

LONG TERM CARE SERVICES OF VENTURA COUNTY, INC.
FINANCIAL STATEMENTS
AS OF JUNE 30, 2023
(WITH INDEPENDENT ACCOUNTANT'S REVIEW REPORT THEREON)

LONG TERM CARE SERVICES OF VENTURA COUNTY, INC.

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Long Term Care Services of Ventura County, Inc.

We have reviewed the accompanying financial statements of Long Term Care Services of Ventura County, Inc. (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Long Term Care Services of Ventura County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
April 3, 2024

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston

NEW MEXICO | Albuquerque

FINANCIAL STATEMENTS

LONG TERM CARE SERVICES OF VENTURA COUNTY, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

2023

ASSETS

Current assets:

Cash and cash equivalents	\$ 661,590
Accounts receivables	27,069
Investments	44,018
VCCF endowment fund	<u>22,726</u>
Total current assets	<u>755,403</u>

Non-current assets:

Property and equipment, net of accumulated depreciation	4,073
Right of use asset	96,825
Deposits	<u>3,636</u>
Total non-current assets	<u>104,534</u>

Total assets \$ 859,937

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable	\$ 3,530
Payroll liabilities	27,298
Right of use liability - current	<u>36,848</u>
Total current liabilities	<u>67,676</u>

Long term liabilities:

Right of use liability - long term	<u>59,977</u>
Total long term liabilities	<u>59,977</u>

Total liabilities 127,653

Net assets

Without donor restrictions	709,558
Board designated	<u>22,726</u>
Total net assets	<u>732,284</u>

Total liabilities and net assets \$ 859,937

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

LONG TERM CARE SERVICES OF VENTURA COUNTY, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Contributions	\$ 37,091	\$ -	\$ 37,091
AAA	427,503	-	427,503
Tobacco Settlement Program	59,000	-	59,000
VC general fund	30,000	-	30,000
Municipalities	6,000	-	6,000
Investment income	6,295	-	6,295
Volunteer time income	177,308	-	177,308
Total revenues and support	<u>743,197</u>	<u>-</u>	<u>743,197</u>
EXPENSES			
Program services	630,353	-	630,353
Supporting services			
General and administrative	61,467	-	61,467
Fundraising	44,445	-	44,445
Total expenses	<u>736,265</u>	<u>-</u>	<u>736,265</u>
CHANGE IN NET ASSETS	6,932	-	6,932
NET ASSETS, BEGINNING OF YEAR	<u>725,352</u>	<u>-</u>	<u>725,352</u>
NET ASSETS, END OF YEAR	<u>\$ 732,284</u>	<u>\$ -</u>	<u>\$ 732,284</u>

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

LONG TERM CARE SERVICES OF VENTURA COUNTY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Support Services			2023 Totals
	Program Services	Management and General	Fundraising	
Personnel costs:				
Salaries and wages	\$ 302,179	\$ 29,500	\$ 29,500	\$ 361,179
Payroll taxes	24,760	2,417	2,417	29,594
Employee benefits	<u>15,375</u>	<u>1,501</u>	<u>1,501</u>	<u>18,377</u>
Total personnel costs	342,314	33,418	33,418	409,150
Advertising and marketing	3,967	700	-	4,667
Computer and software	3,697	653	-	4,350
Dues and subscriptions	3,907	689	-	4,596
Insurance	5,781	564	564	6,909
Office supplies	1,889	1,889	-	3,778
Printing and reproduction	2,124	2,123	-	4,247
Professional services	13,952	10,463	10,463	34,878
Repairs and maintenance	2,271	2,271	-	4,542
Rent	27,446	4,843	-	32,289
Staff expenses	8,780	1,550	-	10,330
Telephone	4,045	450	-	4,495
Training	1,050	-	-	1,050
Volunteer expenses	29,172	-	-	29,172
Volunteer time	177,308	-	-	177,308
Depreciation	1,682	1,683	-	3,365
Miscellaneous	<u>968</u>	<u>171</u>	<u>-</u>	<u>1,139</u>
Total expenses	\$ <u>630,353</u>	\$ <u>61,467</u>	\$ <u>44,445</u>	\$ <u>736,265</u>

