ACCOUNTING + CONSULTING

AGE WELL SENIOR SERVICES, INC.

Financial Statements
For Year Ended June 30, 2019
(with Summarized Comparative Information for the Year Ended June 30, 2018)

(With Independent Auditor's Report Thereon)

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Supplementary Information – Federally Assisted Programs:

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, 2019, 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.

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, 2019 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 December 3, 2019 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 30, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.

KSJG, LLP

December 3, 2019

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

AGE WELL SENIOR SERVICES, INC.

Statements of Financial Position
June 30, 2019
(with Summarized Comparative Information as of June 30, 2018)

	Without Donor Restriction	With Donor Restriction	2019 Total	2018 Total
Current assets:				
Cash and cash equivalents	$ 258,359	$ 45,000	$ 303,359	$ 304,914
Investments (Note 3)	2,220	--	2,220	329,596
Property held for sale (Note 3)	--	--	--	141,148
Accounts receivable	597,484	--	597,484	611,749
Contributions receivable (Notes 3 and 4)	--	100,000	100,000	180,353
Prepaid expenses	10,892	--	10,892	11,017
Inventory	--	--	--	1,000
Total current assets	868,955	145,000	1,013,955	1,579,777
Property and equipment, net (Note 5)	1,219,397	--	1,219,397	1,096,994
Other long-term assets:				
Deposits	28,236	--	28,236	13,165
Contributions receivable (Notes 3 and 4)	--	191,820	191,820	273,226
Charitable remainder trusts (Notes 3, 4 and 6)	--	237,412	237,412	242,355
Endowment (Notes 3 and 7)	--	513,884	513,884	696,257
Total other assets	28,236	943,116	971,352	1,225,003
Total assets	$ 2,116,588	$ 1,088,116	$ 3,204,704	$ 3,901,774

(Statements of financial position continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Statements of Financial Position
(Continued)
June 30, 2019
(with Summarized Comparative Information as of June 30, 2018)

	Without Donor Restriction	With Donor Restriction	2019 Total	2018 Total
Current liabilities:				
Accounts payable	$ 259,599	$ --	$ 259,599	$ 367,050
Accrued expenses (Note 8)	271,132	--	271,132	353,645
Deferred revenue	--	--	--	75,000
Total current liabilities	530,731	--	530,731	795,695
Long-term liabilities:				
Line of credit (Note 9)	--	--	--	490,429
Long-term accrued expenses (Note 8)	100,000	--	100,000	100,000
Note payable, less unamortized loan costs of $21,813 (Note 10)	1,478,187	--	1,478,187	--
Total liabilities	2,108,918	--	2,108,918	1,386,124
Commitments (Note 12)				
Net assets (Note 13):				
Without donor restrictions				
Undesignated	7,670	--	7,670	1,023,459
Designated for general reserves	--	--	--	100,000
With donor restrictions	--	1,088,116	1,088,116	1,392,191
Total net assets	7,670	1,088,116	1,095,786	2,515,650
Total liabilities and net assets	$ 2,116,588	$ 1,088,116	$ 3,204,704	$ 3,901,774

AGE WELL SENIOR SERVICES, INC.

Statements of Activities
Year Ended June 30, 2019
(with Summarized Comparative Information for the Year Ended June 30, 2018)

