

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

Independent Auditor's Report
and
Consolidated Financial Statements

For the Years Ended September 30, 2023 and 2022

COUNCIL ON AGING, INC. AND SUBSIDIARY

INDEPENDENT AUDITOR'S REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended September 30, 2023 and 2022

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 - 6
Consolidated Statements of Functional Expenses	7 - 10
Consolidated Statements of Cash Flows	11
Notes to the Consolidated Financial Statements	12 - 24
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>	25 - 26
SUPPLEMENTARY INFORMATION	
Schedule of Program Expenditures: West Virginia Bureau of Senior Citizens – 2023	27
Consolidating Statements of Financial Position	28 - 29
Consolidating Statements of Activities and Changes in Net Assets	30 - 31



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
Mullens, West Virginia

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Council on Aging, Inc. (a nonprofit organization) and Subsidiary (collectively, the "Organization"), which comprise the statement of financial position as of September 30, 2023 and 2022, and the related statements of activities and changes in net assets, 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, 2023 and 2022, 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 Responsibilities for the Audit of the Consolidated Financial Statements

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 Services 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 25, 2024 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 25, 2024

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

<u>ASSETS</u>	2023	2022
Current assets:		
Cash and cash equivalents	\$ 3,752,237	\$ 3,016,099
Receivables:		
Medicaid, net of allowance for doubtful accounts	1,433,587	1,082,543
Grants	82,329	84,577
Senior Service Fees	6,785	7,757
Prepaid expenses	47,199	28,116
Total current assets	<u>5,322,137</u>	<u>4,219,092</u>
Assets whose use is limited - debt service fund	70,811	70,593
Investments	<u>271,905</u>	<u>267,781</u>
	<u>342,716</u>	<u>338,374</u>
Capital Assets	2,548,282	2,548,282
Less accumulated depreciation	<u>(748,935)</u>	<u>(652,341)</u>
	<u>1,799,347</u>	<u>1,895,941</u>
Assets under operating lease	53,530	53,530
Less accumulated amortization	<u>(2,893)</u>	<u>(38,346)</u>
	<u>50,637</u>	<u>15,184</u>
Land	<u>104,000</u>	<u>104,000</u>
TOTAL ASSETS	<u><u>\$ 7,618,837</u></u>	<u><u>\$ 6,572,591</u></u>
<u>LIABILITIES AND NET ASSETS</u>		
Current liabilities		
Accounts payable	\$ 78,011	\$ 84,391
Accrued salaries and wages	183,988	151,485
Accrued compensated absences	107,354	99,093
Retirement plan contributions	13,089	12,749
Accrued payroll liabilities	18,870	18,509
Deferred revenues	-	10,286
Accrued interest payable	3,046	2,842
Current portion of lease liability	17,554	15,184
Current portion of long-term debt	24,665	23,818
Total current liabilities	<u>446,577</u>	<u>418,357</u>
Lease liability, less current portion	33,083	-
Long-term debt, less current portion	<u>1,298,776</u>	<u>1,323,412</u>
TOTAL LIABILITIES	<u>1,778,436</u>	<u>1,741,769</u>
Net assets:		
Net assets with donor restrictions	1,417,734	1,465,737
Net assets without donor restrictions		
Investment in capital assets	579,905	652,711
Undesignated	<u>3,842,762</u>	<u>2,712,374</u>
TOTAL NET ASSETS	<u>5,840,401</u>	<u>4,830,822</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,618,837</u></u>	<u><u>\$ 6,572,591</u></u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Medicaid	\$ 4,540,171	\$ 1,272,943	\$ 5,813,114
Federal grants	227,612	-	227,612
State grants	703,205	-	703,205
Project income	22,701	-	22,701
Bus fare and trip ticket revenue	3,184	-	3,184
Case management	324,125	-	324,125
Non-Medicaid	46,667	-	46,667
Inter-Project Match Revenue	9,613	-	9,613
Other Revenue	13,566	-	13,566
Net assets released from restrictions	1,320,946	(1,320,946)	-
TOTAL REVENUES AND OTHER SUPPORT	7,211,790	(48,003)	7,163,787
OPERATING EXPENSES:			
Program expenses:			
Personal care	2,037,166	-	2,037,166
Title 19 (Homemaker)	2,534,138	-	2,534,138
TBI	108,309	-	108,309
Section 5310	69,321	-	69,321
Title III-B	52,852	-	52,852
Title III-D	2,588	-	2,588
Title III-C-1	19,778	-	19,778
Title III-C-2	250,534	-	250,534
Title III-E	19,826	-	19,826
Insurance Benefits Counseling	29,571	-	29,571
MIPPA	24,609	-	24,609
SMP	9,466	-	9,466
LIFE	110,859	-	110,859
Lighthouse	236,942	-	236,942
Fair	34,835	-	34,835
Meals on Wheels Covid	31,791	-	31,791
All Care Home and Community Services, Inc.	241,688	-	241,688
TOTAL PROGRAM EXPENSE	5,814,273	-	5,814,273
Support services:			
Fundraising	-	-	-
Management and General	468,930	-	468,930
TOTAL OPERATING EXPENSE	6,283,203	-	6,283,203
OPERATING INCOME	928,587	(48,003)	880,584
NONOPERATING INCOME (EXPENSE)			
Interest income	128,995	-	128,995
CHANGE IN NET ASSETS	1,057,582	(48,003)	1,009,579
Net assets, beginning of year	3,365,085	1,465,737	4,830,822
Net assets, end of year	\$ 4,422,667	\$ 1,417,734	\$ 5,840,401

