

INDEPENDENT AUDITORS' REPORT
LICKING COUNTY AGING PROGRAM, INC.

December 31, 2019

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INDEPENDENT AUDITORS' REPORT



WILSON, SHANNON & SNOW
INC.
CPAs & ADVISORS

To the Board of Directors
Licking County Aging Program, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Licking County Aging Program, Inc. (a non-profit Ohio corporation), which are comprised of the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Licking County Aging Program, Inc. as of December 31, 2019 and 2018, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2020, on our consideration of Licking County Aging Program, 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 solely 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 the effectiveness of Licking County Aging Program, Inc.'s 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 Licking County Aging Program, Inc.'s internal control over financial reporting and compliance.

Wilson, Shuman & Sons, Inc.

Newark, Ohio
December 18, 2020

Licking County Aging Program, Inc.

STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31	
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 2,749,886	\$ 2,593,005
Certificates of deposit	513,697	502,015
Accounts and contributions receivable	65,823	75,703
Inventory - food items	33,868	24,382
Prepaid expenses	53,194	41,970
Beneficial interest in assets held by community foundation	788,305	616,960
Total current assets	4,204,773	3,854,035
PROPERTY AND EQUIPMENT		
Building - Heritage Hall	1,872,653	1,860,577
Kitchen equipment	244,877	240,822
Banquet equipment	22,698	22,698
Office equipment	174,697	168,753
Transportation vehicles	1,027,398	950,102
Furniture and fixtures	68,539	66,370
Land improvements	72,437	72,437
	3,483,299	3,381,759
Less accumulated depreciation	1,313,976	1,121,913
	2,169,323	2,259,846
Land	306,600	306,600
Total property and equipment	2,475,923	2,566,446
OTHER ASSETS		
Note receivable - affiliate	500,000	500,000
Interest receivable - affiliate	357,055	339,649
	857,055	839,649
TOTAL ASSETS	\$ 7,537,751	\$ 7,260,130

LIABILITIES AND NET ASSETS	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts payable	\$ 67,120	\$ 34,093
Accrued liabilities		
Salaries and wages	181,041	178,801
Payroll taxes	8,174	7,082
Real estate taxes	330	330
Unearned revenue	<u>300</u>	<u>200</u>
Total current liabilities	256,965	220,506
 LONG-TERM DEBT		
Notes payable	500,000	500,000
Accrued interest	<u>794,644</u>	<u>759,644</u>
	<u>1,294,644</u>	<u>1,259,644</u>
TOTAL LIABILITIES	1,551,609	1,480,150
 NET ASSETS		
Without donor restrictions	5,911,412	5,717,243
With donor restrictions	<u>74,730</u>	<u>62,737</u>
TOTAL NET ASSETS	<u>5,986,142</u>	<u>5,779,980</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,537,751</u>	<u>\$ 7,260,130</u>

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

	Without donor restrictions	With donor restrictions	Total
Revenues and support			
Senior Services Levy	\$ 3,400,000	\$ -	\$ 3,400,000
Program contributions	242,203	-	242,203
United Way	8,750	8,750	17,500
Grants from government agencies	804,383	31,944	836,327
Reimbursement from other agencies	141,364	-	141,364
Trip revenue	99,335	-	99,335
Interest and dividend income	90,017	-	90,017
Realized and unrealized gain on investment	113,371	-	113,371
Fundraising	24,690	-	24,690
Other revenue	104,930	1,405	106,335
Vehicle pledges and support	9,324	-	9,324
Gain on sale of fixed assets	5,001	-	5,001
Equity in loss of affiliate	(17,594)	-	(17,594)
Unrelated income	15,389	-	15,389
	<u>5,041,163</u>	<u>42,099</u>	<u>5,083,262</u>
Net assets released from restrictions			
Satisfaction of restrictions	<u>30,106</u>	<u>(30,106)</u>	<u>-</u>
Total revenues and support	<u>5,071,269</u>	<u>11,993</u>	<u>5,083,262</u>
Expenses			
Program services			
Title III-C Seniors Nutrition	1,843,804	-	1,843,804
Title III-B Transportation/Chore	552,257	-	552,257
Title III-B Homemaker/Home Health Aide	882,743	-	882,743
Title III-D Respite	14,819	-	14,819
Title III-E	54,741	-	54,741
LICCO and MR/DD	52,273	-	52,273
Senior Housing	35,000	-	35,000
Outreach	267,903	-	267,903
Alzheimer's	6,243	-	6,243
Annex/Reese Adult Day Center	129,533	-	129,533
Banquet	23,091	-	23,091
Supporting services			
General and administrative	999,560	-	999,560
Fundraising	15,133	-	15,133
Total expenses	<u>4,877,100</u>	<u>-</u>	<u>4,877,100</u>
Change in net assets	194,169	11,993	206,162
Net assets at January 1, 2019	<u>5,717,243</u>	<u>62,737</u>	<u>5,779,980</u>
Net assets at December 31, 2019	<u>\$ 5,911,412</u>	<u>\$ 74,730</u>	<u>\$ 5,986,142</u>

