



REPORT OF INDEPENDENT AUDITORS
AND FINANCIAL STATEMENTS

SOUTHERN REGIONAL RESOURCE CENTER, INC.
d/b/a SOUTHERN CAREGIVER RESOURCE CENTER

June 30, 2018 and 2017

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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, 2018 and 2017, 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.

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, 2018 and 2017, 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
December 13, 2018

**Southern Regional Resource Center, Inc.
d/b/a Southern Caregiver Resource Center
Statements of Financial Position**

ASSETS		June 30,	
		2018	2017
ASSETS			
Cash		\$ 1,632,171	\$ 1,342,256
Accounts receivable		294,676	340,092
Pledges receivable		39,792	80,400
Prepaid expenses and deposits		45,692	53,703
Furniture and equipment, less accumulated depreciation of \$158,362 (2018) and \$149,216 (2017)		13,325	22,471
Total assets		\$ 2,025,656	\$ 1,838,922
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable and accrued expenses		\$ 186,594	\$ 170,052
Deferred revenue		14,350	30,775
Total liabilities		200,944	200,827
COMMITMENTS AND CONTINGENCIES (NOTE 4)			
NET ASSETS			
Unrestricted		1,784,161	1,463,853
Temporarily restricted		40,551	174,242
Total net assets		1,824,712	1,638,095
Total liabilities and net assets		\$ 2,025,656	\$ 1,838,922

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

	Year Ended 2018			Year Ended 2017		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE						
Grants	\$ 2,482,385	\$ -	\$ 2,482,385	\$ 2,217,421	\$ -	\$ 2,217,421
Contributions	584,098	-	584,098	876,274	24,358	900,632
Corporate sponsorships for special events	50,152	-	50,152	29,550	-	29,550
Special events	22,599	-	22,599	22,280	-	22,280
Co-payments and other	1,300	-	1,300	600	-	600
Interest	887	-	887	637	-	637
Net assets released from restrictions	133,691	(133,691)	-	-	-	-
Total support and revenue	<u>3,275,112</u>	<u>(133,691)</u>	<u>3,141,421</u>	<u>3,146,762</u>	<u>24,358</u>	<u>3,171,120</u>
EXPENSES						
Programs	2,579,049	-	2,579,049	2,293,512	-	2,293,512
General and administrative	217,575	-	217,575	267,380	-	267,380
Special events and fundraising	158,180	-	158,180	79,841	-	79,841
Total expenses	<u>2,954,804</u>	<u>-</u>	<u>2,954,804</u>	<u>2,640,733</u>	<u>-</u>	<u>2,640,733</u>
CHANGE IN NET ASSETS	320,308	(133,691)	186,617	506,029	24,358	530,387
NET ASSETS						
Beginning of year	<u>1,463,853</u>	<u>174,242</u>	<u>1,638,095</u>	<u>957,824</u>	<u>149,884</u>	<u>1,107,708</u>
End of year	<u>\$ 1,784,161</u>	<u>\$ 40,551</u>	<u>\$ 1,824,712</u>	<u>\$ 1,463,853</u>	<u>\$ 174,242</u>	<u>\$ 1,638,095</u>

**Southern Regional Resource Center, Inc.
d/b/a Southern Caregiver Resource Center
Statements of Cash Flows**

	Years Ended June 30,	
	2018	2017
OPERATING ACTIVITIES		
Change in net assets	\$ 186,617	\$ 530,387
Reconciliation to net cash from operating activities:		
Depreciation	9,146	9,217
Decrease (increase) in operating assets:		
Accounts receivable	45,416	(12,527)
Pledges receivable	40,608	(11,765)
Prepaid expenses and deposits	8,011	(4,431)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	16,542	17,066
Deferred revenue	(16,425)	2,175
Net cash provided by operating activities	<u>289,915</u>	<u>530,122</u>
 INCREASE IN CASH	 289,915	 530,122
 CASH		
Beginning of year	<u>1,342,256</u>	<u>812,134</u>
End of year	<u>\$ 1,632,171</u>	<u>\$ 1,342,256</u>

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 adults with brain impairment and families of wounded veterans who reside in San Diego 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, 2018 and 2017. 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, 2018 and 2017.

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)

Special events – Proceeds from the various fundraising events are recognized as revenue when the event is held.

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, 2018 are due during the year ending June 30, 2019; 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, 2018 and 2017, 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. Substantially all of the fixed assets of the Center were purchased with funds from grant agreements.

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.

Recent accounting pronouncements – In August 2016, Financial Accounting Standards Board issued Accounting Standards Update 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statement for Not-for-Profit Entities*. This guidance revises the not-for-profit reporting model. The guidance streamlines and clarifies net asset reporting, provides flexibility regarding the definition of reported operating subtotals, requires new disclosures on liquidity, and imposes new reporting requirements related to expenses. The guidance is effective for fiscal years beginning after December 15, 2017. Management is currently evaluating the impact this will have on the Center's future financial statements.

Reclassifications – Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements

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 December 13, 2018, 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>2018</u>	<u>2017</u>
Resources for Enhancing Alzheimer's Caregiver Health II	\$ 171,933	\$ 222,554
California Department of Mental Health	60,896	72,739
Aging and Independent Services	31,371	26,946
Geriatrics Workforce Enhancement Program	16,835	15,614
The Rosalynn Carter Institute for Caregiving	13,224	-
Other	417	-
Multiple Sclerosis Society	<u>-</u>	<u>2,239</u>
Total	<u>\$ 294,676</u>	<u>\$ 340,092</u>

Note 4 – Commitments and Contingencies

The Center leases its San Diego office space and certain office equipment under leases that expire through June 2023. Office space rent expense was approximately \$108,000 and \$101,000 for the years ended June 30, 2018 and 2017, respectively. Future minimum lease payments are due as follows:

<u>Years ending June 30,</u>	
2019	\$ 111,667
2020	125,474
2021	129,238
2022	133,115
2023	<u>137,107</u>
Total	<u>\$ 636,601</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 January 15, 2019. Interest is payable monthly at the greater of prime plus 2 percent or 5 percent (7 percent at June 30, 2018) on any outstanding balances. There were no outstanding balances at June 30, 2018 and 2017.

Note 6 – Grant Revenue

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

	<u>2018</u>	<u>2017</u>
Resources for Enhancing Alzheimer's Caregiver Health II	\$ 1,080,760	\$ 1,080,760
Aging and Independent Services	886,891	648,680
California Department of Mental Health	419,949	419,949
Geriatrics Workforce Enhancement Program	65,000	55,000
Arthur N. Rupe Foundation	50,000	-
Multiple Sclerosis Society	-	13,032
	<u> </u>	<u> </u>
Total	<u>\$ 2,502,600</u>	<u>\$ 2,217,421</u>

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, 2018 and 2017.

Note 8 – Net Assets

Temporarily restricted net assets are available for the purpose of supporting Operation Family Caregiver. The temporarily restricted amounts were \$40,551 and \$174,242 as of June 30, 2018 and 2017, respectively. Releases from restrictions of \$133,691 during the year ended June 30, 2018 were a result of spending on the Operation Family Caregiver program. There were no releases from restrictions during the year ended June 30, 2017.

As of June 30, 2018 and 2017, the Board of Directors has not designated any endowment funds.