Report of Independent Auditors and Financial Statements

Covia Foundation
(an Affiliate of Covia Group)

March 31, 2018 and 2017

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Report of Independent Auditors

To the Audit Committee
Covia Foundation
(an affiliate of Covia Group)

Report on the Financial Statements

We have audited the accompanying financial statements of Covia Foundation (the “Foundation”, formerly Episcopal Senior Communities Foundation), an affiliate of Covia Group (the “Group”, formerly Senior Resources of the West), which comprise the statements of financial position as of March 31, 2018 and 2017, statements of activities and changes in net assets and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Covia Foundation as of March 31, 2018 and 2017, and the results of its activities and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

San Francisco, California
June 28, 2018

Financial Statements

Covia Foundation
(an Affiliate of Covia Group)
Statements of Financial Position
March 31, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	$ 6,621,210	$ 5,730,303
Current portion of pledges receivable, net of discount	71,504	107,593
Prepaid expenses	11,101	8,169
Receivables - affiliated organizations	-	121
Total current assets	6,703,815	5,846,186
Assets whose use is limited		
Investments held in trust	3,856,383	3,829,166
Restricted investments	3,560,764	3,385,995
Total assets whose use is limited	7,417,147	7,215,161
Land held in trust	155,000	155,000
Long-term pledges receivable, net of current portion and discount	730,103	725,566
Total assets	$ 15,006,065	$ 13,941,913
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	$ -	$ 187
Accounts payable - affiliated organizations	387,585	230,327
Total current liabilities	387,585	230,514
Deferred revenue	159,365	125,676
Liabilities for payments to trust beneficiaries	1,695,754	1,674,338
Liabilities for payments to gift annuitants	1,599,934	1,608,237
Due to other beneficiaries liability	323,142	343,540
Total liabilities	4,165,780	3,982,305
Net assets		
Unrestricted	1,805,172	873,907
Temporarily restricted	8,370,693	8,421,281
Permanently restricted	664,420	664,420
Total net assets	10,840,285	9,959,608
Total liabilities and net assets	$ 15,006,065	$ 13,941,913

See accompanying notes.

Statements of Activities and Changes in Net Assets
Years Ended March 31, 2018 and 2017

	2018	2017
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues, gains, and other support		
Contributions from Covia Communities	$ 804,216	$ 880,177
Contributions - cash, bequests, and other	564,580	226,889
Net assets released from restrictions	1,876,747	1,349,467
Total revenues, gains, and other support	3,245,543	2,456,533
Program services		
Assistance	601,677	725,014
Outreach	409,052	335,023
Chapel	42,832	43,506
Housing and Urban Development expense	23,726	2,598
Community	377,004	165,794
Total program expenses	1,454,291	1,271,935
Support services		
Special event costs of direct benefit to donors	55,771	54,432
Administrative costs	785,298	858,096
Total support services	841,069	912,528
Fundraising activities	18,918	22,081
Total expenses	2,314,278	2,206,544
Increase in unrestricted net assets	931,265	249,989
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Revenues, gains, and other support		
Contributions	1,204,267	649,421
Special event revenue	365,361	334,807
Interest and dividends, net	80,040	61,453
Net realized gains	11,650	48,787
Net unrealized gains	114,259	120,242
Changes in split interest gift agreements	50,582	(157,753)
Net assets released from restrictions	(1,876,747)	(1,349,467)
Decrease in temporarily restricted net assets	(50,588)	(292,510)
INCREASE (DECREASE) IN NET ASSETS	880,677	(42,521)
NET ASSETS, beginning of year	9,959,608	10,002,129
NET ASSETS, end of year	$ 10,840,285	$ 9,959,608

See accompanying notes.

Covia Foundation
(an Affiliate of Covia Group)
Statements of Cash Flows
Years Ended March 31, 2018 and 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ 880,677	$ (42,521)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Unrealized gains on investments	(114,259)	(120,242)
Change in operating assets and liabilities:		
Pledges receivable, net of discount	31,552	1,267,040
Prepaid expenses	(2,932)	2,967
Accounts payable and accrued expenses	(187)	(60,350)
Receivable/payable from affiliates	157,379	12,195
Deferred revenue	33,689	45,476
Liabilities for payments to trust beneficiaries	(38,079)	(382,344)
Liabilities for payments to gift annuitants	(8,303)	(63,784)
Due to other beneficiaries liability	(20,398)	2,482
Net cash provided by operating activities	919,139	660,919
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of assets whose use is limited	2,224,236	6,963,700
Purchase of assets whose use is limited	(2,252,468)	(6,449,217)
Net cash (used in) provided by investing activities	(28,232)	514,483
NET CHANGE IN CASH	890,907	1,175,402
CASH AND CASH EQUIVALENTS, beginning of year	5,730,303	4,554,901
CASH AND CASH EQUIVALENTS, end of year	$ 6,621,210	$ 5,730,303

See accompanying notes.