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

LONG TERM CARE SERVICES OF VENTURA COUNTY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 6,932
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	3,365
(Gain) loss on investments	(4,853)
Increase (decrease) in cash resulting from changes in:	
Accounts receivable	76,687
Accounts payable and accrued liabilities	2,541
Payroll liabilities	<u>4,351</u>
Net cash provided by operating activities	<u>89,023</u>
CHANGE IN CASH AND CASH EQUIVALENTS	89,023
CASH AND CASH EQUIVALENTS, BEGINNING	<u>572,567</u>
CASH AND CASH EQUIVALENTS, ENDING	<u>\$ 661,590</u>
SUPPLEMENTAL NONCASH DISCLOSURES	
Right of use asset	\$ 96,825
Right of use liability	<u>(96,825)</u>
	<u>\$ -</u>

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

LONG TERM CARE SERVICES OF VENTURA COUNTY, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2023

1. NATURE OF ACTIVITIES

Long Term Care Services of Ventura County, Inc. ("Organization") was organized in 1988 to administer the Ventura County Ombudsman Program. This Program advocates for the highest quality of life and care possible for all elderly living in long term care facilities. The Ombudsman is trained, certified and mandated by federal and state authority to identify, investigate, and resolve complaints made by or on behalf of residents and to provide services to help in safeguarding their health, safety, welfare and rights. To ensure quality care, the Ombudsman coordinates with licensing and regulatory agencies as well as law enforcement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Method

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Adoption of New Accounting Standard

On July 1, 2022, the Organization adopted Accounting Standards Update ("ASU") No. 2016-02, *Leases (Accounting Standards Codification ("ASC") 842)*, which resulted in recording operating lease liabilities and right of use assets in the statement of financial position. The operating and finance lease liabilities and right of use asset balances were \$96,825 and \$96,825 as of June 30, 2023, respectively. The balance is recorded based on the present value of the remaining minimum rental payments under the leasing standard for existing operating leases. The key estimates for these leases include the discount rate used to discount the unpaid lease payments to present value. The Organization's leases generally do not include a readily determinable implicit rate, therefore, using a portfolio approach, the Organization determined the collateralized incremental borrowing rate to discount the lease payments based on the information available at least commencement.

Leases include the noncancellable period of the lease plus any additional periods covered by either an option to extend the lease that the Organization is reasonably certain to exercise, or an option to extend the lease controlled by the lessor. The Organization has determined it is not reasonably certain to exercise renewal options, and as a result, the lease's initial stated term was used in the calculation of lease liabilities.

Basis of Presentation

Net assets, revenues, gains and losses are classified on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and the changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Such net assets are available for any purpose consistent with the Organization's mission. Designations of net assets by the governing board do not have the same legal requirements as do restrictions of funds and are included in this category.

Net Assets With Donor Restrictions - Net assets subject to specific donor-imposed restrictions that must be met by actions of the Organization and/or passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Designation of Net Assets Without Donor Restrictions

It is the policy of the Board of Directors of the Organization to review its plans for future improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions. Designations of net assets without donor restrictions for the year ended June 30, 2023 are discussed further in the footnote "Net Assets – Endowment Funds" below.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. The Organization's most significant estimates include useful lives of property, plant and equipment, and allowance for uncollectable receivables.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be a cash equivalent. As of June 30, 2023, the Organization had no cash equivalents.

Accounts Receivable

Accounts receivable are reflected net of allowances for doubtful accounts. Doubtful accounts are determined based upon past due aging, historical experience, economic conditions, and collectability given specific student circumstances. As of June 30, 2023, the Organization's allowance for doubtful accounts was \$0.