See Notes to Consolidated Financial Statements

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND OTHER SUPPORT:			
Medicaid	\$ 4,189,223	\$ 1,297,457	\$ 5,486,680
Federal grants	420,000	-	420,000
State grants	706,441	-	706,441
Project income	24,235	-	24,235
Bus fare and trip ticket revenue	2,445	-	2,445
Case management	234,104	58,490	292,594
Non-Medicaid	42,847	-	42,847
Inter-Project Match Revenue	2,373	-	2,373
Other Revenue	15,251	-	15,251
Net assets released from restrictions	708,302	(708,302)	-
TOTAL REVENUES AND OTHER SUPPORT	6,345,221	647,645	6,992,866
OPERATING EXPENSES:			
Program expenses:			
Personal care	1,861,763	-	1,861,763
Title 19 (Homemaker)	2,053,458	-	2,053,458
TBI	111,998	-	111,998
Section 5310	50,172	-	50,172
Title III-B	71,931	-	71,931
Title III-D	2,365	-	2,365
Title III-C-1	11,736	-	11,736
Title III-C-2	252,086	-	252,086
Title III-E	16,800	-	16,800
Insurance Benefits Counseling	30,159	-	30,159
MIPPA	24,707	-	24,707
SMP	9,796	-	9,796
LIFE	69,995	-	69,995
Lighthouse	198,674	-	198,674
Fair	41,684	-	41,684
Title III Additional Funds	210	-	210
Meals on Wheels Covid	49,714	-	49,714
HHS Stimulus Grant	167,314	-	167,314
All Care Home and Community Services, Inc.	211,513	-	211,513
TOTAL PROGRAM EXPENSE	5,236,075	-	5,236,075
Support services:			
Fundraising	699	-	699
Management and General	476,872	-	476,872
TOTAL OPERATING EXPENSE	5,713,646	-	5,713,646
OPERATING INCOME	631,575	647,645	1,279,220
NONOPERATING INCOME (EXPENSE)			
Interest income	25,700	-	25,700
CHANGE IN NET ASSETS	657,275	647,645	1,304,920
Net assets, beginning of year	2,707,810	818,092	3,525,902
Net assets, end of year	\$ 3,365,085	\$ 1,465,737	\$ 4,830,822

See Notes to Consolidated Financial Statements

**COUNCIL ON AGING, INC. AND SUBSIDIARY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Functional Expenses:	Personal Care	Title - 19 Homemaker	TBI	Section 5310	III-B	III-D	III-C-1	III-C-2	Benefit Counseling	MIPPA	SMP
Salaries and wages	\$ 1,743,317	\$ 2,154,964	\$ 95,246	\$ 33,949	\$ 25,272	\$ 1,193	\$ 5,585	\$ 72,698	\$ 20,340	\$ 14,235	\$ 6,864
Payroll taxes	145,139	179,011	7,987	2,754	2,072	97	449	6,020	1,681	1,086	576
Fringe benefits	37,594	44,270	1,466	3	2	-	-	5	-	-	-
Training and travel	3,275	4,940	224	4,925	3,642	-	15	8,253	2,261	1,902	990
Legal and accounting	8,027	8,515	-	-	-	-	-	-	-	-	-
Food expense	320	449	11	-	-	-	12,647	128,922	-	-	-
Utilities	7,891	9,457	259	33	34	-	43	33	127	85	43
Printing and supplies	29,028	37,316	966	-	594	1,298	674	12,626	18	-	-
Licenses and taxes	-	-	-	182	267	-	26	456	-	-	-
Membership dues	975	1,100	21	-	-	-	-	-	-	-	-
Contracted services	2,224	10,080	71	366	366	-	49	694	-	-	-
Insurance expense	38	51	1	4,000	9,000	-	-	1,800	-	-	-
Mileage expense	22,820	41,586	859	100	-	-	4	49	50	-	-
Advertising	2,643	2,964	96	32	-	-	-	-	4,978	7,234	980
Matching expense -- general	-	-	-	-	-	-	-	-	-	-	-
Maintenance	1,380	1,476	12	1,533	3,853	-	242	7,177	-	-	-
Rent	10,092	11,760	348	-	-	-	-	-	-	-	-
Postage	111	149	4	11	-	-	-	-	116	67	13
Miscellaneous	1,250	1,439	43	-	-	-	4	25	-	-	-
Medical supplies	221	246	8	-	-	-	-	-	-	-	-
Bad debt expense	8,321	9,664	256	-	-	-	-	-	-	-	-
Equipment	1,562	1,956	54	21,433	7,750	-	40	459	-	-	-
New Building	-	-	-	-	-	-	-	-	-	-	-
Building & equip. Capitalization	-	-	-	-	-	-	-	-	-	-	-
Depreciation expense	2,561	2,984	88	-	-	-	-	11,317	-	-	-
Interest expense	201	142	7	-	-	-	-	-	-	-	-
Amortization expense	8,176	9,619	282	-	-	-	-	-	-	-	-
	<u>\$ 2,037,166</u>	<u>\$ 2,534,138</u>	<u>\$ 108,309</u>	<u>\$ 69,321</u>	<u>\$ 52,852</u>	<u>\$ 2,588</u>	<u>\$ 19,778</u>	<u>\$ 250,534</u>	<u>\$ 29,571</u>	<u>\$ 24,609</u>	<u>\$ 9,466</u>

