note 4)	1,096,994	--	--	1,096,994	1,192,983
Other long-term assets:					
Deposits	13,165	--	--	13,165	13,165
Contributions receivable (Notes 2 and 3)	--	273,226	--	273,226	46,539
Charitable remainder trusts (Notes 2, 3 and 5)	--	242,355	--	242,355	240,000
Endowment (Notes 2 and 6)	--	--	696,257	696,257	661,874
Total other assets	13,165	515,581	696,257	1,225,003	961,578
Total assets	$ 2,509,583	$ 695,934	$ 696,257	$ 3,901,774	$ 3,403,432

(Statements of financial position continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Statements of Financial Position
(Continued)
June 30, 2018
(with Summarized Comparative Information as of June 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Current liabilities:					
Accounts payable	$ 367,050	$ --	$ --	$ 367,050	$ 556,556
Accrued expenses (Note 7)	353,645	--	--	353,645	501,136
Current portion of note payable (Note 9)	--	--	--	--	4,744
Deferred revenue	75,000	--	--	75,000	72,917
Total current liabilities	795,695	--	--	795,695	1,135,353
Long-term liabilities:					
Line of credit (Note 8)	490,429	--	--	490,429	386,742
Long-term accrued expenses (Note 7)	100,000	--	--	100,000	--
Note payable (Note 9)	--	--	--	--	24,039
Total liabilities	1,386,124	--	--	1,386,124	1,546,134
Commitments (Note 11)					
Net assets (Note 12):					
Unrestricted	1,023,459	--	--	1,023,459	640,506
Designated for general reserves	100,000	--	--	100,000	100,000
Temporarily restricted	--	695,934	--	695,934	454,918
Permanently restricted	--	--	696,257	696,257	661,874
Total net assets	1,123,459	695,934	696,257	2,515,650	1,857,298
Total liabilities and net assets	$ 2,509,583	$ 695,934	$ 696,257	$ 3,901,774	$ 3,403,432

See accompanying notes to financial statements

AGE WELL SENIOR SERVICES, INC.

Statements of Activities
Year Ended June 30, 2018
(with Summarized Comparative Information for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Public support and revenue:					
Project income	$ 630,563	$ --	$ --	$ 630,563	$ 907,043
Fees for services	24,930	--	--	24,930	40,596
Contributions	1,652,363	1,463,211	125,000	3,240,574	805,627
United Way	21,421	--	--	21,421	21,623
Mission Hospital	156,167	--	--	156,167	122,988
Hoag Memorial Hospital Presbyterian	150,000	--	--	150,000	150,000
Pacific Life	--	--	--	--	15,000
Family Trust	--	--	--	--	100,000
Weingart Foundation	--	72,917	--	72,917	87,500
SoCal Senior Services, LLC	178,078	--	--	178,078	232,017
Change in value of charitable remainder trusts and endowments	22,021	2,355	7,299	31,675	86,815
Other income	--	--	--	--	6,735
Total public support and revenues	2,835,543	1,538,483	132,299	4,506,325	2,575,944
Government support and revenue:					
United States Department of Agriculture	236,128	--	--	236,128	229,504
County of Orange	2,698,224	--	--	2,698,224	2,614,056
City of Laguna Niguel	5,000	--	--	5,000	62,517
City of Mission Viejo	38,138	--	--	38,138	48,544
City of Lake Forest	49,336	--	--	49,336	48,848
City of San Clemente	72,206	--	--	72,206	82,347
City of Dana Point	77,449	--	--	77,449	80,967
City of Laguna Beach	3,000	--	--	3,000	4,000