	Without Donor Restriction	With Donor Restriction	2019 Total	2018 Total
Public support and revenue:				
Project income	$ 463,125	$ --	$ 463,125	$ 630,563
Fees for services	9,191	--	9,191	24,930
Contributions	782,519	143,585	926,104	3,240,574
United Way	436	--	436	21,421
Mission Hospital	133,717	--	133,717	156,167
Hoag Memorial Hospital Presbyterian	75,000	50,000	125,000	150,000
Laguna Woods Foundation	750	--	750	--
Jewish Federation	595	--	595	--
Caregiver Resource Center	17,178	--	17,178	--
Weingart Foundation	--	--	--	72,917
SoCal Senior Services, LLC	206,492	--	206,492	178,078
Change in value of charitable remainder trusts and endowments	--	(96)	(96)	31,675
Total public support and revenues	1,689,003	193,489	1,882,492	4,506,325
Government support and revenue:				
United States Department of Agriculture	243,785	--	243,785	236,128
County of Orange	2,934,583	--	2,934,583	2,698,224
City of Laguna Niguel	5,500	--	5,500	5,000
City of Mission Viejo	38,802	--	38,802	38,138
City of Lake Forest	50,677	--	50,677	49,336
City of San Clemente	22,554	10,000	32,554	72,206
City of Dana Point	78,870	--	78,870	77,449
City of Laguna Beach	2,500	--	2,500	3,000

(Statements of activities continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Statements of Activities
(Continued)
Year Ended June 30, 2019
(with Summarized Comparative Information for the Year Ended June 30, 2018)

	Without Donor Restriction	With Donor Restriction	2019 Total	2018 Total
Government support and revenue (continued):				
City of Laguna Hills	140,000	--	140,000	--
City of Aliso Viejo	9,216	--	9,216	39,775
City of Rancho Santa Margarita	77,825	--	77,825	77,500
City of Newport Beach	25,000	--	25,000	26,900
City of San Juan Capistrano	55,156	--	55,156	49,367
City of Irvine	7,200	--	7,200	--
Total government support and revenues	3,691,668	10,000	3,701,668	3,373,023
Net assets released from restrictions				
Satisfaction of program restrictions	140,000	(140,000)	--	--
Expiration of time restrictions	180,344	(180,344)	--	--
Appropriation from donor endowment and subsequent satisfaction of any related donor restrictions	187,220	(187,220)	--	--
Total net assets released from restrictions	507,564	(507,564)	--	--
Total support and revenues	5,888,235	(304,075)	5,584,160	7,879,348
Operating expenses:				
Nutrition	2,895,397	--	2,895,397	2,803,498
Transportation	2,512,494	--	2,512,494	2,669,307
Case management	282,617	--	282,617	245,509
Senior centers	586,804	--	586,804	664,702
Corporate	405,541	--	405,541	381,909
Fundraising	319,776	--	319,776	438,752
Total operating expenses	7,002,629	--	7,002,629	7,203,677
Other income:				
(Loss) on disposal of fixed asset	--	--	--	(26,173)
Investment (loss) income	(1,395)	--	(1,395)	8,854
Total other (loss)	(1,395)	--	(1,395)	(17,319)
Change in net assets	(1,115,789)	(304,075)	(1,419,864)	658,352
Net assets at beginning of year	1,123,459	1,392,191	2,515,650	1,857,298
Net assets at end of year	$ 7,670	$ 1,088,116	$ 1,095,786	$ 2,515,650

AGE WELL SENIOR SERVICES, INC.

Statements of Functional Expenses
Year Ended June 30, 2019
(with Summarized Comparative Information as of June 30, 2018)

