

INDEPENDENT AUDITORS' REPORT
LICKING COUNTY AGING PROGRAM, INC.

December 31, 2021

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INDEPENDENT AUDITORS' REPORT

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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2022, 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 & Snow, Inc.

Newark, Ohio
August 11, 2022

Licking County Aging Program, Inc.

STATEMENTS OF FINANCIAL POSITION

ASSETS	December 31	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,274,696	\$ 3,105,023
Certificates of deposit	534,136	524,751
Accounts and contributions receivable	33,267	38,709
Inventory - food items	36,414	39,461
Prepaid expenses	68,973	37,029
Beneficial interest in assets held by community foundation	1,223,817	908,903
Total current assets	5,171,303	4,653,876
PROPERTY AND EQUIPMENT		
Building - Heritage Hall	1,922,987	1,891,080
Kitchen equipment	323,998	285,445
Banquet equipment	22,698	22,698
Office equipment	192,949	206,138
Transportation vehicles	1,198,831	1,092,263
Furniture and fixtures	75,410	75,910
Land improvements	72,437	72,437
	3,809,310	3,645,971
Less accumulated depreciation	1,713,959	1,520,276
	2,095,351	2,125,695
Land	306,600	306,600
Total property and equipment	2,401,951	2,432,295
OTHER ASSETS		
Note receivable - affiliate	500,000	500,000
Interest receivable - affiliate	418,971	392,739
	918,971	892,739
TOTAL ASSETS	\$ 8,492,225	\$ 7,978,910

LIABILITIES AND NET ASSETS	<u>2021</u>	<u>2020</u>
CURRENT LIABILITIES		
Accounts payable	\$ 103,273	\$ 77,499
Accrued liabilities		
Salaries and wages	122,479	115,775
Payroll taxes	4,002	2,531
Real estate taxes	342	330
Unearned revenue	<u>5,500</u>	<u>1,114</u>
Total current liabilities	235,596	197,249
 LONG-TERM DEBT		
Notes payable	500,000	500,000
Accrued interest	<u>864,644</u>	<u>829,644</u>
	<u>1,364,644</u>	<u>1,329,644</u>
TOTAL LIABILITIES	1,600,240	1,526,893
 NET ASSETS		
Without donor restrictions	6,855,207	6,396,975
With donor restrictions	<u>36,778</u>	<u>55,042</u>
TOTAL NET ASSETS	<u>6,891,985</u>	<u>6,452,017</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,492,225</u>	<u>\$ 7,978,910</u>

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2021

	Without donor restrictions	With donor restrictions	Total
Revenues and support			
Senior Services Levy	\$ 3,900,000	\$ -	\$ 3,900,000
Program contributions	367,556	-	367,556
United Way	32,204	-	32,204
Grants from government agencies	928,584	-	928,584
Reimbursement from other agencies	98,368	-	98,368
Interest and dividend income	57,759	-	57,759
Realized and unrealized gain on investment	151,745	-	151,745
Fundraising	1,988	-	1,988
Other revenue	52,799	-	52,799
Vehicle pledges and support	11,473	-	11,473
Equity in loss of affiliate	(8,768)	-	(8,768)
Unrelated income	2,495	-	2,495
	5,596,203	-	5,596,203
Net assets released from restrictions			
Satisfaction of restrictions	18,264	(18,264)	-
Total revenues and support	5,614,467	(18,264)	5,596,203
Expenses			
Program services			
Title III-C Seniors Nutrition	1,884,568	-	1,884,568
Title III-B Transportation/Chore	529,712	-	529,712
Title III-B Homemaker/Home Health Aide	1,015,929	-	1,015,929
Title III-D Respite	16,864	-	16,864
Title III-E	58,095	-	58,095
Board of DD	62,350	-	62,350
Senior Housing	35,000	-	35,000
Outreach	227,332	-	227,332
Center for Visual Improvement	152,171	-	152,171
Annex/Reese Adult Day Center	73,231	-	73,231
Banquet	12,895	-	12,895
Supporting services			
General and administrative	1,083,722	-	1,083,722
Fundraising	4,366	-	4,366
Total expenses	5,156,235	-	5,156,235
Change in net assets	458,232	(18,264)	439,968
Net assets at January 1, 2021	6,396,975	55,042	6,452,017
Net assets at December 31, 2021	\$ 6,855,207	\$ 36,778	\$ 6,891,985