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

Life	III-E	Lighthouse	Fair	Title III Add'l Funds	HHS Stimulus	Meals on Wheels Covid	All Care Home & Community Services, Inc.	Total Program	Management and General	Fundraising	Total
\$ 38,186	\$ 18,078	\$ 211,681	\$ 31,699	\$ -	\$ -	\$ 24,312	\$ 198,602	\$ 4,696,221	\$ 193,487	\$ -	\$ 4,889,708
3,157	1,462	18,140	2,590	-	-	1,925	15,117	389,263	14,082	-	403,345
1	119	990	282	-	-	190	8,432	93,354	8,271	-	101,625
-	122	207	42	-	-	-	186	30,984	150	-	31,134
3,923	-	-	-	-	-	-	-	20,465	5,171	-	25,636
-	-	-	-	-	-	-	-	142,349	-	-	142,349
-	-	-	-	-	-	-	735	18,740	51,076	-	69,816
12,331	32	252	63	-	-	993	3,851	100,042	17,171	-	117,213
-	-	-	-	-	-	-	15	946	50	-	996
-	-	-	-	-	-	-	-	2,096	-	-	2,096
21,431	1	9	2	-	-	-	-	35,293	7,101	-	42,394
-	-	-	-	-	-	-	3,505	18,395	41,090	-	59,485
-	2	5,583	137	-	-	-	10,319	81,509	-	-	81,509
95	-	-	-	-	-	4,371	-	23,393	-	-	23,393
9,613	-	-	-	-	-	-	-	9,613	-	-	9,613
2,560	-	-	-	-	-	-	-	18,233	4,663	-	22,896
-	-	-	-	-	-	-	-	22,200	-	-	22,200
-	-	-	-	-	-	-	639	1,110	-	-	1,110
-	-	-	-	-	-	-	287	3,048	-	-	3,048
-	-	-	-	-	-	-	-	475	-	-	475
-	-	-	-	-	-	-	-	18,241	-	-	18,241
19,562	10	80	20	-	-	-	-	52,926	-	-	52,926
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	16,950	79,644	-	96,594
-	-	-	-	-	-	-	-	350	46,974	-	47,324
-	-	-	-	-	-	-	-	18,077	-	-	18,077
<u>\$ 110,859</u>	<u>\$ 19,826</u>	<u>\$ 236,942</u>	<u>\$ 34,835</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,791</u>	<u>\$ 241,688</u>	<u>\$ 5,814,273</u>	<u>\$ 468,930</u>	<u>\$ -</u>	<u>\$ 6,283,203</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, 2022**

Functional Expenses:	Personal Care	Title - 19 Homemaker	TBI	Section 5310	III-B	III-D	III-C-1	III-C-2	Benefit Counseling	MIPPA	SMP
Salaries and wages	\$ 1,596,147	\$ 1,751,689	\$ 96,088	\$ 29,018	\$ 34,198	\$ 749	\$ 3,834	\$ 69,813	\$ 22,731	\$ 12,105	\$ 4,650
Payroll taxes	130,333	139,288	7,733	2,397	2,890	56	327	5,752	1,905	921	381
Fringe benefits	43,860	47,307	2,460	536	478	-	25	904	38	6	9
Training and travel	3,862	4,618	363	4,540	7,321	546	2	9,686	1,341	951	674
Legal and accounting	848	883	-	-	-	-	-	-	-	-	-
Food expense	280	567	18	-	-	-	5,872	123,570	-	-	-
Utilities	5,362	6,038	321	-	-	-	-	-	137	33	85
Printing and supplies	21,319	24,192	1,222	-	23	1,014	36	8,985	-	761	116
Licenses and taxes	-	-	-	71	310	-	19	356	-	-	-
Membership dues	1,140	1,254	71	-	-	-	-	-	-	-	-
Contracted services	5,770	7,206	210	397	403	-	89	963	-	-	-
Insurance expense	-	-	-	3,250	12,000	-	-	1,800	-	-	-
Mileage expense	16,534	30,273	1,365	-	26	-	26	66	129	-	-
Advertising	2,630	2,950	138	-	-	-	-	-	3,570	9,917	2,380
Matching expense -- general	-	-	-	-	-	-	-	-	-	-	-
Maintenance	2,032	2,201	79	2,213	5,532	-	1,188	9,543	-	-	-
Rent	10,151	11,432	617	-	-	-	-	-	-	-	-
Postage	278	293	10	-	-	-	-	-	308	13	17
Miscellaneous	3,577	3,656	233	-	-	-	-	50	-	-	-
Medical supplies	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	6,064	6,720	324	-	-	-	-	-	-	-	-
Equipment	3,805	4,056	235	7,750	8,750	-	-	-	-	-	1,484
New Building	-	-	-	-	-	-	-	-	-	-	-
Building & equip. capitalization	(1,315)	(1,368)	-	-	-	-	-	-	-	-	-
Equipment depreciation expense	676	732	-	-	-	-	318	20,598	-	-	-
Interest expense	241	242	11	-	-	-	-	-	-	-	-
Amortization expense	8,169	9,229	500	-	-	-	-	-	-	-	-
	<u>\$ 1,861,763</u>	<u>\$ 2,053,458</u>	<u>\$ 111,998</u>	<u>\$ 50,172</u>	<u>\$ 71,931</u>	<u>\$ 2,365</u>	<u>\$ 11,736</u>	<u>\$ 252,086</u>	<u>\$ 30,159</u>	<u>\$ 24,707</u>	<u>\$ 9,796</u>

