



MINUTEMAN SENIOR SERVICES, INC.

Financial Statements

and

Independent Auditors' Report

June 30, 2015 with Comparative Totals for 2014

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 financial statements of Minuteman Senior Services, Inc. (Minuteman), a nonprofit organization, which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Minuteman'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 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 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 Minuteman Senior Services, Inc. as of June 30, 2015, 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.

Other Matter

Report on Summarized Comparative Information

We have previously audited Minuteman's 2014 financial statements, and our report dated November 13, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of Minuteman functional activity on pages 18 and 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Daniel Dennis & Company LLP

November 4, 2015

MINUTEMAN SENIOR SERVICES, INC.
Statement of Financial Position
June 30, 2015 with Comparative Totals for 2014

	2015	2014
ASSETS		
CURRENT ASSETS		
Cash	\$ 377,391	\$ 267,046
Accounts receivable, net of allowance	3,914,864	2,495,093
Prepaid expenses	<u>11,631</u>	<u>10,816</u>
Total current assets	<u>4,303,886</u>	<u>2,772,955</u>
FIXED ASSETS		
Furniture and equipment	427,400	401,572
Leasehold improvements	<u>108,778</u>	<u>59,998</u>
Total fixed assets	536,178	461,570
Less: accumulated depreciation	<u>(215,899)</u>	<u>(171,359)</u>
Net fixed assets	<u>320,279</u>	<u>290,211</u>
OTHER ASSETS		
Computer software - net	<u>12,703</u>	<u>11,063</u>
Total other assets	<u>12,703</u>	<u>11,063</u>
Total assets	<u>\$ 4,636,868</u>	<u>\$ 3,074,229</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,776,075	\$ 1,233,376
Accrued expenses	368,599	322,947
Deferred revenue	22,621	16,889
Capital lease obligation, current portion	<u>-</u>	<u>14,026</u>
Total current liabilities	<u>3,167,295</u>	<u>1,587,238</u>
LONG-TERM DEBT		
Capital lease obligation	-	4,183
Accrued rent expense	<u>271,158</u>	<u>275,554</u>
Total long-term debt	<u>271,158</u>	<u>279,737</u>
Total liabilities	<u>3,438,453</u>	<u>1,866,975</u>
NET ASSETS		
Unrestricted		
Designated	1,264,946	629,041
Undesignated	<u>(167,507)</u>	<u>492,379</u>
Total unrestricted net assets	<u>1,097,439</u>	<u>1,121,420</u>
Temporarily restricted	<u>100,976</u>	<u>85,834</u>
Total net assets	<u>1,198,415</u>	<u>1,207,254</u>
Total liabilities and net assets	<u>\$ 4,636,868</u>	<u>\$ 3,074,229</u>

See accompanying notes to financial statements.

MINUTEMAN SENIOR SERVICES, INC.
Statement of Activities
For the Year Ended June 30, 2015 with Comparative Totals for 2014

CHANGES IN UNRESTRICTED NET ASSETS	2015	2014
REVENUE AND SUPPORT		
Grants and contributions	\$ 447,952	\$ 459,974
Contract revenue	19,036,244	14,442,838
Client fees	449,931	459,361
Interest	287	2,329
Other	46,195	57,092
Net assets released from restrictions	<u>85,834</u>	<u>92,000</u>
Total revenue and support	<u>20,066,443</u>	<u>15,513,594</u>
EXPENSES		
PROGRAM SERVICES		
Home Care	16,260,590	12,182,866
Community Support	1,526,418	1,481,953
Community Health	425,648	257,694
Elderly Nutrition	188,641	246,446
Services in the Community	87,703	101,198
Money Management and Protective Services	<u>682,829</u>	<u>578,602</u>
Total program services	<u>19,171,829</u>	<u>14,848,759</u>
SUPPORTING SERVICES		
Management and general	775,209	681,247
Fundraising	<u>143,386</u>	<u>122,521</u>
Total supporting services	<u>918,595</u>	<u>803,768</u>
Total expenses	<u>20,090,424</u>	<u>15,652,527</u>
Change in unrestricted net assets	<u>(23,981)</u>	<u>(138,933)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Grants and contributions	100,976	85,834
Net assets released from restrictions	<u>(85,834)</u>	<u>(92,000)</u>
Change in temporarily restricted nets assets	<u>15,142</u>	<u>(6,166)</u>
Change in total net assets	<u>(8,839)</u>	<u>(145,099)</u>
Net assets, beginning of year,	<u>1,207,254</u>	<u>1,352,353</u>
Net assets, end of year	<u><u>\$ 1,198,415</u></u>	<u><u>\$ 1,207,254</u></u>

See accompanying notes to financial statements.