NOTE 1 – DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations – Covia Foundation (the “Foundation”, formerly Episcopal Senior Communities Foundation) is a California nonprofit public benefit corporation. The primary purpose of the Foundation is to raise funds on behalf of Covia Communities (the “Communities”, formerly Episcopal Senior Communities) and to administer those funds for the needs of the Communities and its residents. The Communities is the sole corporate member of the Foundation, and the Foundation is included in the consolidated financial statements of the Communities. The Communities’ sole member is Covia Group (the “Group”, formerly Senior Resources of the West), which is also a California nonprofit public benefit corporation providing housing and services to elderly persons, in addition to providing support to its subsidiary entities. In fiscal year 2018, the name of the Episcopal Senior Communities Foundation was officially changed to Covia Foundation, while Senior Resources of the West became Covia Group and Episcopal Senior Communities became Covia Communities.

Cash and cash equivalents – Cash and cash equivalents includes cash held in demand deposit, sweep, savings accounts, and certain investments in highly liquid instruments with original maturities of three months or less.

Pledges receivable, net of discount – Pledges receivable are reported net of a present value discount relating to receivables that are to be collected over a period greater than one year from the date of the statement of financial position.

Assets whose use is limited – Investments held in trust and restricted investments are measured at fair value in the statements of financial position. Investment income or loss (including realized gains and losses on investments, interest, and dividends) is reported in the statements of activities and changes in net assets. Investment income is reported as an increase in net assets, depending on donor-imposed restrictions on the use of the income.

Liability for payments to trust beneficiaries and to gift annuitants – In exchange for an irrevocable deferred gift, the Foundation is required to pay a certain sum of money to the donors, and, consequently, a liability is reflected in obligations under annuity agreements. These types of arrangements are summarized as follows:

Charitable gift annuities – As consideration for certain gifts made to the Foundation, the Foundation enters into agreements to pay fixed annual payments to the donors for the life of the contract. In accordance with Section 11521 of the California Insurance Code, a liability has been established for the future payments under the outstanding annuity contracts. The annual computation of the temporarily restricted amount of the gift is based upon a 2005 Group Annuity Mortality Table, with an interest assumption at approximately 3.95% and 4.15% per annum for 2018 and 2017, respectively. Assets in excess of liabilities, if any, related to these annuities are available for the use of the Foundation with the approval of the California Department of Insurance.

Charitable remainder unitrusts – Unitrusts are trust agreements that provide for a fixed annual payment of not less than 5% of the market value as of the first business day of the calendar year of trust assets to one or more income beneficiaries, with an irrevocable remainder interest contributed pursuant to the donor’s intent.

Charitable remainder annuity trusts – Annuity trusts are trust agreements that provide for a fixed annual specified payment based on the initial appraised value of the trust assets to one or more income beneficiaries, with an irrevocable remainder interest contributed pursuant to the donor’s intent.

Due to other beneficiaries liability – Certain charitable gift annuities and charitable remainder trusts have identified the Foundation as a partial beneficiary. In these cases, the Foundation is required to make residual payments to other charities as specified in the individual annuity contract and trust agreement. Consequently, a due to other beneficiaries liability is reported to reflect the present value of these amounts owed to other charities.

Net assets – The Foundation's net assets are classified as follows:

Unrestricted net assets represent unrestricted resources available to support the Foundation's operations and temporarily restricted resources which have become available for use by the Foundation in accordance with the intention of the donor.

Temporarily restricted net assets represent contributions that are limited in use by the Foundation in accordance with temporary donor-imposed stipulations. These stipulations may expire with time or may be satisfied by the actions of the Foundation according to the intention of the donor. Upon satisfaction of such stipulations, the associated net assets are released from temporarily restricted net assets and recognized as unrestricted net assets. Temporarily restricted net assets are available primarily for assistance, outreach, and other projects as designated by the donors.