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2018

	Without donor restrictions	With donor restrictions	Total
Revenues and support			
Senior Services Levy	\$ 3,400,000	\$ -	\$ 3,400,000
Program contributions	204,501	-	204,501
United Way	11,945	8,750	20,695
Grants from government agencies	822,968	-	822,968
Reimbursement from other agencies	130,148	-	130,148
Trip revenue	29,701	-	29,701
Interest and dividend income	72,577	-	72,577
Realized and unrealized gain on investment	(39,652)	-	(39,652)
Fundraising	22,464	-	22,464
Other revenue	110,579	2,715	113,294
Vehicle pledges and support	8,597	-	8,597
Gain on sale of fixed assets	(1,947)	-	(1,947)
Equity in loss of affiliate	(19,965)	-	(19,965)
Unrelated income	16,077	-	16,077
	4,767,993	11,465	4,779,458
Net assets released from restrictions			
Satisfaction of restrictions	36,194	(36,194)	-
Total revenues and support	4,804,187	(24,729)	4,779,458
Expenses			
Program services			
Title III-C Seniors Nutrition	1,726,757	-	1,726,757
Title III-B Transportation/Chore	438,997	-	438,997
Title III-B Homemaker/Home Health Aide	821,794	-	821,794
Title III-D Respite	15,119	-	15,119
Title III-E	60,288	-	60,288
LICCO and MR/DD	48,206	-	48,206
Senior Housing	35,000	-	35,000
Outreach	201,243	-	201,243
Alzheimer's	14,168	-	14,168
Annex/Reese Adult Day Center	125,015	-	125,015
Banquet	22,926	-	22,926
Supporting services			
General and administrative	1,056,768	-	1,056,768
Fundraising	15,752	-	15,752
Total expenses	4,582,033	-	4,582,033
Change in net assets	222,154	(24,729)	197,425
Net assets at January 1, 2018	5,495,089	87,466	5,582,555
Net assets at December 31, 2018	\$ 5,717,243	\$ 62,737	\$ 5,779,980