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

	Without donor restrictions	With donor restrictions	Total
Revenues and support			
Senior Services Levy	\$ 3,420,000	\$ -	\$ 3,420,000
Program contributions	146,398	-	146,398
United Way	4,851	3,148	7,999
Grants from government agencies	1,152,071	-	1,152,071
Reimbursement from other agencies	75,854	-	75,854
Trip revenue	73	-	73
Interest and dividend income	63,648	-	63,648
Realized and unrealized gain on investment	106,427	-	106,427
Fundraising	5,606	-	5,606
Other revenue	214,452	7,721	222,173
Vehicle pledges and support	14,484	-	14,484
Equity in gain of affiliate	684	-	684
Unrelated income	7,277	-	7,277
	5,211,825	10,869	5,222,694
Net assets released from restrictions			
Satisfaction of restrictions	30,557	(30,557)	-
Total revenues and support	5,242,382	(19,688)	5,222,694
Expenses			
Program services			
Title III-C Seniors Nutrition	1,834,719	-	1,834,719
Title III-B Transportation/Chore	437,594	-	437,594
Title III-B Homemaker/Home Health Aide	855,553	-	855,553
Title III-D Respite	15,522	-	15,522
Title III-E	58,561	-	58,561
Board of DD	57,397	-	57,397
Senior Housing	36,237	-	36,237
Outreach	241,740	-	241,740
Alzheimer's	98	-	98
Annex/Reese Adult Day Center	138,626	-	138,626
Banquet	19,422	-	19,422
Supporting services			
General and administrative	1,048,286	-	1,048,286
Fundraising	13,064	-	13,064
Total expenses	4,756,819	-	4,756,819
Change in net assets	485,563	(19,688)	465,875
Net assets at January 1, 2020	5,911,412	74,730	5,986,142
Net assets at December 31, 2020	\$ 6,396,975	\$ 55,042	\$ 6,452,017