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

Life	III-E	Lighthouse	Fair	Title III Add'l Funds	HHS Stimulus	Meals on Wheels Covid	All Care Home & Community Services, Inc.	Total Program	Management and General	Fundraising	Total
\$ 24,374	\$ 15,340	\$ 177,621	\$ 37,934	\$ -	\$ 148,969	\$ 15,913	\$ 177,977	\$ 4,219,150	\$ 189,157	\$ 196	\$ 4,408,503
2,044	1,260	15,400	3,147	-	12,753	1,167	13,226	340,980	13,847	16	354,843
233	156	2,255	498	-	1,488	128	7,910	108,291	6,295	1	114,587
459	17	160	39	-	-	90	20	34,689	-	28	34,717
-	-	-	-	-	-	-	-	1,731	20,638	-	22,369
-	-	-	-	-	-	900	-	131,207	-	423	131,630
-	-	-	-	-	-	-	733	12,709	54,299	-	67,008
2,702	13	135	33	210	4,104	18,429	1,525	84,819	14,179	-	98,998
-	-	-	-	-	-	-	-	756	15	-	771
-	-	-	-	-	-	-	-	2,465	-	-	2,465
19,842	8	77	18	-	-	-	-	34,983	17,619	-	52,602
-	-	-	-	-	-	-	3,524	20,574	33,067	-	53,641
-	1	2,970	2	-	-	88	1,222	52,702	-	35	52,737
-	-	-	-	-	-	12,649	-	34,234	-	-	34,234
2,373	-	-	-	-	-	-	-	2,373	-	-	2,373
2,935	-	-	-	-	-	-	-	25,723	4,300	-	30,023
-	-	-	-	-	-	-	-	22,200	-	-	22,200
-	-	-	-	-	-	-	527	1,446	-	-	1,446
-	5	56	13	-	-	350	4,759	12,699	5,538	-	18,237
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	90	13,198	-	-	13,198
45,354	-	-	-	-	-	-	-	71,434	-	-	71,434
-	-	-	-	-	-	-	-	-	-	-	-
(30,321)	-	-	-	-	-	-	-	(33,004)	(6,586)	-	(39,590)
-	-	-	-	-	-	-	-	22,324	76,965	-	99,289
-	-	-	-	-	-	-	-	494	47,539	-	48,033
-	-	-	-	-	-	-	-	17,898	-	-	17,898
<u>\$ 69,995</u>	<u>\$ 16,800</u>	<u>\$ 198,674</u>	<u>\$ 41,684</u>	<u>\$ 210</u>	<u>\$ 167,314</u>	<u>\$ 49,714</u>	<u>\$ 211,513</u>	<u>\$ 5,236,075</u>	<u>\$ 476,872</u>	<u>\$ 699</u>	<u>\$ 5,713,646</u>

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

COUNCIL ON AGING, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Continuing operations		
Change in net assets	\$ 1,009,579	\$ 1,304,920
Depreciation and amortization	114,672	117,188
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in Medicaid accounts receivable	(351,044)	348,184
(Increase) decrease in grants receivable	2,248	29,389
(Increase) decrease in senior fees receivable	972	(1,257)
(Increase) decrease in prepaid assets and deposits	(19,083)	(23,162)
Increase (decrease) in accounts payable	(6,380)	82,509
Increase (decrease) in accrued salaries and wages	32,503	34,662
Increase (decrease) in accrued compensated absences	8,261	5,556
Increase (decrease) in retirement plan contributions	340	22
Increase (decrease) in deferred revenues	(10,286)	10,286
Increase (decrease) in interest payable	204	(49)
Increase (decrease) in accrued payroll liabilities	361	(54,391)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>782,347</u>	<u>1,853,857</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
(Increase) decrease in assets whose use is limited	(219)	(25,685)
(Increase) decrease in capital assets	-	(42,226)
NET CASH USED IN INVESTING ACTIVITIES	<u>(219)</u>	<u>(67,911)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Increase) decrease in investments	(4,124)	(3,984)
Payments on lease liability	(18,077)	(17,899)
Payments on long-term borrowings	(23,789)	(22,973)
NET CASH USED IN FINANCING ACTIVITIES	<u>(45,990)</u>	<u>(44,856)</u>
NET INCREASE IN CASH AND EQUIVALENTS	736,138	1,741,090
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>3,016,099</u>	<u>1,275,009</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 3,752,237</u>	<u>\$ 3,016,099</u>
Supplement disclosure of cash flow information:		
Cash used for interest payments	<u>\$ 46,771</u>	<u>\$ 48,072</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 Years Ended September 30, 2023 and 2022

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 West Virginia Multimodal Transportation Facilities 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 WV BOSS 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 Years Ended September 30, 2023 and 2022

1 – ORGANIZATION AND NATURE OF OPERATIONS (CONTINUED)

The Medicaid fee for service 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. Significant intercompany accounts and transactions were eliminated in consolidation.