(Statements of activities continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Statements of Activities
(Continued)
Year Ended June 30, 2018
(with Summarized Comparative Information for the Year Ended June 30, 2017)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Total
Government support and revenue (continued):					
City of Laguna Hills	--	--	--	--	60,000
City of Aliso Viejo	39,775	--	--	39,775	35,931
City of Rancho Santa Margarita	77,500	--	--	77,500	83,063
City of Newport Beach	26,900	--	--	26,900	25,000
City of San Juan Capistrano	49,367	--	--	49,367	56,170
Total government support and revenues	3,373,023	--	--	3,373,023	3,430,947
Net assets released from restrictions	1,395,383	(1,297,467)	(97,916)	--	--
Total support and revenues	7,603,949	241,016	34,383	7,879,348	6,006,891
Operating expenses:					
Nutrition	2,803,498	--	--	2,803,498	2,733,270
Transportation	2,669,307	--	--	2,669,307	2,354,153
Case management	245,509	--	--	245,509	228,410
Senior centers	664,702	--	--	664,702	710,181
Corporate	381,909	--	--	381,909	409,050
Fundraising	438,752	--	--	438,752	436,917
Total operating expenses	7,203,677	--	--	7,203,677	6,871,981
Other income:					
Loss on disposal of fixed asset	(26,173)	--	--	(26,173)	--
Interest income	8,854	--	--	8,854	15,880
Total other income	(17,319)	--	--	(17,319)	15,880
Change in net assets	382,953	241,016	34,383	658,352	(849,210)
Net assets at beginning of year	740,506	454,918	661,874	1,857,298	2,706,508
Net assets at end of year	$ 1,123,459	$ 695,934	$ 696,257	$ 2,515,650	$ 1,857,298

AGE WELL SENIOR SERVICES, INC.

Statements of Functional Expenses
Year Ended June 30, 2018
(with Summarized Comparative Information as of June 30, 2017)

	Program Services				Supporting Services			
	Case Management	Senior Centers	Transportation	Nutrition	Corporate	Fundraising	2018 Totals	2017 Totals
Salaries	$ 144,451	$ 369,750	$ 1,161,519	$ 925,525	$ 9,891	$ 175,992	$ 2,787,128	$ 2,675,122
Payroll taxes and employee benefits	38,180	79,186	285,861	245,517	7,495	34,624	690,863	625,018
Total salaries and related expenses	182,631	448,936	1,447,380	1,171,042	17,386	210,616	3,477,991	3,300,140
Accounting and auditing	4,630	8,167	30,589	55,020	22,227	6,135	126,768	66,348
Consultants	55,484	8,913	764,759	95,302	36,883	14,361	975,702	912,489
Advertising	--	--	--	--	5,700	2,102	7,802	7,160
Rent	--	40	39,252	939	126,007	--	166,238	131,351
Repairs and maintenance	--	43,775	73,812	31,492	4,046	--	153,125	129,029
Insurance	--	7,207	61,534	2,255	35,409	--	106,405	100,627
Office supplies	437	5,511	280	7,000	5,518	390	19,136	23,942
Food	--	--	--	1,336,290	15,934	--	1,352,224	1,285,966
Program supplies	323	82,572	37,888	43,501	40,942	20,644	225,870	263,299
Vehicle operations	--	--	180,169	--	927	130	181,226	163,392
Fundraising	--	--	--	--	--	171,908	171,908	173,083
Payroll services	737	1,770	5,954	4,711	10	766	13,948	16,853
Telephone	--	2,050	10,840	31,459	--	--	44,349	43,450
Utilities	--	--	--	22,109	--	--	22,109	22,271
Dues and subscriptions	510	50	30	185	1,049	271	2,095	5,566
Legal	--	--	--	--	2,243	--	2,243	5,105
Conferences and conventions	--	16,540	1,726	--	725	2,946	21,937	63,375
Interest	--	--	--	--	24,210	--	24,210	2,795
Local travel	757	--	--	2,193	35	557	3,542	3,408
Small equipment	--	--	--	--	--	690	690	23,689
Bad debt	--	--	--	--	--	--	--	25,001
Taxes and fees	--	407	--	--	4,865	--	5,272	1,769
Bank and investment fees	--	494	1,043	--	20,298	7,236	29,071	29,296
Depreciation	--	38,270	14,051	--	17,495	--	69,816	72,577
	62,878	215,766	1,221,927	1,632,456	364,523	228,136	3,725,686	3,571,841
Total expenses	$ 245,509	$ 664,702	$ 2,669,307	$ 2,803,498	$ 381,909	$ 438,752	$ 7,203,677	$ 6,871,981

See accompanying notes to financial statements

AGE WELL SENIOR SERVICES, INC.

