

**CHRISTIAN SENIOR SERVICES**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2017**

**CHRISTIAN SENIOR SERVICES**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2017**

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## Independent Auditor's Report



Board of Directors  
Christian Senior Services  
San Antonio, Texas

We have audited the accompanying financial statements of Christian Senior Services (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, the related statements of activities and functional expenses for the year ended June 30, 2017, the statements of cash flows for the years ended June 30, 2017 and 2016, 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 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 Christian Senior Services as of June 30, 2017 and 2016, and the changes in its net assets for the year ended June 30, 2017, and its cash flows for the years ended June 30, 2017 and 2016 in accordance with accounting principles generally accepted in the United States of America.

### Report on Summarized Comparative Information

We have previously audited Christian Senior Services' 2016 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated October 12, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Sagebiel, Ravenburg & Schuh, P.C.*

San Antonio, Texas  
October 19, 2017

Lincoln Center  
7800 I.H. 10 West, Suite 630  
San Antonio, TX 78230-4750

210•979•7600

FAX 210•979•7679

**CHRISTIAN SENIOR SERVICES**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2017 and 2016**

<b>ASSETS</b>	<u>2017</u>	<u>2016</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 5,736,963	\$ 5,929,203
Restricted cash - Grace Place client deposits	41,456	-
Accounts receivable (net of allowance for doubtful accounts of \$53,177 in 2017 and \$50,758 in 2016)	928,123	763,051
Unconditional promises to give due within one year	-	5,000
Investments	5,387	-
Prepaid expenses	<u>131,418</u>	<u>6,900</u>
Total current assets	<u>6,843,347</u>	<u>6,704,154</u>
<b>Property and equipment:</b>		
Furniture and equipment	527,535	564,058
Land, building, and improvements	3,915,668	3,925,168
Vehicles	<u>1,078,926</u>	<u>1,049,485</u>
	5,522,129	5,538,711
Less accumulated depreciation	<u>(2,140,930)</u>	<u>(2,274,362)</u>
	3,381,199	3,264,349
Construction in progress	<u>12,635</u>	<u>-</u>
	<u>3,393,834</u>	<u>3,264,349</u>
<b>Other assets:</b>		
Deposits for purchase of property and equipment	-	112,961
Cash designated for equipment fund	<u>37,790</u>	<u>47,340</u>
	<u>37,790</u>	<u>160,301</u>
Total assets	<u>\$ 10,274,971</u>	<u>\$ 10,128,804</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable - trade	\$ 53,457	\$ 91,972
Accrued liabilities	169,032	246,268
Grace Place client deposits	<u>41,456</u>	<u>-</u>
Total current liabilities	<u>263,945</u>	<u>338,240</u>
<b>Net assets:</b>		
Unrestricted - operations	6,040,805	5,711,207
Unrestricted - fixed assets	<u>3,393,834</u>	<u>3,264,349</u>
	9,434,639	8,975,556
Temporarily restricted	<u>576,387</u>	<u>815,008</u>
Total net assets	<u>10,011,026</u>	<u>9,790,564</u>
Total liabilities and net assets	<u>\$ 10,274,971</u>	<u>\$ 10,128,804</u>

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

**CHRISTIAN SENIOR SERVICES**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2017**

(With Comparative Totals for Year Ended June 30, 2016)