Basis of Accounting

The Organization prepared and maintains their consolidated financial statements and accounts on the accrual basis of accounting, where by 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 assets may be used at the discretion of the Organization's management and the board of directors.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

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 \$107,354 and \$99,093 at September 30, 2023 and 2022 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, 2023 and 2022.

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.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023 and 2022.

Client Service Revenue-Medicaid/Non-Medicaid

The Organization performs Aged and Disabled Waiver (ADW), Personal Attendant and 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 annually 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.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The transaction price is based on standard charges for care as provided annually 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.

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, 2023, no provision for income taxes has been made. The Organization's federal income tax returns for 2022, 2021, 2020 and 2019 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 \$23,393 and \$34,234 for the years ended September 30, 2023 and 2022, respectively.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

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>2023</u>	<u>2022</u>
Cash and cash equivalents	\$3,752,237	\$3,016,099
Receivables:		
Medicaid	1,433,587	1,082,543
Grants	82,329	84,577
Seniors service fees	6,785	7,757
Investments	<u>271,905</u>	<u>267,781</u>
	<u>\$5,546,843</u>	<u>\$4,458,757</u>
Net assets with donor restrictions	<u>(1,417,734)</u>	<u>(1,465,737)</u>
	<u>\$4,129,109</u>	<u>\$2,993,020</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.

4 – DEPOSITS

The Organization’s deposits are categorized to give an indication of the level of risk assumed by the Organization at September 30, 2023 and 2022. 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.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

4 – DEPOSITS (CONTINUED)

	<u>Bank</u>	2023 <u>Category 2</u>	<u>Carrying</u>	<u>Balance Amount</u>
Cash	\$ 3,781,882	\$ 485,532	\$3,296,350	\$3,752,237
Debt Service	70,811		70,811	70,811
Investments	<u>271,905</u>	<u> </u>	<u>271,905</u>	<u>271,905</u>
Total	\$ <u>4,124,598</u>	\$ <u>485,532</u>	<u>\$3,639,066</u>	<u>\$4,094,953</u>

	<u>Bank</u>	2022 <u>Category 2</u>	<u>Carrying</u>	<u>Balance Amount</u>
Cash	\$ 3,036,426	\$ 428,379	\$2,608,047	3,016,099
Debt Service	70,593		70,593	70,593
Investments	<u>267,781</u>	<u> </u>	<u>267,781</u>	<u>263,797</u>
Total	\$ <u>3,374,800</u>	\$ <u>428,379</u>	<u>\$2,946,421</u>	<u>\$3,350,489</u>

5 – RECEIVABLE

Receivables for the years ended September 30, 2023 and 2022 were as follows:

2023	
Receivables consist of the following:	
Medicaid Personal Care, Waiver, TBI and Case Management	\$1,433,587
Senior Service Fees	6,785
Grant Receivable	
Title IIIB	13,391
Title IIIC	18,769
Lighthouse	19,485
FAIR	1,413
Title IIID	1,344
Life	16,042
Title IIIE	3,026
SHIP/MIPPA/SMP	5,184
5310 Non-Medicaid	<u>3,675</u>
Total Grant Receivable	<u>\$ 82,329</u>

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

5 – RECEIVABLE (CONTINUED)

	<u>2022</u>
Receivables consist of the following:	
Medicaid Personal Care, Waiver, TBI and Case Management	\$1,082,543
Senior Service Fees	7,757
Grant Receivable	
Title IIIB	17,271
Title IIIC	23,063
Lighthouse	16,285
FAIR	4,947
Title IIID	1,462
Life	12,028
Title IIIE	2,202
SHIP/MIPPA/SMP	4,844
5310 Non-Medicaid	<u>2,475</u>
Total Grant Receivable	<u>\$ 84,577</u>

6 – CAPITAL ASSETS

Capital assets for the years ended September 30, 2023 and 2022, were as follows:

	<u>2023</u>	<u>2022</u>
Building	\$2,116,381	\$2,116,381
Equipment	304,373	304,373
Capital improvements	<u>127,528</u>	<u>127,528</u>
	2,548,282	2,548,282
Less accumulated depreciation	<u>(748,935)</u>	<u>(652,341)</u>
	<u>\$1,799,347</u>	<u>\$1,895,941</u>

7 – INVESTMENTS

Investment income consists of the following for the year ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Interest income	<u>\$128,995</u>	<u>\$25,630</u>
Total investment income	<u>\$128,995</u>	<u>\$25,630</u>

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

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.