	Program Services				Supporting Services			
	Case Management	Senior Centers	Transportation	Nutrition	Corporate	Fundraising	2019 Totals	2018 Totals
Salaries	$ 164,949	$ 303,729	$ 1,151,540	$ 964,671	$ 62,494	$ 125,284	$ 2,772,667	$ 2,787,128
Payroll taxes and employee benefits	42,814	73,520	316,475	270,802	13,227	27,696	744,534	690,863
Total salaries and related expenses	207,763	377,249	1,468,015	1,235,473	75,721	152,980	3,517,201	3,477,991
Accounting and auditing	5,752	10,884	40,854	59,016	24,230	10,388	151,124	126,768
Consultants	67,054	4,442	548,484	89,596	33,014	39,691	782,281	975,702
Advertising	--	--	--	--	5,251	22,209	27,460	7,802
Rent	--	40	40,194	--	129,747	--	169,981	166,238
Repairs and maintenance	--	46,265	75,083	28,399	6,362	--	156,109	153,125
Insurance	--	6,749	67,702	--	31,037	--	105,488	106,405
Office supplies	210	3,598	637	12,507	9,421	842	27,215	19,136
Food	--	--	--	1,347,669	6,998	--	1,354,667	1,352,224
Program supplies	296	78,777	45,631	65,269	26,082	19,082	235,137	225,870
Vehicle operations	--	--	200,754	--	--	--	200,754	181,226
Fundraising	--	12,218	--	--	--	71,572	83,790	171,908
Payroll services	823	1,850	6,586	5,090	234	747	15,330	13,948
Telephone	--	1,720	10,625	27,667	--	--	40,012	44,349
Utilities	--	--	--	21,792	--	--	21,792	22,109
Dues and subscriptions	--	310	--	955	1,295	218	2,778	2,095
Legal	--	--	--	--	4,439	--	4,439	2,243
Conferences and conventions	--	--	--	--	994	88	1,082	21,937
Interest	--	--	--	--	26,155	--	26,155	24,210
Local travel	719	--	--	1,964	--	638	3,321	3,542
Small equipment	--	--	--	--	1,111	--	1,111	690
Taxes and fees	--	--	--	--	4,902	--	4,902	5,272
Bank and investment fees	--	243	--	--	4,901	1,321	6,465	29,071
Depreciation	--	42,459	7,929	--	13,647	--	64,035	69,816
	74,854	209,555	1,044,479	1,659,924	329,820	166,796	3,485,428	3,725,686
Total expenses	$ 282,617	$ 586,804	$ 2,512,494	$ 2,895,397	$ 405,541	$ 319,776	$ 7,002,629	$ 7,203,677

See accompanying notes to financial statements

AGE WELL SENIOR SERVICES, INC.

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Changes in net assets	$ (1,419,864)	$ 658,352
Adjustments to reconcile changes in net assets		
to net cash (used in) provided by operating activities:		
Depreciation	64,035	69,816
Donation of property held for sale	--	(141,148)
Change in value of charitable remainder trusts and endowments	(15,347)	(9,654)
Realized and unrealized (gain) loss in investments	5,746	(21,147)
Loss on disposal of property and equipment	--	26,173
Changes in operating assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable	14,880	171,232
Contributions receivable, net	161,144	(238,661)
Prepaid expenses	125	1,209
Inventory	1,000	--
Deposits	(15,071)	--
Increase (decrease) in liabilities:		
Accounts payable	(107,451)	(189,506)
Accrued expenses	(82,513)	(47,491)
Deferred revenue	(75,000)	2,083
Net cash (used in) provided by operating activities	(1,468,316)	281,258
Cash flows from investing activities:		
Purchases of property and equipment	(186,438)	--
Purchases of investments	--	(1,698,449)
Proceeds from sale of investments	478,574	1,390,000
Proceeds from endowment fund	186,867	97,916
Net cash provided by (used in) investing activities	479,003	(210,533)
Cash flows from financing activities:		
Net activity on line of credit	(490,429)	103,687
Contributions to permanently restricted endowment fund	--	(125,000)
Proceeds from (repayments of) long-term debt	1,500,000	(28,783)
Deferred loan fees	(21,813)	--
Net cash provided by (used in) financing activities	987,758	(50,096)
Net (decrease) increase in cash and cash equivalents	(1,555)	20,629
Cash and cash equivalents, beginning of year	304,914	284,285
Cash and cash equivalents, end of year	$ 303,359	$ 304,914
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	$ 26,155	$ 24,210

See accompanying notes to financial statements

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
June 30, 2019 and 2018

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, 2019 and 2018

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 in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

- *Net assets with donor restrictions:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

The Organization records gifts of cash and other assets as net assets with donor restriction 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, donor restricted net assets are reclassified to net assets without restrictions 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 net assets without donor restrictions 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, 2019 and 2018

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, 2019 and 2018, such nonspecialized volunteer hours totaled 58,536 and 52,976, the value of such hours the Organization estimated to be $629,213 and $622,424, 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, 2019 and 2018 include congregate and home delivered meals, transportation, social services and other support and grants totaled $6,277,312 and $6,383,016, respectively.

