

**COMMUNITY SERVICES AGENCY  
OF MOUNTAIN VIEW, LOS ALTOS,  
AND LOS ALTOS HILLS, INC.**

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**INDEPENDENT AUDITORS' REPORT  
AND FINANCIAL STATEMENTS**

*For the Years ended June 30, 2012 and 2011*

**STOREK, CARLSON & STRUTZ**  
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

August 31, 2012

To the Board of Directors

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW, LOS ALTOS AND LOS ALTOS HILLS, INC.**

We have audited the accompanying statements of financial position of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills, Inc. (a nonprofit corporation) as of June 30, 2012 and 2011, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills, Inc. as of June 30, 2012 and 2011 and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 31, 2012 on our consideration of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* and important for assessing the results of our audit.

As discussed in Note 11 to the financial statements, management has revised the fair market value methodology used in the valuation of its donated facilities. The financial statements for the year ended June 30, 2011 have been restated for the revised fair market value methodology used in the valuation of the donated facilities.

Storek, Carlson & Strutz  
Mountain View, CA

**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**

**STATEMENTS OF FINANCIAL POSITION**

**JUNE 30, 2012 AND 2011**

**ASSETS**

	<b>2012</b>	<b>2011</b>
Cash and cash equivalents	\$ 660,529	\$ 726,237
Receivables	277,107	240,136
Inventory	106,410	93,380
Prepaid expenses	49,843	45,573
Investments	1,614,106	1,484,007
Deposits	798	798
Total current assets	2,708,793	2,590,131
Property and equipment, net	427,679	470,179
<b>TOTAL ASSETS</b>	<b>\$ 3,136,472</b>	<b>\$ 3,060,310</b>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 26,183	\$ 22,543
Accrued expenses	48,094	44,367
Accrued compensated absences	59,273	57,310
Deferred revenue	354	2,055
Total current liabilities	133,904	126,275
 <b>NET ASSETS :</b>		
Unrestricted:		
Undesignated	2,569,881	2,606,294
Designated by Board for contingencies	50,000	50,000
Total unrestricted net assets	2,619,881	2,656,294
 Temporarily restricted		
Emergency Assistance	121,000	111,000
Senior Case Management	157,539	71,653
Holiday Sharing	94,148	85,088
Alpha Omega Rental Assistance	10,000	10,000
Total temporarily restricted net assets	382,687	277,741
Total net assets	3,002,568	2,934,035
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,136,472</b>	<b>\$ 3,060,310</b>

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

**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and gains:			
Contributions	\$ 1,034,521	\$ 376,304	\$ 1,410,825
Contributions-United Way	11,000	-	11,000
Contributions-in-kind	1,166,842	-	1,166,842
Government grants	382,869	-	382,869
Special events	193,973	-	193,973
Interest and dividends	49,993	-	49,993
Investment gains (losses)	92,901	-	92,901
Other income	7,001	-	7,001
Assets released from restrictions:			
Emergency Assistance	86,000	(86,000)	-
Holiday Sharing	103,705	(103,705)	-
Senior Case Management	71,653	(71,653)	-
Alpha Omega Rental Assistance	10,000	(10,000)	-
Total revenues and gains	<u>3,210,458</u>	<u>104,946</u>	<u>3,315,404</u>
Expenses and losses:			
Program services:			
Comprehensive Emergency Services	1,644,500	-	1,644,500
Senior Nutrition	437,097	-	437,097
Senior Case Management	420,724	-	420,724
Alpha Omega	140,649	-	140,649
Total program services	<u>2,642,970</u>	<u>-</u>	<u>2,642,970</u>
Supporting services:			
Management and general	343,749	-	343,749
Fundraising	260,152	-	260,152
Total supporting services	<u>603,901</u>	<u>-</u>	<u>603,901</u>
Total expenses and losses	<u>3,246,871</u>	<u>-</u>	<u>3,246,871</u>
CHANGE IN NET ASSETS	(36,413)	104,946	68,533
NET ASSETS, beginning of year	<u>2,656,294</u>	<u>277,741</u>	<u>2,934,035</u>
NET ASSETS, end of year	<u>\$ 2,619,881</u>	<u>\$ 382,687</u>	<u>\$ 3,002,568</u>