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, 2023 and 2022.

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, 2023, and 2022:

	<u>2023</u>		<u>2022</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>\$271,905</u>	<u>\$271,905</u>	<u>\$267,781</u>	<u>\$267,781</u>

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

9 – OPERATING 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 operating 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 operating lease for the Charleston, West Virginia facility. The non-cancelable, \$1,532 per month lease has a term of three years ending July 31, 2026. Under ASU 2016-02, the Council recognized an asset under operating (right-of-use asset) of \$53,530 for the years ended September 30, 2023 and 2022, a lease liability of \$50,637 and \$15,184 for the years ended September 30, 2023 and 2022, respectively.

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

2024	\$17,554
2025	\$17,899
2026	<u>\$15,184</u>
	<u>\$50,637</u>

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 \$70,560 is accumulated. The reserve is to be used if funds are not available for debt service. Total obligation as of September 30, 2023 is \$1,323,441 in principle and \$3,046 in accrued interest.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

10 – DEBT OBLIGATIONS (CONTINUED)

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

For the Year Ending September 30, 2023

2024	24,665
2025	25,542
2026	26,450
2027	27,368
2028	28,365
Thereafter	<u>1,191,051</u>
	<u>\$1,323,441</u>

11 – LEASE AND RENTAL AGREEMENTS

The Council has operating leases at a facility in Welch, West Virginia for \$800 per month under cancelable operating term of one year ending January 31, 2024, 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, 2024. Future minimum rental payments are as follows:

For the Year Ending September 30, 2023

2024	\$13,700
2025	-0-
2026	-0-
2027	-0-
2028	-0-

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, 2023, Medicaid revenues, federal and state grants, and other income accounted for approximately eighty-two percent (82%), thirteen percent (13%) and five percent (5%), respectively, of total support and revenue.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

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, 2023. The Board of Directors declined to grant profit sharing for year ended September 30, 2023. Total contributions by the Council on Aging, Inc. to the plan for years ended September 30, 2023 and 2022, amounted to \$38,062 and \$39,751, 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, 2023 and 2022, the Life program received \$9,613 and \$2,373 in revenues, respectively, for expenses associated with other programs. The inter-program entries to record these matching revenues/expenses per program were as follows:

<u>Program</u>	<u>2023</u>	<u>2022</u>
Medical Transportation	\$ 9,613	\$ 2,373
	<u>\$ 9,613</u>	<u>\$ 2,373</u>

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 July 1, 2023, the Council revised its employee health insurance policy to allow all full-time employees to receive coverage by paying fifty-four percent (54%) 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.

COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)
For the Years Ended September 30, 2023 and 2022

16 – RESTRICTED NET ASSETS

During the years ended September 30, 2023 and 2022, the Council received a rate increase for Medicaid programs. 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, 2023 and 2022, net assets with donor restrictions are \$1,391,986 and \$1,406,472, respectively for the required 85% of increased rate payments. The Council has until December 31, 2024 to expend these restricted funds.

17 – SUBSEQUENT EVENTS

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



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, 2023 and 2022, 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 25, 2024.

Report on 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.

Report on 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.

Report on 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 Organization'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 25, 2024

SUPPLEMENTARY INFORMATION

COUNCIL ON AGING, INC.

Schedule of Program Expenditures/Revenues

WV Bureau of Senior Services

Program	Program Year	Expenditures, Loan Servicing, and Capitalized Items	Federal Revenues	State Revenues	Total Revenues
Lighthouse	July 1, 2022 to June 30, 2023	245,126	-	219,218	\$ 219,218
LIFE	July 1, 2022 to June 30, 2023	180,970	-	179,795	179,795
SHIP	April 1, 2022 to March 31, 2023	29,366	-	28,830	28,830
MIPPA	October 1, 2022 to Aug. 31, 2023	25,131	-	25,000	25,000
FAIR	July 1, 2022 to June 30, 2023	41,360	-	41,625	41,625
Title III B	October 1, 2022 to Sept. 30, 2023	48,499	29,120	17,612	46,732
Title IIID	October 1, 2022 to Sept. 30, 2023	2,588	2,094	370	2,464
Title III E	October 1, 2022 to Sept. 30, 2023	21,537	14,915	4,908	19,823
Title III C-1	October 1, 2022 to Sept. 30, 2023	20,096	10,241	13,405	23,646
Title III C-2	October 1, 2022 to Sept. 30, 2023	260,195	101,005	135,536	236,541
Section 5310	July 1, 2022 to June 30, 2023	56,080	38,698	-	38,698
SMP FY23	June 1, 2022 to June 30, 2023	9,658	-	9,597	9,597
Title III Add. Funds	October 1, 2022 to September 30, 2023	-	-	-	-