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

	Title III-C Seniors Nutrition	Title III-B Transportation / Chore	Title III-B Homemaker/ Home Health Aide	Title III-D Respite	Title III-E	Board of DD	Senior Housing	Outreach	Annex / Reese Adult Day Center	Center for Visual Improvement	Banquet	General and Administrative	Fundraising	Total Expense
Salaries	\$ 714,590	\$ 289,563	\$ 786,636	\$ 13,906	\$ -	\$ 42,242	\$ -	\$ 160,467	\$ 43,965	\$ 58,090	\$ 11,026	\$ 433,841	\$ 2,370	\$ 2,556,696
Payroll taxes and employee benefits	175,611	41,436	158,374	2,002	-	13,663	-	42,426	11,204	6,926	1,703	116,063	1,979	571,387
Professional fees	5,376	1,553	5,161	68	-	208	-	1,055	690	106	-	71,208	6	85,431
Contractual and consultant	1,839	1,181	-	-	-	-	-	-	766	-	-	65,740	-	69,526
Office supplies	2,572	1,146	1,979	-	-	-	-	874	610	179	-	6,052	-	13,412
Cleaning supplies	-	619	933	-	-	-	-	-	32	-	-	2,619	-	4,203
Medical supplies	-	-	870	-	-	-	-	-	-	34,968	-	114	-	35,952
Kitchen supplies	106,167	-	-	-	-	-	-	-	107	-	-	-	-	106,274
Food	652,832	-	-	-	-	-	-	1,163	932	-	-	-	-	654,927
Telephone	6,949	1,103	5,929	-	-	-	-	417	1,116	530	-	11,688	-	27,732
Postage and shipping	1,622	1,477	1,410	-	-	-	-	1,214	-	-	-	1,461	-	7,184
Equipment rental and maintenance	10,716	41	68	-	-	-	-	2,015	3,000	-	-	11,075	-	26,915
Printing and publications	1,891	495	207	-	-	-	-	2,048	-	354	-	7,136	-	12,131
Vehicle expense	132,712	68,573	44,764	888	-	6,016	-	331	121	23	-	3,542	-	256,970
Trip costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Conference and conventions	480	426	170	-	-	-	-	225	-	-	-	1,283	-	2,584
Membership dues	275	-	-	-	-	-	-	-	-	-	-	2,539	-	2,814
Awards and grants	-	-	-	-	58,095	-	-	-	-	-	-	33,569	-	91,664
Insurance and bonding	7,258	388	1,009	-	-	-	-	970	2,018	5	-	29,819	-	41,467
Repairs and maintenance	21,473	626	1,762	-	-	-	-	1,040	2,285	287	-	61,970	-	89,443
Special event expenses	38	-	-	-	-	-	-	10,198	23	-	-	2,134	11	12,404
Eye care	-	-	-	-	-	-	-	-	-	49,597	-	-	-	49,597
Miscellaneous	4,123	2,917	5,198	-	-	221	-	1,452	1,025	345	166	47,588	-	63,035
Utilities and building expenses	10,344	580	1,459	-	-	-	-	1,437	5,337	761	-	68,207	-	88,125
Interest expense	-	-	-	-	-	-	35,000	-	-	-	-	-	-	35,000
Depreciation expense	27,700	117,588	-	-	-	-	-	-	-	-	-	96,288	-	241,576
Lease expense	-	-	-	-	-	-	-	-	-	-	-	9,786	-	9,786
	<u>\$ 1,884,568</u>	<u>\$ 529,712</u>	<u>\$ 1,015,929</u>	<u>\$ 16,864</u>	<u>\$ 58,095</u>	<u>\$ 62,350</u>	<u>\$ 35,000</u>	<u>\$ 227,332</u>	<u>\$ 73,231</u>	<u>\$ 152,171</u>	<u>\$ 12,895</u>	<u>\$ 1,083,722</u>	<u>\$ 4,366</u>	<u>\$ 5,156,235</u>