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2019

	Title III-C Seniors Nutrition	Title III-B Transportation / Chore	Title III-B Homemaker/ Home Health Aide	Title III-D Respite	Title III-E	LICCO MR/DD	Senior Housing	Outreach	Alzheimer's	Annex / Reese Adult Day Center	Banquet	General and Administrative	Fundraising	Total Expense
Salaries	\$ 794,444	\$ 232,904	\$ 684,631	\$ 11,816	\$ -	\$ 40,397	\$ -	\$ 194,848	\$ 4,857	\$ 93,820	\$ 14,610	\$ 389,002	\$ 11,427	\$ 2,472,756
Payroll taxes and employee benefits	124,612	34,703	117,461	1,845	-	7,496	-	36,807	946	14,267	2,074	90,900	1,985	433,096
Professional fees	12,125	3,823	12,731	164	-	534	-	2,548	93	2,014	-	48,518	164	82,714
Contractual and consultant	58	547	-	-	-	-	-	-	-	518	-	107,630	-	108,753
Office supplies	1,932	1,261	1,587	-	-	49	-	1,584	-	668	14	6,019	-	13,114
Cleaning supplies	68	469	3,068	-	-	-	-	-	-	154	-	7,437	-	11,196
Medical supplies	-	-	1,447	-	-	-	-	-	-	368	-	498	-	2,313
Kitchen supplies	91,327	270	-	-	-	-	-	-	-	543	-	316	-	92,456
Food	606,801	-	-	-	-	-	-	9,633	-	1,343	-	-	-	617,777
Telephone	6,115	973	5,425	-	-	-	-	366	2	1,046	-	10,086	-	24,013
Postage and shipping	236	268	223	-	-	-	-	190	-	-	-	4,179	-	5,096
Equipment rental and maintenance	8,209	1,667	2,041	-	-	-	-	768	-	544	-	12,848	-	26,077
Printing and publications	104	277	68	-	-	-	-	231	-	4	-	12,007	-	12,691
Vehicle expense	133,091	53,067	47,286	994	-	3,480	-	850	331	56	56	6,549	-	245,760
Trip costs	-	97,322	-	-	-	-	-	-	-	-	-	-	-	97,322
Conference and conventions	455	294	775	-	-	-	-	-	-	-	-	15,450	-	16,974
Membership dues	225	-	-	-	-	-	-	-	-	-	-	3,259	-	3,484
Awards and grants	-	-	-	-	54,741	-	-	1,702	-	-	-	8,416	-	64,859
Insurance and bonding	727	485	1,202	-	-	-	-	1,221	-	2,423	-	34,410	-	40,468
Repairs and maintenance	12,133	481	1,195	-	-	53	-	1,155	7	5,179	-	35,076	-	55,279
Special event expenses	2,749	-	-	-	-	-	-	13,276	-	-	-	6,042	23	22,090
Miscellaneous	5,028	3,231	1,990	-	-	264	-	1,046	-	971	4,247	42,108	1,530	60,415
Utilities and building expenses	13,819	652	1,613	-	-	-	-	1,637	7	5,521	-	56,299	-	79,548
Interest expense	-	1,302	-	-	-	-	35,000	41	-	94	67	102	4	36,610
Depreciation expense	29,546	118,261	-	-	-	-	-	-	-	-	2,023	99,613	-	249,443
Lease expense	-	-	-	-	-	-	-	-	-	-	-	2,796	-	2,796
	<u>\$ 1,843,804</u>	<u>\$ 552,257</u>	<u>\$ 882,743</u>	<u>\$ 14,819</u>	<u>\$ 54,741</u>	<u>\$ 52,273</u>	<u>\$ 35,000</u>	<u>\$ 267,903</u>	<u>\$ 6,243</u>	<u>\$ 129,533</u>	<u>\$ 23,091</u>	<u>\$ 999,560</u>	<u>\$ 15,133</u>	<u>\$ 4,877,100</u>

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2018

	Title III-C	Title III-B	Title III-B	Title III-D		LICCO	Senior			Annex /		General and		Total
	Seniors	Transportation	Homemaker/ Home Health	Respite	Title III-E	MR/DD	Housing	Outreach	Alzheimer's	Reese Adult	Banquet	Administrative	Fundraising	Expense
	Nutrition	/ Chore	Aide							Day Center				
Salaries	\$ 734,995	\$ 202,774	\$ 638,818	\$ 11,398	\$ -	\$ 32,370	\$ -	\$ 153,750	\$ 11,080	\$ 94,800	\$ 14,338	\$ 386,795	\$ 10,983	\$ 2,292,101
Payroll taxes and employee benefits	123,978	30,800	118,704	2,366	-	7,729	-	17,651	2,330	13,341	2,610	82,694	2,321	404,524
Professional fees	-	-	-	-	-	-	-	-	-	-	-	70,075	-	70,075
Contractual and consultant	6	150	-	-	-	-	-	92	-	476	-	73,585	-	74,309
Office supplies	2,572	1,695	1,693	-	-	161	-	1,232	-	125	-	11,117	-	18,595
Cleaning supplies	119	1,457	4,253	-	-	-	-	-	-	578	-	8,811	-	15,218
Medical supplies	298	46	738	-	-	-	-	-	-	567	-	108	-	1,757
Kitchen supplies	88,400	-	-	-	-	-	-	2,608	-	1,284	-	306	-	92,598
Food	586,619	288	-	-	-	18	-	7,977	-	1,114	-	22,203	-	618,219
Telephone	6,539	2,986	4,888	-	-	-	-	-	-	226	-	8,208	-	22,847
Postage and shipping	2,658	2,407	2,400	-	-	-	-	2,146	6	-	-	3,144	-	12,761
Equipment rental and maintenance	12,324	3,244	2,736	459	-	459	-	1,013	-	459	-	18,797	-	39,491
Printing and publications	56	238	115	-	-	-	-	904	-	-	-	7,903	-	9,216
Vehicle expense	109,288	54,856	43,025	896	-	5,983	-	167	752	3	11	9,333	-	224,314
Trip costs	-	27,824	-	-	-	-	-	-	-	-	-	-	-	27,824
Conference and conventions	499	789	400	-	-	60	-	150	-	290	-	3,470	-	5,658
Membership dues	275	-	-	-	-	-	-	359	-	-	-	3,803	-	4,437
Awards and grants	-	-	-	-	60,288	-	-	-	-	-	-	1,860	-	62,148
Insurance and bonding	-	-	-	-	-	-	-	-	-	-	-	52,452	-	52,452
Repairs and maintenance	21,346	6	1,355	-	-	-	-	62	-	6,640	-	52,531	-	81,940
Special event expenses	1,861	-	81	-	-	-	-	12,030	-	126	-	4,274	-	18,372
Miscellaneous	5,707	2,616	2,588	-	-	1,426	-	1,078	-	2,638	2,623	57,256	2,448	78,380
Utilities and building expenses	-	-	-	-	-	-	-	-	-	2,117	-	87,165	-	89,282
Interest expense	-	1,093	-	-	-	-	35,000	24	-	231	101	57	-	36,506
Depreciation expense	29,217	105,728	-	-	-	-	-	-	-	-	3,243	90,821	-	229,009
	<u>\$ 1,726,757</u>	<u>\$ 438,997</u>	<u>\$ 821,794</u>	<u>\$ 15,119</u>	<u>\$ 60,288</u>	<u>\$ 48,206</u>	<u>\$ 35,000</u>	<u>\$ 201,243</u>	<u>\$ 14,168</u>	<u>\$ 125,015</u>	<u>\$ 22,926</u>	<u>\$ 1,056,768</u>	<u>\$ 15,752</u>	<u>\$ 4,582,033</u>