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, 2023

	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 3,518,451	\$ 233,786	\$ -	\$ 3,752,237
Receivables:				
Medicaid, net of allowance for doubtful accounts	1,376,584	57,003	-	1,433,587
Grants	82,329	-	-	82,329
Senior Service Fees	6,785	-	-	6,785
Related party	43,046	-	(43,046)	-
Prepaid expenses	46,932	267	-	47,199
Total current assets	<u>5,074,127</u>	<u>291,056</u>	<u>(43,046)</u>	<u>5,322,137</u>
Assets whose use is limited - debt service fund	70,811	-	-	70,811
Investments	271,905	-	-	271,905
	<u>342,716</u>	<u>-</u>	<u>-</u>	<u>342,716</u>
Capital Assets	2,548,282	-	-	2,548,282
Less accumulated depreciation	(748,935)	-	-	(748,935)
	<u>1,799,347</u>	<u>-</u>	<u>-</u>	<u>1,799,347</u>
Assets under operating lease	53,530	-	-	53,530
Less accumulated amortization	(2,893)	-	-	(2,893)
	<u>50,637</u>	<u>-</u>	<u>-</u>	<u>50,637</u>
Land	104,000	-	-	104,000
TOTAL ASSETS	<u><u>\$ 7,370,827</u></u>	<u><u>\$ 291,056</u></u>	<u><u>\$ (43,046)</u></u>	<u><u>\$ 7,618,837</u></u>
<u>LIABILITIES AND NET ASSETS</u>				
Current liabilities				
Accounts payable	\$ 78,011	\$ 43,046	\$ (43,046)	\$ 78,011
Accrued salaries and wages	176,500	7,488	-	183,988
Accrued compensated absences	95,049	12,305	-	107,354
Retirement plan contributions	12,277	812	-	13,089
Accrued payroll liabilities	18,129	741	-	18,870
Deferred revenues	-	-	-	-
Accrued interest payable	3,046	-	-	3,046
Current portion of lease liability	17,554	-	-	17,554
Current portion of long-term debt	24,665	-	-	24,665
Total current liabilities	<u>425,231</u>	<u>64,392</u>	<u>(43,046)</u>	<u>446,577</u>
Lease liability, less current portion	33,083	-	-	33,083
Long-term debt, less current portion	1,298,776	-	-	1,298,776
TOTAL LIABILITIES	<u>1,757,090</u>	<u>64,392</u>	<u>(43,046)</u>	<u>1,778,436</u>
Net assets:				
Investment in capital assets	579,905	-	-	579,905
Net Assets With Donor Restrictions	1,391,986	25,748	-	1,417,734
Net Assets Without Donor Restrictions	3,641,846	200,916	-	3,842,762
TOTAL NET ASSETS	<u>5,613,737</u>	<u>226,664</u>	<u>-</u>	<u>5,840,401</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,370,827</u></u>	<u><u>\$ 291,056</u></u>	<u><u>\$ (43,046)</u></u>	<u><u>\$ 7,618,837</u></u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
For the Year Ended September 30, 2022

	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
<u>ASSETS</u>				
Current assets:				
Cash and cash equivalents	\$ 2,837,720	\$ 178,379	\$ -	\$ 3,016,099
Receivables:				
Medicaid, net allowance for doubtful accounts	1,039,819	42,724	-	1,082,543
Grants	84,577	-	-	84,577
Senior service fees	7,757	-	-	7,757
Related party	42,367	-	(42,367)	-
Prepaid expenses	27,781	335	-	28,116
Total current assets	<u>4,040,021</u>	<u>221,438</u>	<u>(42,367)</u>	<u>4,219,092</u>
Assets whose use is limited				
Debt service fund	70,593	-	-	70,593
Investments	267,781	-	-	267,781
	<u>338,374</u>	<u>-</u>	<u>-</u>	<u>338,374</u>
Capital assets				
Less accumulated depreciation	2,548,282	-	-	2,548,282
	<u>(652,341)</u>	<u>-</u>	<u>-</u>	<u>(652,341)</u>
	<u>1,895,941</u>	<u>-</u>	<u>-</u>	<u>1,895,941</u>
Assets under operating lease				
Less accumulated depreciation	53,530	-	-	53,530
	<u>(38,346)</u>	<u>-</u>	<u>-</u>	<u>(38,346)</u>
	<u>15,184</u>	<u>-</u>	<u>-</u>	<u>15,184</u>
Land	104,000	-	-	104,000
TOTAL ASSETS	<u>\$ 6,393,520</u>	<u>\$ 221,438</u>	<u>\$ (42,367)</u>	<u>\$ 6,572,591</u>
<u>LIABILITIES AND NET ASSETS</u>				
Liabilities:				
Accounts payable	\$ 84,391	\$ 42,367	\$ (42,367)	\$ 84,391
Accrued salaries and wages	145,440	6,045	-	151,485
Accrued compensated absences	86,464	12,629	-	99,093
Retirement plan contributions	12,130	619	-	12,749
Accrued payroll liabilities	15,833	2,676	-	18,509
Accrued interest payable	2,842	-	-	2,842
Deferred revenue	10,286	-	-	10,286
Current portion of lease liability	15,184	-	-	15,184
Current portion of long-term debt	23,818	-	-	23,818
Total current liabilities	<u>396,388</u>	<u>64,336</u>	<u>(42,367)</u>	<u>418,357</u>
Lease liability, less current portion	-	-	-	-
Long-term debt, less current portion	1,323,412	-	-	1,323,412
TOTAL LIABILITIES	<u>1,719,800</u>	<u>64,336</u>	<u>(42,367)</u>	<u>1,741,769</u>
Net assets:				
Investment in capital assets	652,711	-	-	652,711
Net Assets With Donor Restrictons	1,406,472	59,265	-	1,465,737
Net Assets Without Donor Restrictions	2,614,537	97,837	-	2,712,374
TOTAL NET ASSETS	<u>4,673,720</u>	<u>157,102</u>	<u>-</u>	<u>4,830,822</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,393,520</u>	<u>\$ 221,438</u>	<u>\$ (42,367)</u>	<u>\$ 6,572,591</u>

See Notes to Consolidated Financial Statements.