MINUTEMAN SENIOR SERVICES, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2015 with Comparative Totals for 2014

DESCRIPTION	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2015 TOTAL	2014 TOTAL
Employee compensation and related expenses	\$ 4,400,258	\$ 483,073	\$ 93,760	\$ 4,977,091	\$ 4,256,765
Occupancy	328,636	52,170	16,073	396,879	383,813
Other program/ operating expense	136,851	94,413	7,821	239,085	229,988
Subcontract expense	13,966,177	-	-	13,966,177	10,471,086
Direct administrative expense	33,423	16,035	740	50,198	32,451
Other expenses	306,484	44,748	24,992	376,224	191,836
Depreciation and amortization	-	84,770	-	84,770	86,588
Total expenses	<u>\$ 19,171,829</u>	<u>\$ 775,209</u>	<u>\$ 143,386</u>	<u>\$ 20,090,424</u>	<u>\$ 15,652,527</u>

See accompanying notes to financial statements.

MINUTEMAN SENIOR SERVICES, INC.
Statement of Cash Flows
For the Year Ended June 30, 2015 with Comparative Totals for 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (8,839)	\$ (145,099)
Adjustments to reconcile change in net assets to net cash provided by/(used in) operating activities:		
Depreciation and amortization	84,770	86,588
Disposal of furniture and equipment	80,572	-
(Increase)/decrease in operating assets		
Accounts receivable	(1,419,771)	(1,343,924)
Prepaid expenses	(815)	96,101
Increase/(decrease) in operating liabilities		
Accounts payable	1,542,699	499,130
Accrued expenses	41,256	43,385
Deferred revenue	5,732	16,889
	<u>325,604</u>	<u>(746,930)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(197,050)</u>	<u>(65,330)</u>
	<u>(197,050)</u>	<u>(65,330)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	<u>(18,209)</u>	<u>(10,305)</u>
	<u>(18,209)</u>	<u>(10,305)</u>
Net increase/(decrease) in cash	<u>110,345</u>	<u>(822,565)</u>
Cash, beginning of year	<u>267,046</u>	<u>1,089,611</u>
Cash, end of year	<u>\$ 377,391</u>	<u>\$ 267,046</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	<u>\$ 1,841</u>	<u>\$ 3,722</u>

See accompanying notes to financial statements.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements
June 30, 2015 with Comparative Totals for 2014

1. NATURE OF ACTIVITIES

Minuteman Senior Services, Inc. (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 as 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* - 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.
- *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.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2015 with Comparative Totals for 2014

1. NATURE OF ACTIVITIES (CONTINUED)

- *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, private pay contracts and grants and contributions from businesses, foundations and individuals.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Minuteman prepares its 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.

ESTIMATES AND ASSUMPTIONS

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

CASH AND CASH EQUIVALENTS

For purposes of the 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, 2015 and 2014, Minuteman did not hold any cash equivalents.

REVENUE

Minuteman operates its programs under various unit rate and cost reimbursement contracts with EOEA, private pay contracts 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 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 SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2015 with Comparative Totals for 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

REVENUE (CONTINUED)

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, 2015 and 2014, management has considered all accounts receivable to be fully collectible.

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, 2015 and 2014, Minuteman 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 EOEA's, 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 EOEA. These assets are segregated in the accounting records as "designated" net assets within the unrestricted category of net assets. See Note 9 for more information.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2015 with Comparative Totals for 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. 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, 2015 and 2014, amortization expense was \$8,470 and \$6,737, respectively. Future amortization expense is estimated to be approximately \$7,564 for fiscal year 2016, \$3,454 for fiscal year 2017 and \$1,685 for fiscal year 2018.

GRANTS AND CONTRIBUTIONS

Grants and contributions from businesses, foundations, and individuals are recognized when the donor makes a promise to give 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, 2015 and 2014, management has considered all unconditional grants and contributions receivable to be fully collectible.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2015 with Comparative Totals for 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 financial statements.

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 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 financial statements for the year ended June 30, 2014, from which the summarized information was derived.

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, 2015 and 2014, would be subject to Federal and state income taxes. Consequently, the accompanying 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 financial statements. At June 30, 2015 Minuteman believes that it has no uncertain tax positions within any of its open tax years (2012-2014).

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2015 with Comparative Totals for 2014

3. ACCOUNTS RECEIVABLE

At June 30, 2015 and 2014, accounts receivable consisted of the following:

	<i>2015</i>	<i>2014</i>
Commonwealth of Massachusetts - EOE A	\$ 2,495,678	\$ 2,121,366
Other receivables	<u>1,419,186</u>	<u>373,727</u>
Net accounts receivable	<u>\$ 3,914,864</u>	<u>\$ 2,495,093</u>

4. 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 financial statements.

Minuteman also receives contributions from unpaid volunteers in support of its programmatic functions. These in-kind contributions are not recorded in the 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.

5. 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 Directors 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 financial statements.

6. 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 2% of the employee's gross wages to the plan. 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, 2015 and 2014 totaled \$77,674 and \$86,205, respectively.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2015 with Comparative Totals for 2014

7. 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, 2015 and 2014, rent expense totaled \$317,726 and \$317,206, 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>		
2016	\$	318,357
2017		334,683
2018		334,683
2019		351,009
2020		351,009
Thereafter		<u>1,040,783</u>
Total	\$	<u><u>2,730,524</u></u>

8. LINES OF CREDIT

At June 30, 2015 and 2014, 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 ³/₄%. The line of credit is collateralized by all business assets.

At June 30, 2015 and 2014, 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 ³/₄%.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2015 with Comparative Totals for 2014

9. DESIGNATED NET ASSETS

EOEA has approved the following transfer activity during 2015 and 2014:

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. During fiscal year 2015, Minuteman transferred \$92,034 of Home Care Purchase Services and \$69,381 of Enhanced Purchase Services prior designated program net assets for use in covering \$161,415 of the program deficit in the Coordination of Care Program.

In addition, during fiscal year 2015, Minuteman was required to pay \$151,446 of support costs for the State Home Care client system (SIMS) out of their prior year designated net assets and was allowed to utilize \$147,273 internally that was not subject to the 3% transfer noted above.

During 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 Coordination of Care Program.

In addition, during fiscal year 2014, Minuteman was required to pay \$185,703 of the support costs for the State Home Care client system (SIMS) out of their prior year designated net assets that was not subject to the 3% transfer noted above.

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

	2015	2014
Designated net assets, beginning of year	\$ 629,041	\$ 467,757
Surplus	797,320	295,878
Surplus funds policy 3% transfer	<u>(161,415)</u>	<u>(134,594)</u>
Designated net assets, end of year	<u>\$ 1,264,946</u>	<u>\$ 629,041</u>

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 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	\$ 36,334	\$ 10,000	\$ 37,000	\$ 2,500	\$ 85,834
Contributions	43,976	10,000	47,000	-	100,976
Release of restriction	<u>(36,334)</u>	<u>(10,000)</u>	<u>(37,000)</u>	<u>(2,500)</u>	<u>(85,834)</u>
Ending balance	<u>\$ 43,976</u>	<u>\$ 10,000</u>	<u>\$ 47,000</u>	<u>\$ -</u>	<u>\$ 100,976</u>

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2015 with Comparative Totals for 2014

11. 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 \$54,000, as of June 30, 2015 and 2014, respectively.

GOVERNMENT CONTRACTS

The expenses reflected in the accompanying 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 financial statements. Accordingly, no provision for any liability that may result has been recorded in the financial statements.

12. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

REVENUE, SUPPORT, AND ACCOUNTS RECEIVABLE

During 2015 and 2014, EOEAs contracts provided 80% and 85%, respectively, of Minuteman's total revenue and support and represented 64% and 85%, respectively, of the accounts receivable at year end.