(Note 1 continued on the following page)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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 activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and benefits	Time and effort
Professional services	Time and effort
Advertising	Time and effort
Contract services	Time and effort
Occupancy	Square footage
Repairs and maintenance	Direct usage
Insurance	Time and effort
Program and office supplies	Direct usage
Depreciation	Direct usage
Other	Direct usage

Certain expenses reported on the accompanying statement of functional expenses, such as depreciation, repairs and maintenance, occupancy, supplies and program expense, and other expenses, have been allocated to programs based on direct usage. For certain expenses including advertising, contract services, and insurance, and professional services, the cost directly attributable to program or supporting services have been allocated as such. Salaries and benefits have been allocated to the program and supporting services based on time and effort of the employees involved.

Advertising Expense - Advertising and promotional costs are charged to operations when incurred. At June 30, 2019 and 2018, advertising and promotional costs totaled $27,460 and $7,802, respectively.

(Note 1 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2019. 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, 2018 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, 2019 and 2018

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 Organization has adjusted the presentation of these financial statements accordingly and the ASU has been applied retrospectively to all periods reported. As part of the transition guidance for the ASU, in the year of adoption, single year presentation of the liquidity and availability disclosure and reporting of expenses by both nature and function is allowable.

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.

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly.

(Note 1 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reclassification - The financial statements for the year ended June 30, 2018 contain certain reclassifications, which have no effect on changes in net assets, to conform to current period presentation at June 30, 2019.

Subsequent Events - The Organization evaluated subsequent events through December 3, 2019, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

NOTE 2 - AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30:

	2019	**2018**
Financial assets at year end:		
Cash and cash equivalents	$ 303,359	$ 304,914
Accounts receivable	597,484	611,749
Investments	2,220	329,596
Charitable remainder trusts	237,412	242,355
Endowment	513,884	696,257
Contributions receivable	291,820	453,579
Total financial assets	1,946,179	2,638,450
Less amounts not available to be used within one year:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(429,232)	(515,581)
Subject to appropriation and satisfaction of donor restrictions	(513,884)	(696,257)
	(943,116)	(1,211,838)
Financial assets available to meet general expenditures over the next twelve months	$ 1,003,063	$ 1,426,612

(Note 2 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 2 - AVAILABILITY AND LIQUIDITY (Continued)

The Organization receives significant unrestricted revenue from admissions, membership and group sales which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization receives contributions and promises to give which are restricted by donors for program use. Management of liquidity and reserves is conducted under three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As part of the liquidity plan, excess cash is currently invested in short-term investments, such as money market accounts, when possible. The Organization forecasts its future cash flows, and monitors liquidity bi-monthly and monitors reserves annually during the budget review.

NOTE 3 - FAIR VALUE MEASUREMENTS

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

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, the Organization has adopted generally accepted accounting principles (GAAP) standards that define 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. The Organization has no financial liabilities or non-financial items that are recorded at fair value on a recurring basis.

(Note 3 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

GAAP 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 asset includes institutional mutual funds and both equity and fixed income.

- 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 has no level 2 assets.

- 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.

(Note 3 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2019 and 2018:

	Assets at Fair Value as of June 30, 2019			
	Level 1	*Level 2*	*Level 3*	*Total*
Cash and cash equivalents	$ 52	$ --	$ --	$ 52
Mutual funds	2,168	--	--	2,168
Endowment:				
Equities and mutual funds	513,884	--	--	513,884
Contributions receivable	--	--	291,820	291,820
Charitable remainder trusts	--	--	237,412	237,412
Total	$ 516,104	$ --	$ 529,232	$ 1,045,336

	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

(Note 3 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 3 - FAIR VALUE MEASUREMENTS (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, 2019 and 2018.