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENTS OF CASH FLOWS

	Year ended December 31	
	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 206,162	\$ 197,425
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized gain on investment	(113,371)	39,652
Equity in loss of affiliate	17,594	19,965
(Gain) loss on sale of fixed assets	(5,001)	1,947
Depreciation	249,443	229,009
Changes in assets and liabilities		
Accounts and contributions receivable	9,880	15,679
Inventory - food items	(9,486)	22,782
Prepaid expenses	(11,224)	(7,177)
Beneficial interest in assets held by community foundation	(57,974)	(10,626)
Accounts payable	33,027	(92,471)
Accrued liabilities	3,332	30,598
Unearned revenue	100	(13,482)
Net cash provided by operating activities	322,482	433,301
Cash flows from investing activities		
Certificate of deposit - net	(11,682)	(10,999)
Proceeds from sale of fixed assets	5,001	552
Purchase of capital assets	(158,920)	(270,978)
Net cash (used in) investing activities	(165,601)	(281,425)
Net increase in cash and cash equivalents	156,881	151,876
Cash and cash equivalents at beginning of the year	2,593,005	2,441,129
Cash and cash equivalents at the end of the year	\$ 2,749,886	\$ 2,593,005
 <u>Non Cash Transactions</u>		
Interest earned - affiliate	\$ 35,000	\$ 35,000
Interest expense - State of Ohio	\$ 35,000	\$ 35,000
 <u>Other Items</u>		
Interest paid	\$ 1,610	\$ 1,506

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS

NOTE A - ACCOUNTING POLICIES

Licking County Aging Program, Inc. (the Program) is a non-profit corporation organized in accordance with the laws of the State of Ohio for the purpose of providing nutrition, transportation, home maker/home health aide, chore services, and other services to the elderly of Licking County. Approximately 87% of the Program's revenue is received from federal, state and local government agencies.

A summary of the major accounting policies followed by the Program in the preparation of the accompanying financial statements is set forth below:

Basis of Accounting

The financial statements of the Program have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.

Basis of Consolidation

The financial statements include the accounts of the Licking County Aging Program, Inc. and LCAP Senior Housing LLC, which is wholly owned by the Program. LCAP Senior Housing LLC owns 49.995% of Stratford Housing Limited Partnership, and as a result as required by U.S. generally accepted accounting principles, must use the equity method to account for this ownership (See Note E). There are no intercompany accounts or transactions to eliminate.

Basis of Presentation

Net Assets without Donor Restrictions

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Restricted revenues whose restrictions are met in the same reporting period are shown as without donor restricted revenues. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - ACCOUNTING POLICIES – CONTINUED

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Program considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents.

