

Report of Independent Auditors and Financial
Statements with Additional Information for

**Southern Regional Resource Center, Inc.
d/b/a Southern Caregiver Resource Center**

June 30, 2017 and 2016

MOSS ADAMS LLP

Certified Public Accountants | Business Consultants

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors
Southern Regional Resource Center, Inc.
d/b/a Southern Caregiver Resource Center

Report on the Financial Statements

We have audited the accompanying financial statements of Southern Regional Resource Center, Inc. d/b/a Southern Caregiver Resource Center, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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.

MOSS ADAMS_{LLP}

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southern Regional Resource Center, Inc. d/b/a Southern Caregiver Resource Center as of June 30, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

San Diego, California

November 14, 2017

SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016

	2017	2016
ASSETS		
Cash	\$ 1,342,256	\$ 812,134
Accounts receivable	340,092	327,565
Pledges receivable	80,400	68,635
Prepaid expenses and deposits	53,703	49,272
Furniture and equipment, less accumulated depreciation of \$149,216 (2017) and \$139,999 (2016)	22,471	31,688
Total assets	\$ 1,838,922	\$ 1,289,294
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 170,052	\$ 152,986
Deferred revenue	30,775	28,600
Total liabilities	200,827	181,586
Commitments and Contingencies (Note 4)		
Net Assets		
Unrestricted	1,463,853	957,824
Temporarily restricted	174,242	149,884
Total net assets	1,638,095	1,107,708
Total liabilities and net assets	\$ 1,838,922	\$ 1,289,294

**SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Grants	\$ 2,217,421	\$ -	\$ 2,217,421	\$ 1,796,918	\$ -	\$ 1,796,918
Contributions	877,474	24,358	901,832	279,732	-	279,732
Special events	32,180	-	32,180	45,361	-	45,361
Corporate sponsorships for special events	18,450	-	18,450	22,500	-	22,500
Co-payments and other	600	-	600	8,025	-	8,025
Interest	637	-	637	311	-	311
Net assets released from restrictions	-	-	-	21,781	(21,781)	-
Total support and revenue	3,146,762	24,358	3,171,120	2,174,628	(21,781)	2,152,847
EXPENSES						
Programs	2,293,512	-	2,293,512	1,893,289	-	1,893,289
General and administrative	267,380	-	267,380	133,619	-	133,619
Special events and fundraising	79,841	-	79,841	95,451	-	95,451
Total expenses	2,640,733	-	2,640,733	2,122,359	-	2,122,359
CHANGE IN NET ASSETS	506,029	24,358	530,387	52,269	(21,781)	30,488
NET ASSETS						
Beginning of year	957,824	149,884	1,107,708	905,555	171,665	1,077,220
End of year	\$ 1,463,853	\$ 174,242	\$ 1,638,095	\$ 957,824	\$ 149,884	\$ 1,107,708

SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016

	2017	2016
OPERATING ACTIVITIES		
Change in net assets	\$ 530,387	\$ 30,488
Reconciliation to net cash from operating activities:		
Depreciation	9,217	10,027
Decrease in operating assets:		
Accounts receivable	(12,527)	(171,998)
Pledges receivable	(11,765)	(2,223)
Prepaid expenses and deposits	(4,431)	(17,177)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	17,066	35,317
Deferred revenue	2,175	(7,950)
Net cash provided by (used in) operating activities	530,122	(123,516)
INCREASE (DECREASE) IN CASH	530,122	(123,516)
CASH		
Beginning of year	812,134	935,650
End of year	\$ 1,342,256	\$ 812,134

**SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS**

Note 1 – Nature of Organization and Significant Accounting Policies

Southern Regional Resource Center, Inc. d/b/a Southern Caregiver Resource Center (the “Center”) is a California not-for-profit corporation. Its purpose is to provide respite care, care planning, counseling, education, and training for family caregivers of adults with brain impairment, frail older adults and families of wounded veterans who reside in San Diego, Imperial, and Los Angeles Counties.

Income tax status – The Center is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and Section 23701(d) of the California Revenue and Taxation Code. The Center had no unrecognized tax benefits or liabilities as of June 30, 2017 and 2016. The Center files an exempt organization return in the United States federal jurisdiction and with the Franchise Tax Board in the state of California.

Method of accounting – The financial statements of the Center have been prepared on the accrual basis of accounting.

