WISE & HEALTHY AGING

(A NOT-FOR-PROFIT ORGANIZATION)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR 2015)

WISE & HEALTHY AGING
(A NOT-FOR-PROFIT ORGANIZATION)
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June 30, 2016

SingerLewak
Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
WISE & Healthy Aging
Santa Monica, California

Report on the Financial Statements

We have audited the accompanying financial statements of WISE & Healthy Aging (a not-for-profit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2016, the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements (collectively, 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 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and 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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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, 2016 and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's 2015 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 24, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2016 on our consideration of the Organization's internal control over financial reporting and 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.

Singer Lewak LLP

November 22, 2016

WISE & HEALTHY AGING
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF FINANCIAL POSITION
June 30, 2016
(with Comparative Totals at June 30, 2015)

ASSETS

	2016	2015
Current assets		
Cash and cash equivalents	$ 134,627	$ 507,549
Cash held in trust	216	1,343
Investments	10,429,450	11,135,421
Grants and pledges receivable	453,836	272,938
Accounts receivable, net of allowance for doubtful accounts of $23,737 and $2,611, respectively	143,253	177,427
Prepaid expenses and other assets	114,505	131,666
Total current assets	11,275,887	12,226,344
Long-term investments	1,957,534	1,257,799
Property and equipment, net	333,149	376,839
Total assets	**$ 13,566,570**	**$ 13,860,982**

LIABILITIES AND NET ASSETS

	2016	2015
Current liabilities		
Accounts payable and accrued expenses	$ 806,521	$ 627,265
Deposits – held in trust	216	1,343
Deferred revenue and other liabilities	44,765	120,776
Total current liabilities	851,502	749,384
Commitments and contingencies (Note 8)		
Net assets		
Unrestricted	10,547,778	10,860,287
Temporarily restricted	907,551	993,512
Permanently restricted	1,259,739	1,257,799
Total net assets	12,715,068	13,111,598
Total liabilities and net assets	**$ 13,566,570**	**$ 13,860,982**

The accompanying notes are an integral part of these financial statements.

WISE & HEALTHY AGING
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2016
(with Comparative Totals for the Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total 2016	Total 2015
Revenue and support					
Government agencies	$ 3,620,933	$ 62,521	$ -	$ 3,683,454	$ 3,072,655
Program income	1,584,725	-	-	1,584,725	1,252,843
Investment income, net	469,195	88,760	1,940	559,895	587,905
Contributions and grants	49,734	381,550	-	431,284	360,437
In-kind contributions	1,088,613	-	-	1,088,613	1,078,698
Special events	212,799	-	-	212,799	238,283
Net assets released from restrictions	618,792	(618,792)	-	-	-
Total revenue and support	7,644,791	(85,961)	1,940	7,560,770	6,590,821
Functional expenses					
Program services	5,099,298	-	-	5,099,298	4,273,182
Supporting services					
General administrative	1,381,221	-	-	1,381,221	1,329,721
Program administrative	1,163,592	-	-	1,163,592	1,063,139
Fundraising	313,189	-	-	313,189	125,255
Total functional expenses	7,957,300	-	-	7,957,300	6,791,297
Change in net assets	(312,509)	(85,961)	1,940	(396,530)	(200,476)
Net assets, beginning of year	10,860,287	993,512	1,257,799	13,111,598	13,312,074
Net assets, end of year	**$ 10,547,778**	**$ 907,551**	**$ 1,259,739**	**$ 12,715,068**	**$ 13,111,598**

The accompanying notes are an integral part of these financial statements.

WISE & HEALTHY AGING
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016
(with Comparative Totals for the Year Ended June 30, 2015)