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2020

	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	\$ 737,030	\$ 214,651	\$ 674,814	\$ 12,930	\$ -	\$ 43,670	\$ -	\$ 186,209	\$ 84	\$ 104,828	\$ 16,164	\$ 432,604	\$ 10,478	\$ 2,433,462
Payroll taxes and employee benefits	153,317	36,931	116,537	1,788	-	7,043	-	32,847	6	14,751	1,987	144,140	2,384	511,731
Professional fees	11,085	3,354	11,611	149	-	484	-	2,307	-	1,824	-	42,259	149	73,222
Contractual and consultant	519	1,219	-	-	-	-	-	-	-	607	-	72,567	-	74,912
Office supplies	1,955	475	1,017	-	-	-	-	1,486	-	22	-	4,202	-	9,157
Cleaning supplies	5,116	306	939	-	-	-	-	-	-	-	-	5,718	-	12,079
Medical supplies	-	-	933	-	-	-	-	-	-	24	-	-	-	957
Kitchen supplies	93,461	-	-	-	-	-	-	-	-	246	-	-	-	93,707
Food	660,980	-	-	-	-	-	-	598	-	260	-	-	-	661,838
Telephone	6,278	963	5,123	-	-	-	-	405	-	1,107	-	12,173	-	26,049
Postage and shipping	1,555	1,450	1,390	-	-	-	-	1,224	-	-	-	1,649	-	7,268
Equipment rental and maintenance	8,879	1,365	2,181	-	-	-	-	584	-	701	-	11,023	-	24,733
Printing and publications	-	440	120	-	-	-	-	1,514	-	-	-	5,244	-	7,318
Vehicle expense	96,576	47,154	33,955	655	-	6,893	-	1,001	8	3,362	-	2,955	-	192,559
Trip costs	-	4,515	-	-	-	-	-	-	-	-	-	-	-	4,515
Conference and conventions	1,209	413	152	-	-	97	-	334	-	310	-	4,748	-	7,263
Membership dues	-	-	-	-	-	-	-	-	-	-	-	2,332	-	2,332
Awards and grants	-	-	-	-	58,561	-	-	1,066	-	-	-	48,760	-	108,387
Insurance and bonding	738	492	1,220	-	-	-	-	1,239	-	2,459	-	34,987	-	41,135
Repairs and maintenance	12,141	353	758	-	-	785	-	3,126	-	2,706	-	8,555	-	28,424
Special event expenses	930	-	-	-	-	-	-	4,165	-	74	-	1,969	44	7,182
Miscellaneous	3,609	3,010	3,316	-	-	447	-	1,337	-	95	1,192	59,862	9	72,877
Utilities and building expenses	10,793	600	1,487	-	-	-	-	1,511	-	5,224	-	52,638	-	72,253
Interest expense	-	662	-	-	-	-	35,000	2	-	26	79	2	-	35,771
Depreciation expense	28,548	119,241	-	-	-	-	-	-	-	-	-	97,103	-	244,892
Lease Expense	-	-	-	-	-	-	-	-	-	-	-	2,796	-	2,796
	<u>\$ 1,834,719</u>	<u>\$ 437,594</u>	<u>\$ 855,553</u>	<u>\$ 15,522</u>	<u>\$ 58,561</u>	<u>\$ 59,419</u>	<u>\$ 35,000</u>	<u>\$ 240,955</u>	<u>\$ 98</u>	<u>\$ 138,626</u>	<u>\$ 19,422</u>	<u>\$ 1,048,286</u>	<u>\$ 13,064</u>	<u>\$ 4,756,819</u>

The accompanying notes are an integral part of this statement.

Licking County Aging Program, Inc.

STATEMENTS OF CASH FLOWS

	Year ended December 31	
	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 439,968	\$ 465,875
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Realized and unrealized gain on investment	(151,745)	(106,427)
Equity in loss (gain) of affiliate	8,768	(684)
Depreciation	241,576	244,892
Changes in assets and liabilities		
Accounts and contributions receivable	5,442	27,114
Inventory - food items	3,047	(5,593)
Prepaid expenses	(31,944)	16,165
Beneficial interest in assets held by community foundation	(163,169)	(14,171)
Accounts payable	25,774	10,379
Accrued liabilities	8,187	(70,909)
Unearned revenue	4,386	814
	390,290	567,455
Net cash provided by operating activities		
Cash flows from investing activities		
Certificate of deposit - net	(9,385)	(11,054)
Purchase of capital assets	(211,232)	(201,264)
	(220,617)	(212,318)
Net cash (used in) investing activities		
Net increase in cash and cash equivalents	169,673	355,137
Cash and cash equivalents at beginning of the year	3,105,023	2,749,886
Cash and cash equivalents at the end of the year	\$ 3,274,696	\$ 3,105,023
<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	\$ -	\$ 771

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 88% 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 \$34,136 and \$24,751 at December 31, 2021 and 2020, 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.

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

Revenue Recognition

Grants and contributions

The Program recognizes all unconditional contributed support in the period in which the commitment to give is made. Grants and contributions are considered revenue and support without donor restrictions and available for general operations unless specifically restricted by the donor. 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.

Government grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses and are recognized as costs are incurred on the basis of direct costs plus allowable indirect expenses. Revenue recognized on government grants for which billings have not been presented to or collected from the donor or awarding agency is included in accounts and contributions receivable in the accompanying statement of financial position.