Financial statement presentation – Net assets and revenue, gains, expenses, and losses are classified as unrestricted, temporarily restricted, or permanently restricted based upon the following criteria:

- Unrestricted net assets represent expendable funds available for operations which are not otherwise limited by donor restrictions.
- Temporarily restricted net assets consist of contributed funds, subject to specific donor-imposed restrictions, contingent upon specific performance of a future event or a specific passage of time before the Center may spend the funds.
- Permanently restricted net assets are subject to irrevocable donor restrictions requiring that the assets be maintained in perpetuity, usually for generating investment income to fund current operations. The Center did not have any permanently restricted net assets at June 30, 2017 and 2016.

Revenue recognition:

Grants – The policy of the Center is to recognize revenue from grants for services provided or to the extent of eligible costs incurred, up to the maximum grant amount.

Contributions – Contributions are recognized as support when received or unconditionally pledged. Contributions subject to donor-imposed restrictions for use in a future period or for a specific purpose are reported as either temporarily or permanently restricted, depending on the nature of the donor’s restriction. When a donor’s restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions.

Corporate sponsorships for special events – The Center organizes various fundraising events. Proceeds received from sponsors are recognized as revenue when the event is held.

SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

Co-payments – Amounts received for co-payments are recognized as revenue when the services are provided.

Deferred revenue – Deferred revenue represents cash received in advance of performing services.

Accounts receivable – Accounts receivable consist of amounts billed and unbilled on grants and service fee contracts for services provided through June 30.

Pledges receivable – Unconditional promises-to-give expected to be collected in future years are recorded at fair value when the promise is made based on a discounted cash flow model. In future years, the discounts to present value are computed using risk-free rates established in years in which those promises are received. Amortization of the discounts is included in contributions. The pledges receivable at June 30, 2017 are expected to be collected during the year ending June 30, 2018; no discount was recorded.

Allowance for uncollectible receivables – Management periodically reviews receivables for collectability. An allowance for estimated uncollectible receivables is based on past experience and on an analysis of current receivable balances. Amounts not received within 45 days are generally considered past due. Receivables deemed uncollectible are written-off against the allowance in the year deemed uncollectible. The Center does not obtain collateral. Management has determined that all receivables as of June 30, 2017 and 2016 are fully collectible.

Furniture and equipment – Furniture and equipment are stated at cost if purchased or fair value at the date of donation to the Center. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to five years. The Center capitalizes fixed assets of \$5,000 or more.

Impairment of fixed assets – The Center evaluates long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the estimated future cash flows (undiscounted and without interest charges) from the use of an asset are less than the carrying value, a write-down would be recorded to reduce the related asset to its estimated fair value. To date, no such write-downs have occurred.

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

**SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS**

Note 1 – Nature of Organization and Significant Accounting Policies (continued)

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, 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.

Recently adopted accounting pronouncements – In August 2014, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-15, *Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*. ASU 2014-15 defines management’s responsibility to evaluate whether there is substantial doubt about an organization’s ability to continue as a going concern and to provide related footnote disclosures. The guidance in ASU 2014-15 is effective for annual reporting periods ending after December 15, 2016. The Center adopted this ASU in 2017 and the impact on the financial disclosures was not material.

Subsequent events – Subsequent events are events or transactions that occur after the statement of financial position date but before the financial statements are issued. The Center recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of financial position, including the estimates inherent in the process of preparing the financial statements. The Center’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of financial position, but arose after the statement of financial position date and before the financial statements are available to be issued.

The Center has evaluated subsequent events through November 14, 2017, which is the date the financial statements were available to be issued.

Note 2 – Concentration of Credit Risk for Cash

At times, the Center maintains cash balances in banks in excess of the Federal Deposit Insurance Corporation insured limit. The Center has not experienced any losses on such accounts.

SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS

Note 3 – Accounts Receivable

As of June 30, receivables are comprised of:

	<u>2017</u>	<u>2016</u>
Resources for Enhancing Alzheimer's Caregiver Health II	\$ 222,554	\$ 93,387
California Department of Mental Health	72,739	67,412
Aging and Independent Services	26,946	14,422
Geriatrics Workforce Enhancement Program	15,614	36,802
Multiple Sclerosis Society	2,239	8,113
County of San Diego – Health and Human Services Agency	-	107,329
Other	-	100
	<u> </u>	<u> </u>
Total	<u>\$ 340,092</u>	<u>\$ 327,565</u>

Note 4 – Commitments and Contingencies

The Center leases its San Diego office space and certain office equipment under leases that expire through June 2020. Office space rent expense was approximately \$101,000 and \$95,000 for the years ended June 30, 2017 and 2016, respectively. Future minimum lease payments under the office lease are due as follows:

Years ending June 30,	
2018	\$ 86,195
2019	88,781
2020	<u>91,444</u>
Total	<u>\$ 266,420</u>

Grants and contracts – The Center has grants with government agencies that are subject to audit. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined. Management believes that any liability which may result from these audits would not be material. Certain grants may be terminated or reduced with 30-days written notice to the Center in the event that funding for the agreement ceases or is reduced prior to the expiration dates of the grants.

**SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS**

Note 5 – Line of Credit

The Center has a \$200,000 line of credit agreement with a bank which is secured by substantially all of the Center’s assets. The line of credit matures on February 15, 2018. Interest is payable monthly at the greater of prime plus 2.00 percent or 5 percent (5.75 percent at June 30, 2017) on any outstanding balances. There were no outstanding balances at June 30, 2017 and 2016.

Note 6 – Grant Revenue

For the years ended June 30, revenue from grants is comprised of:

	<u>2017</u>	<u>2016</u>
Resources for Enhancing Alzheimer's Caregiver Health II	\$ 1,080,760	\$ 93,387
Aging and Independent Services	648,680	645,000
California Department of Mental Health	419,949	419,949
Geriatrics Workforce Enhancement Program	55,000	70,000
Multiple Sclerosis Society	13,032	28,202
County of San Diego – Health and Human Services Agency	-	540,380
	<u> </u>	<u> </u>
Total	<u>\$ 2,217,421</u>	<u>\$ 1,796,918</u>

Revenue from federal and state grants comprised the following percentages of total support and revenue for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Federal grants	22%	32%
State grants	13%	45%

Note 7 – Benefit Plan

The Center has a defined-contribution plan (the “Plan”) qualified under Section 403(b) of the Internal Revenue Code that allows employees who work more than 20 hours per week, after 30 days of employment, to contribute up to 20 percent of their salaries to the Plan; subject to annual limitations. The Center may make discretionary contributions to the Plan. No contributions were made to the Plan by the Center during the years ended June 30, 2017 and 2016.

**SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
NOTES TO FINANCIAL STATEMENTS**

Note 8 – Net Assets

Temporarily restricted net assets are available for the purpose of supporting Operation Family Caregiver. The temporarily restricted amounts were \$174,242 and \$149,884 as of June 30, 2017 and 2016, respectively.

There were no releases for temporarily restricted net assets during the year ended June 30, 2017. During the year ended June 30, 2016, temporarily restricted net assets of \$8,158 and \$13,623 were released for the operation family caregiver program and respite services, respectively.

As of June 30, 2017 and 2016, the Board of Directors has not designated any endowment funds.

ADDITIONAL INFORMATION

**REPORT OF INDEPENDENT AUDITORS
ON THE ADDITIONAL INFORMATION**

Board of Directors
Southern Regional Resource Center, Inc.
d/b/a Southern Caregiver Resource Center

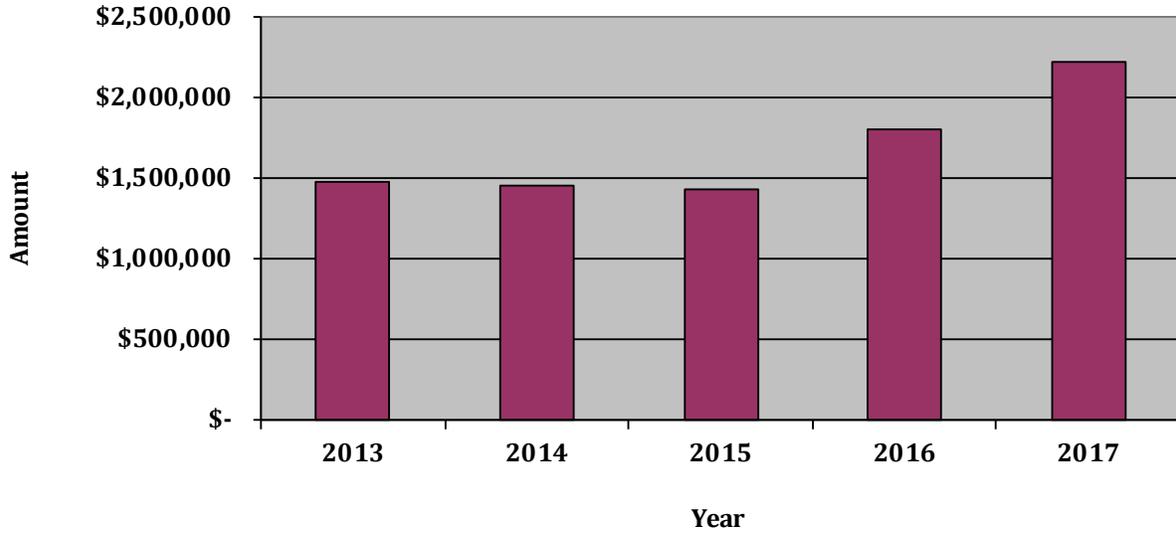
We have audited the financial statements of Southern Regional Resource Center, Inc. d/b/a Southern Caregiver Resource Center as of and for the year ended June 30, 2017, and have issued our report thereon dated November 14, 2017, which expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The grant revenue comparison, non-grant revenue comparison, and expenses by category are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Moss Adams LLP

