

**COUNCIL ON AGING, INC.
AND SUBSIDIARY**

Independent Auditor's Report
and
Consolidated Financial Statements

For the Years Ended September 30, 2021 and 2020

COUNCIL ON AGING, INC. AND SUBSIDIARY

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Council on Aging, Inc. and Subsidiary
Mullens, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Council on Aging, Inc. (a nonprofit organization) and Subsidiary (collectively, the "Organization"), which comprise the statement of financial position as of September 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and *Government Auditing Standards* issued by the Comptroller General of the United States]. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of program expenses is presented for purposes of additional analysis as required by the West Virginia Bureau of Senior Citizens and is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. The schedule of functional expenses, consolidating statement of financial position, and consolidating statement of activities and changes in net assets are also presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relate 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 consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2022, on our consideration of Council on Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council on Aging, Inc.'s internal control over financial reporting and compliance.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
April 28, 2022

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the Years Ended September 30, 2021 and 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 1,275,009	\$ 1,013,920
Receivables:		
Medicaid, net of allowance for doubtful accounts	1,430,727	349,930
Grants	113,966	114,648
Senior Service Fees	6,500	3,277
Prepaid expenses	4,954	20,960
Total current assets	<u>2,831,156</u>	<u>1,502,735</u>
Assets whose use is limited - debt service fund	44,908	37,909
Investments	<u>263,797</u>	<u>259,872</u>
	<u>308,705</u>	<u>297,781</u>
Capital Assets	2,506,056	2,489,376
Less accumulated depreciation	<u>(553,052)</u>	<u>(457,965)</u>
	<u>1,953,004</u>	<u>2,031,411</u>
Assets under finance lease	53,530	53,530
Less accumulated amortization	<u>(20,447)</u>	<u>(2,893)</u>
	<u>33,083</u>	<u>50,637</u>
Land	<u>104,000</u>	<u>104,000</u>
TOTAL ASSETS	<u>\$ 5,229,948</u>	<u>\$ 3,986,564</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 1,882	\$ 19,952
Accrued salaries and wages	116,823	234,655
Accrued compensated absences	93,537	80,532
Retirement plan contributions	12,727	7,486
Accrued payroll liabilities	72,900	32,995
Deferred revenues	-	2,937
Accrued interest payable	2,891	75,019
Current portion of lease liability	18,101	17,904
Current portion of long-term debt	22,798	21,925
Total current liabilities	<u>341,659</u>	<u>493,405</u>
Lease liability, less current portion	14,982	32,733
Long-term debt, less current portion	<u>1,347,405</u>	<u>1,370,461</u>
TOTAL LIABILITIES	<u>1,704,046</u>	<u>1,896,599</u>
Net assets:		
Net assets with donor restrictions	818,092	-
Net assets without donor restrictions		
Investment in capital assets	686,801	1,296,303
Undesignated	<u>2,021,009</u>	<u>793,662</u>
TOTAL NET ASSETS	<u>3,525,902</u>	<u>2,089,965</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,229,948</u>	<u>\$ 3,986,564</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Years Ended September 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Medicaid	\$ 4,565,184	\$ 788,339	\$ 5,353,523
Federal grants	244,606	-	244,606
State grants	741,921	-	741,921
Project income	22,582	-	22,582
Bus fare and trip ticket revenue	2,215	-	2,215
Case management	201,866	29,753	231,619
Non-Medicaid	37,449	-	37,449
Inter-Project Match Revenue	7,419	-	7,419
Other Revenue	24,062	-	24,062
TOTAL REVENUES AND OTHER SUPPORT	5,847,304	818,092	6,665,396
OPERATING EXPENSES:			
Program expenses:			
Personal care	1,773,523	-	1,773,523
Title 19 (Homemaker)	1,931,935	-	1,931,935
TBI	99,652	-	99,652
Section 5310	52,658	-	52,658
Title III-B	63,485	-	63,485
Title III-D	-	-	-
Title III-C-1	7,213	-	7,213
Title III-C-2	275,675	-	275,675
Title III-E	15,488	-	15,488
Insurance Benefits Counseling	25,058	-	25,058
MIPPA	22,377	-	22,377
SMP	7,985	-	7,985
LIFE	80,514	-	80,514
Lighthouse	162,773	-	162,773
Fair	47,810	-	47,810
Title III Additional Funds	170	-	170
HHS Stimulus Grant	75,019	-	75,019
All Care Home and Community Services, Inc.	148,234	-	148,234
TOTAL PROGRAM EXPENSE	4,789,569	-	4,789,569
Support services:			
Fundraising	-	-	-
Management and General	445,007	-	445,007
TOTAL OPERATING EXPENSE	5,234,576	-	5,234,576
OPERATING INCOME	612,728	818,092	1,430,820
NONOPERATING INCOME (EXPENSE)			
Interest income	5,117	-	5,117
CHANGE IN NET ASSETS	617,845	818,092	1,435,937
Net assets, beginning of year	2,089,965	-	2,089,965
Net assets, end of year	\$ 2,707,810	\$ 818,092	\$ 3,525,902

See Notes to Consolidated Financial Statements

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Medicaid	\$ 3,817,019	\$ -	\$ 3,817,019
Federal grants	235,048	-	235,048.00
State grants	695,474	-	695,474
Project income	17,999	-	17,999
Bus fare and trip ticket revenue	1,926	-	1,926
Case management	151,844	-	151,844
Non-Medicaid	52,821	-	52,821
Inter-Project Match Revenue	8,989	-	8,989
Other Revenue	7,321	-	7,321
TOTAL REVENUES AND OTHER SUPPORT	4,988,441	-	4,988,441
OPERATING EXPENSES:			
Program expenses:			
Personal care	1,659,947	-	1,659,947
Title 19 (Homemaker)	1,694,214	-	1,694,214
TBI	77,954	-	77,954
Section 5310	50,482	-	50,482
Title III-B	75,124	-	75,124
Title III-D	932	-	932
Title III-C-1	17,490	-	17,490
Title III-C-2	231,199	-	231,199
Title III-E	18,733	-	18,733
Insurance Benefits Counseling	23,996	-	23,996
MIPPA	24,171	-	24,171
SMP	8,243	-	8,243
LIFE	91,950	-	91,950
Lighthouse	148,209	-	148,209
Fair	45,804	-	45,804
Title III Additional Funds	-	-	-
HHS Stimulus Grant	-	-	-
All Care Home and Community Services, Inc.	132,936	-	132,936
TOTAL PROGRAM EXPENSE	4,301,384	-	4,301,384
Support services:			
Fundraising	646	-	646
Management and General	388,155	-	388,155
TOTAL OPERATING EXPENSE	4,690,185	-	4,690,185
OPERATING INCOME	298,256	-	298,256
NONOPERATING INCOME (EXPENSE)			
Interest income	5,158	-	5,158
CHANGE IN NET ASSETS	303,414	-	303,414
Net assets, beginning of year	1,786,551	-	1,786,551
Net assets, end of year	\$ 2,089,965	\$ -	\$ 2,089,965