	Unrestricted		Temporarily Restricted	Total	
	Operations	Fixed Assets		2017	2016
<b>Public support and revenue:</b>					
Public support:					
Special events:					
Gross revenue	\$ 206,556	\$ -	\$ -	\$ 206,556	\$ 301,273
Less direct expenses	<u>(25,521)</u>	<u>-</u>	<u>-</u>	<u>(25,521)</u>	<u>(19,189)</u>
Net special events support	181,035	-	-	181,035	282,084
United Way	384,356	-	-	384,356	378,196
Contributions and grants	1,566,403	-	721,502	2,287,905	2,098,040
Legacies & bequests	-	-	-	-	5,000
Donated goods	89,352	-	-	89,352	64,327
Donated facilities	<u>20,400</u>	<u>-</u>	<u>-</u>	<u>20,400</u>	<u>20,400</u>
Total public support	<u>2,241,546</u>	<u>-</u>	<u>721,502</u>	<u>2,963,048</u>	<u>2,848,047</u>
Revenue:					
Fees and grants from government agencies	2,726,343	-	868,869	3,595,212	3,575,541
Program revenue	781,767	-	-	781,767	1,078,032
Investment income	17,216	-	-	17,216	12,758
Net gain on sale of property and equipment	10,500	-	-	10,500	-
Miscellaneous	<u>18,039</u>	<u>-</u>	<u>-</u>	<u>18,039</u>	<u>25,819</u>
Total revenue	<u>3,553,865</u>	<u>-</u>	<u>868,869</u>	<u>4,422,734</u>	<u>4,692,150</u>
Net assets released from restrictions:					
Restrictions satisfied by payments	<u>1,828,992</u>	<u>-</u>	<u>(1,828,992)</u>	<u>-</u>	<u>-</u>
Total public support and revenue	<u>7,624,403</u>	<u>-</u>	<u>(238,621)</u>	<u>7,385,782</u>	<u>7,540,197</u>
<b>Expenses:</b>					
Program services:					
Meals on Wheels	5,097,480	135,882	-	5,233,362	5,061,321
Grace Place	1,138,703	57,543	-	1,196,246	1,124,470
Supporting services:					
Management, general and fund-raising	<u>717,542</u>	<u>18,476</u>	<u>-</u>	<u>736,018</u>	<u>632,471</u>
Total expenses	<u>6,953,725</u>	<u>211,901</u>	<u>-</u>	<u>7,165,626</u>	<u>6,818,262</u>
Change in net assets before unrealized gains	670,678	(211,901)	(238,621)	220,156	721,935
Unrealized gain on investments	<u>306</u>	<u>-</u>	<u>-</u>	<u>306</u>	<u>-</u>
Change in net assets	670,984	(211,901)	(238,621)	220,462	721,935
<b>Net assets at beginning of year</b>	5,711,207	3,264,349	815,008	9,790,564	9,068,629
Net interfund transfers	<u>(341,386)</u>	<u>341,386</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net assets at end of year</b>	<u>\$ 6,040,805</u>	<u>\$ 3,393,834</u>	<u>\$ 576,387</u>	<u>\$ 10,011,026</u>	<u>\$ 9,790,564</u>

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

**CHRISTIAN SENIOR SERVICES**  
**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2017**

(With Comparative Totals for Year Ended June 30, 2016)

	Program Services			Supporting Services	Totals	
	Meals on <u>Wheels</u>	Grace <u>Place</u>	Total <u>Program</u>	Management, general and <u>fund-raising</u>	<u>2017</u>	<u>2016</u>
Salaries	\$ 1,922,241	\$ 639,951	\$ 2,562,192	\$ 267,362	\$ 2,829,554	2,653,252
Employee benefits	223,972	81,490	305,462	17,644	323,106	292,745
Payroll taxes	116,380	39,492	155,872	53,800	209,672	186,517
	<u>2,262,593</u>	<u>760,933</u>	<u>3,023,526</u>	<u>338,806</u>	<u>3,362,332</u>	<u>3,132,514</u>
Total salaries and related expenses						
Bad debts	6,586	17,923	24,509	-	24,509	48,828
Contract labor	77,292	34,013	111,305	27,531	138,836	64,026
Donated facilities	-	20,400	20,400	-	20,400	20,400
Donated supplies	61,260	-	61,260	7,996	69,256	64,327
Equipment, supplies and maintenance	26,499	6,112	32,611	1,667	34,278	28,147
Food and supplies	1,753,882	10,184	1,764,066	106	1,764,172	1,857,003
Insurance	30,513	6,639	37,152	3,025	40,177	41,325
Janitorial and maintenance	70,834	50,917	121,751	130	121,881	88,865
Miscellaneous	7,572	1,537	9,109	9,738	18,847	15,435
Office supplies	26,770	8,440	35,210	11,657	46,867	35,007
Postage	18,899	2,603	21,502	57,006	78,508	119,292
Printing and publicity	62,549	5,604	68,153	39,830	107,983	62,740
Professional services	76,673	17,017	93,690	152,913	246,603	190,021
Rent	3,360	-	3,360	32,881	36,241	33,081
Specific assistance	-	127,672	127,672	-	127,672	132,728
Stipends	247,617	-	247,617	-	247,617	255,566
Telephone	6,690	9,008	15,698	1,219	16,917	14,553
Travel and conferences	48,149	5,121	53,270	31,039	84,309	59,696
Uniforms	9,181	1,235	10,416	334	10,750	5,952
Utilities	60,937	49,796	110,733	1,519	112,252	100,155
Vehicle expense	239,624	3,549	243,173	145	243,318	244,812
Loss on disposal of property and equipment	-	-	-	-	-	5,375
	<u>5,097,480</u>	<u>1,138,703</u>	<u>6,236,183</u>	<u>717,542</u>	<u>6,953,725</u>	<u>6,619,848</u>
Total expenses before depreciation						
Depreciation	135,882	57,543	193,425	18,476	211,901	198,414
	<u>5,233,362</u>	<u>1,196,246</u>	<u>6,429,608</u>	<u>736,018</u>	<u>7,165,626</u>	<u>6,818,262</u>
Total expenses						

