

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

Independent Auditor's Report
and
Consolidated Financial Statements

For the Years Ended September 30, 2019 and 2018

COUNCIL ON AGING, INC. AND SUBSIDIARY

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2019 and 2018

TABLE OF CONTENTS

	<u>Pages</u>
Independent Auditor's Report	1-3
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Changes in Net Assets	5
Consolidated Statement of Functional Expenses	6
Consolidated Statements of Cash Flows	7
Notes to the Consolidated Financial Statements	8 -18
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 <i>Government Auditing Standards</i>	19 - 20
SUPPLEMENTARY INFORMATION	
Consolidating Schedule of Financial Position – 2019	21 - 22
Consolidating Schedule of Financial Position – 2018	23 - 24
Consolidating Schedule of Activities – 2019	25
Consolidating Schedule of Activities – 2018	26
Schedule of Functional Expenses – 2019	27
Schedule of Functional Expenses – 2018	28
Schedule of Program Expenditures: West Virginia Bureau of Senior Citizens – 2019	29



707 Virginia Street E. • Suite 400 • Charleston, WV 25301 • Phone: 304.345.9400 • Fax: 304.345.7258
www.ggmcpa.net • Email: ggm@ggmcpa.net

INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

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, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the statement of functional expenses for the year ended September 30, 2019 and the related notes to the consolidated financial statements. As discussed in the change in accounting principle section of footnote 1, the Organization elected, in accordance with the provisions of ASU 2016-14, the option to not present the consolidated statement of functional expenses for the year ended September 30, 2018.

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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

Auditor's Responsibility (Continued)

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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Council on Aging, Inc. and Subsidiary, as of September 30, 2019 and 2018, and the changes in its net assets, and its cash flows for the years then ended, and the statement of functional expenses for the year ended September 30, 2019, in accordance with accounting principles generally accepted in the United States of America.

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 30, 2020, 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 30, 2020

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2019 and 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents	\$ 688,223	\$ 704,792
Receivables:		
Medicaid	307,890	282,073
Grants	91,259	74,040
Senior service fees	6,030	6,108
Prepaid expenses	23,299	29,515
Total current assets	<u>1,116,701</u>	<u>1,096,528</u>
Assets whose use is limited:		
Debt service fund	30,886	23,868
Investments	255,995	252,186
	<u>286,881</u>	<u>276,054</u>
Capital assets	2,535,411	2,484,894
Less accumulated depreciation	(370,922)	(285,367)
	<u>2,164,489</u>	<u>2,199,527</u>
Assets under finance lease	84,000	84,000
Less accumulated amortization	(69,205)	(51,620)
	<u>14,795</u>	<u>32,380</u>
Total assets	<u>\$ 3,582,866</u>	<u>\$ 3,604,489</u>
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 21,924	\$ 17,925
Accrued salaries and wages	217,178	195,027
Accrued compensated absences	86,429	85,277
Retirement plan contributions	7,363	6,910
Accrued payroll liabilities	31,836	30,035
Accrued interest payable	2,983	3,237
Deferred revenue	-	7,816
Current portion of lease liability	14,795	17,585
Current portion of long-term debt	21,572	23,207
Total current liabilities	<u>404,080</u>	<u>387,019</u>
Lease liability, less current portion	-	14,795
Long-term debt, less current portion	1,392,235	1,603,648
Total liabilities	<u>1,796,315</u>	<u>2,005,462</u>
Net Assets without donor restrictions:		
Invested in capital assets	765,477	605,052
Undesignated	1,021,074	993,975
Total net assets without donor restrictions	<u>1,786,551</u>	<u>1,599,027</u>
Total liabilities and net assets	<u>\$ 3,582,866</u>	<u>\$ 3,604,489</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the Years Ended September 30, 2019 and 2018

	2019	2018
REVENUES AND OTHER SUPPORT:		
Medicaid	\$ 3,750,962	\$ 3,674,302
Federal grants	169,336	164,497
State grants	665,446	630,229
Project income	16,302	22,965
Bus fare and trip ticket revenue	3,135	4,621
Case management	144,226	136,752
Non-Medicaid	41,741	51,843
Inter-Project match revenue	10,363	11,337
Other revenue	11,703	29,186
Total revenues and other support	<u>4,813,214</u>	<u>4,725,732</u>
OPERATING EXPENSES:		
Program expenses:		
Personal care	1,667,985	1,737,068
Title 19 (Homemaker)	1,653,531	1,551,995
TBI	69,683	35,004
Section 5310	55,223	53,496
Title III-B	69,793	73,368
Title III-C-1	39,075	39,747
Title III-C-2	184,490	180,196
Title III-D	185	2,358
Title III-E	13,251	11,304
Insurance Benefits Counseling	28,134	26,216
MIPPA	24,343	29,476
SMP	8,168	7,460
LIFE	66,193	55,493
Lighthouse	153,145	134,702
Fair	32,765	35,612
DOTS	9,842	3,387
Title III Add'l Funds	1,973	-
All Care Home and Community Services, Inc.	138,042	142,278
Total program expenses	<u>4,215,821</u>	<u>4,119,160</u>
Fundraising	490	218
Management and general	414,195	431,817
Total operating expenses	<u>4,630,506</u>	<u>4,551,195</u>
Operating gain	182,708	174,537
NONOPERATING INCOME (EXPENSES):		
Interest income	4,816	2,333
Total nonoperating income	<u>4,816</u>	<u>2,333</u>
Change in net assets	187,524	176,870
Net assets at beginning of year	<u>1,599,027</u>	<u>1,422,157</u>
Net assets at end of year	<u>\$ 1,786,551</u>	<u>\$ 1,599,027</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