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

**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED JUNE 30, 2011**

	(Restated, Note 11)	Temporarily	(Restated, Note 11)
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Revenues and gains:			
Contributions	\$ 1,091,860	\$ 327,343	\$ 1,419,203
Contributions-United Way	12,220	-	12,220
Contributions-in-kind	1,051,738	-	1,051,738
Government grants	454,181	-	454,181
Special events	209,967	-	209,967
Interest and dividends	42,372	-	42,372
Investment gains (losses)	244,655	-	244,655
Other income	8,033	-	8,033
Assets released from restrictions:			
Emergency Assistance	123,800	(123,800)	-
Holiday Sharing	155,156	(155,156)	-
Senior Case Management	164,723	(164,723)	-
Alpha Omega Rental Assistance	11,600	(11,600)	-
Total revenues and gains	<u>3,570,305</u>	<u>(127,936)</u>	<u>3,442,369</u>
Expenses and losses:			
Program services:			
Comprehensive Emergency Services	1,660,081	-	1,660,081
Senior Nutrition	430,599	-	430,599
Senior Case Management	374,186	-	374,186
Alpha Omega	141,381	-	141,381
Total program services	<u>2,606,247</u>	<u>-</u>	<u>2,606,247</u>
Supporting services:			
Management and general	382,673	-	382,673
Fundraising	300,395	-	300,395
Total supporting services	<u>683,068</u>	<u>-</u>	<u>683,068</u>
Total expenses and losses	<u>3,289,315</u>	<u>-</u>	<u>3,289,315</u>
CHANGE IN NET ASSETS	280,990	(127,936)	153,054
NET ASSETS, beginning of year	<u>2,375,304</u>	<u>405,677</u>	<u>2,780,981</u>
NET ASSETS, end of year	<u>\$ 2,656,294</u>	<u>\$ 277,741</u>	<u>\$ 2,934,035</u>

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

**COMMUNITY SERVICES AGENCY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Program Services					Support Services			Total Expenses
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega	Total Program	Management and General	Fundraising	Total Supporting	
Salaries and wages	\$ 292,615	\$ 117,373	\$ 263,888	\$ 80,170	\$ 754,046	\$ 197,623	\$ 125,494	\$ 323,117	\$ 1,077,163
Benefits	46,494	31,162	24,371	7,721	109,748	60,874	27,476	88,350	198,098
Payroll taxes	21,228	8,528	18,975	5,816	54,547	27,514	9,210	36,724	91,271
Total personnel costs	360,337	157,063	307,234	93,707	918,341	286,011	162,180	448,191	1,366,532
Specific assistance	1,185,093	87,726	47,294	22,240	1,342,353	-	-	-	1,342,353
Professional fees	20,682	8,580	11,805	4,857	45,924	7,782	7,340	15,122	61,046
Occupancy	25,669	160,047	17,557	7,265	210,538	9,355	6,508	15,863	226,401
Special events	-	-	-	-	-	-	58,949	58,949	58,949
Other expenses	711	2,698	2,399	112	5,920	11,741	5,054	16,795	22,715
Repairs and maintenance	7,699	3,756	5,054	2,091	18,600	2,567	1,873	4,440	23,040
Telephone	4,753	3,285	5,478	1,345	14,861	1,603	1,630	3,233	18,094
Supplies	4,680	3,025	2,662	1,135	11,502	1,835	1,096	2,931	14,433
Printing and publications	3,669	1,119	2,344	1,168	8,300	2,128	7,954	10,082	18,382
Vehicle expenses	7,103	467	6,208	792	14,570	205	9	214	14,784
Investment management fees	-	-	-	-	-	11,213	-	11,213	11,213
Conference and training	4,230	30	378	390	5,028	3,319	178	3,497	8,525
Payroll processing fees	1,801	915	1,232	510	4,458	607	458	1,065	5,523
Postage	1,464	560	889	339	3,252	373	3,272	3,645	6,897
Small equipment expense	2,747	781	710	775	5,013	335	137	472	5,485
Total expenses before depreciation	1,630,638	430,052	411,244	136,726	2,608,660	339,074	256,638	595,712	3,204,372
Depreciation	13,862	7,045	9,480	3,923	34,310	4,675	3,514	8,189	42,499
<b>TOTAL EXPENSES</b>	<b>\$ 1,644,500</b>	<b>\$ 437,097</b>	<b>\$ 420,724</b>	<b>\$ 140,649</b>	<b>\$ 2,642,970</b>	<b>\$ 343,749</b>	<b>\$ 260,152</b>	<b>\$ 603,901</b>	<b>\$ 3,246,871</b>
Percent of total expenses	<b>50.6%</b>	<b>13.5%</b>	<b>13.0%</b>	<b>4.3%</b>	<b>81.4%</b>	<b>10.6%</b>	<b>8.0%</b>	<b>18.6%</b>	<b>100.0%</b>