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Changes in net assets	$ 658,352	$ (849,210)
Adjustments to reconcile changes in net assets		
to net cash provided by (used in) operating activities:		
Depreciation	69,816	72,577
Donation of property held for sale	(141,148)	--
Change in value of charitable remainder trusts and endowments	(9,654)	(95,074)
Realized and unrealized (gain) in investments	(21,147)	--
Loss on disposal of fixed assets	26,173	--
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	171,232	(280,414)
Contributions receivable, net	(238,661)	201,419
Prepaid expenses	1,209	(12,226)
Deposits	--	8,035
Increase (decrease) in liabilities:		
Accounts payable	(189,506)	101,589
Accrued expenses	(47,491)	74,654
Deferred revenue	2,083	(87,500)
Net cash provided by (used in) operating activities	281,258	(866,150)
Cash flows from investing activities:		
Purchases of property and equipment	--	(31,783)
Purchases of investments	(1,698,449)	--
Proceeds from sale of investments	1,390,000	--
Proceeds from endowment fund	97,916	100,000
Net cash (used in) provided by investing activities	(210,533)	68,217
Cash flows from financing activities:		
Proceeds from line of credit	154,138	499,291
Payments to line of credit	(50,451)	(112,549)
Contributions to permanently restricted endowment fund	(125,000)	--
(Repayments of) proceeds from long-term debt	(28,783)	28,783
Net cash (used in) provided by financing activities	(50,096)	415,525
Net increase (decrease) in cash and cash equivalents	20,629	(382,408)
Cash and cash equivalents, beginning of year	284,285	666,693
Cash and cash equivalents, end of year	$ 304,914	$ 284,285
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 24,210	$ 2,795

See accompanying notes to financial statements

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Age Well Senior Services, Inc. (the Organization) was originally part of San Clemente Seniors, Inc., which was incorporated in 1975 as a private, nonprofit organization, exempt under the Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code. On July 1, 1995 South County Senior Services, Inc. was formed to assume most of the operations and some of the assets and liabilities of San Clemente Seniors, Inc. San Clemente Seniors, Inc. retained the operation of only the San Clemente Adult Day Health Care Center and all other existing programs were retained and operated by the new Organization. San Clemente Seniors, Inc. no longer operates as a separate entity.

In January 2010, the Organization changed its name from South County Senior Services, Inc. to Age Well Senior Services, Inc.; however, it continues to operate under the dba of South County Senior Services, Inc.

Age Well Senior Services, Inc. provides for the social, nutritional, cultural, health, transportation and educational needs of the elderly population of South Orange County. Special emphasis has been placed on outreach services and adult day health care. The Organization has provided support services on a local level that allow home-bound senior citizens to remain in their chosen environment as long as possible. The Organization's senior centers operate to keep seniors well and to enable them to socialize and receive health benefits.

The Board of Directors functions as the policy-making body and is governed by the Organization's by-laws. The Organization's Executive Director serves as the Chief Executive Officer.

Activities - The Organization's activities, which are in accordance with its primary purpose as described above, have been classified as follows:

- *Nutrition* – Provide nutritional meals in senior centers and nutrition sites. Deliver nutritional meals to home-bound elderly daily.

- *Transportation* – Provide non-emergency medical transportation for the elderly and services for senior centers, South County Adult Day Services, medical appointments, and the Cities of Laguna Niguel, Lake Forest, San Clemente, Mission Viejo, Dana Point and San Juan Capistrano with plans to expand to other cities in South Orange County.

- *Case Management* – Contract for case management nurses and social workers to perform home visits and assessments of frail seniors needing more care.

(Note 1 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Activities (Continued)

- *Senior Centers* – Operate two senior centers and contracts with other senior sites for nutritional and social services, educational classes through emeritus and adult education, preventative health screening, elder care, case manager nurse, legal and tax assistance, insurance counseling, senior support groups, Medicare counselors and monthly surplus commodity distributions. Emphasis is on wellness and maintaining independence for the elderly.

- *Corporate and Fundraising* – Subcommittees of the general Board of Directors are responsible for fund raising to generate revenues and to subsidize annual operations are: the fund development committee and planned giving committee. These subcommittees are comprised of the Organization's Board Members, professionals in the community and key staff.

Basis of Presentation - The financial statements of the Organization have been prepared on the accrual basis of accounting.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Unrestricted Net Assets* – Net assets that are not subject to donor-imposed stipulations. Expenses of this fund include management and program expenses.

- *Temporarily Restricted Net Assets* – Net assets that are subject to donor-imposed stipulations that require passage of time or the occurrence of a specific event. The Organization's contribution receivables are included in this net asset category until collected and the donor restrictions have been met.

- *Permanently Restricted Net Assets* – Net assets subject to donor-imposed restrictions that require a balance to be kept in perpetuity while permitting the Organization to use or expend part or all of the income derived from the assets.