Marketable Securities

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statement of financial position.

Investment Income and Gains

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Property and Equipment

Depreciation is calculated over the estimated useful lives of the assets by using the straight-line method. These assets are carried at cost. When assets are retired or disposed of, the cost and related accumulated depreciation are removed and any resulting gain or loss is reflected. Cost of maintenance and repairs are charged to expenses as incurred. The Organization has adopted a uniform capitalization policy of maintenance and repair expenses which meets the safe harbor regulation of the Internal Revenue Service Regulations.

Income Taxes

The Organization is a tax exempt entity for federal income tax purposes under Internal Revenue Code Section 501(c)(3) as long as the income derived is from the activities for which its charitable exemption was granted. Unrelated business income is subject to federal income taxes at corporate tax rates. The Organization had no unrelated business income in the year ended June 30, 2023. There were also no uncertain tax positions during the year.

The Organization's tax returns are generally no longer subject to examination by the Internal Revenue Service for three years after the date of filing.

Advertising Expenses

Costs of advertising and related expenses are expensed as incurred. Total advertising expense for 2023 was \$4,667.

Revenue and Cost Recognition

Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restriction.

Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as contributions without donor restrictions.

Expenses are recognized as incurred.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but providing for the overall support and direction of the Organization.

Concentrations

The Organization maintains its cash balances in local financial institutions. All accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per each depositor at each separately chartered FDIC insured institution. As of June 30, 2023, the Organization maintained cash balances at financial institutions in excess of the federally insured limits. Given the economic environment and risks in the banking industry, there is risk that these deposits may not be readily available or covered by insurance, however no losses have occurred.

3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following at June 30, 2023:

	<u>2023</u>
Computer equipment	\$ 8,240
Office equipment	21,509
Furniture and fixtures	<u>17,793</u>
Total property, plant and equipment	47,542
Less accumulated depreciation	(<u>43,469</u>)
Property, plant and equipment, net	\$ <u>4,073</u>

Depreciation expense was \$3,365 for 2023.

4. LEASE AGREEMENTS

The Organization determines whether a contract contains a lease at the inception of a contract by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. The Organization leased building space during the year. The incremental borrowing rate utilized to calculate the lease liabilities is based on the information available at commencement date, as most of the leases do not provide an implicit borrowing rate. The operating lease agreements do not contain any material guarantees or restrictive covenants.

As of June 30, 2023, the Organization had one operating lease, no finance leases, and no sublease activities. Short-term leases, defined as leases with initial terms of 12 months or less, are not reflected on the balance sheets. For the purposes of calculating lease liabilities, all lease and non-lease components, if applicable, are combined.

During 2023, the Organization recognized rent expense associated with leases under ASC 842 as follows:

	For the year ended June 30, 2023
Operating lease cost:	
Fixed expense	\$ 32,289
Short-term lease cost	<u>-</u>
Total lease cost:	<u>\$ 32,289</u>

Supplemental information related to leases is as follows:

	As of June 30, 2023
Supplemental information:	
Weighted average remaining lease term:	
Operating leases	1.74 years
Weighted average discount rate:	
Operating leases	3.0%

The future payments due under operating leases as of June 30, 2023 are as follows:

2024	\$ 37,954
2025	41,184
2026	<u>20,592</u>
	<u>\$ 99,730</u>

5. INVESTMENTS

Investments as of June 30, 2023 are summarized as follows:

	June 30, 2023		
	Cost Basis	Unrealized Gain/(Loss)	Fair Value
Insured deposit account	\$ 7,861	\$ -	\$ 7,861
Equity securities	<u>23,352</u>	<u>12,805</u>	<u>36,157</u>
Total at June 30, 2023	<u>\$ 31,213</u>	<u>\$ 12,805</u>	<u>\$ 44,018</u>

6. NET ASSETS – ENDOWMENT FUND

The Organization’s endowment consists of board designated quasi endowments invested in a variety of funds held and managed by the Ventura County Community Foundation (VCCF). Although the designated assets of the endowment fund are intended to be invested in perpetuity, the Board retains discretion to utilize the endowment to support the Organizations operations should the need arise. The amounts available for distribution from the endowment fund are subject to the VCCF’s policies.

