



**MINUTEMAN SENIOR SERVICES, INC.**

Combined Financial Statements

and

Independent Auditors' Report

June 30, 2014 with Comparative Totals for 2013

## **MINUTEMAN SENIOR SERVICES, INC.**

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## **Daniel Dennis & Company LLP**

*Certified Public Accountants*

### *Independent Auditors' Report*

To the Board of Directors of  
**Minuteman Senior Services, Inc.**

We have audited the accompanying combined financial statements of Minuteman Senior Services, Inc. (Minuteman) (a nonprofit organization), which comprise the combined statement of financial position as of June 30, 2014, and the related combined statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements.

#### **Management's Responsibility for the Combined Financial Statements**

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Minuteman's preparation and fair presentation of the combined 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 Minuteman'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 combined 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 combined financial statements referred to above present fairly, in all material respects, the combined financial position of Minuteman Senior Services, Inc. as of June 30, 2014, 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 on Summarized Comparative Information**

We have previously audited Minuteman's 2013 combined financial statements, and our report dated December 4, 2013, expressed an unmodified opinion on those audited combined financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

## **Other Matter**

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental schedule of Minuteman functional activity on pages 20 and 21 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

*Daniel Dennis & Company LLP*

*November 13, 2014*

**MINUTEMAN SENIOR SERVICES, INC.**  
**Combined Statement of Financial Position**  
**June 30, 2014 with Comparative Totals for 2013**

	MINUTEMAN	CHNA 15	2014 COMBINED TOTAL	2013 COMBINED TOTAL
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 267,046	\$ 383,523	\$ 650,569	\$ 1,609,184
Accounts receivable, net of allowance	2,495,093	-	2,495,093	1,151,169
Grants and contributions receivable	-	96,199	96,199	81,199
Prepaid expenses	10,816	-	10,816	106,917
Total current assets	<u>2,772,955</u>	<u>479,722</u>	<u>3,252,677</u>	<u>2,948,469</u>
<b>NONCURRENT ASSETS</b>				
Grants and contributions receivable	-	151,797	151,797	212,996
<b>FIXED ASSETS</b>				
Furniture and equipment	401,572	-	401,572	383,792
Leasehold improvements	59,998	-	59,998	53,693
Total	461,570	-	461,570	437,485
Less: accumulated depreciation	<u>(171,359)</u>	<u>-</u>	<u>(171,359)</u>	<u>(132,253)</u>
Net fixed assets	<u>290,211</u>	<u>-</u>	<u>290,211</u>	<u>305,232</u>
<b>OTHER ASSETS</b>				
Computer software - net	11,063	-	11,063	17,299
Total other assets	<u>11,063</u>	<u>-</u>	<u>11,063</u>	<u>17,299</u>
Total assets	<u>\$ 3,074,229</u>	<u>\$ 631,519</u>	<u>\$ 3,705,748</u>	<u>\$ 3,483,996</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 1,233,376	\$ -	\$ 1,233,376	\$ 740,645
Accrued expenses	322,947	-	322,947	291,493
Deferred revenue	16,889	-	16,889	-
Grants and scholarships payable	-	30,691	30,691	58,550
Capital lease obligation, current portion	14,026	-	14,026	10,305
Total current liabilities	<u>1,587,238</u>	<u>30,691</u>	<u>1,617,929</u>	<u>1,100,993</u>
<b>LONG-TERM DEBT</b>				
Capital lease obligation	4,183	-	4,183	18,209
Accrued rent expense	275,554	-	275,554	263,623
Total long-term debt	<u>279,737</u>	<u>-</u>	<u>279,737</u>	<u>281,832</u>
Total liabilities	<u>1,866,975</u>	<u>30,691</u>	<u>1,897,666</u>	<u>1,382,825</u>
<b>NET ASSETS</b>				
<b>Unrestricted</b>				
Designated	629,041	-	629,041	467,757
Undesignated	492,379	600,828	1,093,207	1,541,414
Total unrestricted net assets	<u>1,121,420</u>	<u>600,828</u>	<u>1,722,248</u>	<u>2,009,171</u>
Temporarily restricted	85,834	-	85,834	92,000
Total net assets	<u>1,207,254</u>	<u>600,828</u>	<u>1,808,082</u>	<u>2,101,171</u>
Total liabilities and net assets	<u>\$ 3,074,229</u>	<u>\$ 631,519</u>	<u>\$ 3,705,748</u>	<u>\$ 3,483,996</u>

*See accompanying notes to combined financial statements.*

**MINUTEMAN SENIOR SERVICES, INC.**  
**Combined Statement of Activities**  
**For the Year Ended June 30, 2014 with Comparative Totals for 2013**