	Care Management	Co/City OMB	Adult Day Support Ctr	Senior Rec Center	Nutrition Services	LA Co/Other Mental Health	Peer Counseling	Para-transit	Elder Abuse Prevention
Personnel expenses									
Salaries	$ 289,470	$ 1,043,815	$ 335,193	$ 111,334	$ 74,652	$ 251,975	$ 117,425	$ 210,229	$ 160,409
Employee benefits	51,567	166,951	67,592	15,924	19,132	40,557	14,415	37,932	24,892
Total personnel expenses	341,037	1,210,766	402,785	127,258	93,784	292,532	131,840	248,161	185,301
Other expenses									
Professional fees/contract services	552,127	54,042	71,948	24,254	98,231	95,207	2,563	30,490	27,693
Supplies	2,077	30,530	9,113	8,241	1,900	8,541	2,038	1,129	208
Phone	6,174	56,944	6,574	1,736	1,262	2,411	691	6,259	2,807
Postage	598	503	898	1,253	99	131	181	625	66
Building occupancy	15,118	99,525	50,836	-	-	26,264	7,015	2,673	399
Equipment purchases/repair/maintenance	-	-	4,115	1,150	-	3,708	84	-	43
Travel	1,260	25,597	659	202	10	122	-	10	2,454
Printing and duplication	1,757	25,848	2,126	4,213	1,557	81	588	3,590	7,058
Employee development	1,571	5,334	2,067	3,519	911	673	1,680	180	1,673
Insurance	2,857	9,814	5,339	1,075	1,008	7,122	747	2,820	1,229
Volunteer	125	23,768	837	2,677	550	1,437	1,020	-	-
In-kind	17,511	332,228	39,486	-	-	-	-	-	-
Special events	-	-	-	1,381	-	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-	-
Interest (credit line)	-	-	-	-	-	-	-	-	-
Other	(7,286)	58,274	(5,268)	10,451	2,187	13,128	465	427	334
Total other expenses	593,889	722,407	188,730	60,152	107,715	158,825	17,072	48,203	43,964
Total functional expenses	934,926	1,933,173	591,515	187,410	201,499	451,357	148,912	296,364	229,265
Allocation of administrative	118,752	428,217	137,510	45,673	30,624	103,370	48,172	86,244	65,807
Total functional expenses after allocation	**$ 1,053,678**	**$ 2,361,390**	**$ 729,025**	**$ 233,083**	**$ 232,123**	**$ 554,727**	**$ 197,084**	**$ 382,608**	**$ 295,072**

The accompanying notes are an integral part of these financial statements.

WISE & HEALTHY AGING

(A NOT-FOR-PROFIT ORGANIZATION)

STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2016

(with Comparative Totals for the Year Ended June 30, 2015)

	Caregiver Training Academy	Total Program Services	General Administrative	Program Administrative	Fundraising	Total Supporting Services	Total 2016	Total 2015
Personnel expenses								
Salaries	$ 75,181	$ 2,669,683	$ 166,684	$ 865,238	$ -	$ 1,031,922	$ 3,701,605	$ 3,276,291
Employee benefits	7,605	446,567	17,606	104,058	-	121,664	568,231	493,699
Total personnel expenses	82,786	3,116,250	184,290	969,296	-	1,153,586	4,269,836	3,769,990
Other expenses								
Professional fees/contract services	9,745	966,300	117,326	72,004	258,183	447,513	1,413,813	918,236
Supplies	9,124	72,901	1,415	22,805	-	24,220	97,121	75,990
Phone	1,211	86,069	3,787	8,526	-	12,313	98,382	75,888
Postage	54	4,408	3,189	3,661	-	6,850	11,258	10,126
Building occupancy	1,900	203,730	11,881	42,811	-	54,692	258,422	259,584
Equipment purchases/repair/maintenance	6,365	15,465	134,141	39,394	-	173,535	189,000	62,323
Travel	3,519	33,833	1,000	248	-	1,248	35,081	31,089
Printing and duplication	1,912	48,730	1,892	(8,965)	-	(7,073)	41,657	11,662
Employee development	5,481	23,089	12,464	3,315	-	15,779	38,868	36,158
Insurance	217	32,228	1,687	6,274	-	7,961	40,189	35,422
Volunteer	207	30,621	1,922	500	-	2,422	33,043	24,405
In-kind	-	389,225	699,388	-	-	699,388	1,088,613	1,078,699
Special events	-	1,381	550	-	54,163	54,713	56,094	64,392
Depreciation and amortization	-	-	41,915	-	-	41,915	41,915	43,384
Interest (credit line)	-	-	1,191	-	-	1,191	1,191	655
Other	2,356	75,068	163,183	3,723	843	167,749	242,817	293,294
		-						
Total other expenses	42,091	1,983,048	1,196,931	194,296	313,189	1,704,416	3,687,464	3,021,307
Total functional expenses	124,877	5,099,298	1,381,221	1,163,592	313,189	2,858,002	7,957,300	6,791,297
Allocation of administrative	30,842	1,095,211	68,381	(1,163,592)	-	(1,095,211)	-	-
Total functional expenses after allocation	**$ 155,719**	**$ 6,194,509**	**$ 1,449,602**	**$ -**	**$ 313,189**	**$ 1,762,791**	**$ 7,957,300**	**$ 6,791,297**