	Program									
	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	MIPPA
Salaries and wages	\$ 1,371,631	\$ 1,347,705	\$ 60,171	\$34,673	30,520	\$ -	\$13,066	\$61,454	\$15,882	\$12,146
Payroll taxes	118,049	116,419	5,395	2,078	2,262	-	1,062	5,153	1,148	841
Fringe benefits	76,548	75,053	1,762	2,864	2,767	10	720	2,884	1,355	949
Training and travel	1,709	1,732	34	4,556	8,266	175	45	6,517	3,065	1,847
Legal and accounting	5,421	5,284	-	-	-	-	-	-	-	-
Food expense	1,262	1,165	-	-	-	-	22,025	69,839	-	-
Utilities	6,086	5,946	-	396	408	-	-	396	249	188
Printing and supplies	14,742	14,053	70	104	534	-	174	6,540	-	2,576
Licenses and taxes	19	19	-	-	103	-	72	228	-	-
Membership dues	1,050	1,034	-	-	-	-	-	-	-	-
Contracted services	14,750	14,344	2	-	-	-	178	564	-	-
Insurance expense	-	-	-	4,800	12,000	-	-	3,200	-	-
Mileage expense	24,279	36,612	1,634	52	32	-	24	153	-	-
Advertising	1,803	1,814	-	-	-	-	-	-	6,399	5,786
Matching expense - general	350	364	-	-	-	-	-	-	-	-
Maintenance	3,981	4,113	-	1,778	8,073	-	-	3,807	-	-
Rent	11,211	10,989	-	-	-	-	-	-	-	-
Postage	213	197	-	-	-	-	-	-	36	10
Miscellaneous	1,894	1,846	15	-	74	-	-	122	-	-
Medical supplies	-	-	-	-	-	-	-	-	-	-
Bad debt expense	2,537	4,681	600	-	-	-	-	-	-	-
Equipment	2,419	2,518	-	3,922	4,754	-	118	372	-	-
New building	-	-	-	-	-	-	-	-	-	-
Building & Equip capitalization	(1,067)	(1,110)	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	1,591	23,261	-	-
Interest expense	130	136	-	-	-	-	-	-	-	-
Amortization expense	8,968	8,617	-	-	-	-	-	-	-	-
Total	\$ 1,667,985	\$ 1,653,531	\$ 69,683	\$ 55,223	\$ 69,793	\$ 185	\$ 39,075	\$ 184,490	\$ 28,134	\$ 24,343

COUNCIL ON AGING, INC. AND SUBSIDIARY

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

	Program											Total
	SMP	Life	Title III-E	Lighthouse	FAIR	DOTS	Title III Add'l Funds	All Care Home and Community Services, Inc.	Total Program	Management and General	Fundraising	
Salaries and wages	\$5,288	\$20,226	\$11,748	\$133,848	\$29,245	\$ 7,989	\$ -	\$110,060	\$ 3,265,652	\$ 180,237	\$ 456	\$ 3,446,345
Payroll taxes	447	1,774	1,060	11,899	2,530	928	-	8,923	279,968	13,260	34	293,262
Fringe benefits	519	592	414	4,031	897	-	-	6,808	178,173	5,406	-	183,579
Training and travel	1,132	-	4	97	24	518	-	89	29,810	-	-	29,810
Legal and accounting	-	-	-	-	-	-	-	-	10,705	-	-	10,705
Food expense	-	-	-	-	-	-	-	-	94,291	-	-	94,291
Utilities	94	-	-	-	-	-	-	1,107	14,870	43,368	-	58,238
Printing and supplies	-	14,071	9	196	48	-	1,510	863	55,490	18,648	-	74,138
Licenses and taxes	-	-	-	-	-	-	-	30	471	121	-	592
Membership dues	-	-	-	-	-	-	-	-	2,084	-	-	2,084
Contracted services	-	3,512	-	6	1	-	-	-	33,357	6,722	-	40,079
Insurance expense	-	-	-	-	-	-	-	2,642	22,642	30,536	-	53,178
Mileage expense	40	-	14	2,879	10	117	-	6,968	72,814	-	-	72,814
Advertising	635	32	-	-	-	-	-	-	16,469	-	-	16,469
Matching expense - general	-	10,288	-	-	-	-	-	-	11,002	-	-	11,002
Maintenance	-	5,106	-	-	-	-	463	-	27,321	2,775	-	30,096
Rent	-	-	-	-	-	-	-	-	22,200	-	-	22,200
Postage	13	-	-	-	-	-	-	-	469	-	-	469
Miscellaneous	-	-	2	42	10	290	-	330	4,625	-	-	4,625
Medical supplies	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	147	-	-	-	222	8,187	-	-	8,187
Equipment	-	58,933	-	-	-	-	-	-	73,036	-	-	73,036
New building	-	-	-	-	-	-	-	-	-	-	-	-
Building & Equip capitalization	-	(48,341)	-	-	-	-	-	-	(50,518)	-	-	(50,518)
Depreciation expense	-	-	-	-	-	-	-	-	24,852	60,704	-	85,556
Interest expense	-	-	-	-	-	-	-	-	266	52,418	-	52,684
Amortization expense	-	-	-	-	-	-	-	-	17,585	-	-	17,585
Total	\$ 8,168	\$ 66,193	\$ 13,251	\$ 153,145	\$ 32,765	\$ 9,842	\$ 1,973	\$ 138,042	\$ 4,215,821	\$ 414,195	\$ 490	\$ 4,630,506

COUNCIL ON AGING, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENTS OF CASH FLOWS**