<b>CHANGES IN UNRESTRICTED NET ASSETS</b>	<b>MINUTEMAN</b>	<b>CHNA 15</b>	<b>2014 COMBINED TOTAL</b>	<b>2013 COMBINED TOTAL</b>
<b>REVENUE AND SUPPORT</b>				
Grants and contributions	\$ 459,974	\$ 35,000	\$ 494,974	\$ 618,236
Contract revenue	14,628,541	-	14,628,541	11,118,221
Client fees	459,361	-	459,361	379,425
Interest	2,329	-	2,329	498
Other	57,092	3,007	60,099	31,057
Net assets released from restrictions	<u>92,000</u>	<u>-</u>	<u>92,000</u>	<u>63,000</u>
Total revenue and support	<u>15,699,297</u>	<u>38,007</u>	<u>15,737,304</u>	<u>12,210,437</u>
<b>EXPENSES</b>				
<b>PROGRAM SERVICES</b>				
Home Care	12,182,866	-	12,182,866	8,857,435
Community Support	1,481,953	-	1,481,953	1,175,636
Community Health	257,694	169,497	427,191	375,568
Elderly Nutrition	246,446	-	246,446	117,100
Services in the Community	101,198	-	101,198	113,910
Money Management and Protective Services	<u>578,602</u>	<u>-</u>	<u>578,602</u>	<u>538,858</u>
Total program services	<u>14,848,759</u>	<u>169,497</u>	<u>15,018,256</u>	<u>11,178,507</u>
<b>SUPPORTING SERVICES</b>				
Management and general	681,247	16,500	697,747	616,614
Fundraising	<u>122,521</u>	<u>-</u>	<u>122,521</u>	<u>131,731</u>
Total supporting services	<u>803,768</u>	<u>16,500</u>	<u>820,268</u>	<u>748,345</u>
Total expenses	<u>15,652,527</u>	<u>185,997</u>	<u>15,838,524</u>	<u>11,926,852</u>
Change in unrestricted net assets	<u>46,770</u>	<u>(147,990)</u>	<u>(101,220)</u>	<u>283,585</u>
<b>OTHER CHANGES</b>				
<b>CHANGES IN TEMPORARILY RESTRICTED NET ASSETS</b>				
Grants and contributions	85,834	-	85,834	92,000
Net assets released from restrictions	<u>(92,000)</u>	<u>-</u>	<u>(92,000)</u>	<u>(63,000)</u>
Change in temporarily restricted nets assets	<u>(6,166)</u>	<u>-</u>	<u>(6,166)</u>	<u>29,000</u>
Change in net assets before other changes	<u>40,604</u>	<u>(147,990)</u>	<u>(107,386)</u>	<u>312,585</u>
<b>OTHER CHANGES IN NET ASSETS</b>				
EOEA transfer	<u>(185,703)</u>	<u>-</u>	<u>(185,703)</u>	<u>-</u>
Change in net assets	<u>(145,099)</u>	<u>(147,990)</u>	<u>(293,089)</u>	<u>312,585</u>
Net assets, beginning of year,	<u>1,352,353</u>	<u>748,818</u>	<u>2,101,171</u>	<u>1,788,586</u>
<b>Net assets, end of year</b>	<u>\$ 1,207,254</u>	<u>\$ 600,828</u>	<u>\$ 1,808,082</u>	<u>\$ 2,101,171</u>

*See accompanying notes to combined financial statements.*

**MINUTEMAN SENIOR SERVICES, INC.**  
**Combined Statement of Functional Expenses**  
For the Year Ended June 30, 2014 with Summarized Comparative Totals for 2013

DESCRIPTION	MINUTEMAN				CHNA 15			2014 COMBINED TOTAL	2013 COMBINED TOTAL
	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL	PROGRAM SERVICES	MANAGEMENT AND GENERAL	TOTAL		
Employee compensation and related expenses	\$ 3,711,834	\$ 444,799	\$ 100,132	\$ 4,256,765	\$ -	\$ -	\$ -	\$ 4,256,765	\$ 3,810,135
Occupancy	345,687	30,578	7,548	383,813	-	-	-	383,813	369,275
Other program/ operating expense	152,128	70,859	7,001	229,988	67,795	-	67,795	297,783	313,002
Subcontract expense	10,471,086	-	-	10,471,086	-	-	-	10,471,086	6,987,264
Direct administrative expense	19,884	11,458	1,109	32,451	-	-	-	32,451	108,336
Other expenses	148,140	36,965	6,731	191,836	101,702	16,500	118,202	310,038	283,200
Depreciation and amortization	-	86,588	-	86,588	-	-	-	86,588	55,640
Total expenses	<u>\$ 14,848,759</u>	<u>\$ 681,247</u>	<u>\$ 122,521</u>	<u>\$ 15,652,527</u>	<u>\$ 169,497</u>	<u>\$ 16,500</u>	<u>\$ 185,997</u>	<u>\$ 15,838,524</u>	<u>\$ 11,926,852</u>

*See accompanying notes to combined financial statements.*

**MINUTEMAN SENIOR SERVICES, INC.**  
**Combined Statement of Cash Flows**  
For the Year Ended June 30, 2014 with Comparative Totals for 2013