Cash and cash equivalents consist of demand deposits and money market accounts. The Program maintains its cash balances in several financial institutions located in central Ohio. The cash and cash equivalents may, at times, exceed federally insured limits. The Program has not experienced any losses in such accounts. The Program believes it is not exposed to any significant credit risk on cash and cash equivalents. The Program had uninsured cash balances of \$15,912 and \$1,590 at December 31, 2019 and 2018, respectively.

Accounts and Contributions Receivable

Accounts and contributions receivable are shown at their net realizable value.

Management closely monitors outstanding accounts and contributions receivable and charges off to expense any balances that are determined to be uncollectible. Management considers accounts and contributions receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

Contributions are recognized when the donor makes a promise to give to the Program that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, these net assets will be released to net assets without donor restrictions.

Inventories

Inventories are stated at the lower of cost or net realizable value determined by the first-in, first-out method.

Property and Equipment

Major improvements and additions to the property and equipment accounts are charged to the property accounts while replacements, maintenance and repairs which do not improve or extend the life of the assets are expensed currently. Currently, the Program has elected to expense all items under \$1,000 to repair and maintenance accounts.

Upon sale or retirement of property and equipment, the costs and related accumulated depreciation are eliminated from the respective accounts.

Investment

The Program is a general partner in Stratford Housing Limited Partnership (SHLP). The Program also has a consolidated wholly-owned subsidiary, LCAP Senior Housing LLC, which is a limited partner in SHLP. Investment in SHLP is accounted for using the equity method as described in Note E.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - ACCOUNTING POLICIES – CONTINUED

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Certain categories of expenses are attributable to one or more program or supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include Food; Salaries and related Payroll taxes and employee benefits; and Vehicle expense. Food expense is allocated based on the number of meals provided by department. Vehicle expense is allocated based on specific costs for each vehicle since each vehicle is tied directly to a department. All office salary and payroll expenses are allocated based off estimates of time and effort while field salary and payroll expenses are allocated on service units provided per employee.

Income Taxes

The Program is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Thus, no provision for income taxes is included in these financial statements.

The Program does pay income tax on its unrelated business income, as defined by applicable IRS code and regulations. The amounts paid to the IRS are clearly immaterial.

During the years ended December 31, 2019 and 2018, the Program did not incur any interest or penalties on its federal non-profit reporting returns (Form 990 and 990-T). The federal returns of the Program for 2019, 2018, 2017 and 2016 are subject to examination by the taxing authorities, generally for three years after the due date.

Estimates

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

Deferred Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASC 606 provides a comprehensive revenue recognition model requiring entities to recognize revenue for the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts. On June 3, 2020, the FASB issued ASU 2020-05 that defers the effective date of ASC 606 for entities that have not yet issued financial statements adopting the standard. The Organization will adopt ASC 606 under the deferred effective date for the year ending December 31, 2020.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

Program accounts and contributions receivable consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Title III	\$ 10,543	\$ 16,052
Passport	22,053	23,921
United Way	8,950	8,950
MR/DD	12,771	10,856
Respite	-	228
Miscellaneous grants	5,043	7,036
Other	<u>6,463</u>	<u>8,660</u>
	<u>\$ 65,823</u>	<u>\$ 75,703</u>

NOTE C - ACCUMULATED DEPRECIATION

A summary of the accumulated depreciation, including methods and lives, was as follows at December 31:

<u>Classification</u>	<u>Method</u>	<u>Lives (Years)</u>	<u>Accumulated Depreciation</u>	
			<u>2019</u>	<u>2018</u>
Buildings – Heritage Hall	Straight-line	10-39	\$ 396,681	\$ 334,634
Kitchen equipment	Straight-line	7	152,610	123,064
Banquet equipment	Straight-line	7	22,698	20,675
Office equipment	Straight-line	3-7	129,299	103,695
Transportation vehicles	Straight-line	7	559,594	498,714
Furniture and fixtures	Straight-line	5	45,219	38,086
Land improvements	Straight-line	15	<u>7,875</u>	<u>3,045</u>
			<u>\$ 1,313,976</u>	<u>\$ 1,121,913</u>

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE D - LONG TERM DEBT

The Program has the following debt for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Ohio State Department of Development HOME loan program, with a fixed interest rate of 7%. No interest or principal due on the note until "surplus cash" is available on Stratford Housing Limited Partnership, an affiliate of the Program. Loan is secured by property in Stratford Housing Limited Partnership	\$ 500,000	\$ 500,000
Less current maturities	<u> -</u>	<u> -</u>
	<u>\$ 500,000</u>	<u>\$ 500,000</u>

The HOME loan with the state of Ohio can only be repaid from funds received from Stratford Housing Limited Partnership when they have "surplus cash" as defined by the grant agreement. Due to other debts within that entity, it is anticipated that no "surplus cash" will be available for this debt repayment within the next five years.