See Notes to Consolidated Financial Statements

**COUNCIL ON AGING, INC. AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functional Expenses:	Personal Care	Title - 19 Homemaker	TBI	Section 5310	III-B	III-D	III-C-1	III-C-2	Benefit Counseling	MIPPA	SMP	Life	III-E
Salaries and wages	\$ 1,458,680	\$ 1,600,818	\$ 83,715	\$ 32,574	\$ 27,117	\$ -	\$ 2,639	\$ 78,077	\$ 18,457	\$ 14,485	\$ 6,086	\$ 18,154	\$ 13,738
Payroll taxes	124,858	137,136	7,168	2,645	2,280	-	203	6,620	1,537	1,156	577	1,581	1,210
Fringe benefits	79,173	80,855	3,728	870	1,185	-	35	2,278	585	258	228	472	453
Training and travel	5,272	5,074	247	4,235	3,852	-	-	6,577	-	505	-	-	35
Legal and accounting	4,276	4,177	-	-	-	-	-	-	-	-	-	-	-
Food expense	2,151	2,026	107	-	-	-	3,690	126,513	-	-	-	-	-
Utilities	6,487	6,209	189	396	408	-	-	396	132	43	42	-	-
Printing and supplies	15,125	14,503	711	87	75	-	42	14,685	650	1,814	-	132	31
Licenses and taxes	-	-	-	52	170	-	-	560	-	-	-	-	-
Membership dues	778	734	39	-	-	-	-	-	-	-	-	-	-
Contracted services	12,668	12,063	620	-	-	-	-	563	-	-	-	-	-
Insurance expense	-	-	-	3,000	12,000	-	-	3,200	-	-	-	15,189	17
Mileage expense	19,403	31,428	937	-	-	-	-	37	-	40	-	-	-
Advertising	7,958	7,498	396	-	-	-	-	-	3,375	3,990	910	64	-
Matching expense -- general	974	936	-	-	-	-	-	-	-	-	-	-	-
Maintenance	5,587	5,276	265	1,429	6,148	-	75	4,663	-	-	-	5,508	-
Rent	11,144	10,501	555	-	-	-	-	-	-	-	-	11,596	-
Postage	445	434	22	-	-	-	-	-	322	86	142	-	2
Miscellaneous	1,494	1,438	64	-	-	-	-	-	-	-	-	-	2
Medical supplies	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	7,238	1,537	559	-	-	-	-	-	-	-	-	-	-
Equipment	527	523	-	7,370	10,250	-	211	6,136	-	-	-	44,496	-
New Building	-	-	-	-	-	-	-	-	-	-	-	-	-
Building & equip. Capitalization	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	318	25,370	-	-	-	(16,678)	-
Interest expense	423	407	-	-	-	-	-	-	-	-	-	-	-
Amortization expense	8,862	8,362	330	-	-	-	-	-	-	-	-	-	-
	<u>\$ 1,773,523</u>	<u>\$ 1,931,935</u>	<u>\$ 99,652</u>	<u>\$ 52,658</u>	<u>\$ 63,485</u>	<u>\$ -</u>	<u>\$ 7,213</u>	<u>\$ 275,675</u>	<u>\$ 25,058</u>	<u>\$ 22,377</u>	<u>\$ 7,985</u>	<u>\$ 80,514</u>	<u>\$ 15,488</u>

The accompanying independent auditor's report and notes are integral parts of these statements.

Lighthouse	Fair	Title III Add'l Funds	HHS Stimulus	All Care Home & Community Services, Inc.	Total Program	Management and General	Fundraising	Total
\$ 142,243	\$ 42,723	\$ 153	\$ 55,165	\$ 126,263	\$ 3,721,087	\$ 186,699	\$ -	\$ 3,907,786
12,645	3,690	13	4,582	9,789	317,690	13,829	-	331,519.00
3,834	1,083	4	1,627	6,866	183,534	4,929	-	188,463.00
292	125	-	-	265	26,479	-	-	26,479.00
-	-	-	-	-	8,453	11,005	-	19,458.00
-	-	-	-	-	134,487	-	-	134,487.00
-	-	-	-	592	14,894	45,135	-	60,029.00
260	112	-	13,211	867	62,305	26,031	-	88,336.00
-	-	-	-	15	797	15	-	812.00
-	-	-	-	-	1,551	-	-	1,551.00
141	60	-	-	-	41,321	3,164	-	44,485.00
-	-	-	-	2,590	20,790	30,080	-	50,870.00
3,302	1	-	-	241	55,389	-	-	55,389.00
-	-	-	-	-	24,191	-	-	24,191.00
-	-	-	-	-	7,418	-	-	7,418.00
-	-	-	434	-	35,473	6,392	-	41,865.00
-	-	-	-	-	22,200	-	-	22,200.00
16	7	-	-	656	2,132	-	-	2,132.00
21	9	-	-	-	3,028	-	-	3,028.00
-	-	-	-	-	-	-	-	-
19	-	-	-	90	9,443	-	-	9,443.00
-	-	-	-	-	69,513	-	-	69,513.00
-	-	-	-	-	-	-	-	-
-	-	-	-	-	(16,678)	-	-	(16,678.00)
-	-	-	-	-	25,688	69,398	-	95,086.00
-	-	-	-	-	830	48,330	-	49,160.00
-	-	-	-	-	17,554	-	-	17,554.00
<u>\$ 162,773</u>	<u>\$ 47,810</u>	<u>\$ 170</u>	<u>\$ 75,019</u>	<u>\$ 148,234</u>	<u>\$ 4,789,569</u>	<u>\$ 445,007</u>	<u>\$ -</u>	<u>\$ 5,234,576</u>

The accompanying independent auditor's report and notes are integral parts of these statements.