	<b>MINUTEMAN</b>	<b>CHNA 15</b>	<b>2014 COMBINED TOTAL</b>	<b>2013 COMBINED TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Change in net assets	\$ (145,099)	\$ (147,990)	\$ (293,089)	\$ 312,585
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Depreciation and amortization	86,588	-	86,588	55,640
EOEA Mitigation Plan payable	-	-	-	(46,771)
(Increase)/decrease in operating assets				
Accounts receivable	(1,343,924)	-	(1,343,924)	(92,555)
Grants and contributions receivable	-	46,199	46,199	(209,801)
Prepaid expenses	96,101	-	96,101	(65,275)
Increase/(decrease) in operating liabilities				
Accounts payable	499,130	(6,400)	492,730	115,830
Accrued expenses	43,385	-	43,385	220,167
Deferred revenue	16,889	-	16,889	-
Grants and scholarships payable	-	(27,859)	(27,859)	58,550
Net cash (used in)/provided by operating activities	(746,930)	(136,050)	(882,980)	348,370
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of fixed assets	(65,330)	-	(65,330)	(100,151)
Net cash used in investing activities	(65,330)	-	(65,330)	(100,151)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Principal payments on capital lease obligation	(10,305)	-	(10,305)	(8,556)
Net cash used in financing activities	(10,305)	-	(10,305)	(8,556)
Net (decrease)/increase in cash and cash equivalents	(822,565)	(136,050)	(958,615)	239,663
Cash and cash equivalents, beginning of year	1,089,611	519,573	1,609,184	1,369,520
<b>Cash and cash equivalents, end of year</b>	\$ 267,046	\$ 383,523	\$ 650,569	\$ 1,609,183
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>				
Cash paid for interest	\$ 3,722	\$ -	\$ 3,722	\$ 5,470

*See accompanying notes to combined financial statements.*



**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements  
June 30, 2014 with Comparative Totals for 2013

**1. NATURE OF ACTIVITIES**

The combined financial statements include the accounts of Minuteman Senior Services, Inc. (Minuteman) and Community Health Network Areas (CHNA 15), an unincorporated association of health improvement partners, of which Minuteman is its fiscal sponsor. Since CHNA 15 is an unincorporated association and not a legal entity, its activities are reported in Minuteman's financial statements.

*MINUTEMAN*

Minuteman is a Massachusetts not-for-profit organization that offers home care and related services enabling people to live independently and comfortably in their homes while promoting their well-being and dignity. Minuteman's mission is to help seniors and people with disabilities live in the setting of their choice by engaging community resources and supporting caregivers and is a designated Massachusetts Aging Services Access Point (ASAP). Many Minuteman services are free, others are based on one's ability to pay, and some are offered on a fee-for-service basis.

Located in Bedford, Massachusetts, Minuteman provides innovative and high quality solutions to eldercare issues for residents of the following communities: Acton, Arlington, Bedford, Boxborough, Burlington, Carlisle, Concord, Harvard, Lexington, Lincoln, Littleton, Maynard, Stow, Wilmington, Winchester and Woburn. As part of a statewide and national networks Minuteman is able to help seniors and families find resources both locally and long distance. Minuteman offers the following major programs:

- *Home Care* - The Home Care program provides home-based services to elders so they can maintain their independence and live at home.
- *Community Support* – These services are funded through the Older Americans Act, and include supportive services for health, information, referral, transportation, legal services and caregivers as well as supportive services for individuals residing in nursing homes.
- *Community Health* - These programs meet diverse health needs in the community, including mental health. Several programs are collaborations with partner agencies. The Healthy Aging initiative includes a number of evidence-based programs for older adults, caregivers and people with disabilities
- *Elderly Nutrition Program* - The Elderly Nutrition Program is a federal and state funded nutrition program that allows local elderly agencies to provide nutritious meals to senior citizens. Meals are provided at congregate meal sites and through home-delivered meals to senior citizens (age 60 or older) and handicapped or disabled people under age 60 who live in housing facilities occupied primarily by the elderly where congregate meals are served.

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**1. NATURE OF ACTIVITIES (CONTINUED)**

*MINUTEMAN (CONTINUED)*

- *Services in the Community* - In cooperation with the local housing authorities, Minuteman operates congregate and supportive housing sites. Congregate housing is an arrangement of private apartments with shared living and activity space. Supportive housing provides an assisted-living-like environment while maintaining an elder's independence.
- *Money Management and Protective Services* - Money Management and Protective Services promotes prolonged independent living for low-income elders by providing financial, physical and emotional support through the dedication and support of volunteers.

Minuteman and its programs are funded in whole or in part by contracts with the Massachusetts Executive Office of Elder Affairs (EOEA), funds from the Older Americans Act, and grants and contributions from businesses, foundations and individuals.

*CHNA 15*

CHNA 15 is one of 27 community health network areas in Massachusetts created by the Massachusetts Department of Public Health (DPH) in 1992. The CHNAs are an initiative to improve health through local collaborations. CHNA 15 is an unincorporated association of many health improvement partners including the Massachusetts Department of Public Health, the Regional Center for Healthy Communities, residents, hospitals, local service agencies, schools, businesses, boards of health, and other concerned citizens who are working together to identify the health needs of member communities, find ways to address those needs, and improve the health of the community. CHNA 15 is active in Acton, Bedford, Boxborough, Burlington, Carlisle, Concord, Lexington, Lincoln, Littleton, Wilmington, Winchester, and Woburn. Since CHNA 15 is not a legal entity, its activities are reported in Minuteman's financial statements.