As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As of June 30, 2023, the Organization does not have any donor restricted endowment funds, and as such, the endowments are not subject to the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

Endowment net asset classification by type of fund and changes in endowment net assets for the year ended June 30, 2023:

<u>Endowment Type</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Donor Restricted	\$ -	\$ -	\$ -
Board Designated	22,726	-	22,726
Total Endowments	<u>\$ 22,726</u>	<u>\$ -</u>	<u>\$ 22,726</u>

<u>Endowment Assets</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Beginning balance	\$ 21,343	\$ -	\$ 21,343
Contributions	-	-	-
Net appreciation (depreciation)	1,383	-	1,383
Total investment return	1,383	-	1,383
Appropriation of endowment assets for expenditure	-	-	-
Ending balance	<u>\$ 22,726</u>	<u>\$ -</u>	<u>\$ 22,726</u>

7. FAIR VALUE MEASUREMENTS

ASC 820 - *Fair Value Measurements and Disclosures* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2 - Inputs to the valuation methodology include:

- Quoted market prices for similar assets or liabilities in active markets;
- Quoted prices for identical assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full-term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable assumptions reflect estimates of assumptions that market participants would use in pricing the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets recorded at fair value. There have been no changes in the methodologies used at June 30, 2023.

Insured Deposit Account –

These funds are recorded at face value.

Common Stock –

Valued at the closing price reported on the active market on which the individual securities are traded.

Ventura County Community Foundation ("VCCF") –

Valued at fair value of the fund's net assets as determined by the trustee of the fund, primarily using quoted prices for similar assets in active markets.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets measured at fair value on a recurring basis as of June 30, 2023.

Fair Value Measurements at Reporting Date Using

<u>June 30, 2023</u>	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Quoted Prices for Similar Assets (Level 2)</u>
Insured deposit account	\$ 7,861	\$ 7,861	\$ -
Equity securities	36,157	36,157	-
Assets at VCCF	<u>22,726</u>	<u>-</u>	<u>22,726</u>
Total at June 30, 2023	<u>\$ 66,744</u>	<u>\$ 44,018</u>	<u>\$ 22,726</u>

The Organization may be required, from time to time, to measure certain assets at fair value on a nonrecurring basis in accordance with GAAP. These adjustments to fair value usually result from the application of lower-of-cost-or-market accounting or write-downs of individual assets.

There were no assets measured at fair value on a nonrecurring basis in 2023.

8. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following reflects the Organization’s financial assets as of June 30, 2023, reduced by amounts not available for general use because of contractual, donor-imposed restrictions or board-imposed restrictions within one year of the statement of financial position date. Amounts not available could include amounts set aside for long-term investing in quasi-endowments that could be drawn upon if the governing board approves that action or amounts that have been set aside to satisfy imposed restrictions by either the donor or the board.

	<u>2023</u>
Cash and cash equivalents	\$ 661,590
Accounts receivable	27,069
Investments	44,018
VCCF endowment fund	<u>22,726</u>
Financial assets, at year-end	755,403
Less:	
Assets with board designations	<u>22,726</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>732,677</u>

9. CONTRIBUTED SERVICES AND GIFTS-IN-KIND

Contributed Services

The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

During the year ended June 30, 2023, various board members and Ombudsmen contributed \$177,308 worth of time and expertise. Because these services were performed by persons specialized in their field, the value of these services was recognized as revenue in the statement of activities.

10. SUBSEQUENT EVENTS

For the year ended June 30, 2023, the Organization has evaluated subsequent events from the balance sheet date through April 3, 2024, the date at which the financial statements were available to be issued. No events have occurred that require additional disclosure.