WISE & HEALTHY AGING
(A NOT-FOR-PROFIT ORGANIZATION)
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2016
(with Comparative Totals for the Year Ended June 30, 2015)

	2016	2015
Cash flows from operating activities		
Changes in net assets	$ (396,530)	$ (200,476)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation and amortization	41,915	43,384
Unrealized (gains) losses on investments, net	(67,764)	270,648
Realized gains on investments	(131,581)	(519,166)
Provision for (recovery of) doubtful accounts	21,126	(59)
(Increase) decrease in assets		
Cash – held in trust	1,127	908
Grants and pledges receivable	(202,024)	(16,548)
Accounts receivable	34,174	(55,845)
Prepaid expenses and other assets	17,161	(49,605)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	179,256	79,051
Deposits – held in trust	(1,127)	(908)
Deferred revenue and other liabilities	(76,011)	14,084
Net cash used in operating activities	(580,278)	(434,532)
Cash flows from investing activities		
Proceeds from sale of investments	6,242,265	3,496,629
Purchase of investments	(6,036,685)	(2,925,721)
Proceeds on disposal (purchases of) property and equipment	1,776	(5,540)
Net cash provided by investing activities	207,356	565,368
Net change in cash and cash equivalents	(372,922)	130,836
Cash and cash equivalents, beginning of year	507,549	376,713
Cash and cash equivalents, end of year	**$ 134,627**	**$ 507,549**
Supplemental cash flow disclosure		
Interest paid	**$ 1,191**	**$ 655**

The accompanying notes are an integral part of these financial statements.

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

WISE & Healthy Aging (the "Organization") is a result of the November 1, 2007 merger between WISE Senior Services ("WISE") and the Center for Healthy Aging ("CHA").

The Organization is a multi-service, 501(c)(3) not-for-profit corporation serving seniors throughout Los Angeles County, with emphasis on low-income and/or underserved individuals. The Organization offers vital support services and programs that promote and improve the well-being, independence and self-esteem of seniors and prevention of premature institutionalization whenever possible. From the active senior looking for meaningful volunteer opportunities to the frail senior resident of a nursing home, the Organization seeks to enhance quality of life.

The Organization empowers those seniors who are at risk when alone, have a physical or mental impairment, want to live in their own home, are lonely or depressed and/or are at risk for exploitation by others.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Use of Estimates
The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
For purposes of the statements of cash flows, cash equivalents include time deposits, certificates of deposit and all highly liquid debt instruments with original maturities of three months or less.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Held in Trust
The Organization maintains a bank account for several of its clients, whereby retirement income or other deposits are collected and bills are managed and paid on their behalf. Undisbursed funds, which are held exclusively for the benefit of the clients, were $216 and $1,343 at June 30, 2016 and 2015, respectively.

Investments
The Organization accounts for its investments at fair value, as determined by quoted market prices. Interest and dividends consist primarily of earnings on investments and are included in investment income, net in the accompanying statements of activities. Unrealized gains and losses on investments are also included in investment income, net in the accompanying statements of activities.

Contributions and Revenue
Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Conditional contributions are recorded as support in the period the condition is met. All gifts and other public support are included in unrestricted net assets unless they are specifically restricted by the terms of the gift or grant instrument or require the passage of time.

The Organization records grants and pledges receivable, net of allowances for uncollectible amounts, whenever there is sufficient evidence in the form of verifiable documentation that an unconditional promise was made and received.

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

The Organization records contributed rent for its headquarters, which is measured as the difference between the rent's fair market value per square foot and the actual amount paid. This contribution is recorded as a revenue and expense in the period in which the facilities are occupied and not as a temporarily restricted contribution at the lease inception due to the conditional nature of the lease with the City of Santa Monica. As a result, during the years ended June 30, 2016 and 2015, the Organization recorded $632,018 and $627,702, respectively, as in-kind rent.

Contract, program and fundraising revenues are recognized in the period the revenues are earned. Revenues received for future services or future fundraising events are recorded as deferred revenue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risks
Financial instruments that potentially expose the Organization to a concentration of credit risk consist primarily of cash and cash equivalents, investments and contributions.