For the Years Ended September 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 187,524	\$ 176,870
Depreciation and amortization	103,141	100,985
Adjustments to reconcile increase in net assets to cash provided by (used in) operating activities:		
Decrease (Increase) in operating assets:		
Medicaid accounts receivable	(25,817)	30,311
Grants receivable	(17,219)	(3,732)
Senior service fees receivable	78	(2,819)
Prepaid expenses	6,216	(20,790)
(Decrease) Increase in operating liabilities:		
Accounts payable	3,999	8,164
Accrued salaries and wages	22,151	(8,364)
Accrued compensated absences	1,152	(2,011)
Retirement plan contributions	453	(9,725)
Accrued payroll liabilities	1,801	(1,061)
Accrued interest payable	(254)	(781)
Deferred revenue	(7,816)	2,873
Net cash provided by operating activities	<u>275,409</u>	<u>269,920</u>
Cash flows from investing activities:		
Increase in assets whose use is limited	(10,827)	(259,179)
Purchase of capital assets	<u>(50,517)</u>	<u>(49,002)</u>
Net cash used in investing activities	<u>(61,344)</u>	<u>(308,181)</u>
Cash flows from financing activities:		
Payments on lease liability	(17,585)	1,318
Payments on long-term debt	<u>(213,049)</u>	<u>(40,674)</u>
Net cash used in financing activities	<u>(230,634)</u>	<u>(39,356)</u>
Net decrease in cash and cash equivalents	(16,569)	(77,617)
Cash and cash equivalents, beginning	<u>704,792</u>	<u>782,409</u>
Cash and cash equivalents, ending	<u>\$ 688,223</u>	<u>\$ 704,792</u>
Supplemental disclosure of cash flow information:		
Cash payments for interest	<u>\$ 50,901</u>	<u>\$ 57,325</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2019 and 2018

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 improve 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 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 primarily in a congregate setting. The Title IIIC program also furnishes 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 promotion 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 DOTS program (Dementia-Capable Outreach, Training and Support) is a state sponsored program to increase access to disease appropriate services for individuals with dementia and/or family caregivers and increase the community's dementia capability.

The Council also receives state funds through WV BOSS in connection with a Health Benefit Information, Counseling, and Assistant Grant (SHIP) SMP and MIPPA, the purpose of 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. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

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.

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 net 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.

COUNCIL ON AGING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

Donor restricted contributions are reported as increased in net assets with donor restrictions. 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 \$86,429 and \$85,277 at September 30, 2019 and 2018, respectively.

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, 2019 and 2018.

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 costing 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 expense as incurred.

Revenue Recognition

Amounts received from funding agencies under cost-reimbursable grants are recognized as support only to the extent that related expenses have been incurred.

COUNCIL ON AGING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

Income Tax Exemption

Under provisions of the Internal Revenue Code, Section 501(c)(3) 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, 2019, no provision for income taxes has been made. The Organization's federal income tax returns for 2018, 2017, 2016, and 2015 remain subject to examination by the Internal Revenue Service (IRS).

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.

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 \$16,470 and \$17,749 for the years ended September 30, 2019 and 2018, 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, 2020. The Organization has early adopted this pronouncement for the years ended September 30, 2019 and 2018.

On August 18, 2016 FASB issued Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14). The objective of ASU 2016-14 is to improve the current net assets classification requirements and information presented in the financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. For the year ending September 30, 2019, the Organization implemented the terms of ASU 2016-14. Accordingly, under the terms of ASU 2016-14, the Association elected the option to omit the consolidated statement of functional expenses for the comparative year ending September 30, 2018.

COUNCIL ON AGING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

3 – LIQUIDITY AND AVAILABILITY

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

	2019	2018
Cash and cash equivalents	\$ 688,223	\$ 704,792
Receivables:		
Medicaid	307,890	282,073
Grants	91,259	74,040
Senior service fees	6,030	6,108
Investments	255,995	252,186
	<u>\$ 1,349,397</u>	<u>\$ 1,319,199</u>

The Organization manages its liquidity and reserves following three guiding principles: operating with in 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.

4 – DEPOSITS

The Organization's deposits are categorized to give an indication of the level of risk assumed by the Organization at September 30, 2019 and 2018. 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.

	2019				Carrying Amount
	Bank Balance	Category 1	Category 2	Category 3	
Cash	\$701,207	\$278,632	\$422,575	\$ -	\$688,223
Debt Service Account	30,886	-	30,886	-	30,886
Investments	<u>255,995</u>	<u>-</u>	<u>255,995</u>	<u>-</u>	<u>255,995</u>
Total	<u>\$988,088</u>	<u>\$278,632</u>	<u>\$709,456</u>	<u>\$ -</u>	<u>\$975,104</u>

COUNCIL ON AGING, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

For the Years Ended September 30, 2019 and 2018

	2018				Carrying Amount
	Bank Balance	Category 1	Category 2	Category 3	
Cash	\$720,444	\$265,749	\$454,695	\$ -	\$704,792
Debt Service Account	23,868	-	23,868	-	23,868
Investments	<u>252,186</u>	<u>-</u>	<u>252,186</u>	<u>-</u>	<u>252,186</u>
Total	<u>\$996,498</u>	<u>\$265,749</u>	<u>\$730,749</u>	<u>\$ -</u>	<u>\$980,846</u>

5 – RECEIVABLES

Receivables for the years ended September 30, 2019 and 2018, were as follows:

	2019
Receivables consist of the following:	
Medicaid Personal Care, Waiver, and Case Management	<u>\$307,890</u>
Grants	
Title IIIB	\$ 11,460
Title IIIC	15,569
Lighthouse	18,488
FAIR	3,720
Title IIID	11
Life	14,941
Title IIIE	1,260
SHIP/MIPPA/SMP	14,384
5310 Non-Medicaid	<u>11,426</u>
Total grants receivable	<u>\$ 91,259</u>
	2018
Receivables consist of the following:	
Medicaid Personal Care, Waiver, and Case Management	<u>\$282,073</u>
Grants	
Title IIIB	\$ 10,015
Title IIIC	3,958
Lighthouse	14,392
FAIR	4,088
Title IIID	1,737
Life	18,874
Title IIIE	4,984
SHIP/MIPPA/SMP	12,781
5310 Non-Medicaid	<u>3,211</u>
Total grants receivable	<u>\$ 74,040</u>

COUNCIL ON AGING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

6 – CAPITAL ASSETS

Capital assets for the years ended September 30, 2019 and 2018, were as follows:

	<u>2019</u>	<u>2018</u>
Land and land rights	\$ 104,000	\$ 104,000
Building	2,116,381	2,116,381
Equipment	187,502	136,985
Capital improvements	<u>127,528</u>	<u>127,528</u>
	2,535,411	2,484,894
Less accumulated depreciation	<u>(370,922)</u>	<u>(285,367)</u>
	<u>\$2,164,489</u>	<u>\$2,199,527</u>

7 – INVESTMENTS

Investment income consists of the following for the year ended September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest income	<u>\$ 3,809</u>	<u>\$ 2,186</u>
Total investment income	<u>\$ 3,809</u>	<u>\$ 2,186</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 the 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.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;

COUNCIL ON AGING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

- 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 valuation 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 of 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, 2019 and 2018.

