

FRIENDS OF CANBY ADULT CENTER, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

CONTENTS

	Page
Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Financial Statements	8-16



Board of Directors
FRIENDS OF CANBY ADULT CENTER, INC.
Canby, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of Friends of Canby Adult Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.



Opinion

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

Report of Summarized Comparative Information

We have previously audited Friends of Canby Adult Center, Inc.'s June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Wilcox Arredondo & Co.

Certified Public Accountants
November 12, 2018

FRIENDS OF CANBY ADULT CENTER, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2018 with Comparative
Totals for 2017

ASSETS		
	2018	2017
Cash	\$ 308,122	\$ 280,659
Accounts receivable	11,336	13,737
Inventory	10,451	10,476
Investments	6,687,496	6,531,526
Investments permanently restricted	50,550	50,550
Property and equipment, net	35,277	43,184
Total Assets	<u>\$ 7,103,232</u>	<u>\$ 6,930,132</u>
LIABILITIES		
Accounts payable	\$ 22,974	\$ 18,127
Accrued payroll and related taxes	14,148	12,756
Accrued vacation payable	18,756	21,275
Total Liabilities	<u>55,878</u>	<u>52,158</u>
NET ASSETS		
Net Assets		
Unrestricted	1,043,707	1,059,767
Designated by the board for endowment purposes	5,951,519	5,766,976
Total Unrestricted Net Assets	6,995,226	6,826,743
Temporarily restricted, Note 6	1,578	681
Permanently restricted, Note 7	50,550	50,550
Total Net Assets	<u>7,047,354</u>	<u>6,877,974</u>
Total Liabilities and Net Assets	<u>\$ 7,103,232</u>	<u>\$ 6,930,132</u>

See notes to the basic financial statements.

FRIENDS OF CANBY ADULT CENTER, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018 with Comparative
Totals for 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	2018 Total	2017 Comparative Totals
Revenue, Gains, and Other Support					
Public support					
Contributions and gifts	\$ 167,506	\$ 1,573	\$ -	\$ 169,079	\$ 172,526
Meal donations	56,734	-	-	56,734	55,301
Total Public Support	224,240	1,573	-	225,813	227,827
Fees and grants from					
Governmental agencies	193,496	-	-	193,496	192,161
Other revenue					
Program service fees	15,683	-	-	15,683	14,569
Investment income	142,166	-	-	142,166	151,909
Miscellaneous	6,932	-	-	6,932	13,035
Net realized gains (losses)					
from investments	237,349	-	-	237,349	93,746
Unrealized gains (losses)					
from investments	164,562	-	-	164,562	327,882
Total Other Revenue	566,692	-	-	566,692	601,141
Net assets released from restrictions	5,951,519				
Satisfaction of program expenses	676	(676)	-	-	-
Total Revenue, Gains, and Other Support	985,104	897	-	986,001	1,021,129
Expenses					
Program services	598,881	-	-	598,881	613,663
Supporting services					
Management and general	164,175	-	-	164,175	131,749
Fundraising	53,565	-	-	53,565	44,370
Total Expenses	816,621	-	-	816,621	789,782
Change in Net Assets	168,483	897	-	169,380	231,347
Net Assets, beginning of year	6,826,743	681	50,550	6,877,974	6,646,627
Net Assets, end of year	\$ 6,995,226	\$ 1,578	\$ 50,550	\$ 7,047,354	\$ 6,877,974

See notes to the basic financial statements.

FRIENDS OF CANBY ADULT CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018 with
Comparative Totals for 2017