Trips revenue

The Program recognizes trips revenue as it is received. All trips are conducted within the same fiscal year that revenue is received and prepayment on trips for subsequent years is not allowed. This results in the Program not having unearned revenue from trips.

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, 2021 and 2020, 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 2021, 2020, 2019 and 2018 are subject to examination by the taxing authorities, generally for three years after the due date.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE A - ACCOUNTING POLICIES – CONTINUED

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.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-12, *Leases (Topic 842)*, to increase transparency and comparability among entities by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing an entity's right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for non-public entities with fiscal years beginning after December 15, 2021 with early implementation permitted. Management is currently evaluating the impact of the ADU on its financial statements.

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, to improve the presentation of financial statements for not-for-profit entities. This update will require additional transparency as well as quantitative and qualitative disclosure regarding contributed nonfinancial assets. This amendment is effective for annual periods beginning after June 15, 2021 and is required to be adopted retrospectively. Early adoption is permitted. The Program is in the process of assessing the implementation of this standard.

NOTE B - ACCOUNTS AND CONTRIBUTIONS RECEIVABLE

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

	<u>2021</u>	<u>2020</u>
Title III	\$ 3,727	\$ 7,242
Passport	15,140	18,128
United Way	-	3,348
LCBDD	10,380	6,400
Other	<u>4,020</u>	<u>3,591</u>
	<u>\$ 33,267</u>	<u>\$ 38,709</u>

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

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>2021</u>	<u>2020</u>
Buildings – Heritage Hall	Straight-line	10-39	\$ 523,614	\$ 459,293
Kitchen equipment	Straight-line	7	202,627	181,158
Banquet equipment	Straight-line	7	22,698	22,698
Office equipment	Straight-line	3-7	128,475	150,934
Transportation vehicles	Straight-line	7	757,831	640,243
Furniture and fixtures	Straight-line	5	61,181	53,246
Land improvements	Straight-line	15	<u>17,533</u>	<u>12,704</u>
			<u>\$ 1,713,959</u>	<u>\$ 1,520,276</u>

NOTE D - LONG TERM DEBT

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

	<u>2021</u>	<u>2020</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.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE E - INVESTMENT IN LIMITED PARTNERSHIP - CONTINUED

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) gain recorded for the years ended December 31 were as follows:

	<u>2021</u>	<u>2020</u>
General partner interest (Licking County Aging Program, Inc.)	\$ (8,767)	\$ -
Limited partner interest (LCAP Senior Housing LLC, a wholly owned subsidiary)	<u>(1)</u>	<u>684</u>
	<u>\$ (8,768)</u>	<u>\$ 684</u>

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>2021</u>	<u>2020</u>
Note receivable - SHLP	\$ <u>500,000</u>	\$ <u>500,000</u>
Accrued interest receivable - SHLP	\$ 864,644	\$ 829,644
Accumulated equity losses in SHLP	<u>(445,673)</u>	<u>(436,905)</u>
Recorded value	\$ <u>418,971</u>	\$ <u>392,739</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, 2021 and 2020, accrued interest totaled \$864,644 and \$829,644, 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, 2021 and 2020 totaled \$864,644 and \$829,644, 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.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE F - TRANSACTIONS WITH AFFILIATES - CONTINUED

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, 2021, 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>2021</u>	<u>2020</u>
United Way allocation	\$ -	\$ 3,148
STP vehicle grants	31,822	45,303
Depends grant	-	418
ODA Community Outreach	-	729
Meals on Wheels – vet clinic	165	623
Pet food program	1,066	1,096
ODA – Chronic Pain	<u>3,725</u>	<u>3,725</u>
Total net assets with donor restrictions	\$ <u>36,778</u>	\$ <u>55,042</u>

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 2021. 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, 2021 and 2020, Program contributions were \$106,429 and \$118,001, respectively.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE I - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Program has money held in the Licking County Aging Program Foundation Fund (LCAPFF), Reese Adult Day Care Center Fund (RADCCF), and Supporting Visual Improvement Fund, 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, 2021 and 2020 was \$1,223,817 and \$908,903, respectively. The fair value of the assets at December 31, 2021 and 2020 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. 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.