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, 2019 and 2018:

	2019		2018	
	Level II	Total	Level II	Total
<u>Investment measured at fair value:</u>				
Certificate of deposit	\$ 255,995	\$ 255,995	\$ 252,186	\$ 252,186
	<u>\$ 255,995</u>	<u>\$ 255,995</u>	<u>\$ 252,186</u>	<u>\$ 252,186</u>

9 – FINANCE LEASE

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 asset in the statement of comprehensive income

COUNCIL ON AGING, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

For the Years Ended September 30, 2019 and 2018

3. Classify repayments of the principal portion of the lease liability within financing activities and payments of interest on the lease liability and variable lease

The Council has a long-term finance lease for the Charleston, West Virginia facility. The non-cancelable, \$1,487 per month lease has a term of five years ending July 31, 2020. Under ASU 2016-02, the Council recognized an asset under finance lease (right-of-use asset) of \$84,000 for the years ended September 31, 2018 and 2019, and a lease liability of \$14,795 and \$32,380 for the years ended September 31, 2019 and 2018, respectively.

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

Year Ending September 30,	
2020	\$ 14,795
	<u>\$ 14,795</u>

For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities.

10 – DEBT 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 of \$70,560 is accumulated. The reserve is to be used if funds are not available for debt service. Total obligation as of September 30, 2019 is \$1,413,807 in principle and \$2,983 in accrued interest.

On November 20, 2014, the Council obtained a second \$200,000 loan payable to the U.S. Department of Agriculture Rural Development for the completion of 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 4%. The Council paid off the entire loan during the year ended September 30, 2019.

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

Year Ending September 30,	
2020	\$ 21,572
2021	22,191
2022	22,980
2023	23,797
Thereafter	<u>1,323,267</u>
	<u>\$1,413,807</u>

COUNCIL ON AGING, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the Years Ended September 30, 2019 and 2018

11 – LEASE AND RENTAL AGREEMENTS

The Council entered into a lease with Family Healthcare Physicians, LLC in Welch, West Virginia for \$800 per month under a cancelable operating term of one year ending January 31, 2019. The Council leased a second facility in Princeton, West Virginia for \$1,050 per month under a non-cancelable operating term of one year ending July 31, 2019. The Council renewed both leases under non-cancelable operating terms of one year ending January 31, 2020 and July 31, 2020. Future minimum rental payments for the year ended September 30, 2019 is \$14,795 with no further obligations at this time.

12 – RISK CONCENTRATIONS

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, 2019, Medicaid revenues, federal and state grants, and other income accounted for approximately seventy-eight percent (78%), seventeen percent (17%) and five percent (5%), respectively, of total support and revenue.

13 – EMPLOYEE BENEFIT PLAN

Effective September 5, 2008, the Council established a 401(k) retirement and savings plan for its employees. The Council made matching contributions of up to 100% of the first 2% of eligible contributions for the years ended September 30, 2019 and 2018. The Board of Directors declined to grant profit sharing for years ended September 30, 2019 and 2018. Total contributions by the Council to the plan for year ended September 30, 2019 and 2018, amounted to \$31,418 and \$29,468, 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 years ending September 30, 2019 and 2018, the Life program received \$10,288 and \$9,292 in revenues, respectively, for expenses associated with other programs. For years ending September 30, 2019 and 2018, Personal Care matched \$350 and \$1,046, and Homemaker matched \$364 and \$998 for expenses of other programs. The inter-program entries to record these matching revenues/expenses per program were as follows:

Program	2019	2018
Medical Transportation	\$ 10,288	\$ 9,292
Lighthouse	-	755
FAIR	75	1,290
DOTS	639	-
	\$ 11,002	\$ 11,337

COUNCIL ON AGING, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

For the Years Ended September 30, 2019 and 2018

15 – CONTINGENCIES

Certain of 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 of 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. 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, 2020, implementation deadline. The effects on revenue and expenses cannot reasonably be estimated at this time.

16 – SUBSEQUENT EVENTS

Management has considered all subsequent events through April 30, 2020 the date the financial statements were made available.



707 Virginia Street E. • Suite 400 • Charleston, WV 25301 • Phone: 304.345.9400 • Fax: 304.345.7258
www.ggmcpa.net • Email: ggm@ggmcpa.net

**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, 2019 and 2018, 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 30, 2020.