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

**CHRISTIAN SENIOR SERVICES**

**STATEMENT OF CASH FLOWS**

**Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
<b>Cash flow from operating activities:</b>		
Change in net assets	\$ 220,462	\$ 721,935
Noncash items included in operations:		
Depreciation expense	211,901	198,414
(Gain) loss on disposal of property and equipment	(10,500)	5,375
Donation of investments	(5,081)	-
Unrealized gains on investments	(306)	-
Effect of changes in operating working capital:		
Accounts receivable	(165,072)	153,303
Unconditional promises to give	5,000	(2,700)
Prepaid expenses	(124,518)	22,086
Deposits for purchase of property and equipment	112,961	(112,961)
Accounts payable	(38,515)	(6,429)
Accrued liabilities	(77,236)	(4,443)
Grace Place client deposits	41,456	-
Net cash provided by operating activities	<u>170,552</u>	<u>974,580</u>
 <b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(341,386)	(134,377)
Proceeds from sales of property and equipment	10,500	-
Change in cash restricted for equipment fund	<u>9,550</u>	<u>(12,838)</u>
Net cash used by investing activities	<u>(321,336)</u>	<u>(147,215)</u>
 Net increase (decrease) in cash, cash equivalents, and restricted cash	(150,784)	827,365
 <b>Cash, cash equivalents, and restricted cash at beginning of year</b>	<u>5,929,203</u>	<u>5,101,838</u>
 <b>Cash, cash equivalents, and restricted cash at end of year</b>	<u>\$ 5,778,419</u>	<u>\$ 5,929,203</u>
 <b>Schedule of supplemental cash flow information:</b>		
Reconciliation of cash, cash equivalents, and restricted cash to statement of financial position:		
Cash and cash equivalents	\$ 5,736,963	\$ 5,929,203
Restricted cash - Grace Point client deposits	<u>41,456</u>	<u>-</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 5,778,419</u>	<u>\$ 5,929,203</u>

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

**CHRISTIAN SENIOR SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**1 NATURE OF ORGANIZATION**

Christian Senior Services (hereinafter referred to as CSS) is a nonprofit corporation whose mission is to promote the dignity and independence of seniors who are in need of nutritious meals, companionship, and Alzheimer's care.

The specific programs and services that CSS provides include:

*Meals on Wheels*

This program provides preparation and distribution of hot, nutritious lunches to homebound senior adults in Bexar County.

The Meals on Wheels mission is supported by companion service programs, which include:

*Senior Companion Program* – This program is a volunteer program for adults age 55 and over who provide individualized support and assistance to other older adults.

*Elder Friends* – This program consists of volunteers over the age of 21 who provide just a few hours a week of companionship to homebound older adults. They are screened, trained and supported in one-to-one relationships based on common interests. The program combats isolation and loneliness among seniors.

*AniMeals* – This program provides distribution of food for the pet companions of homebound seniors.

*Grace Place*

This program offers an alternative to early nursing home care for those suffering from Alzheimer's or other forms of memory loss.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

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

**Basis of Presentation**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for the format of financial statements of not-for-profit organizations. CSS 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. CSS does not have any permanently restricted net assets.

**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 financial statements for the year ended June 30, 2016, from which the summarized information was derived.

**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.

**Donated Services**

CSS received significant donated services during 2017 and 2016. These services were not recognized as contributions in the financial statements since the recognition criteria were not met.