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

**COMMUNITY SERVICES AGENCY**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2011 (Restated)**

	Program Services				Support Services			Total Expenses	
	Emergency Assistance	Senior Nutrition	Senior Case Management	Alpha Omega	Total Program	Management and General	Fundraising		Total Supporting
Salaries and wages	\$ 299,013	\$ 116,467	\$ 252,324	\$ 84,273	\$ 752,077	\$ 206,399	\$ 127,652	\$ 334,051	\$ 1,086,128
Benefits	39,829	24,316	24,022	8,381	96,548	58,604	24,857	83,461	180,009
Payroll taxes	21,465	8,436	18,366	6,152	54,419	26,257	9,100	35,357	89,776
Total personnel costs	360,307	149,219	294,712	98,806	903,044	291,260	161,609	452,869	1,355,913
Specific assistance	1,209,804	95,621	12,306	18,042	1,335,773	-	-	-	1,335,773
Professional fees	20,323	8,157	14,984	6,139	49,603	15,887	55,647	71,534	121,137
Occupancy	23,689	156,863	15,124	6,592	202,268	17,583	5,865	23,448	225,716
Special events	-	-	-	-	-	-	50,933	50,933	50,933
Other expenses	2,751	2,746	2,894	962	9,353	14,815	3,126	17,941	27,294
Repairs and maintenance	8,080	2,825	4,356	1,903	17,164	5,053	1,692	6,745	23,909
Telephone	4,411	2,602	5,892	1,232	14,137	3,040	1,522	4,562	18,699
Supplies	5,598	3,374	3,068	1,416	13,456	3,197	1,509	4,706	18,162
Printing and publications	1,363	404	853	626	3,246	2,217	10,451	12,668	15,914
Vehicle expenses	5,349	439	6,304	716	12,808	453	91	544	13,352
Investment management fees	-	-	-	-	-	10,193	-	10,193	10,193
Conference and training	583	143	2,311	253	3,290	4,341	322	4,663	7,953
Payroll processing fees	1,879	793	1,208	525	4,405	2,613	467	3,080	7,485
Postage	1,056	418	875	295	2,644	851	3,853	4,704	7,348
Small equipment expense	2,044	1,903	1,203	300	5,450	832	132	964	6,414
Total expenses before depreciation	1,647,237	425,507	366,090	137,807	2,576,641	372,335	297,219	669,554	3,246,195
Depreciation	12,844	5,092	8,096	3,574	29,606	10,338	3,176	13,514	43,120
<b>TOTAL EXPENSES</b>	<b>\$ 1,660,081</b>	<b>\$ 430,599</b>	<b>\$ 374,186</b>	<b>\$ 141,381</b>	<b>\$ 2,606,247</b>	<b>\$ 382,673</b>	<b>\$ 300,395</b>	<b>\$ 683,068</b>	<b>\$ 3,289,315</b>
Percent of total expenses	50.5%	13.1%	11.4%	4.3%	79.2%	11.6%	9.1%	20.8%	100.0%