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 30, 2020

SUPPLEMENTARY INFORMATION

COUNCIL ON AGING, INC. AND SUBSIDIARY**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

For the Year Ended September 30, 2019

ASSETS	2019			
	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 659,591	\$ 28,632	\$ -	\$ 688,223
Receivables:				
Medicaid, net allowance for doubtful accounts	283,780	24,110	-	307,890
Grants	91,259	-	-	91,259
Senior service fees	6,030	-	-	6,030
Related party	18,629	-	(18,629)	-
Prepaid expenses	23,299	-	-	23,299
Total current assets	<u>1,082,588</u>	<u>52,742</u>	<u>(18,629)</u>	<u>1,116,701</u>
Assets whose use is limited				
Debt service fund	30,886	-	-	30,886
Investments	255,995	-	-	255,995
	<u>286,881</u>	<u>-</u>	<u>-</u>	<u>286,881</u>
Capital assets	2,535,411	-	-	2,535,411
Less accumulated depreciation	(370,922)	-	-	(370,922)
	<u>2,164,489</u>	<u>-</u>	<u>-</u>	<u>2,164,489</u>
Assets under finance lease	84,000	-	-	84,000
Less accumulated depreciation	(69,205)	-	-	(69,205)
	<u>14,795</u>	<u>-</u>	<u>-</u>	<u>14,795</u>
Total assets	<u>\$ 3,548,753</u>	<u>\$ 52,742</u>	<u>\$ (18,629)</u>	<u>\$ 3,582,866</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

For the Year Ended September 30, 2019

<u>LIABILITIES AND NET ASSETS</u>	2019			
	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
Liabilities:				
Accounts payable	\$ 21,924	\$ 18,629	\$ (18,629)	\$ 21,924
Accrued salaries and wages	210,365	6,813	-	217,178
Accrued compensated absences	78,573	7,856	-	86,429
Retirement plan contributions	6,959	404	-	7,363
Accrued payroll liabilities	30,826	1,010	-	31,836
Accrued interest payable	2,983	-	-	2,983
Deferred revenue	-	-	-	-
Current portion of lease liability	14,795	-	-	14,795
Current portion of long-term debt	21,572	-	-	21,572
Total current liabilities	387,997	34,712	(18,629)	404,080
Lease liability, less current portion	-	-	-	-
Long-term debt, less current portion	1,392,235	-	-	1,392,235
Total liabilities	1,780,232	34,712	(18,629)	1,796,315
Net assets without donor restrictions	1,768,521	18,030	-	1,786,551
Total net assets	1,768,521	18,030	-	1,786,551
Total liabilities and net assets	\$ 3,548,753	\$ 52,742	\$ (18,629)	\$ 3,582,866

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

For the Year Ended September 30, 2018

<u>ASSETS</u>	2018			
	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 689,063	\$ 15,729	\$ -	\$ 704,792
Receivables:				
Medicaid, net allowance for doubtful accounts	259,017	23,056	-	282,073
Grants	74,040	-	-	74,040
Senior service fees	6,108	-	-	6,108
Related party	15,618	-	(15,618)	-
Prepaid expenses	29,147	368	-	29,515
Total current assets	<u>1,072,993</u>	<u>39,153</u>	<u>(15,618)</u>	<u>1,096,528</u>
Assets whose use is limited				
Debt service fund	23,868	-	-	23,868
Investments	252,186	-	-	252,186
	<u>276,054</u>	<u>-</u>	<u>-</u>	<u>276,054</u>
Capital assets	2,484,894	-	-	2,484,894
Less accumulated depreciation	(285,367)	-	-	(285,367)
	<u>2,199,527</u>	<u>-</u>	<u>-</u>	<u>2,199,527</u>
Assets under finance lease	84,000	-	-	84,000
Less accumulated depreciation	(51,620)	-	-	(51,620)
	<u>32,380</u>	<u>-</u>	<u>-</u>	<u>32,380</u>
Total assets	<u>\$ 3,580,954</u>	<u>\$ 39,153</u>	<u>\$ (15,618)</u>	<u>\$ 3,604,489</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY**CONSOLIDATING SCHEDULE OF FINANCIAL POSITION**

For the Year Ended September 30, 2018

<u>LIABILITIES AND NET ASSETS</u>	2018			
	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
Liabilities:				
Accounts payable	\$ 17,925	\$ 15,618	\$ (15,618)	\$ 17,925
Accrued salaries and wages	188,547	6,480	-	195,027
Accrued compensated absences	76,725	8,552	-	85,277
Retirement plan contributions	6,595	315	-	6,910
Accrued payroll liabilities	29,124	911	-	30,035
Accrued interest payable	3,237	-	-	3,237
Deferred revenue	7,816	-	-	7,816
Current portion of lease liability	17,585	-	-	17,585
Current portion of long-term debt	23,207	-	-	23,207
Total current liabilities	370,761	31,876	(15,618)	387,019
Lease liability, less current portion	14,795	-	-	14,795
Long-term debt, less current portion	1,603,648	-	-	1,603,648
Total liabilities	1,989,204	31,876	(15,618)	2,005,462
Net assets without donor restrictions	1,591,750	7,277	-	1,599,027
Total net assets	1,591,750	7,277	-	1,599,027
Total liabilities and net assets	\$ 3,580,954	\$ 39,153	\$ (15,618)	\$ 3,604,489

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY**CONSOLIDATING SCHEDULE OF ACTIVITIES**

For the Year Ended September 30, 2019

	2019			
	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
REVENUES AND OTHER SUPPORT:				
Medicaid	\$ 3,750,962	\$ -	\$ -	\$ 3,750,962
Federal grants	169,336	-	-	169,336
State grants	665,446	-	-	665,446
Project income	16,302	-	-	16,302
Bus fare and trip ticket revenue	3,135	-	-	3,135
Case management	-	144,226	-	144,226
Non-Medicaid	41,741	-	-	41,741
Inter-Project Match Revenue	10,363	-	-	10,363
Gain on Forgiveness of Debt	-	18,629	(18,629)	-
Other revenue	11,703	-	-	11,703
Total revenues and other support	<u>4,668,988</u>	<u>162,855</u>	<u>(18,629)</u>	<u>4,813,214</u>
OPERATING EXPENSES:				
Program expenses:				
Personal care	1,677,113	-	(9,128)	1,667,985
Title 19 (Homemaker)	1,663,032	-	(9,501)	1,653,531
TBI	69,683	-	-	69,683
Section 5310	55,223	-	-	55,223
Title III-B	69,793	-	-	69,793
Title III-C-1	39,075	-	-	39,075
Title III-C-2	184,490	-	-	184,490
Title III-D	185	-	-	185
Title III-E	13,251	-	-	13,251
Insurance Benefits Counseling	28,134	-	-	28,134
MIPPA	24,343	-	-	24,343
SMP	8,168	-	-	8,168
LIFE	66,193	-	-	66,193
Lighthouse	153,145	-	-	153,145
Fair	32,765	-	-	32,765
DOTS	9,842	-	-	9,842
Title III Add'l Funds	1,973	-	-	1,973
All Care Home and Community Services, Inc.	-	138,042	-	138,042
Total program expenses	<u>4,096,408</u>	<u>138,042</u>	<u>(18,629)</u>	<u>4,215,821</u>
Management and General	400,112	14,083	-	414,195
Fundraising	490	-	-	490
Total operating expenses	<u>4,497,010</u>	<u>152,125</u>	<u>(18,629)</u>	<u>4,630,506</u>
Operating Income	171,978	10,730	-	182,708
NONOPERATING INCOME (EXPENSES):				
Interest income	4,793	23	-	4,816
Change in net assets	176,771	10,753	-	187,524
Net assets at beginning of year	<u>1,591,750</u>	<u>7,277</u>	<u>-</u>	<u>1,599,027</u>
Net assets at end of year	<u>\$ 1,768,521</u>	<u>\$ 18,030</u>	<u>\$ -</u>	<u>\$ 1,786,551</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY**CONSOLIDATING SCHEDULE OF ACTIVITIES**