Permanently restricted net assets represent net assets subject to donor imposed stipulations that they be maintained by the Foundation in perpetuity.

Contributions – Contributions are measured at fair value and reported as an increase in net assets. The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction is satisfied, restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions. Sponsorship revenues are recognized when events occur, and the Foundation has recognized deferred revenue of $159,365 and $125,676 as of March 31, 2018 and 2017, respectively.

Concentration of risk – Financial instruments potentially subjecting the Foundation to concentrations of credit risk consist primarily of bank demand deposits in excess of FDIC limits. Additionally, 100% of the of pledges receivable, net of discount, are expected to be received from four donors.

Tax-exempt status – The Foundation is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and 23701(d) of the California Franchise Tax Board.

The Foundation adopted the provisions of the Accounting Standards Codification ("ASC") Topic 740-10, *Income Taxes,* relating to accounting for uncertain tax positions, which had no financial statement impact to the Foundation. The Foundation recognizes the tax benefit from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the tax authorities, based on the technical merits of the position. The tax benefit is measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The Foundation recognizes interest and penalties related to income tax matters in support services expenses.

Use of estimates – 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. These estimates and assumptions 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. Actual results could differ from those estimates. The major item requiring estimates and assumptions include obligations under charitable annuity agreements, charitable remainder trust agreements, due to other beneficiaries liability, and discount relating to long-term pledges receivable.

Fair value of financial instruments – The carrying amounts reported in the statements of financial position for cash and cash equivalents, pledges receivable, and accounts payable and accrued expenses approximate fair value based on the short term nature of the financial instruments. The Foundation's policy is to recognize transfers in and transfers out of Levels 1, 2, and 3 as of the end of the reporting period.

Recent accounting pronouncements – In January 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities, Financial Instruments – Overall (Subtopic 825-10*), which enhances the reporting model for financial instruments to provide users of financial statements with more decision-useful information. The update addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. The amendment is effective for fiscal years beginning after December 15, 2018, with earlier adoption for fiscal years beginning after December 15, 2017. Management is currently evaluating the impact of the provisions of ASU No. 2016-01 on the Foundation's financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)*, which improves the current net asset classification requirements and the information presented in financial statements and notes about an entity's liquidity, financial performance, and cash flows. The update removes the requirement to present three classes of net assets with two classes, net assets with donor restrictions and net assets without donor restrictions. The update also removes the requirement to present or disclose the indirect method (reconciliation) if using the direct method for the statement of cash flows as well as added several additional enhanced disclosures to the financial statement notes. This update is effective for fiscal years beginning after December 15, 2017, with early adoption permitted. Management is currently evaluating the impact of the provisions of ASU No. 2016-14 on the Foundation's financial statements.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)*, which requires the statement of cash flows to explain the change during the period in the total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This update is effective for fiscal years beginning after December 15, 2018, with early adoption permitted. Management is currently evaluating the impact of the provisions of ASU No. 2016-18 on the Foundation's financial statements.

NOTE 2 – ASSETS WHOSE USE IS LIMITED

ASC Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. ASC Topic 820 describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statements of financial position as of March 31, 2018 and 2017, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Assets whose use is limited – Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include exchange traded equities and cash equivalents included in money market funds. Level 2 securities include a certificate of deposit.

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the ASC Topic 820 fair value hierarchy in which the fair value measurements fall at March 31:

Description	Level 1	Level 2	Level 3	Balance at March 31, 2018
Cash equivalents	$ 785,267	$ -	$ -	$ 785,267
Available for sale				
Fixed income bonds				
Government bonds	667,254	-	-	667,254
Corporate bonds	827,471	-	-	827,471
Equity securities				
U.S. Equities	4,176,795	-	-	4,176,795
Non U.S. Equities	375,893	-	-	375,893
Fixed income securities	584,467	-	-	584,467
Investments measured at fair value	$ 7,417,147	$ -	$ -	$ 7,417,147

Description	Level 1	Level 2	Level 3	Balance at March 31, 2017
Cash equivalents	$ 300,405	$ -	$ -	$ 300,405
Certificates of deposit	-	158,590	-	158,590
Available for sale				
Fixed income bonds				
Government bonds	749,583	-	-	749,583
Corporate bonds	762,079	-	-	762,079
Equity securities				
U.S. Equities	4,294,003	-	-	4,294,003
Non U.S. Equities	372,361	-	-	372,361
Fixed income securities	578,140	-	-	578,140
Investments measured at fair value	$ 7,056,571	$ 158,590	$ -	$ 7,215,161

There were no significant transfers in or out of Level 1 and Level 2 fair value measurements for the years ended March 31, 2018 and 2017.