The Organization maintains its cash accounts at high credit quality financial institutions. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of June 30, 2016, uninsured cash amounted to zero. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

Investments are subject to certain risks, such as market fluctuations and changes in interest rates, which could result in losses in the event of adverse economic circumstances. The Organization attempts to limit its credit risk associated with its investments through diversification and by utilizing the expertise and processes of an outside investment manager.

Major Contributors
With respect to grants, pledges and accounts receivables, the Organization routinely assesses the financial strength of its donors and, as a consequence, believes that credit exposure is limited. As of June 30, 2016, two contributors represented approximately 70% of grants, pledges and accounts receivable. For the year ended June 30, 2016, two contributors represented approximately 36% of total revenue and support.

Major Suppliers
As of June 30, 2016, two suppliers represented approximately 53% of accounts payable. Management feels that, given the nature of these products and availability from alternative providers, potential risk to the Organization resulting from supply concentrations is minimal.

Property and Equipment
Property and equipment are stated at cost or at their estimated fair value at the date of donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Amortization of leasehold improvements is provided using the straight-line method over the remaining term of the lease or the useful life of the improvement, whichever is shorter.

The estimated useful lives of the related assets are as follows:

Leasehold improvements	14 – 25 years
Furniture, fixtures and equipment	5 – 7 years

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)
Under the terms of certain contracts, the Organization is required to transfer ownership of all fixed assets to other authorized programs or agencies upon termination of the programs.

Long-lived Assets
Long-lived assets, such as property and equipment and intangible assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require that a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment loss is recognized to the extent that the carrying value exceeds its fair value less the cost of disposal or net realizable value.

Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary. No impairment losses were recognized during the years ended June 30, 2016 or 2015.

Fair Value of Financial Instruments
The Organization has adopted Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic No. 820, "Fair Value Measurements and Disclosures" ("ASC 820"), which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 does not require any new fair value measurements, but provides guidance on how to measure fair value by providing a fair value hierarchy used to classify the source of the information.

ASC 820 establishes a three-level valuation hierarchy of valuation techniques that is based on observable and unobservable inputs. Classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement. The first two inputs that may be used to measure fair value are considered observable and the last unobservable; they include the following:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Instruments (Continued)

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

The Organization's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the instrument. Cash and cash equivalents and investments are financial instruments that are classified within Level 1, because these accounts were valued primarily using quoted market prices utilizing market-observable inputs. The carrying amounts of grants and pledges receivable, accounts receivables, accounts payable and accrued expenses, deposits – held in trust, deferred revenue and other liabilities represent a reasonable estimate of fair values due to their short-term maturity.

Classes of Net Assets
To ensure observance of certain constraints and restrictions placed on the use of resources, the accounts of the Organization are maintained in accordance with the principles of net assets accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into net asset classes that are in accordance with specified activities or objectives. Accordingly, all financial transactions have been recorded and reported by net asset class as follows:

- *Unrestricted.* These generally result from revenues generated by receiving unrestricted contributions, providing services and receiving interest from investments less expenses incurred in providing program-related services, raising contributions and performing administrative functions.

- *Temporarily Restricted.* The Organization reports gifts of cash and other assets as temporarily restricted support 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 the purpose of the 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 restrictions.

- *Permanently Restricted.* These net assets are received by donors who stipulate that resources are to be maintained permanently but permit the Organization to expend all of the income (or other economic benefits) derived from the donated assets.

Advertising
Advertising expenses are charged to expense as incurred or the first time advertising takes place. For the years ended June 30, 2016 and 2015, total advertising expense was $64,296 and $46,825, respectively.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income Taxes
The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Accordingly, no provisions for income taxes or related credits are included in these financial statements.

The Organization has adopted the FASB ASC Topic No. 740, "Uncertainty in Income Taxes" ("ASC 740"). In accordance with ASC 740, the Organization recognizes the impact of tax positions in the financial statements if that position is more likely than not to be sustained on audit, based on the technical merits of the position. To date, the Organization has not recorded any uncertain tax positions. The Organization recognizes potential accrued interest and penalties related to uncertain tax positions in income tax expense. During the year ended June 30, 2016 and 2015, the Organization did not recognize any amount in potential interest and penalties associated with uncertain tax positions. The Organization's income tax returns remain subject to examination for all tax years ended on or after June 30, 2011 and 2012 with regards to all tax positions and results reported.