	Program Services	Supporting Services		Total		2018 Total	2017 Total
		Management and General	Fundraising	Supporting Services			
Administration							
Bank service charges	\$ 21	\$ 8	\$ 2	\$ 10	\$ 31	\$ 17	
Investment management fees	35,894	13,005	3,121	16,126	52,020	49,921	
Board expense	-	132	-	132	132	129	
Computer expense	965	349	84	433	1,398	1,293	
Copy machine services	4,727	1,713	411	2,124	6,851	5,856	
Directors expense	-	627	-	627	627	650	
Subscriptions	221	80	19	99	320	780	
Finance charges	110	40	9	49	159	16	
Insurance	11,443	4,146	995	5,141	16,584	15,603	
Legal & professional	8,325	3,017	724	3,741	12,066	26,123	
Miscellaneous	502	182	44	226	728	877	
Office supplies	2,884	1,045	251	1,296	4,180	3,783	
Postage	1,942	704	169	873	2,815	2,888	
Taxes/licenses/fees	880	319	76	395	1,275	946	
Telephone	3,516	1,274	306	1,580	5,096	5,040	
Depreciation	8,323	3,016	724	3,740	12,063	12,124	
Total Administration	79,753	29,657	6,935	36,592	116,345	126,046	
Building							
Rent	44,339	16,065	3,856	19,921	64,260	64,260	
Janitorial - contracted services	357	129	31	160	517	470	
Janitorial - supplies	4,449	1,612	387	1,999	6,448	5,596	
Repairs & maintenance - bldg	1,000	363	87	450	1,450	1,640	
Repairs & maintenance - kitchen	2,357	854	205	1,059	3,416	2,994	
Replacements/furnishings	13,436	4,868	1,168	6,036	19,472	4,183	
Security and fire alarms	1,013	367	88	455	1,468	1,044	
Small tools, equipment under \$500	-	-	-	-	-	467	
Utilities	8,335	3,020	725	3,745	12,080	10,770	
Total Building	75,286	27,278	6,547	33,825	109,111	91,424	
Designated Funds							
Designated kitchen equipment	200	-	-	-	200	97	
Designated trips pass thru	476	-	-	-	476	6,733	
Total Designated Funds	676	-	-	-	676	6,830	

See notes to the basic financial statements.

FRIENDS OF CANBY ADULT CENTER, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018 with
Comparative Totals for 2017

		Supporting Services		Total			
	Program Services	Management and General	Fundraising	Supporting Services	2018 Total	2017 Total	
Fundraising							
Advertising/marketing	\$ -	\$ -	\$ 1,274	\$ 1,274	\$ 1,274	\$ 972	
Bingo - DOJ/paper	-	-	469	469	469	1,054	
Bingo - non-paper/raffle	-	-	851	851	851	427	
Bingo food	-	-	1,173	1,173	1,173	1,188	
Building monitor	-	-	2,536	2,536	2,536	2,099	
Catering	-	-	850	850	850	821	
Annual appeal	-	-	1,577	1,577	1,577	1,525	
Share a meal	-	-	2,383	2,383	2,383	1,935	
Events - holiday bazaar	-	-	382	382	382	594	
Events - spring bazaar	-	-	9	9	9	4	
Misc fundraising expense	-	-	500	500	500	398	
Payroll - fundraising	-	-	1,920	1,920	1,920	1,734	
Rental expense	-	-	93	93	93	70	
Soft drink machine	-	-	329	329	329	369	
Total Fundraising Expenses	-	-	14,346	14,346	14,346	13,190	
Programs							
Classes	2,683	-	-	-	2,683	2,941	
Client services-expense	229	-	-	-	229	10	
Decorations/parties	1,763	-	-	-	1,763	1,465	
Food purchase	90,101	-	-	-	90,101	85,276	
Misc. center programs	117	-	-	-	117	136	
Entertainment	431	-	-	-	431	233	
Mileage	48	-	-	-	48	-	
Non-consumable supplies	3,944	-	-	-	3,944	4,153	
Non consumables - MOW	12,634	-	-	-	12,634	13,355	
Share/warmth payroll	698	-	-	-	698	723	
T.R.P.& SR CIT council expense	807	-	-	-	807	1,324	
Training	79	-	-	-	79	27	
Trip expense	2,210	-	-	-	2,210	2,196	
Bus transport	4,783	-	-	-	4,783	7,350	
Van transport	1,107	-	-	-	1,107	1,613	
Non-cash donations	23,810	-	-	-	23,810	23,073	
Volunteer appreciation	1,738	-	-	-	1,738	1,448	
Total Programs	147,182	-	-	-	147,182	145,323	
Staffing/Payroll							
Staff appreciation	3,425	1,241	298	1,539	4,964	2,640	
Hiring staff	211	76	18	94	305	139	
Training staff	582	211	51	262	844	175	
Workers compensation (SAIF)	1,592	577	138	715	2,307	2,154	
Payroll service	760	275	66	341	1,101	565	
Payroll wages & salaries	258,193	93,548	22,451	115,999	374,192	362,761	
Health insurance	8,280	3,000	720	3,720	12,000	6,500	
Payroll tax expense	22,941	8,312	1,995	10,307	33,248	32,035	
Total Staffing/Payroll	295,984	107,240	25,737	132,977	428,961	406,969	
Total Functional Expenses	\$ 598,881	\$ 164,175	\$ 53,565	\$ 217,740	\$ 816,621	\$ 789,782	

See notes to the basic financial statements.