**COUNCIL ON AGING, INC. AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	Personal Care	Title - 19 Homemaker	TBI	Section 5310	Title III-B	Title III-D	Title III-C-1	Title III-C-2	Insurance Benefit Counseling
Functional Expenses:									
Salaries and wages	\$ 1,350,358	\$ 1,373,482	\$ 67,931	\$ 34,208	\$ 35,097	\$ 832	\$ 5,299	\$ 77,943	\$ 15,821
Payroll taxes	116,199	117,987	5,945	2,656	2,654	75	444	6,429	1,352
Fringe benefits	87,789	88,540	2,867	1,657	2,849	25	724	5,744	564
Training and travel	2,677	2,642	74	2,837	5,446	-	4	5,552	2,120
Legal and accounting	8,040	8,105	-	-	-	-	-	-	-
Food expense	2,501	2,520	-	-	-	-	9,190	94,632	-
Utilities	7,727	7,760	-	396	408	-	7	474	283
Printing and supplies	13,630	13,674	122	-	121	-	380	7,073	403
Licenses and taxes	13	13	-	-	-	-	57	361	-
Membership dues	1,033	1,042	-	-	-	-	-	-	-
Contracted services	8,444	8,486	46	-	-	-	-	412	-
Insurance expense	-	-	-	4,350	12,000	-	-	3,200	-
Mileage expense	22,113	32,322	923	126	81	-	-	32	-
Advertising	1,265	1,275	-	-	-	-	-	-	3,312
Matching expense - general	680	685	-	-	-	-	-	-	-
Maintenance	680	685	-	1,652	2,451	-	497	6,369	-
Rent	11,056	11,144	-	-	-	-	-	-	-
Postage	381	378	-	-	-	-	-	-	141
Miscellaneous	12,203	13,450	17	-	105	-	-	145	-
Medical supplies	-	-	-	-	-	-	-	-	-
Bad debt expense	4,224	1,010	29	-	-	-	-	-	-
Equipment	-	-	-	2,600	13,912	-	93	397	-
New building	-	-	-	-	-	-	-	-	-
Building & Equip capitalization	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	795	22,436	-
Interest expense	130	130	-	-	-	-	-	-	-
Amortization expense	8,804	8,884	-	-	-	-	-	-	-
Indirect costs	172,977	156,002	3,620	3,773	4,042	116	809	8,124	2,273
Total functional expenses	\$ 1,832,924	\$ 1,850,216	\$ 81,574	\$ 54,255	\$ 79,166	\$ 1,048	\$ 18,299	\$ 239,323	\$ 26,269

The accompanying independent auditor's report and notes are integral parts of these statements.

MIPPA	SMP	Life	Title III-E	Lighthouse	FAIR	Fundraising	All Care Home and Community Services, Inc.	Total
\$ 11,703	\$ 4,967	\$ 24,324	\$ 16,568	\$ 127,087	\$ 40,354	\$ -	\$ 109,538	\$ 3,295,512
925	452	2,131	1,448	11,262	3,540	-	8,710	282,209
274	149	482	672	6,905	1,777	14	6,308	207,340
-	-	-	10	169	34	-	-	21,565
-	-	-	-	-	-	-	-	16,145
-	-	-	-	-	-	-	-	108,843
85	94	-	-	-	-	-	500	17,734
5,361	-	20,249	17	277	56	-	610	61,973
-	-	-	-	-	-	-	138	582
-	-	-	-	-	-	-	-	2,075
-	-	12,970	6	104	21	-	-	30,489
-	-	-	-	-	-	-	2,589	22,139
-	-	-	10	2,304	14	-	3,998	61,923
5,746	2,564	-	-	-	-	-	-	14,162
-	-	7,625	-	-	-	-	-	8,990
-	-	8,225	-	-	-	-	-	20,559
-	-	-	-	-	-	-	-	22,200
77	17	-	-	-	-	-	303	1,297
-	-	-	2	39	8	632	2	26,603
-	-	-	-	-	-	-	-	-
-	-	-	-	62	-	-	240	5,565
-	-	43,909	-	-	-	-	-	60,911
-	-	-	-	-	-	-	-	-
-	-	(27,965)	-	-	-	-	-	(27,965)
-	-	-	-	-	-	-	-	23,231
-	-	-	-	-	-	-	-	260
-	-	-	-	-	-	-	-	17,688
1,406	597	1,771	1,193	14,015	3,773	-	13,664	388,155
<u>\$ 25,577</u>	<u>\$ 8,840</u>	<u>\$ 93,721</u>	<u>\$ 19,926</u>	<u>\$ 162,224</u>	<u>\$ 49,577</u>	<u>\$ 646</u>	<u>\$ 146,600</u>	<u>\$ 4,690,185</u>

The accompanying independent auditor's report and notes are integral parts of these statements.

COUNCIL ON AGING, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS
Year Ended September 30, 2021

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Continuing operations		
Change in net assets	\$ 1,435,937	\$ 303,414
Depreciation and amortization	112,641	104,731
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in Medicaid accounts receivable	(1,080,797)	(42,040)
(Increase) decrease in grants receivable	682	(23,389)
(Increase) decrease in senior fees receivable	(3,223)	2,753
(Increase) decrease in related party receivable	-	2,339
(Increase) decrease in prepaid assets and deposits	16,006	
Increase (decrease) in accounts payable	(18,070)	(1,972)
Increase (decrease) in accrued salaries and wages	(117,832)	17,477
Increase (decrease) in accrued compensated absences	13,005	(5,897)
Increase (decrease) in retirement plan contributions	5,241	123
Increase (decrease) in deferred revenues	(75,019)	1,159
Increase (decrease) in interest payable	(46)	(46)
Increase (decrease) in accrued payroll liabilities	39,904	75,019
	<u>328,429</u>	<u>433,671</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in assets whose use is limited	(6,999)	(10,900)
(Increase) decrease in capital assets	(16,679)	(57,965)
	<u>(23,678)</u>	<u>(68,865)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase) decrease in investments	(3,925)	-
Payments on lease liability	(17,554)	(17,688)
Payments on long-term borrowings	(22,183)	(21,421)
	<u>(43,662)</u>	<u>(39,109)</u>
NET CASH USED IN FINANCING ACTIVITIES		
NET INCREASE IN CASH AND EQUIVALENTS	261,089	325,697
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>1,013,920</u>	<u>688,223</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 1,275,009</u>	<u>\$ 1,013,920</u>
Supplement disclosure of cash flow information:		
Cash used for interest payments	<u>\$ 49,259</u>	<u>\$ 47,625</u>

The accompanying independent auditor's report and notes are integral parts of these statements

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

1 – ORGANIZATION AND NATURE OF OPERATIONS

The Council on Aging, Inc. (The “Council”) is a 501(c) 3 non-profit organization incorporated in West Virginia whose mission is to serve the senior citizens in their area and improving the quality of life for their clients.