The Organization records gifts of cash and other assets as temporarily restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from donor restrictions. Contributions with donor-imposed restrictions that are received and spent in the same year have been recorded as temporarily restricted with the corresponding amount reclassified to unrestricted net assets in the accompanying statement of activities.

(Note 1 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers highly liquid investments and investments with original maturities of three months or less to be cash and cash equivalents. The Organization places its temporary cash investments with high credit quality financial institutions. At times such investments may be in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

Property and Equipment - Property and equipment are stated at cost, or if donated, at the fair market value at the date of donation. The building improvements, equipment, and furniture are depreciated using the straight-line method over estimated useful lives of 3 to 40 years.

Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows (undiscounted and without interest) expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Charitable Remainder Trusts - Contributions, including unconditional promises to give, are recognized as revenue in the period received. The Organization is also a beneficiary in certain trusts. The Organization recognizes as revenue the present value of the estimated future benefits to be received upon distribution of irrevocable trusts for which the Organization is beneficiary but is not the trustee. When these gifts are revocable in nature, they are not reflected in the financial statements.

Contributed Services and Gifts In-Kind - Contributed services are recognized if the services (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the years ended June 30, 2018 and 2017, such nonspecialized volunteer hours totaled 52,976 and 48,942, the value of such hours the Organization estimated to be $622,424 and $502,296, respectively, which has not been recorded in the accompanying financial statements. Only those amounts that meet the criteria above are recorded in the accompanying financial statements.

Program Expenses - Program expenses on the statements of activities for the years ended June 30, 2018 and 2017 include adult day health care, congregate and home delivered meals, transportation, social services and other support and grants totaled $6,383,016 and $6,026,014, respectively.

Compensated absences - The Organization accrues for employees' earned but unused time off.

(Note 1 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising Expense - Advertising and promotional costs are charged to operations when incurred. At June 30, 2018 and 2017, advertising and promotional costs totaled $7,802 and $7,160, respectively.

Income Taxes - The Organization is exempt from Federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of the California Revenue and Taxation Statute. However, the Organization is subject to income taxes on any net income that is derived from a trade or business, regularly carried on, and not in furtherance of the purposes for which it was granted exemption. As a matter of course, various taxing authorities, including the IRS, have the authority to regularly audit the Organization. There were no tax years open to examination by major tax jurisdictions as of June 30, 2018. Management believes that the Organization’s tax positions comply with applicable tax law and has adequately provided for these matters.

The Organization has adopted the provisions of Accounting Standards Codification ("ASC") 740-10-05 relating to accounting and reporting for uncertainty in income taxes. For the Organization, these provisions could be applicable to the incurrence of any unrelated business income attributable to the Organization. Because of the Organization's general tax-exempt status, ASC 740-10-05 is not anticipated to have a material impact on the Organization's financial statements.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Comparative Data - The financial statements include prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization’s financial statements for the year ended June 30, 2017 from which the summarized information was derived.

(Note 1 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recent Accounting Pronouncements – In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This update is meant to simplify and improve how a not-for-profit organization classifies its net assets, presents its cash flows, and reports its investment returns. In addition, the update provides for enhanced disclosures about the liquidity and availability of an organization's assets, the classification of its expenses by both nature and function, and the methodology of allocating such expenses to programs and supporting services. The new standard will be effective for reporting periods beginning after December 15, 2017, with early adoption permitted. Management is currently evaluating the impact of the adoption of this standard.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Under ASU No. 2016-02, lessees will be required to recognize the following for all leases (with the exception of short-term leases) at the commencement date:

- A lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and
- A right-of-use asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term.

ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019. The Organization is in the process of assessing the potential impact of the ASU on its financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers:* Topic 606. Under Topic 606, an entity is required to recognize revenue upon transfer of promised goods or services to customers, in an amount that reflects the expected consideration received in exchange for those goods or services. The Organization is currently assessing the impact of Topic 606 on the financial statements. Topic 606 will be effective for reporting periods beginning after December 15, 2018.

Reclassification - The financial statements for the year ended June 30, 2017 contain certain reclassifications, which have no effect on changes in net assets, to conform to current period presentation at June 30, 2018.

(Note 1 continued on the following page)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events - The Organization evaluated subsequent events through October 30, 2018, the date these financial statements were issued. Except for the events described in Notes 2 and 8, there were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2 - FAIR VALUE MEASUREMENTS AND SUBSEQUENT EVENT

The carrying value of financial instruments in the financial statements approximates fair value.