FRIENDS OF CANBY ADULT CENTER, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2018 with
Comparative Totals for 2017

	<u>2018</u>	<u>2017</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities		
Change in Net Assets	<u>\$ 169,380</u>	<u>\$ 231,347</u>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation and amortization	12,064	12,124
Realized (gain) loss on sale of investments	(237,349)	(93,746)
Donated equipment included in contribution revenue	(1,500)	-
Unrealized (gain)/loss on investments	(164,562)	(327,882)
(Increase)/decrease in accounts receivable	2,401	(2,426)
(Increase)/decrease in inventory	25	(1,027)
Increase/(decrease) in accounts payable	4,847	1,686
Increase/(decrease) in accrued payroll and related taxes	<u>(1,127)</u>	<u>7,678</u>
Total Adjustments	<u>(385,201)</u>	<u>(403,593)</u>
Net Cash Provided (Used) by Operating Activities	<u>(215,821)</u>	<u>(172,246)</u>
Cash Flows from Investing Activities		
Acquisition of equipment	(2,657)	(4,230)
Purchase of investment securities	(2,216,547)	(2,425,449)
Proceeds from sale of securities	<u>2,462,488</u>	<u>2,631,195</u>
Net Cash Provided (Used) by Investing Activities	<u>243,284</u>	<u>201,516</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	27,463	29,270
Cash and Cash Equivalents		
Beginning of year	<u>280,659</u>	<u>251,389</u>
End of year	<u><u>\$ 308,122</u></u>	<u><u>\$ 280,659</u></u>

See notes to the basic financial statements.

FRIENDS OF CANBY ADULT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

Note 1. The Organization and Summary of Significant Accounting Policies

Friends of Canby Adult Center, Inc. is a not-for-profit corporation organized in the State of Oregon in 1987. The Friends of Canby Adult Center, Inc.'s mission is to help senior citizens live independently and with dignity as long as possible, creating opportunities for them to thrive amongst their peers, make realistic choices, and enjoy enriching experiences.

The following is a summary of significant accounting policies of the Organization:

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents

The Organization considers all short-term investments with original maturities of three months or less to be cash equivalents for reporting purposes.

Inventory

Inventories consist of food and serving supplies and are recorded at the lower of cost (first-in, first-out), or net realizable market value.

FRIENDS OF CANBY ADULT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

Note 1. The Organization and Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. Management considers all receivables to be collectible. Accordingly, no bad debt expense or valuation allowance has been recorded.

Investments

The Organization carries investments in marketable securities at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair market value at date of gift, if donated. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets.

Expenditures for additions, major renewals and betterments are capitalized, and expenditures for repairs and maintenance are charged against revenue as incurred.

The costs of assets retired or otherwise disposed of and the related accumulated depreciation are eliminated from the accounts in the year of disposal with the resulting gain or loss credited or charged to operations.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

FRIENDS OF CANBY ADULT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

Note 1. The Organization and Summary of Significant Accounting Policies (Continued)

Restricted and Unrestricted Revenue and Support (Continued)

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Advertising Costs

Advertising costs are generally charged to expense during the year in which they are incurred. Advertising expense was \$1,274 for the year ended June 30, 2018.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are made on the basis of cost accounting information available and the judgment of management.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

FRIENDS OF CANBY ADULT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

Note 1. The Organization and Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization files returns in the U.S. federal and the State of Oregon jurisdictions. The Organization's Form 990, *Return of Organization Exempt from Income Tax* and the State of Oregon Form CT-12 for the years ending 2015, 2016, and 2017 are subject to examination by the IRS, generally for 3 years after they were filed.

Comparative Financial Information

The financial statements include certain 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 those estimates.

FRIENDS OF CANBY ADULT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

Note 2. Investments

The Organization's investments are recorded at fair market value on the basis of quoted market prices and consist of the following investment types:

	Fair Value 2018	Fair Value 2017
Bonds	\$ 1,494,324	\$ 1,201,378
Mutual Funds	3,739,199	3,883,104
Stocks	1,504,523	1,497,594
	<u>\$ 6,738,046</u>	<u>\$ 6,582,076</u>

Investment return consists of the following:

	2018	2017
Investment income	\$ 142,166	\$ 151,909
Net realized gains (losses) on investments	237,349	93,746
Net unrealized gains (losses) on investments	164,562	327,882
	<u>\$ 544,077</u>	<u>\$ 573,537</u>