Recently Issued Accounting Pronouncements
In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)." The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

In August 2016, the FASB issued ASU No. 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities)." The guidance in this ASU focuses on improving the current net asset classification requirements and information presented in financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance, and cash flows. The standard is effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued Accounting Pronouncements (Continued)
In August 2016, the FASB issued ASU No. 2016-15, "Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments." This new standard provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued or available to be issued. Under this guidance an entity must provide certain disclosures if "conditions or events raise substantial doubt about the entity's ability to continue as a going concern." The standard is effective for annual periods ending after December 15, 2016. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

NOTE 3 – INVESTMENTS

Investments held by the Organization consist of the following at June 30, 2016:

	Cost	Fair Value
Cash	$ 58,152	$ 58,152
Bond funds	4,609,946	4,792,143
Equity funds	7,181,789	7,536,689
Total	**$11,849,887**	**$12,386,984**

Investments held by the Organization consist of the following at June 30, 2015:

	Cost	Fair Value
Cash	$ 2,211	$ 2,211
Bond funds	3,841,305	3,778,307
Equity funds	4,194,961	5,876,576
U.S.-based stocks	2,444,497	2,736,126
Total	**$10,482,974**	**$12,393,220**

NOTE 3 – INVESTMENTS (Continued)

Investment income for the year ended June 30, is as follows:

	2016	2015
Interest income	$ 360,550	$ 339,387
Unrealized/realized gains on investments, net	199,345	248,518
Total	**$ 559,895**	**$ 587,905**

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30,

	2016	2015
Leasehold improvements	$ 592,563	$ 592,563
Furniture, fixtures and equipment	371,188	372,964
Total property and equipment	963,751	965,527
Less accumulated depreciation and amortization	(630,602)	(588,688)
Property and equipment, net	**$ 333,149**	**$ 376,839**

Depreciation and amortization expense totaled $41,915 and $43,384 for the years ended June 30, 2016 and 2015, respectively.

NOTE 5 – LINE OF CREDIT

The Organization has a $250,000 unsecured line of credit with a bank that matures on December 15, 2016. Outstanding borrowings accrue interest at a rate equal to 3.50% per annum as of June 30, 2016. The line of credit also has various financial covenants. As of June 30, 2016, there was no outstanding balance on the line of credit, and the Organization was in compliance with its financial covenant and nonfinancial requirements.

NOTE 6 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016 were available for the following purposes:

	Available June 30, 2015	New Revenues	Released from Restriction	Available June 30, 2016
Care management	$ 5,005	$ -	$ (5,005)	$ -
Ombudsman Program	-	20,000	-	20,000
Adult day support center	-	12,519	(12,519)	-
Mental health services	-	20,000	-	20,000
Peer counseling	-	3,981	(3,981)	-
Para transit	20,000	-	-	20,000
Elder abuse	49,019	37,500	(86,519)	-
Training & Education	-	30,000	(30,000)	-
General fund	268,767	320,071	(439,325)	149,513
Unappropriated endowment investment returns	650,721	88,760	(41,443)	698,038
Total	**$ 993,512**	**$ 532,831**	**$ (618,792)**	**$ 907,551**

NOTE 7 – ENDOWMENTS

The Organization is subject to the State of California-enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

The Organization classifies all gifts that contain a donor-imposed permanent restriction as permanently restricted funds on the statement of financial position. Each gift is recorded at its fair value on the date of receipt and will remain at that value in accordance with the current policy of the board of directors. All net appreciation earned by the donor-imposed permanently restricted funds is classified as temporarily restricted net assets until appropriated for expenditure by the Organization.

Funds with Deficiencies
From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with U.S. GAAP, deficiencies of this nature are reported in unrestricted net assets; however, there were no such deficiencies as of June 30, 2016 or 2015.