CHNA 15's activities are funded by grants and contributions from local hospitals, businesses, and individuals. All CHNA 15 funds are required to be and are being held in separate Minuteman cash accounts designated as "fiscal agent" accounts for CHNA 15.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the major accounting policies followed by Minuteman in the preparation of the accompanying combined financial statements is set forth below.

*BASIS OF ACCOUNTING*

Minuteman prepares its combined financial statements on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenue is recorded when earned and expenses when goods are received or services rendered.

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*ESTIMATES AND ASSUMPTIONS*

The preparation of combined 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 and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

*CASH EQUIVALENTS*

For purposes of the combined statement of cash flows, Minuteman considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. As of June 30, 2014 and 2013, Minuteman and CHNA 15 did not hold any cash equivalents.

*REVENUE*

Minuteman operates its programs under various unit rate and cost reimbursement contracts with EOEA and third party payor agreements with health maintenance organizations and preferred provider organizations. Revenue on unit rate agreements is generated by billing units of service delivered to pre-approved and covered individuals. Revenue on unit rate contracts is recognized as services are provided and is recorded at the estimated net realizable amounts. Revenue recognition under cost reimbursement contracts equals expenses up to allowable contract limits. Any excess or deficit of revenue received over expenses billed is carried as a liability (deferred revenue, if contract term extends beyond the fiscal year end, or due to Commonwealth of Massachusetts, if the contract has ended) or as an asset (accounts receivable up to the contract limit, if allowable expenses were incurred).

Minuteman is subject to the regulations and rate formulas of the Commonwealth of Massachusetts' Operational Services Division (OSD) and EOEA. As such, any excess of revenue over expenses from the Commonwealth of Massachusetts' (the Commonwealth) unit rate contracts, up to certain defined limits, can be utilized by Minuteman for expenditures in accordance with its exempt purpose, provided such expenditures are reimbursable under the OSD and EOEA regulations.

*ACCOUNTS RECEIVABLE*

Accounts receivable are presented net of allowance for doubtful accounts. Minuteman's periodic evaluation of the adequacy of the allowance is based on past experience. Accounts receivable are charged off when deemed uncollectible. At June 30, 2014 and 2013, management has considered all accounts receivable to be fully collectible.

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*NET ASSETS CLASSIFICATION*

Net assets of Minuteman are classified into three categories. The classifications are related to the existence or absence of donor-imposed restrictions as follows:

- *Unrestricted Net Assets* - Net assets that are not subject to donor imposed stipulations.
- *Temporarily Restricted Net Assets* - Net assets subject to donor imposed stipulations that may or will be satisfied through the actions of Minuteman and/or the passage of time.
- *Permanently Restricted Net Assets* - Net assets subject to donor imposed stipulations that Minuteman permanently maintain certain contributed assets. Permanent restrictions do not pass with the expiration of time, nor can they be removed through Minuteman's actions. At June 30, 2014 and 2013, Minuteman and CHNA 15 had no permanently restricted net assets.

Net assets accumulated from the Home Care Purchase Services and Enhanced Purchase Services (POS) Programs are calculated in accordance with EOEAs, PI 93-20 "Surplus Funds Policy". The policy requires the use of any surplus generated within these programs to be utilized within these programs, unless specific approval is obtained from EOEAs. These assets are segregated in the accounting records as "designated" net assets within the unrestricted category of net assets. See Note 10 for more information.

*FIXED ASSETS*

Donations of fixed assets are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose or required that it be maintained for a specific amount of time. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Minuteman reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Minuteman reclassifies temporarily restricted net assets to unrestricted net assets at that time. Purchased fixed assets are carried at cost. Fixed assets are depreciated using the straight-line method over their estimated useful lives. Repairs and maintenance are charged to operations. Betterments, renewals, and purchases of more than \$2,000 are capitalized.

*COMPUTER SOFTWARE*

Computer software is being amortized using the straight-line method over three years. For the years ended June 30, 2014 and 2013, amortization expense was \$6,737 and \$4,691, respectively. Future amortization expense is estimated to be approximately \$6,784 for fiscal year 2015, \$4,195 for fiscal year 2016 and \$84 for fiscal year 2017.

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*GRANTS AND CONTRIBUTIONS*

Grants and contributions from businesses, foundations, and individuals are recognized when the donor makes a promise to give to Minuteman that is, in substance, unconditional. Conditional grants and contributions are recognized when the conditions on which they depend are substantially met. Grants and contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the grants and contributions are recognized. All other donor-restricted grants and contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Minuteman uses the allowance method to determine uncollectible unconditional grants and contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2014 and 2013, management has considered all unconditional grants and contributions receivable to be fully collectible.

*IN-KIND CONTRIBUTIONS*

Minuteman receives donated materials and services in support of its programs. Donated space, materials and services are recorded at fair value. Donated services that (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by individuals possessing those skills, and would need to be purchased if they were not donated, are recorded as in-kind contributions in the financial statements. Donated services such as fund-raising, clerical assistance or other volunteer efforts not requiring specialized skills are not recorded in the combined financial statements.

*GRANT AND SCHOLARSHIPS EXPENSE*

Annually CHNA 15 offers grants to local organizations as well as individual and agency professional development scholarships. Grants and scholarships are recorded as a liability when they have been approved by the CHNA 15 Steering Committee. All grants and scholarships are payable within one year from when they are approved.