NOTE E - INVESTMENT IN LIMITED PARTNERSHIP

The Program has been the non-profit general partner in Stratford Housing Limited Partnership (SHLP), a closely held limited partnership, since the Partnership's inception in 1995. At that time, there were a managing general partner and multiple limited partners involved in the creation of the partnership. From inception through June 2014, the Program had always held less than 1% ownership. As such, the investment was recorded at cost, which was zero, the amount invested by the Program at its inception.

On June 26, 2014, the sole limited partner remaining withdrew from the partnership. As a result, the Program formed LCAP Senior Housing LLC, a wholly owned subsidiary of the Program, to take over half of the ownership of the outgoing limited partner while an affiliate of the managing general partner took over the other remaining half. This gave the Program a combined 50.0001% equity interest in the partnership. However, even though the Program holds a majority of the equity interest, the partnership agreement still gives the managing general partner control of the day to day operations. For this reason, the Program has accounted for its investment in the partnership using the equity method. The Program's change in net assets includes its proportionate share of any profit or loss of SHLP.

Net (loss) recorded for the years ended December 31 were as follows:

	<u>2019</u>	<u>2018</u>
General partner interest (Licking County Aging Program, Inc.)	\$ (26,831)	\$ (2)
Limited partner interest (LCAP Senior Housing LLC, a wholly owned subsidiary)	<u>9,237</u>	<u>(19,963)</u>
	<u>\$ (17,594)</u>	<u>\$ (19,965)</u>

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE E - INVESTMENT IN LIMITED PARTNERSHIP - CONTINUED

Generally Accepted Accounting Principles (GAAP) requires entities having the ownership levels the Program has in SHLP to record such an investment under the equity method. Under this method, equity losses will not be recorded below zero unless there are loans between the owner and the subsidiary. The Program has a loan (with accrued interest) to SHLP, thus, the Program is required to record its investment below zero, to the extent of the loan and accrued interest from SHLP.

The transaction has been recorded as follows at December 31:

	<u>2019</u>	<u>2018</u>
Note receivable - SHLP	\$ <u>500,000</u>	\$ <u>500,000</u>
Accrued interest receivable - SHLP	\$ 794,644	\$ 759,644
Accumulated equity losses in SHLP	<u>(437,589)</u>	<u>(419,995)</u>
Recorded value	\$ <u>357,055</u>	\$ <u>339,649</u>

NOTE F - TRANSACTIONS WITH AFFILIATES

During a prior year, the Program received a \$500,000 loan through the HOME Program from the Ohio State Department of Development. Interest expense accrues at 7%. At December 31, 2019 and 2018, accrued interest totaled \$794,644 and \$759,644, respectively.

These funds were then loaned to Stratford Housing Limited Partnership (See Note E). This loan receivable is also accruing interest at 7% and interest receivable at December 31, 2019 and 2018 totaled \$794,644 and \$759,644, respectively. Note and interest receipts are limited to surplus cash on deposit by the partnership agreement. All amounts received will be forwarded to the Ohio Department of Development as repayment of the note payable and accrued interest.

Under current partnership law, the general partner can be liable for certain recourse debts if sufficient assets are not available to satisfy all liabilities. At December 31, 2019, it is estimated that the partnership has sufficient assets to cover all liabilities.

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
United Way allocation	\$ 8,750	\$ 8,750
STP vehicle grants	62,652	48,652
ODA Community Outreach	729	729
Meals on Wheels – vet clinic	1,459	2,128
Annual campaign – auto repair	-	410
Pet food program	526	955
Fan program	<u>614</u>	<u>1,113</u>
Total net assets with donor restrictions	\$ <u>74,730</u>	\$ <u>62,737</u>

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED

The Program receives money and allocations from different organizations during the year. Sometimes these funds will have time or purpose restrictions tied to them and will be listed as with donor restrictions until they are used properly by the Program.

The United Way allocation is time restricted as the revenue was recorded but money will not be received until 2020. The STP Vehicle grants were already used to purchase specialty vehicles for the transportation department. These are purpose restricted as the Ohio Department of Transportation can recover the vehicles at any time if the Program does not keep up with the stipulations listed on the grant. Until these stipulations are fully met and the Program has the title for the vehicles, they will stay donor restricted.