On July 1, 2008, the Organization adopted the provisions of ASC 820-10 *(formerly Statement of Financial Accounting Standard No. 157, Fair Value Measurements)*, for fair value measurements of financial assets and financial liabilities, and for fair value measurements of non-financial items that are recognized and disclosed at fair value in the financial statements on a recurring basis. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The assets that are recorded at fair value on a recurring basis are investments and beneficial interest in irrevocable deferred gifts. The Organization has no financial liabilities or non-financial items that are recorded at fair value on a recurring basis. In addition, the Organization was gifted real property during the year ended June 30, 2018. As of the report date, the property was sold and the net proceeds from the sale, $141,148, is what the real property was valued at June 30, 2018.

ASC 820-10 establishes a three-level fair value hierarchy that describes the inputs that are used to measure the fair values of respective assets and liabilities:

- Level 1: fair values are based on quoted prices in active markets for identical assets and liabilities. The Organization’s Level 1 assets include certificates of deposit with maturities greater than 90 days, mutual funds all held in endowments, and property held for sale.
- Level 2: fair values are based on observable inputs that include: quoted market prices for similar assets or liabilities; quoted market prices that are not in an active market; or other inputs that are observable in the market and can be corroborated by observable market data for substantially the full term of the asset. The Organization does not hold any Level 2 assets.

(Note 2 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements (Continued) June 30, 2018 and 2017

NOTE 2 - FAIR VALUE MEASUREMENTS AND SUBSEQUENT EVENT (Continued)

- Level 3: fair values are calculated by the use of pricing models and/or discounted cash flow methodologies, and may require significant management judgment or estimation. These methodologies may result in a significant portion of the fair value being derived from unobservable data. The Organization's Level 3 assets include charitable remainder trusts, and contributions receivable.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair values may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering from sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2018 and 2017:

	Assets at Fair Value as of June 30, 2018			
	Level 1	*Level 2*	*Level 3*	*Total*
Cash and cash equivalents	$ 8,800	$ --	$ --	$ 8,800
Mutual funds	320,796	--	--	320,796
Endowment:				
Equities and mutual funds	696,257	--	--	696,257
Contributions receivable	--	--	453,579	453,579
Charitable remainder trusts	--	--	242,355	242,355
Property held for sale	141,148	--	--	141,148
Total	$ 1,167,001	$ --	$ 695,934	$ 1,862,935

	Assets at Fair Value as of June 30, 2017			
	Level 1	*Level 2*	*Level 3*	*Total*
Endowment:				
Equities and mutual funds	$ 661,874	$ --	$ --	$ 661,874
Contributions receivable	--	--	214,918	214,918
Charitable remainder trusts	--	--	240,000	240,000
Total	$ 661,874	$ --	$ 454,918	$ 1,116,792

(Note 2 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 2 - FAIR VALUE MEASUREMENTS AND SUBSEQUENT EVENT (Continued)

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Organization's Level 3 assets for the years ended June 30, 2018 and 2017.

	Contributions Receivable	
	2018	**2017**
Balance, beginning of year	$ 214,918	$ 416,337
New pledges	500,000	168,379
Payments received	(188,026)	(350,000)
Write-offs	(46,539)	(25,001)
Change in present value discount	(26,774)	5,203
Balance, end of year	$ 453,579	$ 214,918

	Charitable Remainder Trusts	
	2018	**2017**
Balance, beginning of year	$ 240,000	$ 210,000
Contributions	--	30,000
Net unrealized gains	2,355	--
Balance, end of year	$ 242,355	$ 240,000

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 3 - CONTRIBUTIONS RECEIVABLE

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the estimated future cash flows. The discounts on those amounts are computed using the three-year U.S. Treasury note rate applicable in the year in which the promise was made. Management believes that all contributions receivable are fully collectible.

Included in contributions receivable at June 30, 2018 and 2017 are the following unconditional promises to give:

	2018	2017
Amounts due in		
Less than one year	$ 180,353	$ 214,918
One to five years	300,000	--
Total promises to give	480,353	214,918
Less: unamortized discount	(26,774)	--
Net contributions receivable	$ 453,579	$ 214,918

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2018 and 2017 consist of the following:

	2018	2017
Land	$ 245,396	$ 245,396
Buildings and improvements	1,533,956	1,558,046
Equipment and furniture	136,230	658,019
Vehicles	63,428	112,652
Total	1,979,010	2,574,113
Less: accumulated depreciation	(882,016)	(1,381,130)
	$ 1,096,994	$ 1,192,983

Depreciation expense totaled $69,816 and $72,577 for fiscal years ended June 30, 2018 and 2017, respectively.