For the Year Ended September 30, 2018

	2018			
	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
REVENUES AND OTHER SUPPORT:				
Medicaid	\$3,674,302	\$ -	\$ -	\$3,674,302
Federal grants	164,497	-	-	164,497
State grants	630,229	-	-	630,229
Project income	22,965	-	-	22,965
Bus fare and trip ticket revenue	4,621	-	-	4,621
Case management	-	136,752	-	136,752
Non-medicaid	51,843	-	-	51,843
Inter-Project Match Revenue	11,337	-	-	11,337
Other revenue	29,186	-	-	29,186
Total revenues and other support	<u>4,588,980</u>	<u>136,752</u>	<u>-</u>	<u>4,725,732</u>
OPERATING EXPENSES:				
Program expenses:				
Personal care	1,745,189	-	(8,121)	1,737,068
Title 19 (Homemaker)	1,559,492	-	(7,497)	1,551,995
TBI	35,004	-	-	35,004
Section 5310	53,496	-	-	53,496
Title III-B	73,368	-	-	73,368
Title III-C-1	39,747	-	-	39,747
Title III-C-2	180,196	-	-	180,196
Title III-D	2,358	-	-	2,358
Title III-E	11,304	-	-	11,304
Insurance Benefits Counseling	26,216	-	-	26,216
MIPPA	29,476	-	-	29,476
SMP	7,460	-	-	7,460
LIFE	55,493	-	-	55,493
Lighthouse	134,702	-	-	134,702
Fair	35,612	-	-	35,612
DOTS	3,387	-	-	3,387
Title III Add'l Funds	-	-	-	-
All Care Home and Community Services, Inc.	-	142,278	-	142,278
Total program expenses	<u>3,992,500</u>	<u>142,278</u>	<u>(15,618)</u>	<u>4,119,160</u>
Management and General	415,537	16,280	-	431,817
Fundraising	218	-	-	218
Total operating expenses	<u>4,408,255</u>	<u>158,558</u>	<u>(15,618)</u>	<u>4,551,195</u>
Operating Income (loss)	180,725	(21,806)	15,618	174,537
NONOPERATING INCOME (EXPENSES):				
Interest income	2,329	4	-	2,333
Gain on forgiveness of debt	-	15,618	(15,618)	-
Total nonoperating income	<u>2,329</u>	<u>15,622</u>	<u>(15,618)</u>	<u>2,333</u>
Change in net assets	183,054	(6,184)	-	176,870
Net assets at beginning of year	<u>1,408,696</u>	<u>13,461</u>	<u>-</u>	<u>1,422,157</u>
Net assets at end of year	<u>\$1,591,750</u>	<u>\$ 7,277</u>	<u>\$ -</u>	<u>\$ 1,599,027</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

2019

	Personal Care	Title - 19 Homemaker	TBI	Section 5310	Title III-B	Title III-C-1	Title III-C-2	Title III-D	Title III-E	Insurance Benefit Counseling
Functional Expenses:										
Salaries and wages	\$1,371,631	\$1,347,705	\$60,171	\$34,673	\$30,520	\$13,066	\$ 61,454	\$ -	\$11,748	\$ 15,882
Payroll taxes	118,049	116,419	5,395	2,078	2,262	1,062	5,153	-	1,060	1,148
Fringe benefits	76,548	75,053	1,762	2,864	2,767	720	2,884	10	414	1,355
Training and travel	1,709	1,732	34	4,556	8,266	45	6,517	175	4	3,065
Legal and accounting	5,421	5,284	-	-	-	-	-	-	-	-
Food expense	1,262	1,165	-	-	-	22,025	69,839	-	-	-
Utilities	6,086	5,946	-	396	408	-	396	-	-	249
Printing and supplies	14,742	14,053	70	104	534	174	6,540	-	9	-
Licenses and taxes	19	19	-	-	103	72	228	-	-	-
Membership dues	1,050	1,034	-	-	-	-	-	-	-	-
Contracted services	14,750	14,344	2	-	-	178	564	-	-	-
Insurance expense	-	-	-	4,800	12,000	-	3,200	-	-	-
Mileage expense	24,279	36,612	1,634	52	32	24	153	-	14	-
Advertising	1,803	1,814	-	-	-	-	-	-	-	6,399
Matching expense - general	350	364	-	-	-	-	-	-	-	-
Maintenance	3,981	4,113	-	1,778	8,073	-	3,807	-	-	-
Rent	11,211	10,989	-	-	-	-	-	-	-	-
Postage	213	197	-	-	-	-	-	-	-	36
Miscellaneous	1,894	1,846	15	-	74	-	122	-	2	-
Bad debt expense	2,537	4,681	600	-	-	-	-	-	-	-
Equipment	2,419	2,518	-	3,922	4,754	118	372	-	-	-
New building	-	-	-	-	-	-	-	-	-	-
Building capitalization	(1,067)	(1,110)	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	1,591	23,261	-	-	-
Interest expense	130	136	-	-	-	-	-	-	-	-
Amortization expense	8,968	8,617	-	-	-	-	-	-	-	-
Total functional expenses	\$1,667,985	\$1,653,531	\$69,683	\$55,223	\$69,793	\$39,075	\$ 184,490	\$ 185	\$13,251	\$ 28,134