*FUNCTIONAL ALLOCATION OF EXPENSES*

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*SUMMARIZED COMPARATIVE INFORMATION*

The combined 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 U.S. GAAP. Accordingly, such information should be read in conjunction with Minuteman's combined financial statements for the year ended June 30, 2013, from which the summarized information was derived.

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

*INCOME TAXES*

Minuteman is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from state income taxes under Chapter 180 of the Massachusetts General Laws. Unrelated business income, of which there was none for the years ended June 30, 2014 and 2013, would be subject to Federal and state income taxes. Consequently, the accompanying combined financial statements do not reflect any provisions for income taxes.

Minuteman evaluates tax positions taken or expected to be taken in its tax returns to determine whether the tax positions are more-likely-than-not of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold, along with accrued interest and penalty thereon would be recorded as an expense in the current year combined financial statements. At June 30, 2014 Minuteman believes that it has no uncertain tax positions within any of its open tax years (2011-2013).

**3. ACCOUNTS RECEIVABLE**

At June 30, 2014 and 2013, accounts receivable consisted of the following:

	<i>2014</i>	<i>2013</i>
Commonwealth of Massachusetts - EOEAA	\$ 2,121,366	\$ 1,126,698
Other receivables	<u>373,727</u>	<u>24,471</u>
Net accounts receivable	<u>\$ 2,495,093</u>	<u>\$ 1,151,169</u>

**4. GRANTS AND CONTRIBUTIONS RECEIVABLE**

*UNCONDITIONAL:*

At June 30, 2014 and June 30, 2013, the outstanding unconditional promises to give were deemed fully collectible and due as follows:

	<i>2014</i>	<i>2013</i>
Promises due in one year	\$ 96,199	\$ 81,199
Promises due in two to four years	<u>151,797</u>	<u>212,996</u>
Total	<u>\$ 247,996</u>	<u>\$ 294,195</u>

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**4. GRANTS AND CONTRIBUTIONS RECEIVABLE (CONTINUED)**

*CONDITIONAL:*

At June 30, 2014 and June 30, 2013, conditional promises to give consist of promises for:

<i>Purpose</i>	<i>2014</i>	<i>2013</i>
Child and behavioral health	\$ 852,940	\$ -
Elder health	571,182	-
Capacity and building infrastructure support	190,520	-
General operations	-	50,000
Volunteer recruitment	-	5,000
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 1,614,642</u>	<u>\$ 55,000</u>

The conditional promises to give will be recognized in the combined financial statements when the conditions on which they depend on are substantially met.

**5. IN-KIND CONTRIBUTIONS**

Minuteman receives donated services and facilities from several sources. Minuteman's sub-grantees contribute services and the use of facilities through in-kind match. Meal site workers contribute their services to the Nutrition Program, and a number of meal sites are provided rent free to the program. The value of these donated facilities and program services could not be determined. Therefore, they are not recorded in the accompanying combined financial statements.

Minuteman also receives contributions from unpaid volunteers in support of its programmatic functions. These in-kind contributions are not recorded in the combined financial statements because they were not services that (a) created or enhanced a nonfinancial asset or (b) required specialized skills, were provided by individuals possessing those skills, and would have needed to be purchased if they were not donated.

**6. RELATED PARTY TRANSACTION**

Minuteman has paid membership dues to Massachusetts Association of Home Care/Area Agencies on Aging, Inc. (the "Association") which oversees and lobbies for services for the elderly. The President of the Board of Members and the Executive Director of Minuteman are members of the Board of Directors of the Association. The aggregate of the dues paid is not significant to the combined financial statements.

During fiscal years 2014 and 2013, the spouse of a member of the Board of Directors was also a client of Minuteman under the Home Care Program. The individual was provided services that totaled \$1,722 and \$2,707, respectively, for the years ended June 30, 2014 and 2013.

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**7. PENSION PLANS**

Minuteman has a defined contribution money purchase pension plan that qualifies under Internal Revenue Code Section 401(a) and is a 403(b) retirement plan. The money purchase pension plan provides retirement benefits for employees who work at least 17.5 hours a week by contributing 4% of the employee's gross wages to the plan. The amounts contributed are immediately vested for employees hired prior to July 7, 1993.

Employees hired on or after July 7, 1993 must wait one year before they can participate in the plan. The 403(b) plan covers substantially all employees and provides for employee elected tax deferred contributions. Retirement benefit contributions charged to operations for the fiscal years ended June 30, 2014 and 2013 totaled \$86,205 and \$85,489, respectively.

**8. LEASE COMMITMENTS**

*OPERATING LEASES*

On June 29, 2012, Minuteman entered into a 10-year, 10 month, noncancelable operating lease for office space that expires in April 2023. The lease provides for monthly rent payments, plus additional annual rent for its proportionate share of real estate taxes and other operating costs. Minuteman has the option to extend the lease for five additional years at the end of the original lease term.

Pursuant to the terms of the lease, Minuteman secured an irrevocable standby letter of credit in the amount of \$104,000 to serve as a security deposit on the lease.

Rent expense is recorded on a straight-line basis in accordance with U.S. GAAP. For the years ended June 30, 2014 and 2013, rent expense totaled \$317,206 and \$336,180, respectively.