The other amounts are funds received that have yet to be spent. Their purpose restrictions are listed above along with the amounts still considered to have donor restrictions.

NOTE H - RETIREMENT PLAN

The Program participates in a defined contribution pension plan. All employees over 21 years of age who worked 1,000 hours in a year are considered to have obtained one year of service and are eligible to participate in the Plan. The Program contributes 6% of each eligible employee's salary to the Plan. Employees are fully vested after five years of service. For the years ended December 31, 2019 and 2018, Program contributions were \$109,090 and \$101,420, respectively.

NOTE I - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Program has money held in the Licking County Aging Program Foundation Fund (LCAPFF) and the Reese Adult Day Care Center Fund (RADCCF), which are administered by the Licking County Foundation. These funds are comprised of money that was collected through contributions for future operations. The Licking County Foundation does not have authority to redirect the funds to a different organization or individual. The Program has unrestricted access to the funds. The fair market value of the funds at December 31, 2019 and 2018 was \$788,305 and \$616,960, respectively. The fair value of the assets at December 31, 2019 and 2018 has been recorded as a beneficial interest in assets held by community foundation in the Statements of Financial Position. The Program records the change in fair value as an unrealized gain or loss on investment on the Statement of Activities. As of December 31, 2019 and 2018, the LCAPFF is comprised of 2,764 and 2,593 units, respectively and the RADCCF is comprised of 223 and 224 units, respectively. The underlying investments of these units are measured at fair value on a recurring basis, and are valued based on quoted prices in active markets. As such, the units which make up the fair value of the interest held are considered Level 2 measurements.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE J - IN-KIND CONTRIBUTIONS

The Program has a substantial number of volunteers who donate a significant number of hours to the Program. The value of these donated services is estimated at the fair value of these services. These amounts do not qualify to be recorded as in-kind income and expenses since they do not involve specialized skills. However, the program has estimated these services to be as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Title III-C Senior Nutrition	\$ 3,669	\$ 5,472
Senior Program Umbrella Outreach, and other Programs	<u>197,155</u>	<u>188,686</u>
	<u>\$ 200,824</u>	<u>\$ 194,158</u>

NOTE K - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Program has financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$2,749,886, accounts and contributions receivable of \$854,128, and short-term investments of \$513,697 in the form of certificates of deposit. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The contributions receivable is subject to implied time restrictions but are expected to be collected within one year. The Program's goal when budgeting is to maintain financial assets, which consist of cash and short-term investments, on hand to meet three to six months of normal operating expenses, which are, on average, approximately \$1,200,000 to \$2,400,000 over that time. The Program currently has approximately ten months of normal operating expenses. The Program follows the practice to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE L - OPERATING LEASE

During 2017, the Program leased three new copiers under the terms of a five-year non-cancelable lease expiring in November 2022. The lease, which was classified as an operating lease, provides for monthly installments and includes a renewal option for additional 12-month terms at the current monthly rate. Total rent expense for these copiers totaled \$15,408 for both the years ended December 31, 2019 and 2018.

During 2019, the Program leased space at the local YMCA, to be able to hold senior program activities, under a one and a half year non-cancelable lease expiring in December 2020. The lease, which was classified as an operating lease, provides for monthly installments and includes a renewal option for an additional 60-month term at the current monthly rate. Total rent expense for the space totaled \$2,796 and none for the years ended December 31, 2019 and 2018, respectively.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L - OPERATING LEASE - CONTINUED

Required Minimum Lease Payments

The following is detail of the required future minimum lease payments at December 31, 2019:

2020	32,184
2021	15,408
2022	<u>14,124</u>
Total	\$ <u>61,716</u>

NOTE M - CONTINGENCIES

The Program occasionally is involved in various lawsuits from time to time subject to certain contingencies in the normal course of business. Management believes that the outcome of any of these matters will not have a material impact on the Program's financial position.

NOTE N - SUBSEQUENT EVENTS

The Program has evaluated subsequent events through December 18, 2020, the date which the financial statements were available to be issued.

During the Spring of 2020, the country experienced a pandemic from the COVID 19 virus. During this time, the Program has modified its operations to protect its employees and those it serves. As of the date of this report, the Program has not experienced material losses that would significantly impact its ability to continue to provide services in the near future.