NOTE 5 - CHARITABLE REMAINDER TRUSTS

The Organization received donations of beneficial interests in irrevocable Charitable Remainder Trusts, from the Executive Director. The terms of the Trusts require annual payments to be made to the beneficiaries of certain percentages of the net fair market value of the Trusts' assets. The remainders of the Trusts' are to be distributed to the Organization upon the death of the beneficiaries. The Organization recognizes as revenue the present value of the estimated future benefits to be received upon distribution of the irrevocable trust for which the Organization is beneficiary but is not the trustee. The present value discount on the Executive Director's trust is computed using 4.5% (the effective interest rate on the date the irrevocable beneficial interest of the Executive Director's trust was gifted to the Organization). Changes in the present value discount amount and overall value of Organization's beneficial interest in the trust are recognized in the statement of activities. The total fair value of the Trusts as of June 30, 2018 and 2017 was $242,355 and $240,000, respectively. The Trusts' net assets are reported as temporarily restricted net assets in the financial statements.

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 6 - ENDOWMENT

In 2008, the Organization adopted ASC 958-205 (formerly FASB Staff Position No. FAS 117-1), *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act* [UPMIFA] *and Enhanced Disclosures for All Endowment Funds (the FSP)*. A key component of the FSP is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as permanently restricted net assets as temporarily restricted net assets until appropriated for expenditure. Adoption of this standard did not affect the financial position or changes in net assets of the Organization.

The FSP provides guidance with respect to the accounting for donor-restricted endowment funds subject to UPMIFA, which the State of California has enacted. In addition, the FSP requires expanded disclosures for all endowment funds. The Board of Directors of the Organization has interpreted the FSP as requiring the preservation of the purchasing power of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (1) the original value of the gifts donated to the endowment, (2) the original value of subsequent gifts to the endowment, and (3) the net income (loss) on endowment investments. In accordance with the FSP, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

(Note 6 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 6 - ENDOWMENT (Continued)

Changes in Endowment Net Assets for the Year Ending June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2017	$ --	$ --	$ 661,874	661,874
Investment income	--	--	7,299	7,299
Contributions	--	--	125,000	125,000
Appropriation of endowment for operations	97,916	--	(97,916)	--
Expenditure of appropriated funds	(97,916)	--	--	(97,916)
Endowment net assets, June 30, 2018	$ --	$ --	$ 696,257	$ 696,257

Changes in Endowment Net Assets for the Year Ending June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, July 1, 2016	$ --	$ --	$ 696,800	696,800
Investment income	--	--	65,074	65,074
Appropriation of endowment for operations	100,000	--	(100,000)	--
Expenditure of appropriated funds	(100,000)	--	--	(100,000)
Endowment net assets, June 30, 2017	$ --	$ --	$ 661,874	$ 661,874

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that provides a stream of funding for the operation and maintenance of the Florence Sylvester Memorial Senior Center, while maintaining the purchasing power of the endowment assets. Under these policies, the portfolio is to be invested with 1/3 in short term very liquid assets and 2/3 in low risk, conservative stocks and bonds. The Organization expects its endowment funds over time, to provide an average rate of return of approximately 4% to 5% annually.

(Note 6 continued on the following page)

NOTE 6 - ENDOWMENT (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's investment policy includes an endowment spending rate of 5 percent of the endowment funds' market value over a rolling two calendar year average. This spending rate constitutes the Board's annual appropriation for spending endowment earnings. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through investment returns.

The Organization contributed a net amount of $27,084 to the endowment during the fiscal year ended June 30, 2018. The Organization withdrew a total of $100,000 from the endowment during the fiscal year ended June 30, 2017, which exceeds the established 5 percent spending rate. The withdrawal was a result of sequestration cuts and a decline in private donations experienced by the Organization over the past two fiscal years.

As stated above, the purpose of this endowment fund is to operate and maintain the Florence Sylvester Memorial Senior Center. Currently the Florence Sylvester Memorial Senior Center is fully operational and requires funding only for day-to-day upkeep and staffing. Taking all of the aforementioned factors into account, the Organization believes that the $696,257 balance in the endowment fund at June 30, 2018 is sufficient funding to subsidize the Florence Sylvester Memorial Senior Center for the foreseeable future.