FRIENDS OF CANBY ADULT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

Note 3. Property and Equipment

Property and equipment consists of the following:

	2018	2017
Buildings and improvements	\$ 75,242	\$ 75,242
Equipment	138,074	140,106
	213,316	215,348
Less accumulated depreciation	(178,039)	(172,164)
	<u>\$ 35,277</u>	<u>\$ 43,184</u>
Depreciation charged against income	<u>\$ 12,064</u>	<u>\$ 12,124</u>

Note 4. Donated Facilities and Services

The Organization has an agreement with the City of Canby to provide services for seniors and qualifying disabled persons. In exchange, the Organization receives use of the City's Adult Center building. Contribution revenue of \$58,260 is recorded in the accompanying statement of activities.

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The Organization received 12,240 volunteer hours during the year ended June 30, 2018.

Note 5. Fair Values of Financial Instruments

The following methods and assumptions were used to determine the fair value of each class of financial instrument:

FRIENDS OF CANBY ADULT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

Note 5. Fair Values of Financial Instruments (Continued)

Cash and Cash Equivalents

Cash and cash equivalents have original maturity dates of three months or less, therefore carrying value approximates fair value as follows:

	Carrying Amount	Fair Value
Cash on hand and with bank	\$ 58,108	\$ 58,108
Money market funds	250,014	250,014
Cash and cash equivalents	<u>\$ 308,122</u>	<u>\$ 308,122</u>

Investments

The fair value measurements and levels within the fair-value hierarchy of those measurements for the assets reported at fair value on a recurring basis at June 30, 2018 are as follows:

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments	<u>\$ 6,738,046</u>	<u>\$ 6,738,046</u>	<u>\$ -</u>	<u>\$ -</u>
Total assets	<u>\$ 6,738,046</u>	<u>\$ 6,738,046</u>	<u>\$ -</u>	<u>\$ -</u>

Fair values for investments are determined by reference to quoted market prices and relevant information generated by market transactions.

FRIENDS OF CANBY ADULT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

Note 6. Temporarily Restricted Net Assets

Temporarily restricted net assets contain donor-imposed restrictions that expire with the passage of time or once specific actions are undertaken by the Organization. The net assets are then released and reclassified to unrestricted support when they are expended.

Temporarily restricted net assets are available for the following purposes:

	June 30, 2017	Contributions	Released from Restrictions	June 30, 2018
Tables & Furniture	\$ -	\$ -	\$ -	\$ -
Medical Equipment	100	-	-	100
Pets & Fans	218	-	-	218
Trip Pass Through	363	1,373	476	1,260
Computer Equipment	-	-	-	-
Kitchen Equipment	-	200	200	-
	<u>\$ 681</u>	<u>\$ 1,573</u>	<u>\$ 676</u>	<u>\$ 1,578</u>

Note 7. Permanently Restricted Net Assets

Permanently restricted net assets have been restricted by donors and the principal of the contribution shall be maintained by the Organization in perpetuity to ensure its continued operation. The Organization's primary investment objective is to have a balance between capital appreciation, preservation of capital and current income in order to reach its primary long-term goal, which is to achieve an annualized return of 7% to 9%. Some or all earnings may be used for the Organization's operations with the approval of at least five members of the Board. The investment portfolio shall be adequately diversified to reduce risk and comply with current regulations. All assets of the perpetual funds may be co-mingled as deemed expedient by the Organization for investment purposes.

FRIENDS OF CANBY ADULT CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended June 30, 2018

Note 7. Permanently Restricted Net Assets (Continued)

Permanently restricted net assets consist of the following:

	<u>June 30, 2017</u>	<u>Contributions</u>	<u>June 30, 2018</u>
Permanently Restricted Net Assets	<u>\$ 50,550</u>	<u>\$ -</u>	<u>50,550</u>
	<u><u>\$ 50,550</u></u>	<u><u>\$ -</u></u>	<u><u>50,550</u></u>

Note 8. Concentrations of Risk

Concentrations of risks not clearly identified elsewhere in these notes follow:

- Substantially all of those individuals who utilize the services of the Canby Adult Center are seniors living in or near Canby, Oregon.
- The Organization receives approximately 39% of its annual income from investments excluding unrealized gains or losses on investments.
- The Organization purchased 95% of food for the year ended June 30, 2018 from one vendor. This accounts for 15% of all program service expenses for the year.

Note 9. Subsequent Events

Subsequent events were evaluated through November 12, 2018 which is the date the financial statements were available to be issued.