COUNCIL ON AGING, INC. AND SUBSIDIARY

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

	MIPPA	SMP	Life	Lighthouse	FAIR	DOTS	Title III Add'l Funds	Management and General	Fundraising	All Care Home and Community Services, Inc.	Total
Functional Expenses:											
Salaries and wages	\$12,146	\$5,288	\$20,226	\$133,848	\$29,245	\$7,989	\$ -	\$ 180,237	\$ 456	\$ 110,060	\$3,446,345
Payroll taxes	841	447	1,774	11,899	2,530	928	-	13,260	34	8,923	293,262
Fringe benefits	949	519	592	4,031	897	-	-	5,406	-	6,808	183,579
Training and travel	1,847	1,132	-	97	24	518	-	-	-	89	29,810
Legal and accounting	-	-	-	-	-	-	-	-	-	-	10,705
Food expense	-	-	-	-	-	-	-	-	-	-	94,291
Utilities	188	94	-	-	-	-	-	43,368	-	1,107	58,238
Printing and supplies	2,576	-	14,071	196	48	-	1,510	18,648	-	863	74,138
Licenses and taxes	-	-	-	-	-	-	-	121	-	30	592
Membership dues	-	-	-	-	-	-	-	-	-	-	2,084
Contracted services	-	-	3,512	6	1	-	-	6,722	-	-	40,079
Insurance expense	-	-	-	-	-	-	-	30,536	-	2,642	53,178
Mileage expense	-	40	-	2,879	10	117	-	-	-	6,968	72,814
Advertising	5,786	635	32	-	-	-	-	-	-	-	16,469
Matching expense - general	-	-	10,288	-	-	-	-	-	-	-	11,002
Maintenance	-	-	5,106	-	-	-	463	2,775	-	-	30,096
Rent	-	-	-	-	-	-	-	-	-	-	22,200
Postage	10	13	-	-	-	-	-	-	-	-	469
Miscellaneous	-	-	-	42	10	290	-	-	-	330	4,625
Bad debt expense	-	-	-	147	-	-	-	-	-	222	8,187
Equipment	-	-	58,933	-	-	-	-	-	-	-	73,036
New building	-	-	-	-	-	-	-	-	-	-	-
Building capitalization	-	-	(48,341)	-	-	-	-	-	-	-	(50,518)
Depreciation expense	-	-	-	-	-	-	-	-	-	-	24,852
Interest expense	-	-	-	-	-	-	-	60,704	-	-	60,970
Amortization expense	-	-	-	-	-	-	-	52,418	-	-	70,003
Total functional expenses:	<u>\$ 24,343</u>	<u>\$8,168</u>	<u>\$66,193</u>	<u>\$153,145</u>	<u>\$32,765</u>	<u>\$9,842</u>	<u>\$ 1,973</u>	<u>\$ 414,195</u>	<u>\$ 490</u>	<u>\$ 138,042</u>	<u>\$4,630,506</u>

COUNCIL ON AGING, INC. AND SUBSIDIARY

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2018

2018

	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	\$ 1,438,415	\$ 1,279,616	\$ 30,187	\$ 30,477	\$ 32,670	\$ 924	\$ 13,383	\$ 60,638	\$ 15,175
Payroll taxes	124,246	110,929	2,704	1,938	2,343	72	1,068	4,898	1,075
Fringe benefits	53,306	47,929	862	2,784	2,900	30	808	3,031	1,375
Training and travel	4,095	3,722	128	4,545	9,900	-	80	8,262	319
Legal and accounting	9,693	8,596	-	-	-	-	-	-	-
Food expense	2,935	2,607	-	-	-	-	22,047	66,204	-
Utilities	9,333	8,325	-	297	631	-	105	906	766
Printing and supplies	14,181	12,748	14	-	7	1,332	301	8,070	470
Licenses and taxes	8	7	-	-	66	-	75	225	-
Membership dues	888	788	-	-	-	-	-	-	-
Contracted services	12,699	11,395	57	-	-	-	92	298	-
Insurance expense	-	-	-	4,800	12,000	-	-	3,200	-
Mileage expense	27,328	34,687	997	-	34	-	96	289	2,833
Advertising	1,837	1,645	-	-	-	-	-	-	4,160
Matching expense - general	1,046	998	-	-	-	-	-	-	-
Maintenance	762	701	1	2,062	4,131	-	65	2,531	-
Rent	11,112	9,888	-	-	-	-	-	-	-
Postage	210	190	-	-	-	-	-	-	43
Miscellaneous	19,226	13,226	14	1,720	100	-	22	133	-
Bad debt expense	3,341	1,628	30	-	-	-	-	-	-
Equipment	1,328	1,216	10	4,873	8,586	-	14	42	-
New building	-	-	-	-	-	-	-	-	-
Building capitalization	-	-	-	-	-	-	-	-	-
Depreciation expense	-	-	-	-	-	-	1,591	21,469	-
Interest expense	185	271	-	-	-	-	-	-	-
Amortization expense	9,015	8,380	-	-	-	-	-	-	-
Indirect costs	167,055	199,487	652	3,715	5,437	119	1,899	9,974	1,215
Total functional expenses	\$ 1,912,244	\$ 1,758,979	\$ 35,656	\$ 57,211	\$ 78,805	\$ 2,477	\$ 41,646	\$ 190,170	\$ 27,431