NOTE 7 – ENDOWMENTS (Continued)

Return Objectives and Risk Parameters
The Organization has adopted an investment policy that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for donor-specified periods. Under this policy, as approved by the Board of Directors, the Organization expects its endowment funds, over time, to provide an annual rate of return over a trailing three-year period, net of investment expense, which is expected to outperform the greater of a) the CORE Consumer Price Index, plus 5%, or b) the Portfolio Benchmark, plus 0.5%, assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives
To satisfy its long-term rate-of-return objectives and to maximize total return net of investment expenses, the Organization preserves the inflation-adjusted value of the funds. The Organization targets a diversified asset allocation that places a greater emphasis on U.S. stocks and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

The Organization's investment policies include the following guidelines provided to the investment manager:

- Allowable types of investment that can be purchased
- Asset allocation and rebalancing
- Quarterly review and monitoring of investments
- Prohibited types of investment and transaction

Spending Policy and How the Investment Objectives Relate to It
In determining the annual spending from the investment earnings, the Organization takes into consideration the rate of inflation and real growth of the investment pool. The spending percentage will be determined by the Organization's investment committee every year up to a) the CORE Consumer Price Index, plus 5%, or b) the Portfolio Benchmark, plus 0.5%, of the endowment asset value as of the end of the previous fiscal year.

The Organization considers the following factors when determining the amount of spending from each donor-imposed permanently restricted fund:

- Whether the funds would be spent in accordance with any donor-imposed use restrictions
- Other available funds from which this request could be considered
- Expected returns based upon investment policy
- The trend of current economic indicators

NOTE 7 – ENDOWMENTS (Continued)

Changes in endowment net assets for the year ended June 30, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 650,721	$ 1,257,799	$ 1,908,520
Investment return				
Investment income	-	53,106	1,940	55,046
Net realized investment appreciation		21,074	-	21,074
Net unrealized investment appreciation	-	14,580	-	14,580
Total investment returns	-	88,760	1,940	90,700
Amounts appropriated for expenditures	-	(9,443)	-	(9,443)
Released to operating cash account	-	(32,000)	-	(32,000)
Total change in endowment funds	-	47,317	1,940	49,257
Endowment net assets, end of year	**$ -**	**$ 698,038**	**$ 1,259,739**	**$ 1,957,777**

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Leases

The Organization leases three of its facilities under noncancelable operating lease agreements that expire through December 31, 2020. The Organization also leases its headquarters at the Ken Edwards Center from the City of Santa Monica, California on a month-to-month basis. Rent expense amounted to $201,171 for the year ended June 30, 2016. In addition, as noted at Note 2, the Organization received in-kind rent of $632,018 from the City of Santa Monica.

The Organization also leases storage space under a month-to-month lease agreement. Rent expense amounted to $3,885 for the year ended June 30, 2016.

The future minimum lease payments required under the noncancelable lease agreements at June 30, 2016 were as follows:

Year Ending June 30,	
2017	$ 61,226
2018	35,775
2019	26,712
2020	26,712
2021	13,356
Total	**$ 163,781**

Government Funding

Certain government grants/contracts that the Organization administers and for which it receives funding are subject to audit and final acceptance by government granting agencies. The amount of expenditures that may be disallowed by the grantor, if any, cannot be determined at this time. The Organization expects that such amounts, if any, would not have a significant impact on the financial position of the Organization.

Litigation

From time to time, the Organization is involved in certain legal matters which arise in the normal course of operations. Management believes, based in part on the advice of legal counsel, that the resolution of such matters will not have a material adverse effect on the financial position of the Organization.

Employment Contract

The Organization entered into an employment agreement with an officer commencing on July 1, 2015 and ending on June 30, 2022. The officer's base salary is $210,000 per year with a built-in increase of 3% per year.

NOTE 9 – EMPLOYEE RETIREMENT PLAN

The Organization maintains a 401(k) plan (the "Plan"), which provides eligible employees with retirement benefits in accordance with the Plan. The Organization has the option to make discretionary matching contributions to the Plan each year where the contribution does not exceed the federally determined maximum amount. The Organization made contributions totaling $24,426 and $18,477 for the years ended June 30, 2016 and 2015, respectively.

NOTE 10 – RELATED PARTY TRANSACTIONS

For the years ended June 30, 2016 and 2015, the Organization paid $517,044 and $368,907, respectively, for non-medical home care services to a company in which a Board director of the Organization is a principal shareholder. As of June 30, 2016 and 2015, the Organization owed $101,306 and $66,564, respectively, to this related party and is included in accounts payable in the accompanying Statements of Financial Position.

NOTE 11 – SUBSEQUENT EVENTS

Management evaluated all activity through November 22, 2016 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.