NOTE 7 - ACCRUED EXPENSES

Accrued expenses at June 30, 2018 and 2017 are summarized as follows:

	2018	2017
Salaries and benefits	$ 325,396	$ 360,092
Compensated absences	128,249	140,544
Deposits	--	500
	$ 453,645	$ 501,136

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 8 - LINE OF CREDIT AND SUBSEQUENT EVENT

The Organization has a line of credit of $500,000, which was set to expire August 29, 2018. As of June 30, 2018 and 2017, $490,429 and $386,742, respectively, had been drawn on the available line. Monthly interest payments are made at the greater of 0.50% plus the prime rate (5.50% at June 30, 2018) or 5.50%. The line of credit is secured by the Organization's real property located at 23721 Moulton Parkway, Laguna Hills, CA 92653.

Subsequent to year-end, the Organization obtained an extension to the line of credit agreement with a new expiration date of August 29, 2021.

NOTE 9 - LONG TERM DEBT

Long-term debt at June 30, 2018 and 2017 is summarized as follows:

	2018	2017
11.3% secured automobile note payable, payable in monthly installments of $646, including interest, beginning April 2017 through April 2022. The note payable was fully paid off during the year ended June 30, 2018.	$ --	$ 28,783
Less current portion	--	(4,744)
	$ --	$ 24,039

NOTE 10 - RETIREMENT PLANS

The Organization has a retirement plan for employees formed under Section 403(b) of the Internal Revenue Code consisting of a tax-sheltered custodial account. Under the provisions of the Plan, employees may make voluntary contributions up to a maximum of 16 2/3% of annual salary. The Organization also has a retirement plan formed under section 401(k) of the Internal Revenue Code. Under the provisions of the Plan, employees may make voluntary contributions from their salary up to the maximum amount allowed by the Internal Revenue Code. The Organization matches 50% of these contributions that does not exceed 6.0% of salary. For the years ended June 30, 2018 and 2017, the Organization made matching contributions of $43,708 and $24,557, respectively.

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 11 - LEASE COMMITMENTS

Operating Lease - The Organization leases their corporate office facilities, set to expire on August 31, 2021. The monthly lease payments increase on an annual basis and range from $10,428 to $11,969. The Organization leases equipment, set to expire September 30, 2023. The monthly lease payments are $1,000 for the term of the lease. Future minimum lease payments under noncancelable operating leases as of June 30, 2018 are as follows:

Years ending June 30:		
2018	$	141,797
2019		146,537
2020		151,277
2021		35,937
2022		12,000
Thereafter		3,000
	$	490,548

Rent expense totaled $166,238 and $131,351 for the years ended June 30, 2018 and 2017, respectively.

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2018 and 2017

NOTE 12 - NET ASSETS

During the years ended June 30, 2018 and 2017, $1,297,467 and $749,124, respectively, were released from temporary donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors. Amounts receivable from pledges or from split-interest agreements are reported as restricted until they are received.

Net assets of $97,916 and $100,000 were released from the permanently restricted Endowment Fund during the years ended June 30, 2018 and 2017, respectively, in accordance with the endowment agreement (Note 6).

Net assets are restricted for the following purposes at June 30:

	2018	2017
Temporarily restricted:		
Charitable remainder trusts	$ 242,355	$ 240,000
Contributions receivable	453,579	214,918
Total temporarily restricted assets	$ 695,934	$ 454,918
Permanently restricted:		
Endowment fund	$ 696,257	$ 661,874

ACCOUNTING + CONSULTING

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FEDERALLY ASSISTED PROGRAMS

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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*

Independent Auditor's Report

The Board of Directors
Age Well Senior Services, Inc.

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 financial statements of Age Well Senior Services, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 30, 2018.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

(Continued on the following page)

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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*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

KSJG, LLP

October 30, 2018

KSJG, LLP
100 Spectrum Center Drive, Suite 1000, Irvine, California 92618

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

To Board of Directors
Age Well Senior Services, Inc.

Report on Compliance for Each Major Federal Program

We have audited Age Well Senior Services, Inc. (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

(Continued on the following page)

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (Continued)

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

(Continued on the following page)

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE (Continued)

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

KSJG, LLP

October 30, 2018

KSJG, LLP
100 Spectrum Center Drive, Suite 1000, Irvine, California 92618

AGE WELL SENIOR SERVICES, INC.