The Council operates Medicaid reimbursement In-Home Care programs and Federal and State Grants primarily with the U.S. Department of Health and Human Services and the State of West Virginia Bureau of Senior Services (WV BOSS). Some federal and state grants are passed through to the Council from the Appalachian Area Agency on Aging (the “Agency”).

The overall objective of the Title III grant program is to develop a system of coordinated and comprehensive services for older persons-services which will secure and maintain maximum independence and dignity in a home environment for older persons capable of self-care and also remove individual and social barriers to economic and personal independence for older persons.

The objective of the Title IIIB grant program is to provide the elderly with social, outreach, transportation, information and referral services.

Title IIIC is a nutrition program designed to provide older persons with low cost nutritious meals served in a congregate setting and furnish home delivered meals to the homebound.

Title IIID, the Disease Prevention and Health Promotion Services Section of the Older Americans Act, encompasses twelve (12) broad categories of disease prevention and health promotional services.

Title IIIE, also known as respite, provides information and assistance, and in-home relief to caregivers.

The Division of Public Transit/FTA provides Section 5310 funding to purchase transportation services from the Council to be provided to seniors and individuals with disabilities.

The Council also receives state funds through the WVBOSS in connection with a Health Benefit Information, Counseling, and Assistant Grant (SHIP) SMP and MIPPA, the purpose which is to help older individuals understand their rights under the Social Security Act, Medicaid Programs, supplemental social security programs and general insurance policies. This information is provided to seniors by a counselor who has general knowledge of these areas.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

1 – ORGANIZATION AND NATURE OF OPERATIONS (Continued)

The Medicaid reimbursement In-Home Care program is a federal/state funded program to allow eligible individuals the assistance necessary to allow them to remain in their homes with minimal outside supervision. These services include personal care, housekeeping, and other assistance.

The Lighthouse program is a state funded program to provide in-home assistance for seniors who do not qualify for other programs.

The FAIR program is a state funded program to provide relief to caregivers who care for individuals with Dementia.

All Care Home and Community Services, Inc. provides case management services for home health clients in Wyoming County and other parts of West Virginia.

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Consolidation

The consolidated financial statements include the accounts of Council on Aging, Inc. and All Care Home and Community Services, Inc., collectively referred to as the Organization. All significant intercompany accounts and transactions were eliminated in consolidation.

Basis of Accounting

The Organization prepares and maintains their consolidated financial statements and accounts on the accrual basis of accounting, whereby revenues are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions may be expended for any purpose in performing the primary objectives of the organization. These assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increased in net assets with donor restriction. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and Cash Equivalents

Cash on hand and deposits with banking institutions are considered cash while short-term investments with an original maturity of not more than three months are considered cash equivalents. The Organization maintains accounts at local banks at which the Federal Deposit Insurance Corporation ("FDIC") insures a maximum of \$250,000 per depositor. Balances on deposit sometimes exceed the federally insured limits, however the financial institution has collateralized the remaining balance with securities held by their trust department in the Organization's name. Management believes the credit risk related to these deposits is minimal.

Compensated Absences

Compensated absences consist of unpaid, accumulated accrued paid time off. The organization owed \$93,537 and \$80,532 at September 30, 2021 and 2020 respectively.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allowance for Doubtful Accounts

Management reviews the Medicaid and grants receivable for uncollectible accounts or amounts billed to Medicaid for reimbursement but not collected due to rejected claims. Therefore, management believes that the receivables presented on the balance sheet are fully collectible, therefore, no allowance for doubtful accounts have been recorded as of September 30, 2021 and 2020.

Investments

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at measurement date. See Note 8 for discussion of fair value measurements.

Property and Equipment

Property and equipment purchased by the Organization are recorded at cost. Property and equipment cost under \$25,000 are expensed at the time of purchase rather than being capitalized and depreciated by the straight-line method over its estimated economic life. Expenditures for repairs and maintenance are charged to expenses as incurred.

Revenue Recognition

Revenue from Exchange Transactions

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities and changes in net assets for the years ending September 30, 2021 and 2020.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Client Service Revenue-Medicaid/Non-Medicaid

The Organization performs Aged and Disabled Waiver (ADW), Personal Care (PC) and Traumatic Brain Injury (TBI) services to clients throughout its service area. The revenue from these services is reported at the amount that reflects providing the services. The Organization performs these services daily and is reimbursed at 15-minute unit increments. The performance obligation is the delivery of care to the client. The transaction price is based on standard charges for care as provided in the *West Virginia Bureau for Medical Services Provider Manual*. Price concessions are not material to the financial statements. As each level of service is priced at a 15-minute unit rate, no allocation of the transaction price is necessary. The Organization recognizes revenue daily as services are provided.

Case Management Revenue

The Organization performs ADW and TBI case management services to eligible Clients in its service area. The case management services assist the client in obtaining access to needed ADW and TBI services, other State Plan services, as well as medical, social, educational, and other services. The revenue from these services is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange from providing the services. The Organization performs these services daily and is reimbursed at a monthly rate per client. The performance obligation is the performance of case management services for each client throughout the month. The transaction price is based on standard charges for care as provided in the *West Virginia Bureau for Medical Services Provider Manual*. Price concessions are not material to the financial statements. The Organization recognizes revenue monthly as the services are provided.

State and Federal Grant Revenue

The Organization's federal and state grants/contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Revenue is recognized when the performance requirement has been met or when the qualifying expenses are incurred. Amounts received prior to incurring qualifying expenditures or prior to completing the performance requirement are reported as refundable advances in the statement of financial position.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods

Donated noncash assets, such as food items and medical supplies, are recorded at their fair value in the period received and used as other revenue with a corresponding expense.