The following table shows the gross unrealized losses and fair value of investments and assets limited as to use with unrealized losses that are not deemed to be other than temporarily impaired, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, at March 31:

	Fair Value Below Cost as of March 31, 2018					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed Income Bonds	$ 1,370,169	$ (21,550)	$ 124,556	$ (2,398)	$ 1,494,725	$ (23,948)
Fixed Income Securities	2,051	(52)	582,416	(26,508)	584,467	(26,560)
Total temporarily impaired securities	$ 1,372,220	$ (21,602)	$ 706,972	$ (28,906)	$ 2,079,192	$ (50,508)

	Fair Value Below Cost as of March 31, 2017					
	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Fixed Income Bonds	$ 762,079	$ (1,996)	$ -	$ -	$ 762,079	$ (1,996)
Fixed Income Securities	578,140	(17,633)	-	-	578,140	(17,633)
Total temporarily impaired securities	$ 1,340,219	$ (19,629)	$ -	$ -	$ 1,340,219	$ (19,629)

The fair market value of these investments have declined due to volatility in the financial markets, changes in interest rates, changes in economic conditions, and changes in market outlook for various industries, among others. The securities disclosed above have not met the criteria for recognition of other-than-temporary impairment under management’s policy. The Foundation follows a policy of evaluating securities for impairment which considers available evidence in evaluating potential impairment of its investments. This review considers the severity and duration of the decline in market value, the materiality of the losses on an individual security in relation to the entire portfolio, the volatility of the security’s market price, third-party analyst reports, credit rating changes, and regulatory or legal action changes, among other factors. Once a decline in fair value is determined to be other than-temporary, an impairment charge is recorded to investment loss and a new cost basis in the investment is established. For the years ended March 31, 2018 and 2017, no securities were determined to be other-than-temporarily impaired.

NOTE 3 – RESTRICTED NET ASSETS

Restricted net assets in the financial statements at March 31 are available for the following:

	2018		
	Permanently Restricted	Temporarily Restricted	Total
Assistance fund	$ 495,636	$ 1,884,803	$ 2,380,439
Community fund and other	168,784	6,093,090	6,261,874
Deferred contribution to pooled annuities	-	392,800	392,800
Total restricted net assets	$ 664,420	$ 8,370,693	$ 9,035,113

	2017		
	Permanently Restricted	Temporarily Restricted	Total
Assistance fund	$ 495,636	$ 2,071,342	$ 2,566,978
Community fund and other	168,784	6,018,492	6,187,276
Deferred contribution to pooled annuities	-	331,447	331,447
Total restricted net assets	$ 664,420	$ 8,421,281	$ 9,085,701

Assistance funds have been established from donations and bequests. Management defines assistance provided to residents as the difference between prevailing entry and monthly maintenance fees and the fees charged to assisted residents, which amounted to $601,677 and $725,014 for the years ended March 31, 2018 and 2017, respectively.

NOTE 4 – ENDOWMENT DISCLOSURES

Interpretation of relevant law – The Board of Directors of the Foundation has interpreted the California Prudent Management of Institutional Funds Act (“CPMIFA”) as requiring the preservation of the fair value of the original gift as of the date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of the subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation Board of Directors in a manner consistent with the standard prudence prescribed by CPMIFA. In accordance with CPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. The duration and preservation of the fund

b. The purposes of the Foundation and the donor-restricted endowment fund

c. General economic conditions

d. The possible effect of inflation and deflation

e. The expected total return from income and the appreciation of investments

f. Other resources of the Foundation

g. The investment policies of the Foundation

Spending policy and how the investment objectives relate to spending policy – The endowment fund has a spending policy of appropriating all of the net income earned on the investment of these funds for distribution according to the instructions of the donor at the time the gift is made. The original value of the gifts donated to the permanent endowment is to be classified as permanently restricted and any earnings are classified as temporarily restricted until appropriated for expenditure. The spending policy and return objective is supported by maintaining a strategic asset allocation of 50% equity securities and 50% fixed income securities and further enhanced by allowing up to half of the fixed income allocation to be invested in securities with greater risk and potential return such as high yield, global, and emerging market debt.