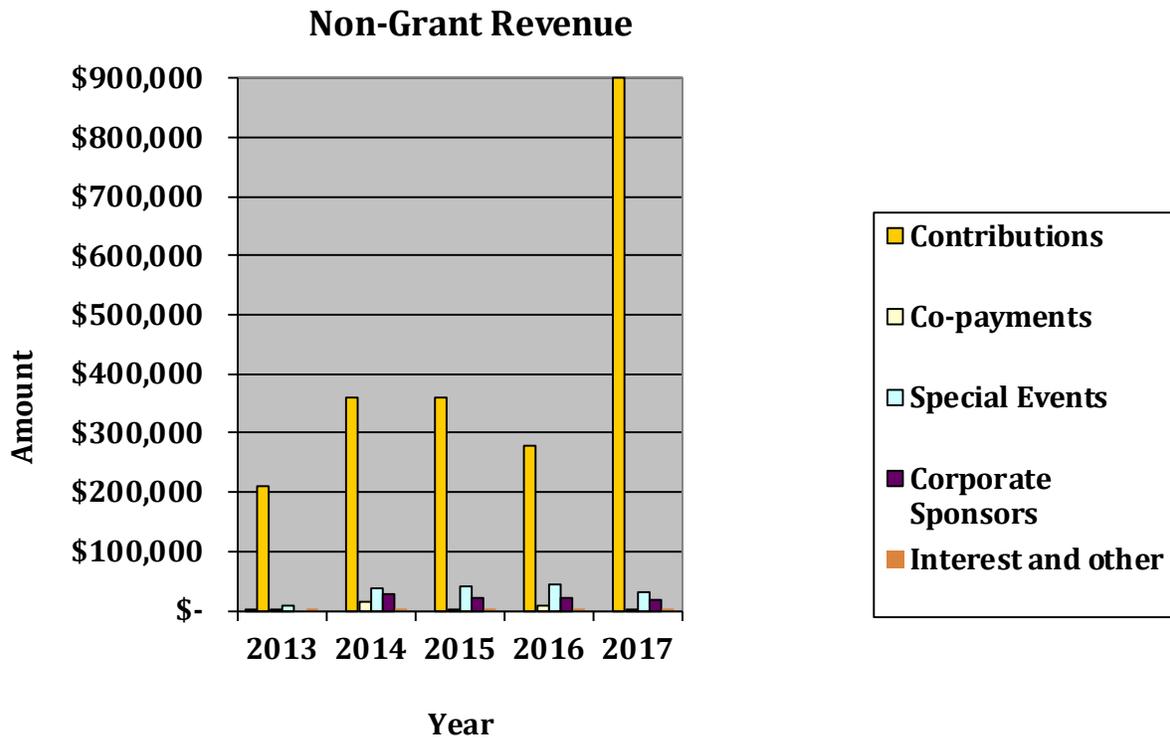
San Diego, California
November 14, 2017

**SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
ADDITIONAL INFORMATION
GRANT REVENUE COMPARISON
YEARS ENDED JUNE 30, 2013, 2014, 2015, 2016, AND 2017**

Grant Revenue



**SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
ADDITIONAL INFORMATION
NON-GRANT REVENUE COMPARISON
YEARS ENDED JUNE 30, 2013, 2014, 2015, 2016, AND 2017**



**SOUTHERN REGIONAL RESOURCE CENTER, INC.
D/B/A SOUTHERN CAREGIVER RESOURCE CENTER
ADDITIONAL INFORMATION
EXPENSES BY CATEGORY
YEAR ENDED JUNE 30, 2017**

Expenses By Category