Income Tax Exemption

Under provisions of the Internal Revenue Code, Section 501c3 and the applicable income tax regulations of the State of West Virginia, the Organization is exempt from taxes on income other than unrelated business income. Since the Organization had no net unrelated business income during the year ended September 30, 2021, no provision for income taxes has been made. The Organization's federal income tax returns for 2020, 2019, 2018 and 2017 remain subject to examination by the Internal Revenue Service (IRS).

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising Costs

The Organization expenses advertising costs as incurred. These costs amounted to \$24,192 and \$14,162 for the years ended September 30, 2021 and 2020 respectively.

New Accounting Pronouncements

On February 25, 2016 the Financial Accounting Standards Board (FASB) issued Leases (Topic: 842): Leases (ASU 2016-02). The objective of ASU 2016-02 is to increase the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The core principle of ASU 2016-02 is the recognition of an asset and liability for leases with a term in excess of 12 months. The effective date for these pronouncements is for fiscal years beginning after December 15, 2021. The Organization has early adopted this pronouncement for the years ended September 2021 and 2020.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in Accounting Principal

As of October 1, 2019, the Organization adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, Revenue From Contracts with Customers (Topic 606), as amended. ASU 2014-09 applies to Exchange transactions with customers that are bound by contracts or similar Arrangements and establishes a performance obligation approach to revenue recognition. Results for reporting the years ending September 30, 2021 and 2020 are presented under FASB ASC Topic 606. The ASU has been applied retrospectively to all periods presented, with no effect on net assets of previously issued financial statements.

3 – LIQUIDITY AND AVAILABILITY

Financial assets available to general expenditure, that is, without donor or other Restrictions limiting their use, within one year of the balance sheet date, comprise of the following:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$1,275,009	\$1,013,920
Receivables:		
Medicaid	1,430,727	349,930
Grants	113,966	114,648
Seniors service fees	6,500	3,277
Investments	<u>263,797</u>	<u>259,872</u>
	<u>\$3,089,999</u>	<u>\$1,741,647</u>

The Organization manages its liquidity and reserves following three guiding principles; operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization forecasts its future cash flows and monitors its liquidity consistently.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

For the Year Ended September 30, 2021

4 – DEPOSITS

The Organization's deposits are categorized to give an indication of the level of risk assumed by the Organization at September 30, 2021 and 2020. The categories are described as follows:

Category 1- Insured or collateralized with securities held by the Organization or its agent in the Organization's name.

Category 2- Collateralized with securities held by the pledging financial institution's trust department or agent in the Organization's name.

Category 3- Uncollateralized.

		2021			
	<u>Bank Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>
Cash	\$ 1,304,086	\$ 314,025	\$ 990,061	\$ -	\$1,275,009
Debt Service	44,908	-	44,908	-	44,908
Investments	<u>263,797</u>	<u>-</u>	<u>263,797</u>	<u>-</u>	<u>263,797</u>
Total	<u>\$ 1,612,791</u>	<u>\$ 314,025</u>	<u>\$1,298,766</u>	<u>-</u>	<u>\$1,583,714</u>

		2020			
	<u>Bank Balance</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>Carrying Amount</u>
Cash	\$ 1,020,033	\$ 293,110	\$ 726,923	\$ -	\$1,013,920
Debt Service	37,909	-	37,909	-	37,909
Investments	<u>259,872</u>	<u>-</u>	<u>259,872</u>	<u>-</u>	<u>259,872</u>
Total	<u>\$ 1,317,814</u>	<u>\$ 293,110</u>	<u>\$1,024,704</u>	<u>-</u>	<u>\$1,311,701</u>

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

5 – RECEIVABLES

Receivables for the years ended September 30, 2021 and 2020 were as follows:

Receivables at September 30, 2021 consist of the following:

Medicaid Personal Care, Waiver, TBI and Case Management		<u>\$ 1,430,727</u>
Senior Service Fees		<u>\$ 6,500</u>
Grants		
Title IIIB	\$ 15,113	
Title IIIC	27,980	
Lighthouse	13,423	
FAIR	5,379	
Title IIID	-	
Life	36,436	
Title IIIE	321	
SHIP/MIPPA/SMP	10,523	
5310 Non-Medicaid	4,606	
Title III Additional Funds	<u>185</u>	
Total Grant Receivable		<u>\$ 113,966</u>

Receivables at September 30, 2020 consist of the following:

Medicaid Personal Care, Waiver, TBI and Case Management		<u>\$ 349,930</u>
Senior Service Fees		<u>\$ 3,277</u>
Grants		
Title IIIB	\$ 15,080	
Title IIIC	30,966	
Lighthouse	15,532	
FAIR	1,043	
Title IIID	-	
Life	27,537	
Title IIIE	6,375	
SHIP/MIPPA/SMP	15,373	
5310 Non-Medicaid	<u>2,742</u>	
Total Grant Receivable		<u>\$ 114,648</u>

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

6 – CAPITAL ASSETS

Capital assets for the years ended September 30, 2021 and 2020, were as follows:

	<u>2021</u>	<u>2020</u>
Land and land rights	\$ 104,000	\$ 104,000
Building	2,116,381	2,116,381
Equipment	262,146	245,467
Capital improvements	<u>127,528</u>	<u>127,528</u>
	2,610,055	2,593,376
Less accumulated depreciation	<u>(553,051)</u>	<u>(457,965)</u>
	<u>\$2,057,004</u>	<u>\$2,135,411</u>

7 – INVESTMENTS

Investment income consists of the following for the year ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Interest income	<u>\$5,092</u>	<u>\$5,158</u>
Total investment income	<u>\$5,092</u>	<u>\$5,158</u>

8 – FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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 observable levels of fair value hierarchy are described as follows:

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

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

8 – FAIR VALUE MEASUREMENTS (Continued)

Level 2- Inputs the valuation methodology includes: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets inputs other than quoted market prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets 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 value methodology are unobservable and significant to the fair value measurement.

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

The following is a description of the valuation methodologies used for assets measured at fair value. The following asset was purchased during the year ended September 30, 2018. The methodology reflects the asset held at September 30, 2021 and 2020.