Schedule of Expenditures of Federal Awards and Selected State and County Awards Year Ended June 30, 2018

Federal Grant / Pass - Through Grantor / Program		CFDA #	Expenditures Federal	Expenditures State*
U.S. Department of Health and Human Services				
Passed through County of Orange Area Agency on Aging:				
C-1 (Congregate Meals)	NSIP	93.053	$ 65,025	$ --
C-2 (Home-Delivered Meals)	NSIP	93.053	171,103	--
			236,128	--
Passed through County of Orange Area Agency on Aging:				
B - (Case Management)	Title III, Part B	93.044	68,775	--
B - (In-Home Services)	Title III, Part B	93.044	63,070	--
B - (Transportation)	Title III, Part B	93.044	79,855	--
			211,700	--
Passed through County of Orange Area Agency on Aging:				
C-1 (Congregate Meals)	Title III, Part C	93.045	537,082	57,368
C-2 (Home-Delivered Meals)	Title III, Part C	93.045	453,346	61,668
			990,428	119,036
Total U.S. Department of Health and Human Services			1,438,256	119,036
U.S. Department of Housing and Urban Development				
Community Development Block Grant				
Passed through:				
City of Rancho Santa Margarita		14.218	5,500	--
City of Mission Viejo		14.218	6,085	--
City of San Clemente		14.218	5,000	--
City of Laguna Niguel		14.218	5,000	--
City of Lake Forest		14.218	7,250	--
City of Newport Beach		14.218	22,550	--
			51,385	--
Total U.S. Department of Housing and Urban Development			51,385	--
GRAND TOTALS			$ 1,489,641	$ 119,036

* State matching funds are shown for memo purposes only

(See accompanying notes to Schedule of Expenditures of Federal Awards and Selected Stated and County Awards)

AGE WELL SENIOR SERVICES, INC.

Notes to Schedule of Expenditures of Federal Awards and Selected State and County Awards Year Ended June 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and Selected State and County Awards presents the activity of federal, selected state and county award programs of Age Well Senior Services, Inc. (the Organization), and therefore, does not present the financial position of results of operations of the Organization. The information in this schedule is presented under the accrual basis of accounting. Under the accrual basis of accounting, expenditures reported include any property or equipment acquisitions incurred under the award programs in the fiscal year.

NOTE 2 - CONTINGENCIES

Under the terms of federal, state and county grants, additional audits may be requested by the grantor agencies, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to a request for reimbursement to the grantor agencies.

AGE WELL SENIOR SERVICES, INC.

Summary of Findings and Questioned Costs
Year Ended June 30, 2018

A. Summary of Audit Results:

1. The independent auditor's report expresses an unqualified opinion on the financial statements of Age Well Senior Services, Inc.

2. There were no significant deficiencies relating to the audit of the financial statements.

3. There were no instances of noncompliance material to the financial statements of Age Well Senior Services, Inc. disclosed during the audit.

4. There were no significant deficiencies relating to the audit of the major federal award programs.

5. The independent auditor's report on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with the Uniform Guidance for Age Well Senior Services, Inc. expresses an unqualified opinion.

6. There were no audit findings that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

7. The programs tested as major programs include:

   a. Special Programs for the Aging Title III, Part C (Congregate Meals) Program – CFDA # 93.045
   b. Special Programs for the Aging Title III, Part C (Home-Delivered Meals) Program – CFDA # 93.045
   c. Nutrition Services Incentive Program (Congregate Meals) Program – CFDA # 93.053
   d. Nutrition Services Incentive Program (Home-Delivered Meals) Program – CFDA # 93.053
   e. Grants for Supportive Services and Senior Centers Title III, Part B (Case Management) Program – CFDA # 93.044
   f. Grants for Supportive Services and Senior Centers Title III, Part B (In-Home Services) Program – CFDA # 93.044
   g. Grants for Supportive Services and Senior Centers Title III, Part B (Transportation) Program – CFDA # 93.044

(Summary of findings and questioned costs continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Summary of Findings and Questioned Costs
(Continued)
Year Ended June 30, 2018

8. The threshold for distinguishing types A and B programs was $750,000.

9. Age Well Senior Services, Inc. was determined to be a low-risk auditee.

B. Findings – Financial Statement Audit:

None

C. Findings and Questioned Costs – Major Federal Award Programs Audit:

None

D. Summary Schedule of Prior Year Findings:

None