	Contributions Receivable	
	2019	**2018**
Balance, beginning of year	$ 453,579	$ 214,918
New pledges	--	500,000
Payments received	(180,353)	(188,026)
Write-offs	--	(46,539)
Change in present value discount	18,594	(26,774)
Balance, end of year	$ 291,820	$ 453,579

	Charitable Remainder Trusts	
	2019	**2018**
Balance, beginning of year	$ 242,355	$ 240,000
Net unrealized (loss) gain	(4,943)	2,355
Balance, end of year	$ 237,412	$ 242,355

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 4 - 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, 2019 and 2018 are the following unconditional promises to give:

	2019	2018
Amounts due in		
Less than one year	$ 100,000	$ 180,353
One to five years	200,000	300,000
Total promises to give	300,000	480,353
Unamortized (discount)	(8,180)	(26,774)
Net contributions receivable	$ 291,820	$ 453,579

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2019 and 2018 consist of the following:

	2019	2018
Land	$ 245,396	$ 245,396
Buildings and improvements	1,720,395	1,533,956
Equipment and furniture	134,990	136,230
Vehicles	63,428	63,428
Total	2,164,209	1,979,010
Less: accumulated depreciation	(944,812)	(882,016)
	$ 1,219,397	$ 1,096,994

Depreciation expense totaled $64,035 and $69,816 for fiscal years ended June 30, 2019 and 2018, respectively.

NOTE 6 - 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, 2019 and 2018 was $237,412 and $242,355, 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, 2019 and 2018

NOTE 7 - 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 7 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 7 - ENDOWMENT (Continued)

Changes in Endowment Net Assets for the Year Ending June 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, July 1, 2018	$ --	$ 696,257	696,257
Investment income	--	4,847	4,847
Contributions	--	--	--
Appropriation of endowment for operations	187,220	(187,220)	--
Expenditure of appropriated funds	(187,220)	--	(187,220)
Endowment net assets, June 30, 2019	$ --	$ 513,884	$ 513,884

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

	Without Donor Restriction	With Donor Restriction	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

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 7 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 7 - 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.

Underwater Endowment

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors. At June 30, 2019, funds with deficiencies of $147,560 were reported in net assets with donor restrictions.

Fair value of underwater endowment funds	$ 513,884
Original endowment gift amount	(661,444)
Deficiencies of underwater endowment funds	$ (147,560)

The Organization withdrew a total of $187,220 from the endowment during the fiscal year ended June 30, 2019, which exceeds the established 5 percent spending rate. The withdrawal was a result of a decline in private donations experienced by the Organization over the past fiscal year. The Organization contributed a net amount of $27,084 to the endowment during the fiscal year ended June 30, 2018.

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 $513,884 balance in the endowment fund at June 30, 2019 is sufficient funding to subsidize the Florence Sylvester Memorial Senior Center for the foreseeable future.

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 8 - ACCRUED EXPENSES

Accrued expenses at June 30, 2019 and 2018 are summarized as follows:

	2019	2018
Salaries and benefits	$ 256,099	$ 325,396
Compensated absences	115,033	128,249
	$ 371,132	$ 453,645

NOTE 9 - LINE OF CREDIT

The Organization had a line of credit of $500,000, which was set to expire August 29, 2021. During the year ended June 30, 2019, the line of credit was paid off and closed through debt financing (Note 10). As of June 30, 2019 and 2018, none and $490,429, 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, 2019) or 5.50%. The line of credit is secured by the Organization's real property located at 23721 Moulton Parkway, Laguna Hills, CA 92653.