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>2021</u>	<u>2020</u>
Title III-C Senior Nutrition	\$ 211	\$ 1,345
Senior Program Umbrella Outreach, and other Programs	<u>67,276</u>	<u>131,914</u>
	<u>\$ 67,487</u>	<u>\$ 133,259</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 \$3,274,696, accounts and contributions receivable of \$1,257,084, and short-term investments of \$534,136 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 eleven 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.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE L - OPERATING LEASE

During 2020, the Program leased three new copiers and six printers under the terms of a five-year non-cancelable lease expiring in November 2025. 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 and printers totaled \$15,970 and \$15,408 for the years ended December 31, 2021 and 2020, respectively.

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, provided for monthly installments and includes a renewal option for an additional 60-month term at the current monthly rate, for which the Program did renew until December 2025. Total rent expense for the space totaled \$9,786 and \$2,796 for the years ended December 31, 2021 and 2020, respectively.

Required Minimum Lease Payments

The following is detail of the required future minimum lease payments at December 31, 2021:

2022	33,249
2023	33,768
2024	34,302
2025	<u>33,521</u>
Total	\$ <u>134,840</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.

Licking County Aging Program, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE N – CENTER FOR VISUAL IMPROVEMENT ACQUISITION

On January 1, 2021, the Program acquired another non-profit entity, the Center for Visual Improvement or CVI, in order to continue to provide services to the public formerly provided by CVI. Those services involved providing low vision aids and setting up eye care health services to individuals in Licking County regardless of their ability to pay. The Program acquired CVI with no consideration given in the exchange.

The fair value of CVI's assets at the acquisition date were as follows:

Cash	\$ 90,464
Beneficial interest in assets held by community foundation	16,060
Land contract receivable	<u>57,039</u>
Total assets	\$ <u>163,563</u>
Net increase in assets without donor restrictions:	
Contribution received in acquisition of CVI	\$ <u>163,563</u>

As no consideration was transferred and operations of CVI are expected to be supported through future contribution revenue, an inherent contribution of \$163,563 was recognized in the statement of activities as of the acquisition date for the total net assets acquired.

NOTE O - SUBSEQUENT EVENTS

The Program has evaluated subsequent events through August 11, 2022, the date which the financial statements were available to be issued.

Independent Auditors' 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
Licking County Aging Program, 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 Licking County Aging Program, Inc. (a nonprofit Ohio organization), which are comprised of the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated August 11, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Licking County Aging Program, Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 Licking County Aging Program, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Program'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.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-1 that we consider to be a material weakness.

Reports on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Licking County Aging Program, Inc.'s financial statements are free of 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 financial statements. 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*.

Licking County Aging Program Inc.'s Response to Findings

Licking County Aging Program Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings. Licking County Aging Program Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 Program'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 Program's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
August 11, 2022

LICKING COUNTY AGING PROGRAM, INC.
LICKING COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2021

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2021-1

Material Weakness - Preparation of Audited Financial Statements in Accordance with GAAP, with Footnotes (previously communicated as 2020-1)

Currently, the Program does not have a Certified Public Accountant or other staff member employed that has the training or expertise to prepare a financial statement in accordance with Generally Accepted Accounting Principles (GAAP), with the required up-to-date footnotes and other disclosures. Consequently, the Program has requested that Wilson, Shannon & Snow, Inc. draft the audited financial statements on their behalf. Management makes all management decisions regarding the statements and notes and has evaluated, approved, and taken responsibility for them.

Officials Response: In 2022, the Program has hired a Controller, who is a Certified Public Accountant, with expertise in financial accounting and preparation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP).