



MINUTEMAN SENIOR SERVICES, INC.

Financial Statements

and

Independent Auditors' Report

June 30, 2016 with Comparative Totals for 2015

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.

Report on the Financial Statements

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, 2016, 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.

Auditors' 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 auditors' 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, 2016, 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 Matters

Report on Summarized Comparative Information

We have previously audited Minuteman's 2015 financial statements, and our report dated November 4, 2015, 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, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Supplemental 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 17 and 18 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

October 26, 2016

MINUTEMAN SENIOR SERVICES, INC.
Statement of Financial Position
June 30, 2016 with Comparative Totals for 2015

	2016	2015
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,005,025	\$ 377,391
Accounts receivable	3,448,159	3,914,864
Prepaid expenses	<u>146,619</u>	<u>11,631</u>
Total current assets	<u>4,599,803</u>	<u>4,303,886</u>
FIXED ASSETS		
Furniture and equipment	499,562	427,400
Leasehold improvements	<u>108,778</u>	<u>108,778</u>
Total fixed assets	608,340	536,178
Less: accumulated depreciation	<u>(302,961)</u>	<u>(215,899)</u>
Net fixed assets	<u>305,379</u>	<u>320,279</u>
OTHER ASSETS		
Computer software - net	<u>7,576</u>	<u>12,703</u>
Total other assets	<u>7,576</u>	<u>12,703</u>
Total assets	<u>\$ 4,912,758</u>	<u>\$ 4,636,868</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 3,077,230	\$ 2,776,075
Accrued expenses	513,164	368,599
Deferred revenue	<u>11,550</u>	<u>22,621</u>
Total current liabilities	<u>3,601,944</u>	<u>3,167,295</u>
LONG-TERM LIABILITIES		
Accrued rent expense	<u>266,763</u>	<u>271,158</u>
Total long-term liabilities	<u>266,763</u>	<u>271,158</u>
Total liabilities	<u>3,868,707</u>	<u>3,438,453</u>
NET ASSETS		
Unrestricted		
Designated	28,365	395,034
Undesignated	<u>862,751</u>	<u>702,405</u>
Total unrestricted net assets	<u>891,116</u>	<u>1,097,439</u>
Temporarily restricted	<u>152,935</u>	<u>100,976</u>
Total net assets	<u>1,044,051</u>	<u>1,198,415</u>
Total liabilities and net assets	<u>\$ 4,912,758</u>	<u>\$ 4,636,868</u>

See accompanying notes to financial statements.

MINUTEMAN SENIOR SERVICES, INC.
Statement of Activities
For the Year Ended June 30, 2016 with Comparative Totals for 2015

CHANGES IN UNRESTRICTED NET ASSETS	2016	2015
REVENUE AND SUPPORT		
Grants and contributions	\$ 400,892	\$ 447,952
Contract revenue	22,065,388	19,036,244
Client fees	518,302	449,931
Other	100,704	46,482
Net assets released from restrictions	<u>85,833</u>	<u>85,834</u>
Total revenue and support	<u>23,171,119</u>	<u>20,066,443</u>
EXPENSES		
PROGRAM SERVICES		
Home Care	19,350,192	16,260,590
Community Support	961,978	1,526,418
Community Health	644,906	425,648
Elderly Nutrition	204,508	188,641
Services in the Community	92,993	87,703
Money Management and Protective Services	<u>773,135</u>	<u>682,829</u>
Total program services	<u>22,027,712</u>	<u>19,171,829</u>
SUPPORTING SERVICES		
Management and general	834,488	775,209
Fundraising	<u>168,316</u>	<u>143,386</u>
Total supporting services	<u>1,002,804</u>	<u>918,595</u>
Total expenses	<u>23,030,516</u>	<u>20,090,424</u>
Change in unrestricted net assets	<u>140,603</u>	<u>(23,981)</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Grants and contributions	137,792	100,976
Net assets released from restrictions	<u>(85,833)</u>	<u>(85,834)</u>
Change in temporarily restricted nets assets	<u>51,959</u>	<u>15,142</u>
OTHER CHANGES IN NET ASSETS		
EOEA transfer	<u>(346,926)</u>	<u>-</u>
Change in total net assets	<u>(154,364)</u>	<u>(8,839)</u>
Net assets, beginning of year,	<u>1,198,415</u>	<u>1,207,254</u>
Net assets, end of year	<u><u>\$ 1,044,051</u></u>	<u><u>\$ 1,198,415</u></u>

See accompanying notes to financial statements.

MINUTEMAN SENIOR SERVICES, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2016 with Comparative Totals for 2015

DESCRIPTION	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	2016 TOTAL	2015 TOTAL
Employee compensation and related expenses	\$ 5,043,742	\$ 556,943	\$ 127,383	\$ 5,728,068	\$ 4,977,091
Occupancy	320,292	54,817	16,924	392,033	396,879
Other program/ operating expense	162,436	67,019	1,178	230,633	239,085
Subcontract expense	16,159,499	-	-	16,159,499	13,966,177
Direct administrative expense	39,923	15,507	1,544	56,974	50,198
Other expenses	301,820	45,090	21,287	368,197	376,224
Depreciation and amortization	-	95,112	-	95,112	84,770
Total expenses	<u>\$ 22,027,712</u>	<u>\$ 834,488</u>	<u>\$ 168,316</u>	<u>\$ 23,030,516</u>	<u>\$ 20,090,424</u>

See accompanying notes to financial statements.

MINUTEMAN SENIOR SERVICES, INC.

Statement of Cash Flows

For the Year Ended June 30, 2016 with Comparative Totals for 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (154,364)	\$ (8,839)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	95,112	84,770
Disposal of furniture and equipment	-	80,572
(Increase)/decrease in operating assets		
Accounts receivable	466,705	(1,419,771)
Prepaid expenses	(134,988)	(815)
Increase/(decrease) in operating liabilities		
Accounts payable	301,155	1,542,699
Accrued expenses	140,170	41,256
Deferred revenue	(11,071)	5,732
Net cash provided by operating activities	<u>702,719</u>	<u>325,604</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(75,085)</u>	<u>(197,050)</u>
Net cash used in investing activities	<u>(75,085)</u>	<u>(197,050)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligation	<u>-</u>	<u>(18,209)</u>
Net cash used in financing activities	<u>-</u>	<u>(18,209)</u>
Net increase in cash	<u>627,634</u>	<u>110,345</u>
Cash, beginning of year	<u>377,391</u>	<u>267,046</u>
Cash, end of year	<u><u>\$ 1,005,025</u></u>	<u><u>\$ 377,391</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	<u><u>\$ -</u></u>	<u><u>\$ 1,841</u></u>

See accompanying notes to financial statements.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements
June 30, 2016 with Comparative Totals for 2015

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 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, 2016 with Comparative Totals for 2015

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 U.S. GAAP 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, 2016 and 2015, 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, 2016 with Comparative Totals for 2015

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, 2016 and 2015, 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, 2016 and 2015, 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 8 for more information.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2016 with Comparative Totals for 2015

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, 2016 and 2015, amortization expense was \$8,052 and \$8,470, respectively. Future amortization expense is estimated to be approximately \$4,427 for fiscal year 2017, \$2,659 for fiscal year 2018 and \$490 for fiscal year 2019.

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, 2016 and 2015, management has considered all unconditional grants and contributions receivable to be fully collectible.

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.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2016 with Comparative Totals for 2015

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.

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, 2015, 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, 2016 and 2015, 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, 2016 Minuteman believes that it has no uncertain tax positions within any of its open tax years (2013-2015).

3. ACCOUNTS RECEIVABLE

At June 30, 2016 and 2015, accounts receivable consisted of the following:

	<i>2016</i>	<i>2015</i>
Commonwealth of Massachusetts - EOE A	\$ 2,655,671	\$ 2,495,678
Other receivables	<u>792,488</u>	<u>1,419,186</u>
Net accounts receivable	<u>\$ 3,448,159</u>	<u>\$ 3,914,864</u>

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2016 with Comparative Totals for 2015

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. PENSION PLANS

Minuteman has a defined contribution money purchase pension plan that qualifies under Internal Revenue Code Section 401(a) and 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 a discretionary percentage of the employee's gross wages to the plan. During 2016 the board voted to freeze the money purchase pension plan until all participants become fully vested. All future employer contributions will be made to the 403(b) plan as described below. 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. Eligible employees are fully vested after three years of employment. Retirement benefit contributions charged to operations for the fiscal years ended June 30, 2016 and 2015 totaled \$135,993 and \$77,674, respectively.

6. 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, 2016 and 2015, rent expense totaled \$313,962 and \$313,962, respectively.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2016 with Comparative Totals for 2015

6. LEASE COMMITMENTS (CONTINUED)

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>		
2017	\$	334,683
2018		334,683
2019		351,009
2020		351,009
2021		367,335
Thereafter		<u>673,448</u>
Total		<u>\$ 2,412,167</u>

7. LINES OF CREDIT

At June 30, 2016 and 2015, 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, 2016 and 2015, 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, 2017, 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%.

8. DESIGNATED NET ASSETS

EOEA has approved the following transfer activity during 2016 and 2015:

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 2016, Minuteman transferred \$100,905 of Home Care Purchase Services and \$81,975 of Enhanced Purchase Services prior designated program net assets for use in covering \$182,880 of the program deficit in the Coordination of Care Program.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2016 with Comparative Totals for 2015

8. DESIGNATED NET ASSETS (CONTINUED)

In addition, during fiscal year 2016, Minuteman was required to pay \$282,608 of support costs for the State Home Care client system (SIMS) out of their prior year designated net assets and was allowed to utilize \$64,318 internally that was in addition to the 3% transfer noted above. These amounts are included as other changes in net assets on the statement of activities.

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

Designated net assets, beginning of year	\$	395,034
Surplus		163,137
EOEA transfer		(346,926)
Surplus funds policy 3% transfer		<u>(182,880)</u>
Designated net assets, end of year	\$	<u>28,365</u>

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2016 and 2015 are available for the following uses:

<i>Purpose</i>	<i>Private Eldercare</i>	<i>Shine</i>	<i>Nutrition</i>	<i>Protective Services</i>	<i>Total</i>
Beginning balance	\$ 43,976	\$ 10,000	\$ 47,000	\$ -	\$ 100,976
Contributions	36,525	58,100	38,167	5,000	137,792
Release of restriction	<u>(28,833)</u>	<u>(10,000)</u>	<u>(47,000)</u>	<u>-</u>	<u>(85,833)</u>
Ending balance	<u>\$ 51,668</u>	<u>\$ 58,100</u>	<u>\$ 38,167</u>	<u>\$ 5,000</u>	<u>\$ 152,935</u>

10. 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, as of June 30, 2016 and 2015.

GOVERNMENT CONTRACTS

The expenses reflected in the accompanying financial statements relating to EOEA contracts are subject to review by EOEA 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.

MINUTEMAN SENIOR SERVICES, INC.
Notes to Financial Statements (Continued)
June 30, 2016 with Comparative Totals for 2015

11. CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

REVENUE, SUPPORT, AND ACCOUNTS RECEIVABLE

During 2016 and 2015, EOEAs contracts provided 81% and 80%, respectively, of Minuteman's total revenue and support and represented 77% and 64%, respectively, of the accounts receivable at year end.

CREDIT RISK

At June 30, 2016 and 2015, 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, two of the financial institutions maintains additional insurance through the Depositors Insurance Fund; a private industry sponsored insurance company.

12. SURPLUS REVENUE RETENTION

Surplus generated under the Commonwealth of Massachusetts' grants must comply with the Surplus Revenue Retention Policy according to 808 CMR. In accordance with these requirements, Minuteman is entitled to retain a surplus up to twenty percent (20%) of the total revenue of all Commonwealth purchase of service programs per year as unrestricted net assets. 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 1.05.

As of June 30, 2016 the current year surplus revenue was less than 20% of the total revenue of all the Commonwealth purchase of service programs.

13. SUBSEQUENT EVENTS

Minuteman has evaluated subsequent events through October 26, 2016, which is the date the financial statements were available to be issued. No material subsequent events have occurred since June 30, 2016 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, 2016

	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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,065	\$ -	\$ 52,056	\$ -	\$ -	\$ -	\$ -
Program fees												
Contract revenue	3,363,510	989,789	840,160	2,732,512	330,404	841,555	7,614,986	104,833	136,122	2,977,548	179,618	24,890
Client fees	-	369,618	148,684	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	10	-	-	-	-	-	-
Net assets released from restrictions	-	-	-	-	-	-	-	10,000	-	-	-	-
Total revenue and support	<u>3,363,510</u>	<u>1,359,407</u>	<u>988,844</u>	<u>2,732,512</u>	<u>330,404</u>	<u>847,630</u>	<u>7,614,986</u>	<u>166,889</u>	<u>136,122</u>	<u>2,977,548</u>	<u>179,618</u>	<u>24,890</u>
EXPENSES												
Employee compensation and related expenses	-	1,097,823	525,047	-	438,293	617,452	212,203	159,792	83,215	352,578	-	-
Occupancy	-	60,821	31,629	-	17,610	47,400	14,992	23,550	2,244	3,218	-	-
Other program/ operating expense	-	50,668	339	-	7,377	23,242	144	10,346	1,333	3,313	-	-
Subcontract expense	3,265,742	-	-	2,667,143	-	11,650	7,189,236	-	2,225	2,406,176	179,618	24,890
Direct administrative expense	-	7,336	3,869	-	2,244	4,308	1,977	1,936	547	1,872	-	-
Other expenses	-	41,689	39,767	-	13,065	27,662	8,038	9,800	3,429	6,450	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Total expenses before allocation	<u>3,265,742</u>	<u>1,258,337</u>	<u>600,651</u>	<u>2,667,143</u>	<u>478,589</u>	<u>731,714</u>	<u>7,426,590</u>	<u>205,424</u>	<u>92,993</u>	<u>2,773,607</u>	<u>179,618</u>	<u>24,890</u>
Allocation of administration	-	166,015	86,229	-	65,074	96,075	33,286	25,001	13,517	55,940	-	-
Total expenses	<u>3,265,742</u>	<u>1,424,352</u>	<u>686,880</u>	<u>2,667,143</u>	<u>543,663</u>	<u>827,789</u>	<u>7,459,876</u>	<u>230,425</u>	<u>106,510</u>	<u>2,829,547</u>	<u>179,618</u>	<u>24,890</u>
Change in unrestricted net assets from operations	<u>97,768</u>	<u>(64,945)</u>	<u>301,964</u>	<u>65,369</u>	<u>(213,259)</u>	<u>19,841</u>	<u>155,110</u>	<u>(63,536)</u>	<u>29,612</u>	<u>148,001</u>	<u>-</u>	<u>-</u>
Other changes in unrestricted net assets												
EOEA transfer	(173,395)	-	-	(173,531)	-	-	-	-	-	-	-	-
Surplus funds policy 3% transfer	(100,905)	-	-	(81,975)	182,880	-	-	-	-	-	-	-
Total change in unrestricted net assets	<u>(176,532)</u>	<u>(64,945)</u>	<u>301,964</u>	<u>(190,137)</u>	<u>(30,379)</u>	<u>19,841</u>	<u>155,110</u>	<u>(63,536)</u>	<u>29,612</u>	<u>148,001</u>	<u>-</u>	<u>-</u>
Unrestricted net assets, beginning of year	<u>204,897</u>	<u>1,123,268</u>	<u>556,446</u>	<u>190,137</u>	<u>(198,467)</u>	<u>(21,624)</u>	<u>156,362</u>	<u>(113,846)</u>	<u>82,498</u>	<u>170,515</u>	<u>(17,410)</u>	<u>(14,423)</u>
Unrestricted net assets, end of year	<u>\$ 28,365</u>	<u>\$ 1,058,323</u>	<u>\$ 858,410</u>	<u>\$ -</u>	<u>\$ (228,846)</u>	<u>\$ (1,783)</u>	<u>\$ 311,472</u>	<u>\$ (177,382)</u>	<u>\$ 112,110</u>	<u>\$ 318,516</u>	<u>\$ (17,410)</u>	<u>\$ (14,423)</u>
Designated net assets	<u>\$ 28,365</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MINUTEMAN SENIOR SERVICES, INC.
Supplemental Schedule of Minuteman Functional Activity (Continued)
For the Year Ended June 30, 2016

	Title III	Ombudsman	Federal Caregiver	Money Management	Private Elder Care	Commonwealth Corps	ADRC Enhanced	LTC Options	ADRDR	MFP	Fundraising	Management and General	Total
REVENUE AND SUPPORT													
Grants and contributions	\$ 246,900	\$ -	\$ -	\$ 2,500	\$ 40,556	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,815	\$ -	\$ 400,892
Program fees													
Contract revenue	601,564	46,594	78,633	29,277	252,614	-	34,504	752,576	-	133,699	-	-	22,065,388
Client fees	-	-	-	-	-	-	-	-	-	-	-	-	518,302
Other	-	-	-	-	60,610	-	-	-	-	-	-	40,084	100,704
Net assets released from restrictions	47,000	-	-	-	28,833	-	-	-	-	-	-	-	85,833
Total revenue and support	<u>895,464</u>	<u>46,594</u>	<u>78,633</u>	<u>31,777</u>	<u>382,613</u>	<u>-</u>	<u>34,504</u>	<u>752,576</u>	<u>-</u>	<u>133,699</u>	<u>52,815</u>	<u>40,084</u>	<u>23,171,119</u>
EXPENSES													
Employee compensation and related expenses	858,372	57,785	57,765	32,219	307,122	-	12,707	179,871	-	51,498	127,383	556,943	5,728,068
Occupancy	61,079	6,341	3,903	6,030	26,844	-	1,689	3,216	-	9,726	16,924	54,817	392,033
Other program/ operating expense	35,966	4,301	1,083	515	20,176	-	800	433	-	2,400	1,178	67,019	230,633
Subcontract expense	(196,897)	-	482	-	44,862	-	14,080	550,292	-	-	-	-	16,159,499
Direct administrative expense	9,251	316	1,299	519	3,483	-	17	527	-	422	1,544	15,507	56,974
Other expenses	55,865	2,064	3,003	2,138	36,995	-	2,686	2,101	-	47,068	21,287	45,090	368,197
Depreciation	-	-	-	-	-	-	-	-	-	-	-	95,112	95,112
Total expenses before allocation	<u>823,636</u>	<u>70,807</u>	<u>67,535</u>	<u>41,421</u>	<u>439,482</u>	<u>-</u>	<u>31,979</u>	<u>736,440</u>	<u>-</u>	<u>111,114</u>	<u>168,316</u>	<u>834,488</u>	<u>23,030,516</u>
Allocation of administration	<u>137,797</u>	<u>9,570</u>	<u>11,561</u>	<u>4,716</u>	<u>42,930</u>	<u>-</u>	<u>2,860</u>	<u>18,564</u>	<u>-</u>	<u>8,125</u>	<u>17,144</u>	<u>(794,404)</u>	<u>-</u>
Total expenses	<u>961,433</u>	<u>80,377</u>	<u>79,096</u>	<u>46,137</u>	<u>482,412</u>	<u>-</u>	<u>34,839</u>	<u>755,004</u>	<u>-</u>	<u>119,239</u>	<u>185,460</u>	<u>40,084</u>	<u>23,030,516</u>
Change in unrestricted net assets from operations	<u>(65,969)</u>	<u>(33,783)</u>	<u>(463)</u>	<u>(14,360)</u>	<u>(99,799)</u>	<u>-</u>	<u>(335)</u>	<u>(2,428)</u>	<u>-</u>	<u>14,460</u>	<u>(132,645)</u>	<u>-</u>	<u>140,603</u>
Other changes in unrestricted net assets													
EOEA transfer	-	-	-	-	-	-	-	-	-	-	-	-	(346,926)
Surplus funds policy 3% transfer	-	-	-	-	-	-	-	-	-	-	-	-	-
Total change in unrestricted net assets	<u>(65,969)</u>	<u>(33,783)</u>	<u>(463)</u>	<u>(14,360)</u>	<u>(99,799)</u>	<u>-</u>	<u>(335)</u>	<u>(2,428)</u>	<u>-</u>	<u>14,460</u>	<u>(132,645)</u>	<u>-</u>	<u>(206,323)</u>
Unrestricted net assets, beginning of year	<u>(455,404)</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>
Unrestricted net assets, end of year	<u>\$ (521,373)</u>	<u>\$ (185,212)</u>	<u>\$ 32,806</u>	<u>\$ (30,758)</u>	<u>\$ (232,088)</u>	<u>\$ (179)</u>	<u>\$ 4,449</u>	<u>\$ 7,358</u>	<u>\$ 9,891</u>	<u>\$ 63,475</u>	<u>\$ (508,297)</u>	<u>\$ 3,692</u>	<u>\$ 891,116</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>\$ 28,365</u>