NOTE 10 - LONG TERM DEBT

Long-term debt at June 30, 2019 and 2018 is summarized as follows:

	2019	2018
8% secured note payable, payable in monthly interest only installments of $10,000, with payments staring on August 2019 through June 2021. The principal is due in July 2021.	$ 1,500,000	$ --
Less current portion	--	--
Less unamortized deferred loan costs	(21,813)	--
	$ 1,478,187	$ --

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 11 - 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 the lesser of 100% of their annual salary, or the federal contribution limitations. 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. Effective May 1, 2019, the Organization suspended matching contributions. For the years ended June 30, 2019 and 2018, the Organization made matching contributions of $24,531 and $43,708, respectively.

NOTE 12 - LEASE COMMITMENTS

Operating Lease - The Organization leases their corporate office facilities, set to expire on November 30, 2023. The monthly lease payments increase on an annual basis and range from $6,872 to $11,179. 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, 2019 are as follows:

Years ending June 30:		
2020	$	93,641
2021		96,323
2022		98,852
2023		101,458
2024		40,998
	$	431,272

Rent expense totaled $169,981 and $166,238 for the years ended June 30, 2019 and 2018, respectively.

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 13 - NET ASSETS

Net assets with donor restrictions were released from restriction for the following purposes or periods at June 30:

	2019	2018
Expenditure for a specified purpose:		
Senior centers		
Florence Sylvester Senior Center	$ --	$ 395,994
Nutrition		
Home delivered meals	140,000	395,994
Transportation		
Non-emergency medical transportation	--	270,914
	140,000	1,062,902
Expiration of time restrictions:		
Payments received from contributions receivable	180,344	234,565
Appropriation from donor endowment and subsequent satisfaction of any related donor restrictions	187,220	97,916
Total	$ 507,564	$ 1,395,383

(Note 13 continued on the following page)

AGE WELL SENIOR SERVICES, INC.

Notes to Financial Statements
(Continued)
June 30, 2019 and 2018

NOTE 13 - NET ASSETS – (Continued)

Net assets with donor restrictions are restricted for the following purposes or periods at June 30:

	2019	2018
Subject to expenditure for a specified purpose:		
Senior centers		
Dorothy Visser Senior Center	$ 10,000	$ --
Time restrictions:		
Charitable remainder trusts	272,412	242,355
Contributions receivable	291,820	453,579
	564,232	695,934
Subject to Organization's spending policy and appropriation:		
Investment in perpetuity, which, once appropriated, is expendable to support:		
Florence Sylvester Senior Center	513,884	696,257
Total	$ 1,088,116	$ 1,392,191

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SUPPLEMENTARY INFORMATION

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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, 2019, 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 December 3, 2019.

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

December 3, 2019

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, 2019. 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, 2019.

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

December 3, 2019

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, 2019

Federal Grant / Pass - Through Grantor / Program		CFDA #	Expenditures Federal	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	$ 60,797	$ --
C-2 (Home-Delivered Meals)	NSIP	93.053	182,988	--
			243,785	--
Passed through County of Orange Area Agency on Aging:				
B - (Case Management)	Title III, Part B	93.044	87,971	--
B - (In-Home Services)	Title III, Part B	93.044	83,612	--
B - (Transportation)	Title III, Part B	93.044	105,862	--
			277,445	--
Passed through County of Orange Area Agency on Aging:				
C-1 (Congregate Meals)	Title III, Part C	93.045	675,446	60,655
C-2 (Home-Delivered Meals)	Title III, Part C	93.045	537,503	71,843
			1,212,949	132,498
Total U.S. Department of Health and Human Services			1,734,179	132,498
U.S. Department of Housing and Urban Development				
Community Development Block Grant				
Passed through:				
City of Rancho Santa Margarita		14.218	5,825	--
City of Mission Viejo		14.218	6,250	--
City of San Clemente		14.218	5,000	--
City of Laguna Niguel		14.218	5,500	--
City of Lake Forest		14.218	7,300	--
City of Newport Beach		14.218	25,000	--
City of Laguna Hills		14.218	140,000	--
			194,875	--
Total U.S. Department of Housing and Urban Development			194,875	--
GRAND TOTALS			$ 1,929,054	$ 132,498

* 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, 2019

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, 2019

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, 2019

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