Certificate of deposit: Valued at amortized cost, which approximates fair value.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2021:

	<u>2021</u>		<u>2020</u>	
	<u>Level II</u>	<u>Total</u>	<u>Level II</u>	<u>Total</u>
<u>Investment measured at fair value:</u>				
Certificate of Deposit	<u>\$263,797</u>	<u>\$263,797</u>	<u>\$259,872</u>	<u>\$259,872</u>

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

9 – FINANCE LEASING

Effective October 1, 2015, the Council early adopted the Financial Accounting Standards Board (FASB) issued Leases (Topic:842): Leases (ASU 2016-02). Under ASU 2016-02, a lessee should recognize in the statement of financial Position a liability to make lease payments (the lease liability) and a right-of-use Asset representing its right to use the underlying asset for the lease term.

For finance leases, a lessee is required to do the following:

1. Recognize a right-of-use asset and a lease liability, initially measured at the present value of the lease payments, in the statement of financial position.
2. Recognize interest on the lease liability separately from amortization of the Right-of-use in the statement of comprehensive income.
3. Classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability.

The Council has a long-term finance lease for the Charleston, West Virginia facility. The non-cancelable, \$1,532 per month lease has a term of three years ending July 31, 2023. Under ASU 2016-02, the Council recognized an assets under finance (right-of-use asset) of \$53,530 for the years ended September 30, 2021 and 2020, a lease liability of \$33,083 and \$50,637 for the years ended September 30, 2021 and 2020, respectively.

A summary of annual maturities for the three subsequent year-ends follows:

2022	18,101
2023	14,982
2024	<u>-0-</u>
	<u>\$33,083</u>

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS

(Continued)

For the Year Ended September 30, 2021

10 – DEBIT OBLIGATIONS

On July 22, 2013, the Council obtained a \$1,500,000 loan payable to the U.S. Department of Agriculture Rural Development to be used for the renovation of the new Senior Center. The principal and interest shall be paid monthly for a period of 40 years at an interest rate of 3.5%. Each month an additional \$581 shall be paid to a reserve account until the amount \$70,560 is accumulated. The reserve is to be used if funds are not available for debt service. Total obligation as of September 30, 2021 is \$1,370,203 in principle and \$2,891 in accrued interest.

A summary of the annual maturities for the five subsequent year-end follows:

For the Year Ending September 30, 2021

2022	\$ 22,980
2023	23,797
2024	24,643
2025	25,542
Thereafter	<u>1,273,241</u>
	<u>\$1,370,203</u>

11 – LEASE AND RENTAL AGREEMENTS

The Council has operating leases at a facility in Welch, West Virginia for \$800 per month under a cancelable operating term of one year ending January 31, 2022, and a second facility in Princeton, West Virginia for \$1,050 per month under a non-cancelable operating term of one year ending July 31, 2022. Future minimum rental payments are as follows:

<u>For the Year</u> <u>Ending September 30</u>	<u>Operating</u>
2022	\$13,700
2023	-0-
2024	-0-
2025	-0-
2026	-0-

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

12 – CONCENTRATION OF RISK

Substantially all of the Council on Aging, Inc's support and revenues are derived from its Medicaid services and from federal and state grants, the loss of which would have a materially adverse effect on the Council on Aging, Inc. During the year ended September 30, 2021, Medicaid revenues, federal and state grants, and other income accounted for approximately seventy-nine percent (79%), twenty percent (20%) and one percent (1%), respectively, of total support and revenue.

13 – EMPLOYEE BENEFIT PLAN

Effective September 5, 2008, Council on Aging, Inc. established a 401(k) retirement and savings plan for its employees. Council on Aging, Inc. made matching contributions of up to 100% of the first 2% of eligible contributions for the year ended September 30, 2021. The Board of Directors declined to grant profit sharing for year ended September 30, 2021. Total contributions by the Council on Aging, Inc. to the plan for years ended September 30, 2021 and 2020, amounted to \$39,634 and \$32,232, respectively.

14 – DISCLOSURE OF INTER-PROGRAM TRANSFERS

In order to match appropriate program revenues with program expenses, inter-program entries were recorded to accurately reflect operating results of the programs. For year ending September 30, 2021 and 2020, the Life program received \$5,508 and \$7,625 in revenues, respectively, for expenses associated with other programs. For years ending September 30, 2021 and 2020, the Lighthouse program received \$0 and \$1,364 respectively, for expenses associated with other programs. Personal Care matched \$974 and \$0, and Homemaker matched \$936 and \$0 on expenses of other programs. The inter-program entries to record these matching revenues/expenses per program were as follows:

<u>Program</u>	<u>2021</u>	<u>2020</u>
Medical Transportation	\$ 7,419	\$ 7,625
Lighthouse	<u>-</u>	<u>\$ 1,364</u>
	<u>\$ 7,419</u>	<u>\$8,989</u>

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

15- CONTINGENCIES

The Council's programs are primarily funded through federal and state grants. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms or the grants. The amount, if any, of expenditures, which may ultimately be disallowed by grantor agencies, cannot be determined at this time, although Council management believes such amounts, if any to be immaterial.

On January 1, 2015, the Council revised its employee health insurance policy to allow all full-time employees to receive coverage by paying seventy percent (70%) of premiums. The health plan offers minimum essential coverage however may not be considered affordable for each employee under the Affordable Care Act. Under which case, each full-time employee purchasing health insurance coverage through the State exchange which results in a premium tax credit or cost-sharing reduction will result in a \$3,000 annual employer penalty, adjusted annually. The number of full-time employees seeking coverage through the exchange or penalty amounts cannot reasonably be estimated at this time.

In March 2014, the Center for Medicare & Medicaid Services (CMS) recognized a provision known as Conflict-free Case Management. States are required to separate case management services from services from service delivery functions. The Council and All Care Home and Community Services, Inc. are currently working on implementing conflict of interest compliance by West Virginia's, January 1, 2021, implementation deadline. The effects on revenues and expenses cannot reasonable be estimated at the time.

16 – RESTRICTED NET ASSETS

During the year ended September 30, 2021, the Council was notified of a rate increase for Medicaid programs. This rate increase is retroactive from April 1, 2021 through March 31, 2022. As of September 30, 2021, \$0 had been received and \$962,462 is receivable. The Council is required to spend at least 85% of the increased rate payments on direct-care workers (including nurses and case managers) in the form of compensation increases and other incentives. As of September 30, 2021, net assets with donor restrictions are \$818,092 for the required 85% of increased rate payments receivable. The Council has until December 31, 2024 to expend these restricted funds.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Year Ended September 30, 2021

17 – COVID – 19

During the year ended September 30, 2022, the Covid-19 pandemic has disrupted supply chains and affected production and sales across a range of industries. The full extent of the impact of the outbreak on the Organization's financial performance will depend on certain developments, including the duration and spread of the outbreak.