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
REVENUES AND OTHER SUPPORT:				
Medicaid	\$ 5,813,114	\$ -	\$ -	\$ 5,813,114
Federal grants	227,612	-	-	227,612
State grants	703,205	-	-	703,205
Project income	22,701	-	-	22,701
Bus fare and trip ticket revenue	3,184	-	-	3,184
Case management	-	324,125	-	324,125
Non-medicaid	46,667	-	-	46,667
Inter-Project Match Revenue	9,613	-	-	9,613
Other Revenue	13,566	-	-	13,566
TOTAL REVENUES AND OTHER SUPPORT	6,839,662	324,125	-	7,163,787
OPERATING EXPENSES:				
Program expenses:				
Personal care	2,037,166	-	-	2,037,166
Title 19 (Homemaker)	2,534,138	-	-	2,534,138
TBI	108,309	-	-	108,309
Section 5310	69,321	-	-	69,321
Title III-B	52,852	-	-	52,852
Title III-D	2,588	-	-	2,588
Title III-C-1	19,778	-	-	19,778
Title III-C-2	250,534	-	-	250,534
Title III-E	19,826	-	-	19,826
Insurance Benefits Counseling	29,571	-	-	29,571
MIPPA	24,609	-	-	24,609
SMP	9,466	-	-	9,466
LIFE	110,859	-	-	110,859
Lighthouse	236,942	-	-	236,942
Fair	34,835	-	-	34,835
Meals on Wheels COVID	31,791	-	-	31,791
All Care Home and Community Services, Inc.	-	241,688	-	241,688
TOTAL PROGRAM EXPENSE	5,572,585	241,688	-	5,814,273
Support services:				
Fundraising	-	-	-	-
Management and General	453,060	15,870	-	468,930
TOTAL OPERATING EXPENSE	6,025,645	257,558	-	6,283,203
OPERATING INCOME	814,017	66,567	-	880,584
NONOPERATING INCOME (EXPENSE)				
Interest income	126,000	2,995	-	128,995
CHANGE IN NET ASSETS	\$ 940,017	\$ 69,562	\$ -	\$ 1,009,579

See Notes to Consolidated Financial Statements

COUNCIL ON AGING, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

	Council on Aging, Inc.	All Care Home and Community Services, Inc.	Eliminations	Total
REVENUES AND OTHER SUPPORT:				
Medicaid	\$ 5,486,680	\$ -	\$ -	\$ 5,486,680
Federal grants	420,000	-	-	420,000
State grants	706,441	-	-	706,441
Project income	24,235	-	-	24,235
Bus fare and trip ticket revenue	2,445	-	-	2,445
Case management	-	292,594	-	292,594
Non-medicaid	42,847	-	-	42,847
Inter-Project Match Revenue	2,373	-	-	2,373
Other Revenue	15,251	-	-	15,251
TOTAL REVENUES AND OTHER SUPPORT	6,700,272	292,594	-	6,992,866
OPERATING EXPENSES:				
Program expenses:				
Personal care	1,861,763	-	-	1,861,763
Title 19 (Homemaker)	2,053,458	-	-	2,053,458
TBI	111,998	-	-	111,998
Section 5310	50,172	-	-	50,172
Title III-B	71,931	-	-	71,931
Title III-D	2,365	-	-	2,365
Title III-C-1	11,736	-	-	11,736
Title III-C-2	252,086	-	-	252,086
Title III-E	16,800	-	-	16,800
Insurance Benefits Counseling	30,159	-	-	30,159
MIPPA	24,707	-	-	24,707
SMP	9,796	-	-	9,796
LIFE	69,995	-	-	69,995
Lighthouse	198,674	-	-	198,674
Fair	41,684	-	-	41,684
Title III Additional Funds	210	-	-	210
Meals on Wheels COVID	49,714	-	-	49,714
HHS Stimulus Grant	167,314	-	-	167,314
All Care Home and Community Services, Inc.	-	211,513	-	211,513
TOTAL PROGRAM EXPENSE	5,024,562	211,513	-	5,236,075
Support services:				
Fundraising	699	-	-	699
Management and General	461,178	15,694	-	476,872
TOTAL OPERATING EXPENSE	5,486,439	227,207	-	5,713,646
OPERATING INCOME	1,213,833	65,387	-	1,279,220
NONOPERATING INCOME (EXPENSE)				
Interest income	25,605	95	-	25,700
CHANGE IN NET ASSETS	\$ 1,239,438	\$ 65,482	\$ -	\$ 1,304,920

See Notes to Consolidated Financial Statements