CREDIT RISK

At June 30, 2015 and 2014, 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, 2015 and 2014, Minuteman did not have any uninsured deposits.

13. SURPLUS REVENUE RETENTION

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, 2015 and 2014 the current year surplus revenue was less than 5% of the total revenue of all the Commonwealth programs. Additionally, the total cumulative surplus revenue retention at June 30, 2015 and 2014 is less than 20% of the total Commonwealth revenue from fiscal year 2014 and 2013, respectively.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2015with Comparative Totals for 2014

14. SUBSEQUENT EVENTS

Minuteman has evaluated subsequent events through November 4, 2015, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2015 that requires recognition or disclosure in these financial statements.

Supplemental Information

MINUTEMAN SENIOR SERVICES, INC.
Supplemental Schedule of Minuteman Functional Activity
For the Year Ended June 30, 2015

	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
REVENUE AND SUPPORT												
Grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,061	\$ -	\$ 61,417	\$ -	\$ -	\$ -	\$ -
Program fees												
Contract revenue	3,094,352	837,705	699,698	2,013,991	300,773	775,298	6,634,834	99,445	133,992	2,720,075	171,288	17,353
Client fees	-	324,340	125,591	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	2,500	-	10,000	-	-	-	-
Total revenue and support	3,094,352	1,162,045	825,289	2,013,991	300,773	795,859	6,634,834	170,862	133,992	2,720,075	171,288	17,353
EXPENSES												
Employee compensation and related expenses	-	999,513	459,144	-	453,829	539,820	234,986	140,011	76,398	246,288	-	-
Occupancy	-	62,834	33,286	-	16,421	41,481	19,118	23,674	2,118	6,073	-	-
Other program/ operating expense	-	35,588	6,726	-	9,185	12,773	3,449	4,515	1,249	4,848	-	-
Subcontract expense	2,420,750	-	-	1,890,273	578	13,550	6,196,939	-	2,443	2,361,625	171,288	17,353
Direct administrative expense	-	5,976	3,593	-	1,091	3,873	2,501	1,721	485	1,675	-	-
Other expenses	-	52,889	25,515	-	8,569	34,907	18,365	9,231	5,010	10,691	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses before allocation	2,420,750	1,156,800	528,264	1,890,273	489,673	646,404	6,475,358	179,152	87,703	2,631,200	171,288	17,353
Allocation of administration	-	169,941	78,066	-	77,162	91,782	39,953	23,805	12,990	41,875	-	-
Total expenses	2,420,750	1,326,741	606,330	1,890,273	566,835	738,186	6,515,311	202,957	100,693	2,673,075	171,288	17,353
Change in net assets	673,602	(164,696)	218,959	123,718	(266,062)	57,673	119,523	(32,095)	33,299	47,000	-	-
Other changes in net assets												
Surplus funds policy 3% transfer	(92,034)	-	-	(69,381)	161,415	-	-	-	-	-	-	-
Unrestricted net assets, beginning of year	292,107	1,287,964	337,487	336,934	(93,820)	(79,297)	36,839	(81,751)	49,199	123,515	(17,410)	(14,423)
Unrestricted net assets, end of year	\$ 873,675	\$ 1,123,268	\$ 556,446	\$ 391,271	\$ (198,467)	\$ (21,624)	\$ 156,362	\$ (113,846)	\$ 82,498	\$ 170,515	\$ (17,410)	\$ (14,423)
Designated net assets	\$ 873,675	\$ -	\$ -	\$ 391,271	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MINUTEMAN SENIOR SERVICES, INC.
Supplemental Schedule of Minuteman Functional Activity (Continued)
For the Year Ended June 30, 2015