18 – SUBSEQUENT EVENTS

Management has considered all subsequent events through the date the Financial Statements were made available.

SUPPLEMENTARY INFORMATION



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors
Council on Aging, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Council on Aging, Inc., (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021 and 2020, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 28, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council on Aging, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Council on Aging, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gray, Griffith & Mays, a.c.

Charleston, West Virginia
April 28, 2022

COUNCIL ON AGING, INC.

Schedule of Program Expenditures/Revenues

WV Bureau of Senior Services

<u>Program</u>	<u>Program Year</u>	<u>Expenditures, Loan Servicing, and Capitalized Items</u>	<u>Federal Revenues</u>	<u>State Revenues</u>	<u>Total Revenues</u>
Lighthouse	July 1, 2020 to June 30, 2021	\$ 174,136	\$ -	\$ 180,340	\$ 180,340
LIFE	July 1, 2020 to June 30, 2021	181,315	-	179,795	179,795
SHIP	April 1, 2020 to March 31, 2021	27,823	-	27,000	27,000
MIPPA	October 1, 2020 to Sept. 30, 2021	23,979	-	23,500	23,500
FAIR	July 1, 2020 to June 30, 2021	50,777	-	47,145	47,145
Title III B	October 1, 2020 to Sept. 30, 2021	57,506	35,522	26,780	62,302
Title IIID	October 1, 2020 to Sept. 30, 2021	-	-	-	-
Title III E	October 1, 2020 to Sept. 30, 2021	17,090	12,755	5,802	18,557
Title III C-1	October 1, 2020 to Sept. 30, 2021	8,024	5,817	1,939	7,756
Title III C-2	October 1, 2020 to Sept. 30, 2021	284,918	131,606	152,786	284,392
Section 5310	July 1, 2020 to June 30, 2021	48,238	47,641	-	47,641
SMP	June 1, 2020 to May 31, 2021	8,606	-	8,600	8,600
Title III Add. Funds	October 1, 2020 to September 30, 2021	170	-	185	185

BASIS OF PRESENTATION

The accompanying schedules of program expenses of the SHIP, MIPPA, SMP Lighthouse, FAIR, Life, IIIB, IIID, IIIE, C-1, C-2, and Community Partnership programs includes the grant activity of the Council on Aging, Inc. that the West Virginia Bureau of Senior Services oversees, and is presented on the accrual basis of accounting. Some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of, the basic financial statement.

The accompanying independent auditor's report is an integral part of these notes.

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
For the Year Ended September 30, 2021

	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 1,211,395	\$ 63,614	\$ -	\$ 1,275,009
Receivables:				
Medicaid, net of allowance for doubtful accounts	1,353,062	77,665	-	1,430,727
Grants	113,966	-	-	113,966
Senior Service Fees	6,500	-	-	6,500
Related party	33,952	-	(33,952)	-
Prepaid expenses	4,680	274	-	4,954
Total current assets	<u>2,723,555</u>	<u>141,553</u>	<u>(33,952)</u>	<u>2,831,156</u>
Assets whose use is limited - debt service fund	44,908	-	-	44,908
Investments	263,797	-	-	263,797
	<u>308,705</u>	<u>-</u>	<u>-</u>	<u>308,705</u>
Capital Assets				
Less accumulated depreciation	2,506,056	-	-	2,506,056
	<u>(553,052)</u>	<u>-</u>	<u>-</u>	<u>(553,052)</u>
	<u>1,953,004</u>	<u>-</u>	<u>-</u>	<u>1,953,004</u>
Assets under finance lease	53,530	-	-	53,530
Less accumulated amortization	(20,447)	-	-	(20,447)
	<u>33,083</u>	<u>-</u>	<u>-</u>	<u>33,083</u>
Land	104,000	-	-	104,000
TOTAL ASSETS	<u>\$ 5,122,347</u>	<u>\$ 141,553</u>	<u>\$ (33,952)</u>	<u>\$ 5,229,948</u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$ 1,882	\$ 33,952	\$ (33,952)	\$ 1,882
Accrued salaries and wages	112,619	4,204	-	116,823
Accrued compensated absences	84,463	9,074	-	93,537
Retirement plan contributions	12,108	619	-	12,727
Accrued payroll liabilities	70,816	2,084	-	72,900
Deferred revenues	-	-	-	-
Accrued interest payable	2,891	-	-	2,891
Current portion of lease liability	18,101	-	-	18,101
Current portion of long-term debt	22,798	-	-	22,798
Total current liabilities	325,678	49,933	(33,952)	341,659
Lease liability, less current portion	14,982	-	-	14,982
Long-term debt, less current portion	1,347,405	-	-	1,347,405
TOTAL LIABILITIES	<u>1,688,065</u>	<u>49,933</u>	<u>(33,952)</u>	<u>1,704,046</u>
Net assets:				
Investment in capital assets	686,801	-	-	686,801
Net Assets With Donor Restrictions	788,339	29,753	-	818,092
Net Assets Without Donor Restrictions	1,959,142	61,867	-	2,021,009
TOTAL NET ASSETS	<u>3,434,282</u>	<u>91,620</u>	<u>-</u>	<u>3,525,902</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,122,347</u>	<u>\$ 141,553</u>	<u>\$ (33,952)</u>	<u>\$ 5,229,948</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the Year Ended September 30, 2020