The minimum future rental payments required under the office lease for each of the next five years and thereafter are as follows:

<i>Year Ending</i>		<i>Amount</i>
<i>June 30,</i>		
2015	\$	318,357
2016		318,357
2017		334,683
2018		334,683
2019		351,009
Thereafter		<u>1,391,792</u>
Total	\$	<u>3,048,881</u>



**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**8. LEASE COMMITMENTS (CONTINUED)**

*CAPITAL LEASES*

Minuteman leases office equipment under leases which expire at various dates through 2017. The leases qualified as capital leases and, accordingly, the assets and liabilities were recorded at the present value of the minimum lease payments over the term of the leases. Amortization of these assets is recorded in depreciation expense. Depreciation expense for these assets was \$4,237 and \$4,237, respectively, for the years ended June 30, 2014 and 2013.

Future minimum lease payments under the capital leases as of June 30, 2014 are as follows:

<i>Year Ending</i>	<i>Amount</i>
<i>June 30,</i>	
2015	\$ 14,026
2016	3,600
2017	<u>3,600</u>
Total minimum lease payments	21,226
Less: amount representing interest	<u>(3,017)</u>
Present value of net minimum lease payments	<u><u>\$ 18,209</u></u>

**9. LINES OF CREDIT**

At June 30, 2014 and 2013, Minuteman had an unused \$250,000 demand line of credit. The line of credit is renewable annually subject to no materially adverse change occurring in Minuteman's business. Any outstanding balance on the credit line will incur interest at the bank's prime rate, plus 1 ¾%. The line of credit is collateralized by all business assets.

At June 30, 2014 and 2013, pursuant to the terms of its office space lease agreement, Minuteman had a \$104,000 unused standby demand letter of credit agreement that serves as its security deposit. The letter of credit expires on September 20, 2015, and is automatically renewable for one year terms, unless canceled by the bank, until July 31, 2023. Any outstanding balance on the credit line will incur interest at the bank's prime rate, plus 1 ¾%.

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**10. DESIGNATED NET ASSETS**

EOEA has approved the following transfer activity during 2014 and 2013:

*Program Deficits*

EOEA has authorized Minuteman to transfer up to 3% of its current year Home Care Purchase Services and Enhanced Purchase Services contract revenue to cover program deficits in other EOEA programs. In fiscal year 2014, Minuteman transferred \$75,839 of Home Care Purchase Services and \$58,755 of Enhanced Purchase Services prior designated program net assets for use in covering \$134,594 of the program deficit in the Clinical Assessment and Eligibility Program.

In addition, during fiscal year 2014 Minuteman was required to pay a portion of the support costs for the State Home Care client system (SIMS) out of their prior year designated net assets. Minuteman's portion of this cost for fiscal year 2014 was \$185,703 and is included in other changes in net assets on the combined statement of activities for the year ended June 30, 2014.

In fiscal year 2013 Minuteman transferred \$116,832 of Enhanced Purchase Services prior designated program net assets for use in covering \$111,049 and \$5,783 of the program deficit in the Protective Services and Choices Programs, respectively.

The following is a summary of the designated net assets activity:

	<i>2014</i>	<i>2013</i>
Designated net assets, beginning of year	\$ 467,757	\$ 164,953
Surplus	481,581	419,636
SIMS payment	(185,703)	-
Surplus funds policy 3% transfer	<u>(134,594)</u>	<u>(116,832)</u>
Designated net assets, end of year	<u>\$ 629,041</u>	<u>\$ 467,757</u>

**11. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets at June 30, 2014 and 2013 are available for the following uses:

<i>Purpose</i>	<i>Healthy Aging</i>	<i>Shine</i>	<i>Nutrition</i>	<i>Protective Services</i>	<i>Total</i>
Beginning balance	\$ 35,000	\$ 20,000	\$ 37,000	\$ -	\$ 92,000
Contributions	36,334	10,000	37,000	2,500	85,834
Release of restriction	<u>(35,000)</u>	<u>(20,000)</u>	<u>(37,000)</u>	<u>-</u>	<u>(92,000)</u>
Ending balance	<u>\$ 36,334</u>	<u>\$ 10,000</u>	<u>\$ 37,000</u>	<u>\$ 2,500</u>	<u>\$ 85,834</u>

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**12. COMMITMENTS AND CONTINGENCIES**

*GRANT COMMITMENTS*

Minuteman has entered into sub awards with other agencies under the Title III-B Grants for Supportive Services. These commitments approximated \$54,000 and \$58,000, as of June 30, 2014 and 2013, respectively.

*GOVERNMENT CONTRACTS*

The expenses reflected in the accompanying combined financial statements relating to EOEAs contracts are subject to review by EOEAs and OSD. The possible disallowance of any items recorded as contract costs or recovery for overbilling cannot be determined at this time. However, management does not believe that any such disallowance would be material to Minuteman's combined financial statements. Accordingly, no provision for any liability that may result has been recorded in the combined financial statements.

**13. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS**

*REVENUE, SUPPORT, AND ACCOUNTS RECEIVABLE*

During 2014 and 2013, EOEAs contracts provided 85% and 93%, respectively, of Minuteman's total revenue and support and represented 85% and 98%, respectively, of the accounts receivable at year end.