	Title III	Ombudsman	Federal Caregiver	Money Management	Private Elder Care	Commonwealth Corps	ADRC Enhanced	LTC Options	ADRD	MFP	Fundraising	Management and General	Total
REVENUE AND SUPPORT													
Grants and contributions	\$ 295,179	\$ -	\$ -	\$ 2,500	\$ 27,364	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,431	\$ -	\$ 447,952
Program fees													
Contract revenue	624,575	56,851	82,859	28,182	78,154	-	79,908	505,621	-	81,290	-	-	19,036,244
Client fees	-	-	-	-	-	-	-	-	-	-	-	-	449,931
Interest	-	-	-	-	-	-	-	-	-	-	-	287	287
Other	-	-	-	-	35,208	-	-	-	-	-	-	10,987	46,195
Net assets released from restrictions	37,000	-	-	-	36,334	-	-	-	-	-	-	-	85,834
Total revenue and support	<u>956,754</u>	<u>56,851</u>	<u>82,859</u>	<u>30,682</u>	<u>177,060</u>	<u>-</u>	<u>79,908</u>	<u>505,621</u>	<u>-</u>	<u>81,290</u>	<u>43,431</u>	<u>11,274</u>	<u>20,066,443</u>
EXPENSES													
Employee compensation and related expenses	772,670	64,537	82,143	23,752	169,152	-	44,013	43,682	-	50,320	93,760	483,073	4,977,091
Occupancy	62,601	9,707	3,961	9,469	14,601	-	10,030	3,232	-	10,030	16,073	52,170	396,879
Other program/ operating expense	34,836	5,054	1,638	635	7,555	-	430	6,154	-	2,216	7,821	94,413	239,085
Subcontract expense	400,538	-	2,797	-	18,741	-	28,160	441,142	-	-	-	-	13,966,177
Direct administrative expense	7,891	859	542	225	704	-	1,415	460	-	412	740	16,035	50,198
Other expenses	67,617	4,303	4,724	2,344	35,743	-	3,100	3,217	-	20,259	24,992	44,748	376,224
Depreciation	-	-	-	-	-	-	-	-	-	-	-	84,770	84,770
Total expenses before allocation	<u>1,346,153</u>	<u>84,460</u>	<u>95,805</u>	<u>36,425</u>	<u>246,496</u>	<u>-</u>	<u>87,148</u>	<u>497,887</u>	<u>-</u>	<u>83,237</u>	<u>143,386</u>	<u>775,209</u>	<u>20,090,424</u>
Allocation of administration	<u>131,372</u>	<u>10,973</u>	<u>13,966</u>	<u>4,038</u>	<u>28,760</u>	<u>-</u>	<u>7,483</u>	<u>7,430</u>	<u>-</u>	<u>8,555</u>	<u>15,784</u>	<u>(763,935)</u>	<u>-</u>
Total expenses	<u>1,477,525</u>	<u>95,433</u>	<u>109,771</u>	<u>40,463</u>	<u>275,256</u>	<u>-</u>	<u>94,631</u>	<u>505,317</u>	<u>-</u>	<u>91,792</u>	<u>159,170</u>	<u>11,274</u>	<u>20,090,424</u>
Change in net assets	<u>(520,771)</u>	<u>(38,582)</u>	<u>(26,912)</u>	<u>(9,781)</u>	<u>(98,196)</u>	<u>-</u>	<u>(14,723)</u>	<u>304</u>	<u>-</u>	<u>(10,502)</u>	<u>(115,739)</u>	<u>-</u>	<u>(23,981)</u>
Other changes in net assets													
Surplus funds policy 3% transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
Unrestricted net assets, beginning of year	<u>(804,545)</u>	<u>(112,847)</u>	<u>60,181</u>	<u>(6,617)</u>	<u>(34,093)</u>	<u>(179)</u>	<u>19,507</u>	<u>9,482</u>	<u>9,891</u>	<u>59,517</u>	<u>(259,913)</u>	<u>3,692</u>	<u>1,121,420</u>
Unrestricted net assets, end of year	<u>\$ (1,325,316)</u>	<u>\$ (151,429)</u>	<u>\$ 33,269</u>	<u>\$ (16,398)</u>	<u>\$ (132,289)</u>	<u>\$ (179)</u>	<u>\$ 4,784</u>	<u>\$ 9,786</u>	<u>\$ 9,891</u>	<u>\$ 49,015</u>	<u>\$ (375,652)</u>	<u>\$ 3,692</u>	<u>\$ 1,097,439</u>
Designated net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,264,946</u>