	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 970,810	\$ 43,110	\$ -	\$ 1,013,920
Receivables:				
Medicaid, net allowance for doubtful accounts	323,998	25,932	-	349,930
Grants	114,648	-	-	114,648
Senior service fees	3,277	-	-	3,277
Related party	29,877	-	(29,877)	-
Prepaid expenses	20,701	259	-	20,960
Total current assets	<u>1,463,311</u>	<u>69,301</u>	<u>(29,877)</u>	<u>1,502,735</u>
Assets whose use is limited				
Debt service fund	37,909	-	-	37,909
Investments	259,872	-	-	259,872
	<u>297,781</u>	<u>-</u>	<u>-</u>	<u>297,781</u>
Capital assets				
	2,489,376	-	-	2,489,376
Less accumulated depreciation	(457,965)	-	-	(457,965)
	<u>2,031,411</u>	<u>-</u>	<u>-</u>	<u>2,031,411</u>
Assets under finance lease				
	53,530	-	-	53,530
Less accumulated depreciation	(2,893)	-	-	(2,893)
	<u>50,637</u>	<u>-</u>	<u>-</u>	<u>50,637</u>
Land				
	104,000	-	-	104,000
	<u>104,000</u>	<u>-</u>	<u>-</u>	<u>104,000</u>
TOTAL ASSETS	\$ 3,947,140	\$ 69,301	\$ (29,877)	\$ 3,986,564
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Accounts payable	\$ 19,952	\$ 29,877	\$ (29,877)	\$ 19,952
Accrued salaries and wages	227,606	7,049	-	234,655
Accrued compensated absences	72,778	7,754	-	80,532
Retirement plan contributions	7,085	401	-	7,486
Accrued payroll liabilities	32,086	909	-	32,995
Accrued interest payable	2,937	-	-	2,937
Deferred revenue	75,019	-	-	75,019
Current portion of lease liability	17,904	-	-	17,904
Current portion of long-term debt	21,925	-	-	21,925
Total current liabilities	<u>477,292</u>	<u>45,990</u>	<u>(29,877)</u>	<u>493,405</u>
Lease liability, less current portion	32,733	-	-	32,733
Long-term debt, less current portion	1,370,461	-	-	1,370,461
TOTAL LIABILITIES	1,880,486	45,990	(29,877)	1,896,599
Net assets:				
Investment in capital assets	1,272,992	23,311	-	1,296,303
Net Assets Without Donor Restrictions	793,662	-	-	793,662
TOTAL NET ASSETS	2,066,654	23,311	-	2,089,965
TOTAL LIABILITIES AND NET ASSETS	\$ 3,947,140	\$ 69,301	\$ (29,877)	\$ 3,986,564

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
REVENUES AND OTHER SUPPORT:				
Medicaid	\$ 5,353,523	\$ -	\$ -	\$ 5,353,523
Federal grants	244,606	-	-	244,606
State grants	741,921	-	-	741,921
Project income	22,582	-	-	22,582
Bus fare and trip ticket revenue	2,215	-	-	2,215
Case management	-	231,619	-	231,619
Non-medicaid	37,449	-	-	37,449
Inter-Project Match Revenue	7,419	-	-	7,419
Gain on Forgiveness of Debt	-	-	-	-
Other Revenue	24,062	-	-	24,062
TOTAL REVENUES AND OTHER SUPPORT	6,433,777	231,619	-	6,665,396
OPERATING EXPENSES:				
Program expenses:				
Personal care	1,773,523	-	-	1,773,523
Title 19 (Homemaker)	1,931,935	-	-	1,931,935
TBI	99,652	-	-	99,652
Section 5310	52,658	-	-	52,658
Title III-B	63,485	-	-	63,485
Title III-D	-	-	-	-
Title III-C-1	7,213	-	-	7,213
Title III-C-2	275,675	-	-	275,675
Title III-E	15,488	-	-	15,488
Insurance Benefits Counseling	25,058	-	-	25,058
MIPPA	22,377	-	-	22,377
SMP	7,985	-	-	7,985
LIFE	80,514	-	-	80,514
Lighthouse	162,773	-	-	162,773
Fair	47,810	-	-	47,810
DOTS	-	-	-	-
Title III Additional Funds	170	-	-	170
HHS Stimulus Grant	75,019	-	-	75,019
All Care Home and Community Services, Inc.	-	148,234	-	148,234
TOTAL PROGRAM EXPENSE	4,641,335	148,234	-	4,789,569
Support services:				
Fundraising	-	-	-	-
Management and General	429,906	15,101	-	445,007
TOTAL OPERATING EXPENSE	5,071,241	163,335	-	5,234,576
OPERATING INCOME	1,362,536	68,284	-	1,430,820
NONOPERATING INCOME (EXPENSE)				
Interest income	5,092	25	-	5,117
CHANGE IN NET ASSETS	\$ 1,367,628	\$ 68,309	\$ -	\$ 1,435,937

See Notes to Consolidated Financial Statements

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2020

	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
REVENUES AND OTHER SUPPORT:				
Medicaid	\$ 3,817,019	\$ -	\$ -	\$ 3,817,019
Federal grants	235,048	-	-	235,048
State grants	695,474	-	-	695,474
Project income	17,999	-	-	17,999
Bus fare and trip ticket revenue	1,926	-	-	1,926
Case management	-	151,844	-	151,844
Non-Medicaid	52,821	-	-	52,821
Inter-Project Match Revenue	8,989	-	-	8,989
Other revenue	7,321	-	-	7,321
TOTAL REVENUES AND OTHER SUPPORT	4,836,597	151,844	-	4,988,441
OPERATING EXPENSES:				
Program expenses:				
Personal care	1,659,947	-	-	1,659,947
Title 19 (Homemaker)	1,694,214	-	-	1,694,214
TBI	77,954	-	-	77,954
Section 5310	50,482	-	-	50,482
Title III-B	75,124	-	-	75,124
Title III-C-1	17,490	-	-	17,490
Title III-C-2	231,199	-	-	231,199
Title III-D	932	-	-	932
Title III-E	18,733	-	-	18,733
Insurance Benefits Counseling	23,996	-	-	23,996
MIPPA	24,171	-	-	24,171
SMP	8,243	-	-	8,243
LIFE	91,950	-	-	91,950
Lighthouse	148,209	-	-	148,209
Fair	45,804	-	-	45,804
All Care Home and Community Services, Inc.	-	132,936	-	132,936
TOTAL PROGRAM EXPENSES	4,168,448	132,936	-	4,301,384
Support services:				
Management and General	374,491	13,664	-	388,155
Fundraising	646	-	-	646
TOTAL OPERATING EXPENSE	4,543,585	146,600	-	4,690,185
OPERATING INCOME	293,012	5,244	-	298,256
NONOPERATING INCOME (EXPENSES):				
Interest income	5,121	37	-	5,158
Change in net assets	\$ 298,133	\$ 5,281	\$ -	\$ 303,414

See Notes to Consolidated Financial Statements