(Continued)



## CHRISTIAN SENIOR SERVICES

### NOTES TO FINANCIAL STATEMENTS

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Allocated Expenses**

Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and support services based on management estimates.

##### **Income Taxes**

CSS is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and qualifies for the 50% charitable contributions deduction for individual donors.

##### **Restricted and Unrestricted Revenue and Support**

CSS reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated asset. When a donor 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.

##### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### **Cash and Cash Equivalents**

Cash and cash equivalents includes all monies on hand, in banks, and highly liquid investments with initial maturity periods of three months or less.

##### **Restricted Cash**

Amounts included in restricted cash represent advance deposits collected from Grace Place clients. Funds are moved out of restricted cash when refunded to clients or used to satisfy a client's unpaid bill.

##### **Investments**

Investments are carried at market value for financial statement purposes. A provision for unrealized gains or losses is made each year to adjust to the appropriate value. Realized and unrealized gains and losses are determined by comparison of cost to proceeds or market value, respectively. Cost is determined by historical purchase price or, in the case of any donated investments, the fair market value of those investments at the date of the gift. Market risk could occur and is dependent on the future changes in market price of the various investments held.

##### **Property and Equipment**

CSS capitalizes all expenditures for property and equipment in excess of \$2,500. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Maintenance and repairs are charged to expenses as incurred; major renewals and betterments are capitalized. Depreciation is computed using the straight-line method over their estimated useful lives.

##### **Donated Facilities**

During 2017 and 2016, the operations of one of the locations that houses Grace Place was conducted at facilities provided by Grace Lutheran Church (GLC). GLC provided all building insurance related to the donated facilities; the primary liability insurance was paid by CSS. The area of facilities provided by GLC was approximately 2,000 square feet. Donated facilities support and expense, in the amount of \$20,400 for both years, have been recorded to recognize the facilities provided by GLC.

##### **Subsequent Events**

CSS's management has evaluated subsequent events through October 19, 2017, the date which the financial statements were available for issue.

**CHRISTIAN SENIOR SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**3 CONCENTRATION OF CREDIT RISK**

CSS maintains its cash and cash equivalent balances in three financial institutions. At June 30, 2017 and 2016, CSS's cash and cash equivalents exceeded federally insured limits by \$5,493,689 and \$5,522,321, respectively.

Accounts receivable are primarily due from state and local governments and governmental units.

Management analyzes aging of accounts receivable on a monthly basis. Accounts receivable are considered delinquent when they are over 60 days old. Payment trends by delinquent accounts are considered by management and the Finance Committee when writing off bad debts and estimating the allowance for doubtful accounts. At June 30, 2017 and 2016, management estimated the allowance for doubtful accounts to be \$53,177 and \$50,758 for those years, respectively. Accounts determined to be uncollectible by management and the Finance Committee are initially charged to the allowance for doubtful accounts.

**4 INVESTMENTS**

During the year ended June 30, 2017, CSS received an investment donation consisting entirely of mutual funds. At June 30, 2017, the investment had a cost and market value of \$5,081 and \$5,387, respectively.

Generally accepted accounting principles provide a framework for measuring fair value. That framework establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). At June 30, 2017, CSS's investments were reported at fair value using a Level 1 measure.

**5 PROMISES TO GIVE**

Unconditional promises to give at June 30, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ -	\$ 5,000
Total unconditional promises to give	<u>\$ -</u>	<u>\$ 5,000</u>

**6 LINE OF CREDIT**

On April 25, 2011, CSS entered into a \$500,000 line of credit loan with a financial institution that matures on June 1, 2019. Advances on the secured line of credit bear interest at 4.25%. At June 30, 2017 and 2016, CSS had a balance of \$-0-, with an available amount on the line of credit of \$500,000 for both years.

**7 REVENUE AND SUPPORT CONCENTRATIONS**

- A. United Way support received from United Way of San Antonio and Bexar County totaled \$384,356 and \$378,196 for the years ended June 30, 2017 and 2016, respectively, which represents 5.2% and 5.0% of total revenue and support for those years, respectively. CSS's approved United Way allocation for the year ending June 30, 2018 is \$274,425.
- B. Revenue from the Texas Department of Agriculture for grants totaled \$868,869 and \$888,658 for the years ended June 30, 2017 and 2016, respectively. This equates to 11.8% of total revenue and support for both years.
- C. Revenue from the Kronkosky Charitable Foundation for grants totaled \$300,000 for both the years ended June 30, 2017 and 2016. This equates to 4.1% and 4.0%, respectively, of total revenue and support for those years.