The Foundation does not have any endowments which have been restricted by board designation. The changes in endowment net assets, which have been permanently restricted by donors for the years ended March 31 are as follows:

	2018			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, April 1, 2017	$ -	$ -	$ 664,420	$ 664,420
Investment return:				
Investment income	-	7,409	-	7,409
Realized and unrealized gains	-	16,529	-	16,529
Total investment return	-	23,938	-	23,938
Contributions and reclassifications	-	-	-	-
Appropriation of endowment assets for expenditures	-	(23,938)	-	(23,938)
Endowment net assets, March 31, 2018	$ -	$ -	$ 664,420	$ 664,420

	2017			
	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Endowment net assets, April 1, 2016	$ -	$ -	$ 664,420	$ 664,420
Investment return:				
Investment income	-	6,293	-	6,293
Realized and unrealized gains	-	17,924	-	17,924
Total investment return	-	24,217	-	24,217
Contributions and reclassifications	-	-	-	-
Appropriation of endowment assets for expenditures	-	(24,217)	-	(24,217)
Endowment net assets, March 31, 2017	$ -	$ -	$ 664,420	$ 664,420

NOTE 5 – RELATED PARTIES

In 2004, the Foundation conducted a fund raising campaign dedicated to making major capital improvements to the St. Paul's Towers Resident Center. The entire project costs were $2 million, of which the Communities funded 20% and the remaining funds came from cash donations, Charitable Gift Annuities ("CGAs"), and Charitable Remainder Trusts ("CRTs"). Due to the deferred nature of CGAs and CRTs, the Communities advanced the funds necessary to complete the project creating a liability due to the Communities. As the CGAs and the CRTs mature, funds are transferred to the Communities to relieve the intercompany liability. As of March 31, 2018 and 2017, the outstanding balances related to the project is $232,624 for both years, and are included in "Accounts Payable – affiliated organizations" in the statements of financial position. In addition, at March 31, 2018 and 2017, the Foundation owed the Communities $0 and $7,510, respectively, for assistance funds paid during the year. At March 31, 2018 and 2017, the Foundation also owed the Communities $154,961 and $0, respectively, for other operating activities. The Foundation also has outstanding balances due from affiliates of $0 and $121 as of March 31, 2018 and 2017, respectively.

Additionally, the Communities provides financial support to the Foundation by paying for certain general and administrative expenses. These amounts are recorded as a contribution and an equivalent amount is recorded as an expense. For the years ended March 31 such support included the following:

	2018	**2017**
Administrative support	$ 785,298	$ 858,096
Fundraising activities	18,918	22,081
Total	$ 804,216	$ 880,177

NOTE 6 – FUNCTIONAL EXPENSES

The Foundation's expenses for the years ended March 31, 2018 and 2017 have been summarized on a functional basis below:

	2018			
	Program Services	Support Services	Fundraising Activities	Total
Assistance for resident fees	$ 601,677	$ -	$ -	$ 601,677
Salaries	-	607,324	-	607,324
Other operating expenses	852,614	177,974	-	1,030,588
Special event costs of direct benefit to donors	-	55,771	-	55,771
Direct mail	-	-	18,918	18,918
	$ 1,454,291	$ 841,069	$ 18,918	$ 2,314,278

	2017			
	Program Services	Support Services	Fundraising Activities	Total
Assistance for resident fees	$ 725,014	$ -	$ -	$ 725,014
Salaries	-	656,526	-	656,526
Other operating expenses	546,921	201,570	-	748,491
Special event costs of direct benefit to donors	-	54,432	-	54,432
Direct mail	-	-	22,081	22,081
	$ 1,271,935	$ 912,528	$ 22,081	$ 2,206,544

NOTE 7 – SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statements of financial position date but before financial statements are available to be issued. The Foundation recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statements of financial position, including the estimates inherent in the process of preparing the financial statements. The Foundation's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statements of financial position but arose after the statements of financial position date and before financial statements are available to be issued.

The Foundation has evaluated subsequent events through June 28, 2018, which is the date the financial statements are available to be issued.

MOSSADAMS