*CREDIT RISK*

At June 30, 2014 and 2013, Minuteman's cash balances are held at three financial institutions with federal insured limits of up to \$250,000. Balances held at these institutions during the year can exceed this limit. Minuteman has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash. In addition, one of the financial institutions maintains additional insurance through the Depositors Insurance Fund; a private industry sponsored insurance company. At June 30, 2014 and 2013, Minuteman did not have any uninsured deposits.

**14. SURPLUS REVENUE RETENTION (SRR)**

Surplus generated under the Commonwealth of Massachusetts' grants must comply with 808 CMR 1.19(3), Surplus Revenue Retention Policy. In accordance with these requirements, Minuteman is entitled to retain surplus up to five percent (5%) of the total revenue of all Commonwealth programs per year as unrestricted net assets, but not more than 20% on a cumulative basis. The surplus can be used to further Minuteman's charitable purposes, but it may not use these funds for non-reimbursable expenses, as defined in CMR 808 1.15.

As of June 30, 2014 and 2013 the current year surplus revenue was less than 5% of the total of all the Commonwealth programs. Additionally, the total cumulative surplus revenue retention at June 30, 2014 and 2013 is less than 20% of the total Commonwealth revenue from fiscal year 2013 and 2012, respectively.

**MINUTEMAN SENIOR SERVICES, INC.**  
Notes to Combined Financial Statements (Continued)  
June 30, 2014 with Comparative Totals for 2013

**15. SUBSEQUENT EVENTS**

Minuteman has evaluated subsequent events through November 13, 2014, which is the date the combined financial statements were available to be issued. No material subsequent events have occurred since June 30, 2014 that requires recognition or disclosure in these combined financial statements.

## **Supplemental Information**

**MINUTEMAN SENIOR SERVICES, INC.**  
**Supplemental Schedule of Minuteman Functional Activity**  
**For the Year Ended June 30, 2014**

	Home Care Purchase of Service	Home Care Case Management	ECOP Case Management	ECOP Purchase of Service	Coordination of Care	Protective Services	Community Choices	Shine	Supportive Housing	Senior Care Options	State Elder Lunch	NSIP
<b>REVENUE AND SUPPORT</b>												
Grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ 24,650	\$ 25,629	\$ -	\$ 37,500	\$ -	\$ -	\$ -	\$ -
Program fees												
Contract revenue	2,548,270	787,806	616,630	1,958,505	216,512	525,322	4,970,493	89,819	133,992	1,284,567	155,778	90,668
Client fees	-	355,518	103,843	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	90	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	20,000	-	-	-	-
<b>Total revenue and support</b>	<b>2,548,270</b>	<b>1,143,324</b>	<b>720,473</b>	<b>1,958,505</b>	<b>241,162</b>	<b>550,951</b>	<b>4,970,493</b>	<b>147,319</b>	<b>134,082</b>	<b>1,284,567</b>	<b>155,778</b>	<b>90,668</b>
<b>EXPENSES</b>												
Employee compensation and related expenses	-	772,740	429,805	-	294,380	458,972	201,139	126,759	75,682	202,117	-	-
Occupancy	-	78,436	51,183	-	12,633	43,245	21,529	17,294	15,901	7,472	-	-
Other program/ operating expense	-	23,064	11,379	-	5,448	15,279	6,179	2,020	1,443	4,082	-	-
Subcontract expense	2,211,145	-	-	1,814,049	-	6,493	4,567,151	5,000	2,205	1,004,734	155,778	90,668
Direct administrative expense	-	2,950	1,427	-	559	3,120	729	1,772	492	451	-	-
Other expenses	-	27,506	16,217	-	6,660	20,528	6,540	4,727	5,475	4,853	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total expenses before allocation</b>	<b>2,211,145</b>	<b>904,696</b>	<b>510,011</b>	<b>1,814,049</b>	<b>319,680</b>	<b>547,637</b>	<b>4,803,267</b>	<b>157,572</b>	<b>101,198</b>	<b>1,223,709</b>	<b>155,778</b>	<b>90,668</b>
Allocation of administration	-	137,495	76,505	-	52,392	81,704	35,773	22,556	13,541	36,013	-	-
<b>Total expenses</b>	<b>2,211,145</b>	<b>1,042,191</b>	<b>586,516</b>	<b>1,814,049</b>	<b>372,072</b>	<b>629,341</b>	<b>4,839,040</b>	<b>180,128</b>	<b>114,739</b>	<b>1,259,722</b>	<b>155,778</b>	<b>90,668</b>
Change in net assets	337,125	101,133	133,957	144,456	(130,910)	(78,390)	131,453	(32,809)	19,343	24,845	-	-
<b>Other changes in net assets</b>												
Program transfers	(185,703)	-	-	-	-	-	-	-	-	-	-	-
Surplus funds policy 3% transfer	(75,839)	-	-	(58,755)	134,594	-	-	-	-	-	-	-
<b>Total other changes in net assets</b>	<b>(261,542)</b>	<b>-</b>	<b>-</b>	<b>(58,755)</b>	<b>134,594</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unrestricted net assets, beginning of year	216,524	1,186,831	203,530	251,233	(97,504)	(907)	(94,614)	(48,942)	29,856	98,670	(17,410)	(14,423)
<b>Unrestricted net assets, end of year</b>	<b>\$ 292,107</b>	<b>\$ 1,287,964</b>	<b>\$ 337,487</b>	<b>\$ 336,934</b>	<b>\$ (93,820)</b>	<b>\$ (79,297)</b>	<b>\$ 36,839</b>	<b>\$ (81,751)</b>	<b>\$ 49,199</b>	<b>\$ 123,515</b>	<b>\$ (17,410)</b>	<b>\$ (14,423)</b>
<b>Designated net assets</b>	<b>\$ 292,107</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 336,934</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**MINUTEMAN SENIOR SERVICES, INC.**  
**Supplemental Schedule of Minuteman Functional Activity (Continued)**  
**For the Year Ended June 30, 2014**