**CHRISTIAN SENIOR SERVICES**  
**NOTES TO FINANCIAL STATEMENTS**

**8 PROGRAM FEES, CONTRACT REVENUE, AND GRANTS FROM GOVERNMENT AGENCIES**

	2017		2016	
	Amount	Percent of Total Support and Revenue	Amount	Percent of Total Support and Revenue
This revenue consists of the following:				
Contracts with Alamo Area Council of Governments	\$ 1,506,093	20.39%	\$ 1,477,778	19.60%
Grant from the Texas Department of Agriculture	868,869	11.76%	888,658	11.79%
Contract with Texas Dept. of Aging and Disability Services	656,311	8.89%	803,519	10.66%
Contract with Corporation for National and Community Services	287,225	3.89%	286,594	3.80%
Contract with Bexar County	56,942	0.77%	65,235	0.87%
Others	<u>219,772</u>	<u>2.98%</u>	<u>53,757</u>	<u>0.71%</u>
	<u>\$ 3,595,212</u>	<u>48.68%</u>	<u>\$ 3,575,541</u>	<u>47.42%</u>

**9 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following purposes:

	2017	2016
Animeals	\$ 8,573	\$ -
Equipment fund	37,790	47,340
Grace Place Scholarships	20,589	30,139
Meals on Wheels grants and contributions	75,000	94,186
Party in the Pasture	-	10,000
Spirit of Compassion Luncheon	-	153,900
Meals on Wheels Grant - Texas Dept. of Agriculture	434,435	444,329
Centerview move and kitchen upgrades - Baptist Health Foundation	-	14,970
Vehicle purchases - Big Give SA	-	20,144
	<u>\$ 576,387</u>	<u>\$ 815,008</u>

**10 OPERATING LEASES**

CSS leases equipment under the terms of several noncancellable operating leases expiring through December 2019. Total rental payments for the leases were \$17,028 and \$14,096, respectively, for the years ended June 30, 2017 and 2016.

In addition, in the year ended June 30, 2016, CSS entered into a lease agreement for office space to relocate the administrative staff. Included with this agreement CSS is renting an additional 28 parking spaces for its Meals on Wheels drivers. The lease commenced on August 1, 2015 and runs until July 31, 2019. Total rental payments related to this lease were \$36,458 and \$33,081, respectively, for the years ended June 30, 2017 and 2016.

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**CHRISTIAN SENIOR SERVICES**

**NOTES TO FINANCIAL STATEMENTS**

**10 OPERATING LEASES** (Continued)

Future minimum rental commitments under these operating leases are as follows:

<u>Year Ending June 30,</u>	
2018	\$ 44,424
2019	38,101
2020	<u>4,951</u>
	<u>\$ 87,476</u>

**11 FUND-RAISING EXPENSES**

Fund-raising expenses of CSS for the years ended June 30, 2017 and 2016 were \$475,467 and \$439,658, respectively.

**12 SIGNIFICANT SUPPLIER**

CSS purchased food items costing \$645,413 and \$850,528 from one vendor during the years ended June 30, 2017 and 2016, respectively. This represents 9.0% and 12.5% of total expenses for the years ended June 30, 2017 and 2016, respectively.

**13 COMMITMENTS AND CONTINGENCIES**

CSS participates in several state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that CSS has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of CSS, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

**14 RETIREMENT PLAN**

During the year ended June 30, 2006, CSS entered into a 403(b) thrift plan - retirement plan. Employees are eligible to participate as of the first day of the month following their employment and must be 21 years old. CSS will match 50% of the employee's contributions up to 6% of the employee's salary after one year of service. Employees are 50% vested after three years of service and 100% vested after 5 years of service. CSS's contributions to the plans for the years ended June 30, 2017 and 2016 were \$20,973 and \$21,219, respectively.

Subsequent to year end, CSS amended its retirement plan. Effective August 1, 2017, there is no minimum service requirement and employees will be automatically enrolled in the plan at 3% of their compensation. CSS will match 100% of employee contributions up to 4% of the employee's compensation, and employees will be 100% vested after three years of service.