COUNCIL ON AGING, INC. AND SUBSIDIARY

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2018

	2018									
	MIPPA	Life	Title III-E	Lighthouse	FAIR	DOTS	Title III Add'l Funds	Fundraising	All Care Home and Community Services, Inc.	Total
Functional Expenses:										
Salaries and wages	\$ 13,234	\$ 14,728	\$ 10,058	\$ 117,185	\$ 31,666	\$ 1,666	\$ -	\$ -	\$ 112,442	\$ 3,208,473
Payroll taxes	914	1,315	871	10,309	2,759	124	-	-	9,291	275,392
Fringe benefits	960	445	250	3,837	963	18	-	-	5,130	125,133
Training and travel	2,063	-	16	209	41	1,100	-	-	120	34,600
Legal and accounting	-	-	-	-	-	-	-	-	-	18,289
Food expense	-	-	-	-	-	161	-	-	-	93,954
Utilities	239	-	-	-	-	-	-	-	1,349	21,951
Printing and supplies	1,351	9,984	23	291	55	-	-	-	352	49,179
Licenses and taxes	-	-	-	-	-	-	-	-	126	507
Membership dues	-	-	-	-	-	-	-	-	-	1,676
Contracted services	-	-	14	189	39	314	-	-	20	25,117
Insurance expense	-	-	-	-	-	-	-	-	2,644	22,644
Mileage expense	664	-	57	2,424	46	4	-	-	7,128	76,997
Advertising	10,039	68	-	-	-	-	-	-	-	17,749
Matching expense - general	-	9,292	-	-	-	-	-	-	-	11,336
Maintenance	-	13,870	2	23	4	-	-	-	-	24,152
Rent	-	-	-	-	-	-	-	-	-	21,000
Postage	12	-	-	-	-	-	-	-	10	465
Miscellaneous	-	-	12	158	31	-	-	218	1,722	36,582
Bad debt expense	-	-	-	48	-	-	-	-	-	5,047
Equipment	-	5,791	1	29	8	-	-	-	1,944	23,842
New building	-	49,000	-	-	-	-	-	-	-	49,000
Building capitalization	-	(49,000)	-	-	-	-	-	-	-	(49,000)
Depreciation expense	-	-	-	-	-	-	-	-	-	23,060
Interest expense	-	-	-	-	-	-	-	-	-	456
Amortization expense	-	-	-	-	-	-	-	-	-	17,395
Indirect costs	877	4,963	1,510	14,685	3,714	-	-	-	16,280	431,817
Total functional expenses	\$ 30,353	\$ 60,456	\$ 12,814	\$ 149,387	\$ 39,326	\$ 3,387	\$ -	\$ 218	\$ 158,558	\$ 4,566,813

COUNCIL ON AGING, INC. AND SUBSIDIARY

SCHEDULE OF PROGRAM EXPENDITURES – WEST VIRGINIA BUREAU OF SENIOR CITIZENS

For the Year Ended September 30, 2019

2019					
Program	Program Year	Expenditures	Federal Revenues	State Revenues	Total Revenues
Lighthouse	July 1, 2018 to June 30, 2019	<u>\$ 162,288</u>	<u>\$ -</u>	<u>\$ 189,144</u>	<u>\$ 189,144</u>
LIFE	July 1, 2018 to June 30, 2019	<u>\$ 60,736</u>	<u>\$ -</u>	<u>\$ 179,601</u>	<u>\$ 179,601</u>
SHIP	April 1, 2018 to March 31, 2019	<u>\$ 27,800</u>	<u>\$ -</u>	<u>\$ 27,000</u>	<u>\$ 27,000</u>
MIPPA	October 1, 2018 to Sept. 30, 2019	<u>\$ 25,809</u>	<u>\$ -</u>	<u>\$ 25,000</u>	<u>\$ 25,000</u>
FAIR	July 1, 2018 to June 30, 2019	<u>\$ 37,989</u>	<u>\$ -</u>	<u>\$ 42,098</u>	<u>\$ 42,098</u>
Title III B	October 1, 2018 to Sept. 30, 2019	<u>\$ 69,843</u>	<u>\$ 39,826</u>	<u>\$ 26,724</u>	<u>\$ 66,550</u>
Title III D	October 1, 2018 to Sept. 30, 2019	<u>\$ 392</u>	<u>\$ -</u>	<u>\$ 336</u>	<u>\$ 336</u>
Title III E	October 1, 2018 to Sept. 30, 2019	<u>\$ 14,825</u>	<u>\$ 12,898</u>	<u>\$ 4,521</u>	<u>\$ 17,419</u>
Title III C-1	October 1, 2018 to Sept. 30, 2019	<u>\$ 41,643</u>	<u>\$ 4,754</u>	<u>\$ 23,770</u>	<u>\$ 28,524</u>
Title III C-2	October 1, 2018 to Sept. 30, 2019	<u>\$ 191,117</u>	<u>\$ 70,705</u>	<u>\$ 98,976</u>	<u>\$ 169,681</u>
Section 5310	July 1, 2018 to June 30, 2019	<u>\$ 53,009</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 40,000</u>
SMP	June 1, 2018 to May 31, 2019	<u>\$ 8,743</u>	<u>\$ -</u>	<u>\$ 8,600</u>	<u>\$ 8,600</u>
Title III Additional Funds	October 1, 2018 to Sept. 30, 2019	<u>\$ 1,973</u>	<u>\$ -</u>	<u>\$ 1,973</u>	<u>\$ 1,973</u>

LIFE grant outflows also included \$120,688 of loan servicing and capitalized items.

BASIS OF PRESENTATION

The accompanying schedules of program expenses of the SHIP/MIPPA, Lighthouse, Fair, LIFE, IIIB, IIID, IIIE, C-1, and Community Partnership programs includes the grant activity of the Council on Aging, Inc. that the West Virginia Bureau of Senior Citizens 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 statements.