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



**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
Cash flow (to) from operating activities:		
Increase (decrease) in net assets	\$ 68,533	\$ 153,054
Adjustments to reconcile change in net assets to net cash from (to) operating activities:		
Depreciation	42,499	43,120
Net unrealized and realized (gain) loss on investments	(92,901)	(234,462)
Changes in assets and liabilities:		
Receivables	(36,971)	25,303
Inventory	(13,030)	3,755
Prepaid expenses	(4,270)	(7,702)
Accounts payable	3,642	13,960
Accrued expenses	5,690	23,454
Deferred revenue	(1,701)	(6,352)
Net cash flow (to) from operating activities	<u>(28,509)</u>	<u>14,130</u>
 Cash flow (to) from investing activities:		
Acquisition of property and equipment	-	(2,500)
Proceeds from sales of investment	44,696	195,875
Purchases of investments	(81,895)	(235,733)
Net cash flow (to) from investing activities	<u>(37,199)</u>	<u>(42,358)</u>
 Cash flow (to) from financing activities:	<u>-</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	(65,708)	(28,228)
Cash and cash equivalents at beginning of year	<u>726,237</u>	<u>754,465</u>
Cash and cash equivalents at end of year	<u>\$ 660,529</u>	<u>\$ 726,237</u>

There was no interest expense or income tax paid for the years ended June 30, 2012 and 2011.

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

**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS AND LOS ALTOS HILLS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2012 AND 2011**

**NOTE 1 - NATURE OF OPERATIONS**

Community Services Agency of Mountain View, Los Altos, and Los Altos Hills, Inc. ("CSA" or "the Agency") is a California nonprofit public benefit corporation which has provided a variety of vital services to the residents of Mountain View, Los Altos, and Los Altos Hills since 1957. CSA solicits donations from a network of sources, including local businesses, foundations, churches, individuals, and government agencies. CSA provides the following four major programs:

1. *Comprehensive Emergency Services* -- CSA's Emergency Assistance program offers food, access to medical care, and financial support to families and individuals in crisis in order to provide immediate needs. CSA provides this assistance with its own Food and Nutrition Center, through in-kind donations of school supplies, gift cards for shoes, and holiday toys, and with the help of partnering medical care providers in the local community.
2. *Senior Nutrition* -- CSA provides subsidized hot lunches to individuals over age 60 at a local senior center, and provides education and classes promoting nutrition and a healthy lifestyle.
3. *Senior Case Management* -- CSA's caseworkers are trained in geriatric care to assist low-income seniors with access to medical and mental health care, counseling, in-home needs assessments and community resource referrals.
4. *Alpha Omega* -- CSA partners with other county service providers to reach and assist homeless individuals and families, with the goal of helping to meet immediate needs and to assist in transition to permanent housing.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

(a) *Basis of Accounting* - The accompanying financial statements have been prepared on the accrual basis in conformity with U.S. generally accepted accounting principles. Those principles require 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 revenues and expenses during the reporting period. Actual results could differ from such estimates.

(b) *Basis of Presentation* - CSA reports information regarding its financial position and activities according to three classes of assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

1. *Unrestricted Net Assets*: Net assets that are currently available at the discretion of the board of directors for use in CSA's operations. Under this category, CSA maintains an operating fund plus any net assets designated by the Board for specific purposes.
2. *Temporarily Restricted Net Assets*: Net assets that are subject to donor-imposed restrictions, generally with regard to time or purpose of the use of the funds. CSA's temporarily restricted net assets are described in the statement of position.
3. *Permanently Restricted Net Assets*: Net assets that are subject to permanent donor-imposed restrictions, with the earnings from the original donation generally available for use by the organization. CSA currently has no permanently restricted net assets.

(c) *Net Asset Presentation* - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Temporarily restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose restrictions. If a restriction expires in the same accounting period as the contribution is received, the revenue is shown as unrestricted. Unconditional promises to give are recognized as revenue at the time the promise is made by the donor; conditional promises to give are disclosed but not recognized as revenue until the conditions are met.

(d) Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets.

**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**JUNE 30, 2012 AND 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)**

(e) 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 support, revenue and expenses during the period. Accordingly, actual results could differ from those estimates. Significant estimates include the valuation of the CSA's investments and the determination of functional expense allocations.

(f) Investments - CSA records all investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statement of financial position. Absent donor stipulations on earnings from restricted net assets, investment income is allocated to unrestricted net assets. Unrealized gains or losses are included in the change in net assets.

(g) Inventory - Inventory consists primarily of: 1) donated food to be used for food and nutrition program, which is recorded at estimated fair value; 2) food product purchased for use in CSA's food and nutrition program and valued at the lower of cost or market; and 3) donated toys which have been valued based on a cost study at local stores conducted by CSA staff.

(h) Property and Equipment - Property and equipment are recorded at cost or estimated fair value for donated items. Acquisitions of property and equipment in excess of \$1,000 are capitalized and depreciated using the straight-line method over their useful lives from 5 to 40 years. Property and equipment are carried at cost, or, if donated, at approximate fair value at the date of donation. Expenditures representing general maintenance and repairs are expensed in the year incurred.

(i) Cash and Cash Equivalents - CSA considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

(j) Fundraising and Joint Costs - Fundraising activities are performed primarily by CSA employees and volunteers. Fundraisings events that are major and/or ongoing are reported as gross proceeds and related expenses. When certain requirements are met, joint costs incurred in fundraising activities are allocated between program and support services in the statement of functional expenses.

(k) Allocation of Functional Expenses - The cost of providing various programs and other activities has 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. Management's estimate of indirect salary expense allocation is based on individual employees' estimated time spent by program.

(l) Contributions - Contributions are recognized when the donor makes a pledge to give, such as an unconditional promise. Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted depending on the nature of donor restrictions. Restricted contributions are reported as increases in restricted net assets. When the restriction is met the amount is shown as a reclassification of restricted net assets to unrestricted net assets.

(m) Income Taxes - Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. is exempt from income taxes under Section 501(c) (3) and Section 23701 (d) of the Internal Revenue Code and California Revenue and Taxation Code, respectively. Accordingly, no provision for federal income tax or California franchise tax has been made. CSA has been classified as a publicly supported charitable organization, which is not a private foundation under IRS Code Section 509(a).

CSA has adopted the provisions of Accounting for Uncertainty in Income Taxes. Management believes that it does not have any uncertain tax positions that impact its financial position, statement of activities or change in net assets. CSA, which is subject to taxation in the United States and California jurisdictions, has incurred no interest or penalties related to its tax positions. CSA's 2008 through 2010 tax years remain subject to examination by the Internal Revenue Service for federal tax purposes, and 2007 through 2010 tax years remain subject to examination by state tax authority.

**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**  
**NOTES TO FINANCIAL STATEMENTS (continued)**  
**JUNE 30, 2012 AND 2011**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICES (continued)**

(n) Fair Value Measurement - CSA has adopted Financial Accounting Standards for Fair Value Measurements for financial statements. Fair value is defined 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 fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access at the measurement

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the assets or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets;
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the asset or liability; and
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available. Unobservable inputs reflect the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

CSA's investments and the corresponding levels of input are described in note 4.

(o) Subsequent Events - CSA's management has evaluated subsequent events and transactions through August 31, 2012, the date at which the financial statements were available to be issued, for potential recognition or disclosure in the financial statements. Management has determined that there are no subsequent events that require disclosure or recognition in the accompanying financial statements.

**NOTE 3 - RECEIVABLES**

CSA considers all receivables to be collectible; therefore, no allowance for uncollectible receivables has been recorded. Receivables consist of the following amounts on June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Grants receivable	\$ 276,982	\$ 239,451
Other program receivables	125	685
	<u>\$ 277,107</u>	<u>\$ 240,136</u>

**NOTE 4 - INVESTMENTS**

Fair market values of investments on June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Money market funds	\$ 14,966	\$ 11,252
Mutual funds	<u>1,599,140</u>	<u>1,472,755</u>
	<u>\$1,614,106</u>	<u>\$1,484,007</u>

Mutual funds consist primarily of common stocks publically traded in the United States. Investment securities are exposed to various risks, such as changes in interest rates or credit ratings and market fluctuations.

**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**JUNE 30, 2012 AND 2011**

**NOTE 4 - INVESTMENTS (continued)**

All of CSA's investments are measured at Level 1, as described in Note 2(m). Investment returns are as follows for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 49,993	\$ 42,372
Net realized and unrealized gains and losses	92,901	244,655
Investment management fees	(11,213)	(10,193)
	<u>\$ 131,681</u>	<u>\$ 276,834</u>

**NOTE 5 - PROPERTY AND EQUIPMENT**

Property, equipment and accumulated depreciation are comprised of the following on June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Building and improvements	\$1,076,194	\$1,076,194
Furniture and equipment	212,590	212,590
Vehicles	43,223	43,223
	1,332,007	1,332,007
Less accumulated depreciation	<u>984,328</u>	<u>941,828</u>
	347,679	390,179
Land	<u>80,000</u>	<u>80,000</u>
	<u>\$ 427,679</u>	<u>\$ 470,179</u>

**NOTE 6 - DONATED SERVICES, MATERIALS AND FACILITIES**

In-kind contributions include donated food and holiday gift items, contributed rent at a local community senior center, and donated professional services. The estimated fair market value of these in-kind contributions are included in the statements of activities as specific assistance cost, rent and professional fees, respectively. In-kind contributions by program for the years ended June 30, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Donated food and holiday gift items	\$ 1,019,841	\$ 1,014,894
Donated professional services	-	45,000
Contributed rent (restated)	147,000	147,000
	<u>\$ 1,166,841</u>	<u>\$ 1,206,894</u>

CSA also received approximately 12,500 and 13,000 hours of donated services from unpaid volunteers assisting in various program, administrative and fundraising activities for the years ended 2012 and 2011, respectively. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort have not been met. Volunteer hours by program or function are described below for the years ended June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Comprehensive Emergency Services	6,734	6,905
Senior Case Management	391	348
Alpha Omega	3	16
Senior Nutrition	3,612	3,830
Management and General	<u>1,705</u>	<u>1,847</u>
Total volunteer hours	<u>12,445</u>	<u>12,946</u>

**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**JUNE 30, 2012 AND 2011**

**NOTE 7 - GOVERNMENT GRANTS**

The schedule below describes the government grants that CSA expended for each program for the years ended June 30, 2012 and 2011. Federal grants include programs for which federal funds are passed through to CSA from another agency. State and local government grants are funded by state or local government general funds, with no federal funds passed through.

<u>Federal Grants</u>	<u>2012</u>	<u>2011</u>
U.S. Department of Health and Human Services		
<i>Older Americans Act:</i>		
Council on Aging Silicon Valley	\$ 20,000	\$ 20,000
U.S. Department of Homeland Security		
<i>Federal Emergency Management Agency (FEMA):</i>		
Emergency Food and Shelter Program	39,964	7,797
U.S. Department of Health and Human Services		
County of Santa Clara:		
ARRA-Emergency Contingency Fund for TANF State Program	-	35,145
U.S. Department of Housing and Urban Development		
<i>Community Development Block Grant (CDBG):</i>		
City of Mountain View:		
Alpha Omega Program	7,773	7,890
Emergency Assistance Program	36,900	37,451
Senior Services Program	46,057	28,698
City of Los Altos	-	8,600
<i>Rapid Re-Housing Program Funds :</i>		
Sacred Heart Community Service	5,193	35,277
Total Federal Grants	<u>\$ 155,887</u>	<u>\$ 180,858</u>
<u>State and Local Government Grants</u>		
County of Santa Clara		
Integrated Senior Case Management	19,363	25,747
Senior Nutrition Services	157,065	170,855
City of Mountain View		
Below Market Rate (BMR) Tenant Relocation Services	-	28,667
Senior Meals	33,054	33,054
Town of Los Altos	17,500	15,000
Total State and Local Government Grants	<u>\$ 226,982</u>	<u>\$ 273,323</u>
Total Government Grants	<u>\$ 382,869</u>	<u>\$ 454,181</u>