	Title III	Ombudsman	Federal Caregiver	Money Management	Private Elder Care	Commonwealth Corps	ADRC Enhanced	LTC Options	ADRD	MFP	Fundraising	Administration	Minuteman Total
<b>REVENUE AND SUPPORT</b>													
Grants and contributions	\$ 273,614	\$ -	\$ 27,500	\$ 3,785	\$ 37,472	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,604	\$ 220	\$ 459,974
Program fees													
Contract revenue	609,458	52,866	79,023	27,567	7,260	-	45,688	349,450	2,644	76,223	-	-	14,628,541
Client fees	-	-	-	-	-	-	-	-	-	-	-	-	459,361
Interest	-	-	-	-	-	-	-	-	-	-	-	2,329	2,329
Other	34,544	-	4,564	-	17,678	-	-	-	-	-	-	216	57,092
Net assets released from restrictions	37,000	-	-	-	35,000	-	-	-	-	-	-	-	92,000
<b>Total revenue and support</b>	<b>954,616</b>	<b>52,866</b>	<b>111,087</b>	<b>31,352</b>	<b>97,410</b>	<b>-</b>	<b>45,688</b>	<b>349,450</b>	<b>2,644</b>	<b>76,223</b>	<b>29,604</b>	<b>2,765</b>	<b>15,699,297</b>
<b>EXPENSES</b>													
Employee compensation and related expenses	843,098	74,718	66,285	25,275	53,358	-	29,062	49,898	-	8,546	100,132	444,799	4,256,765
Occupancy	61,978	10,374	4,809	4,272	7,635	-	1,289	6,129	-	1,508	7,548	30,578	383,813
Other program/ operating expense	37,532	6,367	846	64	30,354	-	715	7,156	-	200	7,001	70,859	229,988
Subcontract expense	323,883	-	3,723	-	2,492	-	-	279,090	4,675	-	-	-	10,471,086
Direct administrative expense	3,749	758	1,342	346	1,702	-	142	160	-	185	1,109	11,458	32,451
Other expenses	38,160	2,893	1,438	1,008	4,581	-	1,494	1,309	-	4,751	6,731	36,965	191,836
Depreciation	-	-	-	-	-	-	-	-	-	-	-	86,588	86,588
<b>Total expenses before allocation</b>	<b>1,308,400</b>	<b>95,110</b>	<b>78,443</b>	<b>30,965</b>	<b>100,122</b>	<b>-</b>	<b>32,702</b>	<b>343,742</b>	<b>4,675</b>	<b>15,190</b>	<b>122,521</b>	<b>681,247</b>	<b>15,652,527</b>
Allocation of administration	150,085	13,300	11,806	4,495	9,495	-	5,175	8,887	-	1,516	17,744	(678,482)	-
<b>Total expenses</b>	<b>1,458,485</b>	<b>108,410</b>	<b>90,249</b>	<b>35,460</b>	<b>109,617</b>	<b>-</b>	<b>37,877</b>	<b>352,629</b>	<b>4,675</b>	<b>16,706</b>	<b>140,265</b>	<b>2,765</b>	<b>15,652,527</b>
Change in net assets	(503,869)	(55,544)	20,838	(4,108)	(12,207)	-	7,811	(3,179)	(2,031)	59,517	(110,661)	-	46,770
<b>Other changes in net assets</b>													
Program transfers	-	-	-	-	-	-	-	-	-	-	-	-	(185,703)
Surplus funds policy 3% transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total other changes in net assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(185,703)</b>
Unrestricted net assets, beginning of year	(300,676)	(57,303)	39,343	(2,509)	(21,886)	(179)	11,696	12,661	11,922	-	(149,252)	3,692	1,260,353
<b>Unrestricted net assets, end of year</b>	<b>\$ (804,545)</b>	<b>\$ (112,847)</b>	<b>\$ 60,181</b>	<b>\$ (6,617)</b>	<b>\$ (34,093)</b>	<b>\$ (179)</b>	<b>\$ 19,507</b>	<b>\$ 9,482</b>	<b>\$ 9,891</b>	<b>\$ 59,517</b>	<b>\$ (259,913)</b>	<b>\$ 3,692</b>	<b>\$ 1,121,420</b>
<b>Designated net assets</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 629,041</b>