**COMMUNITY SERVICES AGENCY**  
**OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**

**NOTES TO FINANCIAL STATEMENTS - (Continued)**

**JUNE 30, 2012 AND 2011**

**NOTE 8 - RETIREMENT PLAN**

CSA maintains a defined contribution, non-participatory retirement plan for the benefit of its eligible employees, administered by a third party fiduciary. Participants fully vest upon the earlier of three years of employment, attainment of age 55, permanent disability or death. The retirement plan operates on a calendar year basis, whereas CSA operates on a June fiscal year. CSA made the required 7% employer contribution of \$42,637 and \$43,015 for the plan years ended December 31, 2012 and 2011, respectively.

**NOTE 9 - COMMITMENTS**

CSA leases office equipment under various operating lease agreements. At June 30, 2012, future minimum rental payments required under the terms of these agreements are as follows for the years ending June 30: \$12,984 for 2013; \$9,792 for 2014; \$7,344 for 2015 and none thereafter.

Minimum operating lease expenses were \$19,878 and \$20,926 for the years ended June 30, 2012 and 2011, respectively.

**NOTE 10 - CONCENTRATION OF CREDIT RISK FOR CASH DEPOSITS AT BANKS**

CSA's bank accounts at the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for interest bearing accounts and for an unlimited amount for non-interest bearing account. At June 30, 2012 and 2011, CSA had approximately \$186,000 and \$236,000, respectively, in excess of FDIC limits. CSA places its cash and cash equivalents in quality financial institutions and believes no significant credit risk exists with respect to these accounts.

**NOTE 11- CHANGE IN FAIR VALUE METHODOLOGY FOR DONATED FACILITIES**

The City of Mountain View ("the City") grants CSA the use of its Senior Center's kitchen facilities for CSA's Senior Nutrition Program. Whereas the City had not assigned a value to the donated facilities in prior years, CSA's management estimated the value at \$1,000 per month. During the year ended June 30, 2012, CSA received a statement from the City of Mountain View indicating that the use of the donated kitchen facilities is valued at approximately \$12,250 per month. The financial statements for the year ended June 30, 2011 have been restated to reflect the revised fair value of the donated facilities. The restatement results in an increase of \$135,000 in contributions-in-kind, and a corresponding increase in rent expense for Senior Nutrition program expenses for the statement of financial position at June 30, 2011. The impact of the changes in the fair market value to the statement of activities for the year ended June 30, 2011 is summarized as follows:

Statement of Activities:

	<b>For the Year Ended June 30, 2011</b>		
	Based on management's estimated value	Based on post-audit value provided by the City of Mountain View	Difference
Contributions-in-kind	\$ 916,738	\$ 1,051,738	\$ 135,000
Senior Nutrition - rent expense	(295,599)	(430,599)	(135,000)
Effect on change in net assets	\$ 621,139	\$ 621,139	\$ -

**INDEPENDENT AUDITORS' REPORT**  
**ON INTERNAL CONTROL OVER FINANCIAL REPORTING**  
**AND ON COMPLIANCE AND OTHER MATTERS**  
**BASED ON AN AUDIT OF FINANCIAL STATEMENTS**  
**PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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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.**

August 31, 2012

To the Board of Directors

**COMMUNITY SERVICES AGENCY OF MOUNTAIN VIEW, LOS ALTOS, AND LOS ALTOS HILLS, INC.**

We have audited the financial statements of Community Services Agency of Mountain View, Los Altos and Los Altos Hills, Inc. (a nonprofit organization) as of and for the year ended June 30, 2012, and have issued our report thereon dated August 31, 2012. 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.

**Internal Control over Financial Reporting**

Management of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills, Inc. is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Community Services Agency of Mountain View, Los Altos, and Los Altos Hills, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Services Agency of Mountain View, Los Altos, and Los Altos Hills, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Community Services Agency of Mountain View, Los Altos, and Los Altos Hills, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mountain View, CA